(Private and Confidential) (Only for Equity Shareholders of the Company)

ENNORE COKE LIMITED

Originally incorporated as a public limited company in the name of Khatoo Finance and Trading Company Limited on February 25, 1985 with Registrar of Companies, Maharashtra, vide Registration No. 35478 of 1985, under the Companies Act, 1956. The name of the Company was changed to Khatoo Synthetics Limited with effect from November 11, 1986 and was further changed to Ennore Coke & Power Ltd. w.e.f. 24th January 2006. Once again, in order to comply with Clause 32 of the listing agreement with the Bombay Stock Exchange Ltd., the name of the Company has been changed to Ennore Coke Ltd. w.e.f. 6th June 2006 vide a fresh certificate of incorporation issued by the Registrar of Companies, Maharashtra. For changes in the Registered Office of the Company please refer to section on "D (IV)" on page 72.

Registered Office: 304, Shivshakti Building, J. P. Road, Andheri (West),
Mumbai 400 053, • Tele: 022-65592908, Fax : 022-56334110
E-mail: info@ennorecoke.com, Website: www.ennorecoke.com
Corporate Office: 36, College Road, Nungambakkam, Chennai 600006.
Tel: 044-42110491, Fax: 044- 28262416
Compliance Officer: Mr. K. Rajagopal, Chief Financial Officer & Company Secretary,
Contact Number: - 9884066221, 044-42110491 • E-mail: krajagopal@ennorecoke.com

LETTER OF OFFER

[1] ISSUE OF 1, 50,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 10 PER EQUITY SHARE ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 30 EQUITY SHARES FOR EVERY 1 EQUITY SHARE HELD ON THE RECORD DATE 8TH JANUARY 2007 AMOUNTING TO RS. 3000 LAKHS

AND

[2] ISSUE OF 3,00,00,000 CONVERTIBLE WARRANTS ON RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 60 CONVERTIBLE WARRANTS FOR EVERY 1 EQUITY SHARES HELD ON THE RECORD DATE, CONVERTIBLE INTO 60 EQUITY SHARES OF THE COMPANY DURING THE WARRANT CONVERSION PERIOD AMOUNTING TO RS. 6000 LAKHS AT A FLOOR PRICE AGGREGATING TO RS. 9000 LAKHS.

The Price of Equity Share on Rights Basis is 2 time of the face value.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors on Page No. 6 to 14 of the Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LEAD MANAGER TO ISSUE	REGISTRAR TO THE ISSUE
Vivro Financial Services Private Limited Manu Mansion 16/18, Shahid Bhagatsingh Road, Opp. Old Custom House, Fort, Mumbai – 400 023 Tel.: (022) 22657364, 22658397 Fax: (022) 22658406 Contact Person: Mr.Keval Gandhi Email: mumbai@vivro.net Website: www.vivro.net	**Intime Spectrum Registry Limited** C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078. Tel.022-25960320 Fax: 022 – 25960329 Contact person: Ms Avani Punjani Website: www.intimespectrum.com E- Mail: ennore-rights@intimespectrum.com

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	ISSUE CLOSES ON
Monday, 22nd January, 2007	**Monday, 5th February, 2007**	**Wednesday, 21st February, 2007**

LISTING

The existing Equity Shares of the Company are currently listed on Bombay Stock Exchange Limited (BSE). The Equity Shares issued through this Letter of Offer are proposed to be listed on BSE (Designated Stock Exchange). The Warrants issued pursuant to this Issue shall also be simultaneously listed in the BSE. The in-principle approval has been received from BSE for listing of the above Equity Shares and Warrants vide their letters dated 22nd September 2006.

TABLE OF CONTENTS

A. DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL/ GENERAL TERMS

Term	Description
Articles / Articles of Association / AOA	Articles of Association of Ennore Coke Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time
Depository	A Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant registered as such under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FDI	Foreign Direct Investments
FII	Foreign Institutional Investor [as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000] registered with SEBI
Financial year / Fiscal year / FY	Period of twelve months ended March 31 of that particular year
Government /GOI	The Government of India
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
Memorandum / MOA	Memorandum of Association of Ennore Coke Limited
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India or is person of Indian origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000
ROC	Registrar of Companies, Mumbai, Maharashtra.
RBI	Reserve Bank of India
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI (DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI (SAST) Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.

II. OFFER RELATED TERMS

CAF/ CAFs	Composite Application Form(s)
Rights/ Warrants Issue	Present Rights Issue of 1,50,00,000 Equity Shares of Rs. 10 each for Cash at a premium of Rs. 10 per equity share and 3,00,00,000 Convertible Warrants Issue to the Existing Shareholders on rights basis convertible into equity shares during the warrant conversion period

Issue Price of Rights Shares	Rs. 20/- per Equity Share (including Premium of Rs. 10 per equity share)
Lead Manager	Vivro Financial Services Private Limited
Letter of Offer/LOF/ Offer Document	This Letter of Offer circulated to the Equity Shareholders
Record Date	Shall mean the record date fixed by the Company for the purpose of this Issue, being 8th January 2007
Registrar to the Issue	Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to under this Letter of Offer in proportion to his/her/its existing shareholding in the Company as on the Record Date
Convertible Warrant	A convertible instrument, to be listed at the Bombay Stock Exchange, carrying a right to subscribe to equity shares during the period mentioned herein at a price calculated as per the terms set out on Page No. 149.
Warrant conversion Price / Applicable conversion price	Floor Price of Rs. 20 or the price which is at a discount of 10% to the average daily closing market price of the shares during the previous calendar month immediately preceding the month in which the warrant conversion is exercised, whichever is higher.

III. COMPANY/INDUSTRY RELATED TERMS

AGM	Annual General meeting
Auditors	The statutory auditors of the Company, R.Ravindran & Associates, Chartered Accountants, 14, Ashtalakshmi Street, Muthulaxmi Nagar, Chitlapakkam, Chennai-600 064.
Board/ Board of Directors / BOD	Board of Directors of Ennore Coke Ltd.
Committee	Committee of the Board of Directors of Ennore Coke Limited Authorised to take decisions on matters related to or incidental to this Issue.
The Company / ECL / We / Us / Our Company/ The Issuer	Ennore Coke Limited
Equity Shares	Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
Promoters	1. Mrs. Vatsala Ranganathan 2. Shriram EPC Limited
Person Acting In Concert with the promoters	Mrs. Usha Venkatramani
Registered Office/ Registered Office of the Company	304, Shivshakti Building, J. P. Road, Andheri West, Mumbai 400 053.

BSE/Stock Exchange	Bombay Stock Exchange (BSE)
WBSEB	West Bengal State Electricity Board
BHEL	Bharat Heavy Electricals Limited

IV. ABBREVIATIONS

Abbreviation	Full Form
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Accounting year
A/c	Account
BF-BOF	Blast Furnace and Basic Oxygen Furnace
BM	Meeting of Board of Directors
BTA	Business Transfer Agreement
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CERC	Central Electricity Regulatory Commission
CFRI	Central Fuel and Research Institute
DP	Depository Participant
EBITDA	Earning Before Interest Tax Depreciation and Amortization
EGM	Extraordinary General Meeting
EPCPL	Ennore Power & Coke Private Ltd.
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end
ESOP	Employee Stock Option Plan
ESOS/ESPS	Employees Stock Option Scheme/Employees Stock Purchase Scheme
ETP	Effluent Treatment Plant
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
GAAP	Generally Accepted Accounting Practices
GIR	General Index Number
HDA	Haldia Development Authority
IISI	International Iron & Steel Institute
Met Coke	Metallurgical coke
MW	Mega Watt
Mt	Million Tonnes
N.A.	Not Applicable

NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
RCC	Reinforced Cement Concrete
ROI	Return on Investment
RONW	Return on Net Worth
SEPCL	Shriram EPC Limited
STG	Steam Turbine Generators
SEBs	State Electricity Boards
SERCs	State Electricity Regulatory Commissions
TPA	Tonnes Per Annum
UBI	Union Bank of India

B. RISK FACTORS

I. FORWARD LOOKING STATEMENTS

In this Letter of Offer, the terms "we", "us", "our Company", "the Company", "ECL" unless the context otherwise implies, refer to Ennore Coke Ltd.

For additional definitions used in this Offer document, see the sections 'Definitions and Abbreviations' on page no. 1 of this Offer document. In the section entitled "Description of Equity shares and Terms of Articles of Association of Ennore Coke Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Offer Document was obtained from internal Company reports, data and industry publications. Industry publication data generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Offer Document is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.

This Offer Document contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward looking statements". Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us, that could cause actual results to differ materially from those contemplated by the relevant forward looking statements.

Important factors that could affect our results to differ materially from our expectations includes, inter alia, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes, changes in laws and regulations in the coke oven industry, changes in competition in the said industry and force majeure conditions.

For further discussion of factors that could cause our actual results to differ, refer to the section entitled "Risk factors" beginning on page no. 6 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors, the Lead Manager, nor any of their affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date thereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

In this Letter of Offer, unless the context otherwise requires, all references to the word "Lakh" or "Lac", means "One hundred thousand" and the word "Crore" means "ten million". In this Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

All references to "Rupees" and "Rs." in this Offer Document are to the legal currency of India. Throughout this document references to the singular also refer to the plural and one gender also refers to any other gender wherever applicable.

II. RISK FACTORS

Note: Except for those specified or quantified in the relevant risk factors below, the Issuer is not in a position to quantify financial or other implication of any risks mentioned here under. The Issuer and the Lead Manager will keep the investors informed of any material changes till the listing and commencement of trading.

INTERNAL TO THE COMPANY

1. Our promoters and certain companies forming part of our "Promoter Group Companies" are involved in certain litigations, a summary of which is set hereinforth below:

Sr. No.	Particulars regarding Litigation	No. of Cases	Amount in Lakhs
	Litigation By and Against the Promoter and Person Acting In Concert with the Promoters		
A.	**Shriram EPC Ltd.- Promoter**		
	(i) Money recovery and other Civil Suits	10	1000.00
B.	**Litigation By and Against Group Companies of Person Acting in Concert with the Promoters**		
	I G.V. Films Ltd.		
	(i) Money recovery and other Civil Suits	25	650.00
	(ii) Criminal Complaints	5	
	(iii) Writ Petitions	1	
	II. Kaashyap Technologies Ltd.		
	(i) Criminal Complaints	5	1650.00
	(ii) Writ Petitions	1	
	Total		**3300.00**

For details on litigation kindly refer to the section "Outstanding Litigation" on page 116 of this Letter of Offer.

2. There has been a change of management in the Company in December 2005 and the new management of the Company is yet to prove its ability to carry on the business in a sustained profitable manner.

The Company has now proposed to engage in the business of Manufacturing Met Coke along with generation of power and for this purpose entered into an agreement on May 15, 2006 for the acquisition of Non-recovery Coke Oven Project of 1,00,000 TPA of met coke at Haldia, West Bengal which is at present under implementation and being set up by Ennore Power & Coke Pvt. Ltd. (EPCPL). The requirement of funds for acquisition of the aforesaid met coke project of EPCPL will be met out of the proceeds of the present rights issue. In the manufacturing process of coke, volatile matter gets released from the raw coal in the form of gas and the same shall be used for generation of power at a very low cost. Success of the proposed coke & power project will largely depend on the ability of the new management to establish and carry out the business profitably.

SEPCL is a renowned engineering company engaged in the field of execution of engineering projects on turnkey basis for a period of more than 5 years. Mrs. Vatsala Ranganathan, the Chairperson of the Company, has proven administrative and managerial expertise. The new management, within a short span of time, entered into the trading of coke and coal business while discontinuing the earlier business of yarn, cloth, fibre and leasing of movable and immovable properties. The management has now decided to venture into manufacturing of met coke along with generation of power by utilizing the waste heat generated in the process of manufacturing the met coke and accordingly has initiated steps and entered into a Business Transfer Agreement (BTA) dated May 15, 2006 with EPCPL to acquire its coke project which is under implementation at Haldia, West Bengal. The new management has already started demonstrating its entrepreneurial skills to take the Company forward and provide value to the shareholders.

3. Weak Financial Position of the Company

The Company despite having been in existence since 1985 has not performed its business activities to that extent so as to give expected returns to its shareholders.

The Company has incurred loss of Rs. 1.30 lakhs in the Financial year 2004-05. The erstwhile management of our Company could not pursue the business objectives effectively, due to which there was no growth or profits. However, the new management of our Company has decided to diversify into manufacturing activities viz. production of met coke and generation of power, which has substantial demand in our Country. The new management has committed to invest a substantial amount of money by way of equity to finance these projects and thereby make our Company a profitable entity.

4. Our Company is yet to receive approval from Union Bank of India regarding Business Transfer Agreement though the said project has been appraised by Union Bank of India.

Our Company has been informed by EPCPL from whom we intend to acquire the Proposed Coke Project that the said coke project has been appraised by the Union Bank of India (UBI), IFB, Nungambakkam, Chennai and the said bank has also sanctioned a term loan of Rs.1350 Lakhs to EPCPL. Accordingly, EPCPL has approached Union Bank of India for its approval for transfer of the on-going project along with the term loan to our Company. However, Our Company is yet to intimate Union Bank of India regarding Business Transfer Agreement.

Shriram EPC Ltd., a Turnkey Contractor for the project, has obtained Technical Viability Report on Comparative Details of Various Designs/Types/Features of Non-Recovery Coke Oven Technologies from Mr. V. Dhandapani, Engineer to support the decision for selection of particular Technology.

5. Delay in UBI’s approval to the proposed transfer of ongoing project by EPCPL to our Company

EPCPL has approached UBI vide its letter dated 18th December, 2006 for seeking their approval for transfer of ongoing coke project by EPCPL to Our Company in terms of Business Transfer Agreement (BTA). The time required by UBI for examining and approving the proposal, may consequently delay the transfer of ongoing coke project and also result in delay in setting up of power project by our company.

Our company understands from EPCPL that proper follow up is being made with UBI for early receipt of their approval in this regard. Therefore, our company does not envisage any undue delay in receipt of approval of UBI, which would cause delay in acquisition of ongoing coke project and setting up of power project by our company.

6. Delay in implementation of the coke project due to delay in completion of the Rights Issue.

The transfer of the Proposed Coke Project is subject to the successful completion of this rights issue. Any delay in completion of the rights issue may cause delay in implementation of the project and consequent cost overrun.

As regards the Proposed Coke Project, EPCPL shall continue to implement the project irrespective of the rights issue of our Company. The rights issue is only a precondition to transferthe proposed Coke Project to the Company and any delay in the rights issue shall only affect the transfer of the project to our Company and not the execution of the project by EPCPL per se.

7. Delay in setting up of Power Plant as a part of Phase – I may escalate the cost of this project

The Company proposes to set up a power plant in the same premises of coke plant adjacent to the Proposed Coke Project. The Company has reserved Rs. 1300 Lakhs for this project from the proceeds of this rights issue. Any delay in the implementation of the coke and/or the power project may escalate costs of this project.

Our Company has initiated the process of setting up of the power plant and has awarded a contract to Shriram EPC Limited for installation of the power plant on a turnkey basis at a cost of Rs. 1300 Lakhs. Our Company proposes to set up this power plant adjacent to the Proposed Coke Project as the heat generated from the coke manufacturing process can be utilised to generate power from the power plant which in turn can be captively consumed and surplus, if any, can be sold to third parties. This will enhance the revenues of our Company and reduce its dependence on outside power from grid or otherwise.

8. Our Company is yet to purchase land for the proposed expansion of coke and power projects as a part of Phase -II

The Company also proposes to expand the Proposed Coke Project from 1 Lakh TPA to 3 Lakh TPA and set up another power plant to enhance the capacity from 6 MW to 12 MW at the total cost of Rs. 6000 Lakhs after the completion of coke and power project under Phase-I. The Company has not yet purchased requisite land for the above purposes nor has it obtained any, in principle, approval from HDA for such expansion plans.

Additional land of about 25 acres just adjoining to EPCPL's land is available from HDA. Our Company shall take necessary steps to acquire the said land and implement Phase II of the project at an appropriate time.

9. Non-subscription to equity shares under Warrants Issue by the warrant holders under this rights issue may lead to shortfall of funds required for Phase-II.

The Company proposes to meet its Phase II plans for expansion of its coke and power project from the subscription money received through the exercise of the right by a warrant holder for issue of equity shares by the Company during the period mentioned herein. The success of subscription to equity shares by warrant holders will depend upon the timely completion of Phase-I projects and the market price of equity shares prevailing at the time of conversion of the warrants. Any shortfall of funds due to non-conversion of warrants into equity shares may adversely affect the implementation of Phase-II and the Company may have to make alternate funding arrangements.

Our Company is confident of completing Phase-I of the project in time and does not foresee any difficulty in this regard. This shall provide sufficient confidence to warrant holders to exercise their right to subscribe for the equity shares of our Company.

The promoters have also undertaken to subscribe their entitlement of warrants in full during the warrants conversion period.

10. The Company is yet to obtain various statutory approvals for its coke and power projects including pollution control certificates, sanction of power and such other approvals, which may cause delay in the commencement of commercial operations.

Our Company shall apply for the transfer of approvals or necessary permissions and approvals from statutory authorities at the appropriate time. EPCPL has already started implementing the project and the status of which has been given in Implementation Schedule. Further, EPCPL has also filed applications to various Government Departments for getting statutory approvals like Haldia Development Authority, West Bengal State Electricity Board, Secretariat for Industrial Assistance, Ministry of Industry & Commerce, etc.

11. In the past, our Company had made defaults in complying with the Listing Agreement and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

Erstwhile management of our Company initially did not comply with Regulations 6, 7 and 8 of SEBI (Substantial Acquisition of Shares and Takeover), Regulations 1997. However, after some delay, the erstwhile management of our Company complied with the requirements of this Regulation and regularized the same by filing necessary documents and fees under the SEBI (Regularisation Scheme), 2002. For further details, please refer to Risk Factor no. 20 & 21 on page no. 11 & 12 of this Letter of Offer.

12. Our Company is dependent on suppliers for key raw materials and components.

The raw coal, which is the main raw material available in India, is not of as fine quality as required by the coke project. Therefore, our Company proposes to import the same from countries like South Africa, Australia and China. There is no shortage of raw coal in the world market (Source: IISI) and therefore we do not envisage any problem in acquiring the required quantity of coal for meeting our production requirements.

13. Fluctuation in the value of the Rupee against other currencies could adversely affect the cost of raw materials.

A devaluation or depreciation in the value of the Rupee increases the total costs of such imports and we may be unable to set-off these costs through cost-saving measures or by passing on these increased costs to our customers. Our Company may resort to hedging of forex risks to minimise the effects on the financials.

14. Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect the operations and financial condition of the Company.

We are subject to safety, health and environmental laws in the areas in which we will be operating. These regulations impose controls on air emissions and water discharges from plants. In addition, we may have to incur costs to meet pollution standards and shall be susceptible to fines or other penalties for non-compliance, if any.

15. Defaults to Banks by Group Companies of Mrs. Usha Venkatramani, a Person Acting In Concert with the Promoters.

G.V.Films Ltd.

Central Bank of India

Central Bank of India had filed a suit against the Company for recovery of a sum of Rs. 1054 lakhs with the Debt Recovery Tribunal, Chennai. GVFL claims that the bank has realized Rs. 741 lakhs by way of sale of properties of guarantors. Further, GVFL has filed I.A. with DRT for direction to the bank to give credit for a sum of at least Rs. 320 lakhs in its account towards sale of shares pledged. The bank had filed I.A. with DRT seeking permission to permit the bank to sell 69.64 lakhs equity shares at the market price and to appropriate the same to the loan account. The matter is pending with DRT.

Kaashyap Technologies Ltd. (KTL)

1. UTI Bank Ltd.

KTL is in arrears of around Rs.1500 lakhs to the bank for the bill discounting facility availed by it. The bank has filed a suit against KTL for recovery of loan with Debt Recovery Tribunal. Since, no latest balance sheet is available, the extent of the debt due as on the balance sheet date is not available.

2. LIC Housing Finance Ltd.

KTL had obtained a Housing Loan of Rs. 100 lakhs from LIC Housing Finance Ltd. As KTL has defaulted in repayment, LIC Housing Finance Ltd. has filed a suit against KTL for recovery of loan in the Hon'ble Madras High Court. Since, no latest balance sheet is available, the extent of the debt due as on the balance sheet date is not available.

16. Criminal Cases against the Group Companies of Mrs. Usha Venkatramani, Person Acting In Concert with the Promoters

G.V. Films Ltd.

Sr. No.	1
Case No./Date	C.C.No.2983 of 1996
In The Court Of	The XVIII MM Saidapet, Chennai
By	Narayanan
Particulars	Complaint filed by (reg. shares in GVFL belonging to Sujatha Films Ltd.) for alleged offences under Sections 406 & 420 read with Section 34 of I.P.C.
Status	Pending on the file of XVIII MM Saidapet, Chennai. It is posted finally to 05.03.2007.
Background	This subject is the same as the subject matter of C.S.No.612 of 1998.
Risk Assessment	The ingredients of Sections 406 and 420 of I.P.C. have to be proved beyond doubt. The complainant is continuously absent and the complaint may be dismissed on that ground during the next hearing.

Sr. No.	2
Case No./Date	C.C.No.7504 of 2003
In The Court Of By	XVII MM Saidapet Raviprasad Unit
Particulars	Complaint filed by Raviprasad Units under Sec.138 Negotiable Instruments Act

Status	This is a pending on the file of XVII MM Saidapet. Posted to 18.12.2006
Background	For default in payments by GVFL to Raviprasad Units for hiring of out door equipments for the film “Chokka Thangam”. The party has come forward for an amicable settlement.
Risk Assessment	The matter is likely to be settled. However if the case ends against GVFL they will be liable to pay the cheque amount of Rs.24,47,500/- and a penalty not exceeding Rs.24,47,500/-.

Sr. No.	3
Case No./Date	C.C.No.7588 of 2000
In The Court Of	XXIII MM Saidapet
By	Asian Capital Consolidates & Holdings P. Ltd.
Particulars	Complaint filed by Asian Capital Consolidates & Holdings P. Ltd against GVFL under Section 138, Negotiable Instruments Act on return of a cheque for Rs.20 lakhs.
Status	This is a pending on the file of XXIII MM Saidapet.
Background	GVFL's defence is that all their claims were settled long ago and the complainant had not returned the subject cheque.
Risk Assessment	In the event of the case ending in conviction, GVFL may be saddled with a liability to pay Rs.20 lakhs to the complainant and a further penalty not exceeding such Rs.20 lakhs.

Sr. No.	4
Case No./Date	C.C.No. 65 of 2000
In The Court Of	XI Addl Judge, City Civil Court, Chennai
By	Central Bureau of Investigation
Particulars	Criminal case filed by CBI under Prevention of Corruption Act
Status	The proceedings have been stayed and are pending before the IX Additional City Civil Court, Chennai for CBI cases and posted to 30.01.2007
Background	This is a criminal case filed by CBI against the officers of the Central Bank of India and certain individuals on a complaint by the said bank under Prevention of Corruption Act and the company GVFL is also made a party. The proceedings have been stayed by High Court, Madras by an order dated 02.04.2003 in Crl.M.P.No.2926 of 2003 in Crl.R.C.No.432 of 2003 filed by GVFL and certain others.
Risk Assessment	In the event of the case ending in conviction of the company, GVFL, it will have to pay only fine that could be imposed.

Kaashyap Technologies Ltd.

Criminal Cases

Sr. No.	1
Case No./Date	CC.No.1724/2005
In The Court Of	XVIII Metropolitan Magistrate, Chennai
By	UTI Bank Ltd
Particulars	Under Section 138 of Negotiable Instruments Act for dishonour of the Cheque of Rs. 11,00,00,000 (Rupees eleven crores only)
Status	Pending for hearing. The next hearing date is 5th February 2007.

17. Capital Reduction by KTL, a Group Company of Mrs. Usha Venkatramani, Person Acting In Concert with the Promoters:

KTL had suffered losses due to adverse business conditions in the year 2001 and the business was closed thereafter. In view of the discontinuation of the business and loss, the networth of the Company was substantially eroded. In order to represent the true value of the assets, KTL has passed a Special Resolution in the Extra Ordinary General Meeting held on 15th February 2006 and obtained shareholders approval for reduction in equity share capital from Rs. 56,32,06,350 consisting of 5,63,20,635 equity shares of Rs. 10 each into Rs. 5,63,20,635 consisting of 5,63,20,635 equity shares of Re. 1/- each under section 100 to 104 of the Companies Act, 1956. Accordingly, the Company has approached Hon'ble High Court of Madras for effecting the Scheme of Reduction in capital under section 100 to 104 of the Companies Act, 1956. The High Court has approved the scheme of reduction of share capital vide its order dated 21st September 2006.

18. Settlement with Unsecured Creditors by KTL, a Group Company of Mrs. Usha Venkatramani, Person Acting In Concert with the Promoters:

KTL had an outstanding unsecured creditors claims of around Rs. 270 lakhs. KTL had entered into the Scheme of Arrangement with the said unsecured creditors under section 391 and 394 of the Companies Act, 1956. KTL approached Hon'ble High Court of Madras for compromise of unsecured debts (largely depositors) under section 391 and 394 of the Companies Act, 1956. The Hon'ble High Court had sanctioned the scheme of arrangement and had granted the reschedulement for repayment of debt. The claims of the unsecured creditors are being settled as per the scheme of arrangement sanctioned by the Hon'ble Madras High Court.

19. There are five companies under the group companies of Promoters and three companies under the group of Person Acting In Concert with Promoters. Out of the total eight companies, the following six group companies of promoters and Persons Acting in Concert with the Promoters have incurred losses in one or more of the preceding three financial years.

(Rs. In Lakhs)

Sr. No.	Name of the Group Company	F.Y. 2003	F.Y. 2004	F.Y. 2005	F.Y. 2006
A	**Group companies of Promoters**				
1	Shriram PPR Technologies Pvt. Ltd.	–	–	(93.32)	(2.47)
2	Shriram Auto Finance	–	4.47	(0.11)	0.12
3	Shriram Investment Holdings Pvt. Ltd.	–	(56.25)	(28.18)	–
B	**Group companies of Person Acting in Concert with the Promoters**				
1	G.V. Films Ltd.	–	(27.97)	34.92	515.95
2	Kaashyap Technologies Ltd.	–	(1587.66)	(125.59)	(1883.04)
3	Space Computer & Systems Ltd.	1.09	0.91	27.15	(401.34)

Figures in brackets denote loss.

20. Violation of Regulations 11(1) of SEBI (SAST) Regulations 1997

A notice under Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 was issued to the erstwhile Promoters for violating Regulation 11(1) of SEBI (SAST) Regulations 1997 in the year 2001 and subsequently imposed penalty of Rs 5,00,000 vide order dated 29th June, 2006. The said erstwhile promoters have preferred an appeal before the Securities Appellate Tribunal and order for the said appeal is pending. The said adjudication proceedings and imposition of penalty shall not have any bearing on the present promoters and the company.

21. Default under Regulation 6, 7 and 8 of SEBI (SAST) Regulations, 1997

Our Company has delayed in complying with Regulation 6, 7 and 8 of SEBI (SAST) Regulations, 1997, which has been made good by making payment of necessary fees under the SEBI (Regularization Scheme), 2002. The details of the default are given as under:

Sr. No	Regulation / Sub –regulation	Due date for compliance as mentioned in Regulation	Actual date of Compliance	Delay, if any (in No. of days) Col.4 Col.3	Remarks
1	2	3	4	5	6
1.	6(2)	20-5-1997	01-03-03	2014	
2.	6(4)	20-5-1997	01-03-03	2014	Paid Fees of Rs.10,000/-
3.	8(3)	30-4-1998	01-03-03	1649	Paid Fees of Rs.10,000/-
4.	8(3)	30-4-1999	01-03-03	1284	Paid Fees of Rs.10,000/-
5.	8(3)	30-4-2000	01-03-03	919	Paid Fees of Rs.10,000/-
6.	8(3)	30-4-2001	01-03-03	554	Paid Fees of Rs.10,000/-
7.	8(3)	30-4-2002	03-03-03	189	Paid Fees of Rs.10,000/-
8.	8(3)	30-4-2003	03-04-03	Nil	–
9.	8(3)	30-4-2004	14-10-04	166	–
10.	8(3)	30-4-2005	15-04-05	–	–

Note: The above defaults have taken place when the erstwhile management was in control of the Company.

22. Our Company has not incurred any expenditure on the proposed coke and power project till date for which the fund is being raised through this rights issue.

EPCPL has been implementing the Coke project at Haldia and the expenditure incurred till 15th December 2006 on the Project is Rs. 1652.79 lakhs, which is met out of the funds brought in by promoters and term loan taken from Union Bank of India. ECL has entered into a Business Transfer Agreement dated May 15, 2006 with EPCPL for acquisition of Non-recovery coke oven project of 1,00,000 TPA for production of met coke at Haldia, West Bengal, which is being set up by EPCPL. The acquisition of the said project will be concluded by March, 31 2007.

23. In the recent past, there has been a Change in the Auditors of our Company.

M/s. MGB & Co. was the sole auditors of the Company till financial year 2004-05. In January 2006, the Board of Directors of the Company had appointed M/s. R. Ravindran & Associates, Chartered Accountants as joint auditors of the Company. Thereafter, in April 2006, M/s. MGB & Co., Chartered Accountants, expressed their inability to continue as auditors of the company due to their pre-occupation and resigned from the office of auditor.

24. There are only 72 shareholders as on 22nd December 2006. The rights issue being made by the Company may not increase the number of shareholders unless and until the existing shareholders renounce their entitlement in rights. Such limited number of shareholders may affect liquidity in the scrip.

25. The shares of the Company is highly illiquid and there has been meager trading of equity shares on the BSE.

EXTERNAL RISK FACTORS:

1. **A slowdown in economic growth in India could cause our business to suffer.**

   Met coke is used as a raw material in manufacturing of steel. Steel is one of the core sectors of our economy. A slowdown in the economy may have an adverse effect on the fiscal situation of the country due to which the production of steel industry may be reduced which in turn shall affect the business of our Company.

2. **Our performance is linked to the stability of policies and the political situation in India**

   The role of the Central and State governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The present Government of India, which was formed in May 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from the present coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have an adverse effect on the market for our shares. We cannot assure you that these liberalization policies will continue under the present government. Protests against privatisation could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the manufacturing sector, infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

3. There are risks of increased taxes and levies by government and local bodies, which may affect the cash flow and profits of the Company.

4. Civil disturbances and regional conflicts in South Asia could adversely affect the Indian economy and the market for our securities.

The price of our Equity Shares may be highly volatile or there may be no active market for the equity shares, which may be due to the following reasons:

a. Volatility in Indian and global securities market;

b. Results of operations and performance of our Company;

c. Perception in the Indian capital market about investment in the steel industry;

d. Changes in the estimates of our performance or recommendations by financial analysts;

e. Significant changes in government policies; and

f. Performance of the Indian economy.

Notes to Risk Factors:

- The average cost of acquisition of Equity Shares by our Promoter is Rs. 4.43 per Equity Share and the book value per Equity Share as of March 31, 2006 and November 30, 2006 was Rs. 10.67 and Rs. 10.68 respectively.
- The net worth of our Company as on March 31, 2006 and November 30, 2006 is Rs. 53.37 Lakhs and Rs. 53.40 Lacs respectively.
- Issue of 1,50,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 10 per equity share on rights basis to the existing equity shareholders of the company in the ratio of 30 equity shares for every 1 equity share held on the record date 8th January 2007 amounting to Rs. 3000 lakhs and
- Issue of 3,00,00,000 convertible warrants on rights basis to the existing equity shareholders of the company in the ratio of 60 convertible warrants for every 1 equity share held on the record date, convertible into 60 equity shares of the company during the warrant conversion period amounting to Rs. 6000 lakhs at a floor price aggregating to Rs. 9000 lakhs.
- Related party transactions are given below:

  There are no transactions with related parties in respect of Mrs. Vatsala Ranganathan and Shiram EPC Ltd., the promoters of the Company. These related parties transactions are in respect of the earstwhile promoters of the Company.

Particular	30-Nov-06	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Sale to and recoveries from						
- Other Related Parties	–	275,590	77,025	1,130,350	499,669	31,840
- Directors	–		–	223,000	200,000	54,000
- Relative of Directors	–		–	425,200	214,500	–
Purchase of Goods & Services						
- Other Related Parties	–	–	–	1,090,650	492,445	99,450
- Directors	–	–	–	2,305,000	204,000	83,240
- Relative of Directors	–	–	–	376,350	210,000	–
Sale of Fixed Assts						
- Other Related Parties	–	10,000	–	–	–	
Loans/Advances given to						
- Other Related Parties	–	590,000	300,000	270,000	1,553,017	400,000
- Directors	–	75,000	–	280,000	–	–
Repayment of Loans/Deposits given to						
- Other Related Parties	–	2,082,685	470,000	100,000	1,553,017	531,515
- Directors	–	75,000	–	280,000	–	–
Loans/Advances received from						
- Directors	–	–	430,000	–	–	30,000
Repayment of Loans/Deposits received from						
- Directors	–	–	430,000	–	–	30,000
Interest Income						
- Other Related Parties	–	–	180,156	158,715	167,764	102,789
Rent						
- Other Related Parties		54,000	108,000	108,000	108,000	108,000
Remuneration						
- Directors	–	–	–	85,150	124,450	151,400
- Relative of Directors	–	–	22,000	252,000	252,000	116,000
Balance outstanding						
Loans/Deposits/Advances given	–	–				1,201,695
Other Related Parties	–	–	1,492,685	1,520,200	1,224,022	
Investments (Trading)	–	–				200,000
Other Related Parties	–	–	625,000	625,000	625,000	
Creditors	–	–	–	–	–	–
Other Related Parties	–	–				
Debtors						
Other Related Parties	120,540	120,540	–	–	–	
Creditors						
Other Related Parties	–	27,000	–	–		

- Investors may contact the Lead Manager or the compliance officer for any complaints/information/clarification pertaining to the Issue, who will be obliged to provide the same to the investor.
- Investors are advised to refer to the paragraph entitled "Basis for Issue Price" on page 42 of this Letter of Offer.
- In the event of the issue being oversubscribed, the allocation to the existing equity shareholders and renounces, over and above their entitlement, shall be made on proportionate basis in consultation with Bombay Stock Exchange Limited ("BSE"), the designated stock exchange.

C. INTRODUCTION

I. SUMMARY

THE INDUSTRY

A. COKE INDUSTRY

Coke, a derivative of metallurgical coking coal, plays a very significant role in metallurgical processes. Coke is the main source of heat and is also the reducing agent required to facilitate the conversion of metallurgical ores into metal in the smelting process.

Major Coke production has traditionally been captive, i.e. Coke is produced in the coke oven batteries of integrated steel plants. Hardly any surplus coke is available from these captive coke oven batteries for outside sale. During the last 10-12 years, number of pig iron plants and even integrated steel plants have been built in India without captive coke making facilities, which now rely on imported coke. As a result, India is now importing coke in sizeable quantity. Most Indian coke oven batteries are located in the eastern region of the country. Accordingly, the various coke consumers in the western region and southern region of the country essentially import coke.

Keeping in view the above scenario in mind, ECL has now proposed to manufacture Met Coke and for this purpose has entered into an agreement on May 15, 2006 for acquisition of Non-recovery Coke Oven Project of 1,00,000 TPA of met coke at Haldia, West Bengal which is at present under implementation and being set up by Ennore Power & Coke Pvt. Ltd. (EPCPL). The acquisition of the aforesaid project under implementation will be concluded within one month from the Closure of the rights issue and the acquisition price consideration is to be based on the expenditure incurred on the said project as mutually agreed between ECL and EPCPL. The requirement of funds for acquisition of aforesaid met coke project of EPCPL will be met out of the proceeds of the present rights issue. Further ECL after acquisition and completion of the met coke project also proposes to expand such met coke manufacturing capacity by 2,00,000 TPA out of the proceeds of the proposed warrants issue.

B. POWER INDUSTRY

Power is a critical infrastructure for economic development and for improving the quality of life. The achievement of increasing installed power capacity from 1362 MW to over 100,000 MW since independence and electrification of more than 500,000 villages and towns are impressive in absolute terms. On account of inadequate generation capacity, the country is plagued by power shortages. The total energy shortage, during 2004-2005, was 43,258 million units, amounting to 7.3 % and the peak shortage was 11.7% per cent of peak demand. *(Source: Key World Energy Statistics: 2003)*

With increasing urbanization, industrial growth and per capita consumption, the gap between the actual demand and supply is likely to increase. In this scenario, the GOI expects that alternative/renewable sources of energy, such as wind energy, biomass energy and energy generated through waste heat recovery process are likely to play an increasingly important role in bridging the demand supply gap and conservation of fossil fuels. *(Source: Ministry of Power Annual Report 2003-04: CEA Executive Summary- March 2005)*

In the manufacturing process of coke, volatile matter gets released from the raw coal in the form of gas and is burnt in the oven to produce heat for carbonization and after completing the process of carbonization the waste heat at very high temperature is released in the atmosphere. Such waste heat if utilized for generation of steam, same can be used in the steam turbine for generation of power at a very low cost and in an eco-friendly manner, as no raw material or any other fossil fuel is used in this process of generation of power.

With this view in mind, ECL proposes to set up a power plant of 6 MW capacity by using waste heat generated in the process of manufacturing of met coke in the premises of Met Coke project. The proposed power project will be financed out of the proceeds of the rights issue. Further, after completion of Phase I of the Project, simultaneous expansion of capacities of Met Coke Project by 2,00,000 TPA and Power generation 6 MW will be undertaken which will be financed out of the proceeds of the proposed warrants issue.

BUSINESS

Our Company was incorporated as a public limited company on 25th February 1985 to carry on the business of yarn, cloth, fibre and the business of leasing of movable and immovable properties. These activities were carried on till 30th September 2005.

With effect from 5th December 2005, the Company was taken over by Shriram EPC Limited, Mrs. Vatsala Ranganathan and Mrs. Usha Venkatramani by duly complying with the substantial acquisition and takeover formalities as required under SEBI (SAST) Regulations, 1997.

For the further details of Disassociation of Mrs. Usha Venkatramani and other relevant information, please refer page no. 63 under the section "Business Overview".

The new management has discontinued the above businesses of the Company and started trading of coal and coke and has now decided to enter into the business of manufacturing met coke by acquiring the Proposed Coke Project from EPCPL situated at Haldia, West Bengal. Along with the acquisition of the Proposed Coke Project, our Company also plans to set up a Power plant at the same location. Shriram EPC Ltd. has been engaged as the EPC contractor for setting up the Power Plant on Turnkey basis. Our Company also proposes to expand the manufacturing capacity of the Proposed Coke Project from 1,00,000 TPA to 300,000 TPA and increasing capacity of generation of power from 6 MW to 12 MW at Haldia, West Bengal. Shriram EPC Ltd., as the EPC contractor, will undertake fabrication, commissioning and installation of various plant and machinery for the purpose of this proposed expansion. A coke plant along with a power plant is considered to be a profitable proposition as the waste heat generated by the coke plant can be used for running the power plant and the coke plant as well. Any Surplus power can be sold to other parties via the grid or otherwise.

II. THE ISSUE

- Issue of 1,50,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 10 per equity share on rights basis to the existing equity shareholders of the company in the ratio of 30 equity shares for every 1 equity share held on the record date 8th January 2007 amounting to Rs. 3000 lakhs and
- Issue of 3,00,00,000 convertible warrants on rights basis to the existing equity shareholders of the company in the ratio of 60 convertible warrants for every 1 equity share held on the record date, convertible into 60 equity shares of the company during the warrant conversion period amounting to Rs. 6000 lakhs at a floor price aggregating to Rs. 9000 lakhs.

Warrant Conversion Period:

Warrants shall be converted into equity shares between the 13th and the 15th month from the date of allotment of equity shares in the Rights Issue.

Warrant Conversion Price:

Warrant Conversion Price/Applicable Conversion Price for Warrant shall be at the floor price of Rs. 20/- per share or the price which is at a discount of 10% to the average daily closing market price of the shares during the previous calendar month immediately preceding the month in which the warrant conversion is exercised, whichever is higher.

The applicable conversion price for the calendar month would be advertised by the Company in an English National Daily, one Hindi National Daily with wide circulation and a Regional Language Daily circulated at the place where the Registered Office of the Company is situated within three working days of every month during the conversion period. Any warrant holder applying for conversion during the said month will do so at the applicable conversion price.

The details of equity shares and warrants on rights basis is given as under:

No. of Equity Shares to be issued	1,50,00,000
Issue Size	30,00,00,000
Entitlement Ratio (Equity Shares)	30:1 (Thirty Equity Shares for every one equity share held on the record date)
Face Value	Rs. 10
Offer Price	Rs. 20 per share (including Premium of Rs. 10 per equity share)
Application Money	Rs. 20 per share
Entitlement Ratio (Warrants)	60:1 (Sixty Convertible Warrants for every one equity share held on the record date under the Warrants Issue on rights basis)
Conversion Ratio (Warrants)	1:1 (One equity share for every warrant held)
Warrant Conversion Period	During 13th and 15th month from the date of allotment of equity shares under this Rights Issue.
Warrant Conversion Price/ Applicable Conversion Price	Floor Price of Rs. 20 or the price which is at a discount of 10% to the average daily closing market price of the shares during the previous calendar month immediately preceding the month in which the warrant conversion is exercised, whichever is higher. The applicable conversion price for the calendar month would be advertised by the Company in an English National Daily, one Hindi National Daily with wide circulation and a Regional Language Daily circulated at the place where the Registered Office of the Company is situated within three working days of every month during the conversion period. The Company will also intimate Applicable Conversion Price to all warrant holders by Post within 7 working days of every month during the Warrant Conversion Period. The Company shall send the application forms to the Warrant holders to enable them to apply for conversion of the Warrants into Equity Shares and the same will also be available on the Company's website –www.ennorecoke.com
Allotment date of Equity Shares issued against Warrants	Valid applications for conversion of Warrants along with the conversion price received during a particular month (till the last working day of the calendar month) shall be deemed to have been allotted Equity Shares (arising from the conversion) on the 10th day of the succeeding calendar month.
Trading of Warrants	The warrants can be freely and separately traded in Demat form only as per the minimum lot mentioned in this Letter of Offer on page [•].

Minimum lot for trading of warrants	Minimum lot for trading of warrants shall be one warrant.
Earlier Conversion of Warrants	In case, the Company plans further issue of capital in the intervening period, the Company reserves right to give option to the warrant holders for early conversion of their Warrants as per the conversion price formula defined in terms of the issue in offering terms on Page 149.
Lapse of Convertible Warrants	In case, Warrant holder do not exercise the warrant conversion option during the warrant exercise period, such warrants shall lapse at the end of Warrant Conversion Period.

Note: In case the promoters acquire warrants from the open market, any increase in their shareholding upon conversion of warrants into equity shares will be subject to necessary compliance under the SEBI (SAST) Regulations, 1997.

III. SUMMARY OF FINANCIAL INFORMATION:

The following summary of financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and has also been described in the Auditors' Report of R. Ravindran & Associates, Chartered Accountants; Chennai dated 11th December, 2006 in the section titled "Financial Information of the Company". You should read this financial data in conjunction with the Company's financial statements for each of fiscal 2002, 2003, 2004, 2005, 2006 and for the eight months ended 30th November, 2006 including the Notes thereto and the Reports thereon, which appears on page 88 under sub-heading "Auditors' Report" in this Letter of offer, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" on page 113 of this Letter of offer.

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

Particulars	**30th Nov. 2006**	**FOR THE YEAR ENDED 31st MARCH**				
		2006	**2,005**	**2,004**	**2,003**	**2,002**
INCOME						
Sales - Shares & Securities	–	5,273,949	3,796,617	9,047,596	2,929,359	867,581
Sales - Coal and Coke	1,470,000	9,918,000	–	–	–	–
Other Income	–	56,834	367,806	1,757,802	2,170,354	1,938,185
Increase / (Decrease) in Stock	–	(2,846,124)	(469,530)	1,112,622	303,959	336,010
Total	**1,470,000**	**12,402,659**	**3,694,893**	**11,918,020**	**5,403,672**	**3,141,776**
EXPENDITURE						
Purchase - Shares & Securities	–	1,231,200	2,980,515	8,928,596	3,038,037	1,165,702
Purchase - Coal and Coke	1,135,680	8,630,556	–	–	–	–
Personnel Expenses	–	263,889	312,634	757,227	849,188	900,480
Administrative other Expenses	325,634	1,169,459	506,836	902,961	738,728	554,431
Financial Charges	–	17,607	49,244	67,122	17,848	2,650
Depreciation	–	7,912	126,388	226,355	151,411	206,826
Total	1,461,314	11,320,623	3,975,617	10,882,261	4,795,212	2,830,089
Profit / (Loss) Before Tax	**8,686**	**1,082,036**	**(280,724)**	**1,035,759**	**608,460**	**311,687**
Provision for Tax						
Current Tax						
- for current year	2,924	230,906	–	374,668	85,450	19,180
- for earlier years				–	–	–
Deferred Tax		134,645	(150,564)	(25,493)	256,566	98,717
Fringe Benefit Tax	1,912	35,589	–	–	–	–
Profit / (Loss) After Tax before extra-ord.items	**3,850**	**680,896**	**(130,160)**	**686,583**	**266,444**	**193,790**
Prior Period Expenses	–	–	–	–	–	–
Net Profit After Tax	**3,850**	**680,896**	**(130,160)**	**686,583**	**266,444**	**193,790**
Balance brought forward	336,966	(343,930)	(213,770)	(900,354)	(1,166,797)	(1,678,229)
Deferred Tax Assets	–	–	–	–	–	317,642
Balance carried to Balance Sheet	**340,816**	**336,966**	**(343,930)**	**(213,770)**	**(900,354)**	**(1,166,797)**

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Amount in Rs.)

Particulars	**30th Nov. 2006**	**FOR THE YEAR ENDED 31st MARCH**				
		2006	**2005**	**2004**	**2003**	**2002**
SOURCES OF FUNDS:						
Share Capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Profit and Loss Account	340,816	336,966				
Secured Loan						
Car Term Loan from Citi Bank	–	–	357,185	460,101	550,269	–
(On Hypothecation of Motor Car)						
Deferred Tax Balances (Net)	(3,770)	(3,770)	(138,415)	12,149	37,641	(218,925)
Total	**5,337,046**	**5,333,196**	**5,218,770**	**5,472,250**	**5,587,910**	**4,781,075**
APPLICATIONS OF FUNDS:						
Fixed Assets (At Cost)						
Gross Block	39,000	39,000	866,178	818,641	1,453,641	808,134
Less: Depreciation upto date	3,945	3,945	454,002	327,614	643,180	491,769
Net Block	35,055	35,055	412,176	491,027	810,461	316,365
Capital work in Progress	4,403,824	3,936,490	–	–	–	–
Investment	–	–	12,500	8,988	15,700	15,875
Current Assets, Loans and Advances :						
Inventories	–	–	2,846,124	3,315,654	2,203,032	1,899,073
Sundry Debtors	960,540	10,038,540	–	122,148	291,669	65,328
Cash and Bank Balances	75,941	11,140	81,073	118,320	126,677	59,559
Loans and Advances	271,409	199,171	1,937,730	1,836,916	1,513,718	1,367,775
	1,307,890	10,248,851	4,864,927	5,393,038	4,135,096	3,391,735
Less: Current Liabilities and Prov.	1,598,396	8,887,200	414,763	634,573	273,701	109,697
Net Current Assets	(290,506)	1,361,651	4,450,164	4,758,465	3,861,395	3,282,038
Miscellaneous expenses	1,188,673					
Profit and Loss Account			343,930	213,770	900,354	1,166,797
Total	**5,337,046**	**5,333,196**	**5,218,770**	**5,472,250**	**5,587,910**	**4,781,075**

Note:

1. **Reason for Sudden Decrease in Gross Assets from the year 2005 to 2006**

   Before entering into the Share Purchase agreements in August 2005, the earlier management had taken a policy decision to sell or otherwise dispose off all fixed assets of the Company during the year and accordingly, the fixed assets of the company were disposed off, which has been shown as Sale of Fixed Assets under the heading “Cash flows from Investing Activities” in the Cash Flow given at Page no. 97 of the Section- “Financial Information of the Company”.

   Subsequent to the formal takeover in December, the New Management has made some start-up investments in fixed assets and accordingly fixed assets worth Rs. 39000 has been shown as “Gross Block of Fixed Assets” under the Heading – “Application of Funds” for the year 2005-06 in the Restated Balance Sheet.

2. **Reason for Sudden Increase in Current Liabilities from the year 2005 to 2006**

   After takeover of management and change of Object clause in Jan 2006, the new management has forayed into trading of coke with significant volumes, which has resulted in corresponding increase in current liabilities of the Company.

IV. GENERAL INFORMATION

ENNORE COKE LIMITED

Registered Office : 304, Shivshakti Building, J P Road
Andheri West, Mumbai 400 053,
Tele: 022-65592908
E-mail: info@ennorecoke.com, Website: www.ennorecoke.com

Corporate Office : 36, College Road, Nungambakkam, Chennai 600 006
Tel:044-42110491, Fax: 044- 28262416

The Company was originally incorporated as a public limited company under the Companies Act, 1956 in the name of Khatoo Finance and Trading Company Limited on February 25, 1985 with the Registrar of Companies, Maharashtra having its office at Dattaram Lad Marg, Kala Chowki, Mumbai 400 033 vide Registration No. 35478 of 1984-85. The name of the Company was then changed to Khatoo Synthetics Limited with effect from November 11, 1986 and was further changed to Ennore Coke & Power Ltd. w.e.f. 24th January, 2006. Once again, in order to comply with clause 32 of the listing agreement with the stock exchange, the name of the Company has been changed to Ennore Coke Ltd. w.e.f. June 6, 2006 vide a fresh certificate of incorporation issued by the Registrar of Companies, Maharashtra.

BOARD OF DIRECTORS

Our Company is currently managed by a Board of Directors comprising Mrs. Vatsala Ranganathan, Mr. Rajeev Agrawal, Mr. M.R.Rajgopal, Mr. Amjad Shariff and Mrs. Uma Karthikeyan as directors. Mrs. Vatsala Ranganathan is the Chairperson of the Board. The composition of our Board of Directors is as under:

Sr. No.	Name of the Director	Designation	Status
1	Mrs. Vatsala Ranganathan	Chairperson	Promoter (Non-Executive Director)
2	Mr. Rajeev Agrawal	Director	Independent Director (Non-Executive)
3	Mr. M.R.Rajgopal	Director	Independent Director (Non-Executive)
4	Mr. Amjad Shariff	Director	Nominee of Promoter -Shriram EPC Ltd., (Non- Executive Director)
5	Mrs. Uma Karthikeyan	Director	Independent Director (Non- Executive)

BRIEF DETAILS OF CHAIRPERSON, MANAGING DIRECTOR AND WHOLE TIME DIRECTORS etc.:

Mrs. Vatsala Ranganathan

Mrs. Vatsala Ranganathan (age 54 years) is a Chairperson of the Board of Director of Ennore Coke Ltd. She is a postgraduate in Economics Research from Ethiraj College, Chennai in the year 1974. She started her career as teacher and became Head Mistress.

In the year 1984, she joined Shriram Investments Limited as General Manager, Marketing in Chennai. Subsequently, she was involved in the Human Resource Management and training of employees of the Shriram group. In the year 1987, she had become President of Shriram Group consisting of three companies viz. Shriram Investments Limited, Shriram City Union Finance Limited and Shriram Transport Finance Limited. She was also in charge of All India Marketing Teams consisting of four regions. During her tenure as Group President, Shriram Investment Limited, one of the group company had done a maiden Initial public offering.

In the year 1994, she retired as a president of the group. However, she continued to act as a group advisor. Apart from other assignments, she has contributed in the departmental sectioning of three companies and played an active role in reengineering one of group supported company viz. M/s. Standard machine Tools Ltd., in order to turn in to a profitable venture during her tenure as Group Advisor.

She was also a Managing Director in Southern Power Tech Ltd. a company engaged in the business of high-pressure water technology system from 1996 to 2000. She gained varied technical know how in engineering sector during her tenure as managing director in the said company.

In the year 2000, Shriram EPC Limited was incorporated by merging the cooling tower division and the water treatment division of Shriram group as an independent entity. Mrs Vatsala Ranganathan was one of the first person in the board of that company. She was instrumental in the execution of the early turnkey projects as well as Human resource management.

In the year 2005, she was one of the co-acquirers of Khatoo Synthetics Limited, now known as Ennore Coke Limited.

Presently she is a Non-Executive Independent director in unlisted companies namely Malos Infrastructure Ltd., Lepakshi Power Projects Ltd. Ennore Power and Coke Pvt. Ltd., Haldia Coke and Chemicals Ltd.,Southern Powertech Equipments Pvt. Ltd and she is a Whole Time Director in Shriram EPC Ltd.

COMPLIANCE OFFICER

Mr. K. Rajagopal (C.A., C.S.)
C.F.O. & Compliance Officer
Corporate Office:
36, College Road, Nungambakkam, Chennai 600 006
Tel. No. 044-42110491, Fax No. 044-28262416
E-mail: krajagopal@ennorecoke.com

Note: Investor are advised to contact the Registrar to the Issue or the Compliance Officer of the company in case of any pre-issue/ post-issue related problems such as non- receipt of LOO/ Letter of Allotment/ share certificate/ refund orders / demat credit etc.

BANKERS TO THE COMPANY
Punjab National Bank
Illaco Branch,
Fort, Mumbai 400 021

LEAD MANAGER TO THE OFFER
Vivro Financial Services Private Limited
Manu Mansion 16/18, Shahid Bhagatsingh Road,
Opp. Old Custom House, Fort, Mumbai 400 023
Tel.: (022) 22657364, 22658397, Fax: (022) 22658406
Email: mumbai@vivro.net
Website: www.vivro.net

REGISTRAR TO THE ISSUE
INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W), Mumbai- 400078.
Contact person: Ms Avani Punjani
Tel No. 022- 25960320(9 lines)
Fax No. 022- 25960329
Email ID: ennore-rights@intimespectrum.com
Website: www.intimespectrum.com

BANKERS TO THE ISSUE
ICICI BANK LTD.
Capital Markets Division
30, Mumbai Samachar Marg, Fort
Mumbai – 400 001
Tel: 91 22 22655285
Fax: 91 22 22611138
Contact Person: Mr. Sidhartha Shankar Routray
Email: sidhartha.routray@icicibank.com
Website: www.icicibank.com

AUDITORS OF THE COMPANY
R Ravindran & Associates.
14, Ashtalakshmi Street, Muthulakshmi Nagar,
Chitlapakkam, Chennai – 600 064
Tel. No. 044-22271564

LEGAL ADVISOR TO THE ISSUE

M/s. rugan & arya
24, Balaraman Road, Adyar, Chennai- 600 020
Tel. No. 044 24426999 Fax No. 044 24425735

STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGERS

Since, the issue is managed by one Lead Manger; the entire responsibilities shall vest with the Lead Manager.

TRUSTEES

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

CREDIT RATING

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

MONITORING AGENCY

There is no monitoring agency appointed by the Company.

UNDERWRITING

The present Rights Issue is not underwritten. However, the Promoters viz. Shriram EPC Limited and Mrs. Vatsala Ranganathan have confirmed vide their Letter of Intent dated 20th January, 2006 that they intend to subscribe to the full extent of their entitlement in the Issue. Promoters intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue size is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding.

The Promoters viz. Shriram EPC Limited and Mrs. Vatsala Ranganathan have also confirmed vide their Letter of Intent dated 10th October 2006 that they intend to subscribe to the full extent of their entitlement in the warrants during the warrant conversion period.

This subscription and acquisition of additional Equity Shares by the Promoters, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. As such, other than meeting the requirements indicated in Objects of the Issue (refer “Particulars of the Present Issue”), there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters through this Issue, the Promoter shareholding in the Company exceeds their current shareholding.

However, the Promoters have confirmed that in case the Rights Issue of the Company is completed with their subscribing to Equity Shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the “permissible minimum level” being 25% of the total paid up share capital of the Company on the basis of which the securities of the Company continue to be listed they will either individually or jointly with other Promoters make an offer for sale of their holdings so that the public shareholding is raised to the “permissible minimum level” being 25% of the paid up share capital of the Company within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.

In this context, the promoters of Ennore Coke Limited have provided following undertaking:

“We hereby undertake that, in case the Rights Issue of Ennore Coke Limited is completed with the promoters subscribing to equity shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the “permissible minimum level” being 25% of the paid up share capital of the Company as specified in the listing condition or listing agreement, we will either individually or jointly with other promoters make an offer for sale of our holdings so that the public shareholding is raised to the “permissible minimum level” being 25% of the paid up share capital of the Company within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.”

Further, we hereby undertake that in the event of this rights issue being granted by the exchange, we will ensure on a continuous basis that the minimum level of non promoter holding (being 25% as on date) at the level of public shareholding will be maintained accordingly

However, Mrs. Usha Venkatramani, a Person Acting In Concert with the Promoters, may or may not subscribe her entitlement in the rights issue in full. In case, her shareholding falls below 5% of the total paid up capital of the Company after completion of rights issue, she would cease to be a “Person Acting In Concert with the Promoters” for all future references.

V. CAPITAL STRUCTURE AS ON THE DATE OF FILING THE OFFER DOCUMENT *(29TH DECEMBER, 2006)*

Description		Nominal Value (Rs.)	Aggregate Value at Issue Price (Rs.)
A	**Authorised Share Capital**		
	1,60,00,000 Equity Shares of Rs. 10/- each	16,00,00,000*	16,00,00,000*
B	**Issued, Subscribed and Paid up Share Capital**		
	5,00,000 Equity Shares of Rs. 10/- each	50,00,000	50,00,000
C	**Present Issue being offered to the existing shareholders through this LOO**		
	1,50,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 10 per share in the ratio of 30 (Thirty) Equity Shares for every 1 (one) Equity Share	15,00,00,000	30,00,00,000
	3,00,00,000 Warrants in the ratio of 60 (Sixty) warrants for every one equity share held on the record date) (one warrant would be convertible in to one share)	30,00,00,000	***
D	**Paid up Capital After the present Rights Issue**		
	1,55,00,000 Equity Shares of Rs. 10/-each	15,50,00,000	30,50,00,000
	**Upon conversion of Warrants ** **		
	4,55,00,000 Equity Shares of Rs. 10/- each	45,50,00,000	***
E	**Share Premium Account**		
	▼ Existing Share Premium Account	–	Nil
	▼ On the Issue of Equity Shares	–	*
	▼ On conversion of Warrants**	–	***

* Company has increased its Authorised Share Capital from Rs. 50 Lakhs to Rs. 1600 Lakhs at the AGM held on 30th May 2006. The Company has filed necessary returns with Registrar of Companies, Mumbai for increase in Authorized Share Capital along with the prescribed fees. The Authorized share capital of the Company shall be increased to Rs. 5000 Lakhs before commencement of Warrant Conversion Period.

** Assuming full conversion of Warrants by all Warrant holders including Promoters

***Since the conversion price of the Warrants as described on page no. [**%**] is based on floor price or the price which is at a discount of 10% to the average daily closing market price of the shares during the previous calendar month immediately preceding the month in which the warrant conversion is exercised, whichever is higher, hence the exact amount of the addition to the share premium account cannot be determined. (Refer 'OFFERING DETAILS' on page no. [**%**])

Details of Changes in Authorized Capital:

Sr. No.	Particulars Of Increase	Date of Meeting	AGM / EGM
1	Rs. 1 Lakh	Subscribers to Memorandum of Association	Incorporation
2	From Rs. 1 Lakh to Rs. 25 lakh	8/04/1985	Extra ordinary General Meeting
3	From Rs. 25 Lakhs to Rs. 50 Lakhs	4/06/1985	Extra ordinary General Meeting
4	From Rs. 50 Lakhs to Rs. 1600 Lakhs	30/05/2006	Annual General Meeting

NOTES TO THE CAPITAL STRUCTURE

1) **History of the Capital Structure of the Company**

Date of Allotment/ Fully paid-up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of allotment	Reasons for allotment	Cumulative Number of Equity shares	Cumulative Share capital (Rs.)
25/02/1985	700	10	10	Promoters	On Incorporation	700	7000
12/12/1985	269300	10	10	Promoters	Public Issue	270000	2700000
12/12/1985	230000	10	10	Public	Public Issue	500000	5000000

2) **Shares acquired by promoters under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.**

The Promoters i.e. Mrs. Vatsala Ranganathan and Shriram EPC Ltd. along with Mrs. Usha Venkatramani entered into two Share Purchase Agreements on 29th August, 2005 with the then Promoters of the Company as well as with some of the non-promoter shareholders ('the Sellers') to acquire from them 2,70,000 shares representing 54% of the total issued and subscribed equity share capital of the Company at a price of Rs. 2.50 per equity share to acquire control over the Company, thereby triggering the SEBI Takeover Regulations.

Accordingly in compliance of the above Regulations, the acquirers made a public announcement on 30th August 2005 of an open offer to the public shareholder of the Company to acquire 1,00,000 equity shares of Rs. 10 each representing 20% of the total issued and subscribed equity share capital of the Company at a price of Rs. 5.00 per equity share. However, the Acquirers had revised the offer Price to Rs. 10.22 vide Second Corrigendum to the Public Announcement dated 12th December, 2005 in order to compensate the public shareholders in view of the violation of the Regulation 11 of Takeover Regulations by the erstwhile promoters on their acquisition of 61,600 equity shares on 22nd March, 2001. The said offer price of Rs. 10.22 comprises of Offer Price of Rs. 6/- and interest of Rs. 4.22 @ 15% from 22/3/2001 to 28/11/2005. The offer opened on 25th October 2005 and closed on 14th November 2005. Accordingly, the Acquirers received 90,000 fully paid-up equity shares from 16 shareholders in response to their offer within the closure date. Further, the BOD of the Company, at its meeting held on 5th December 2005, approved (i) the offers received by the Acquirers; (ii) the transfer of shares in the name of Acquirers; (iii) change of management of the Company by accepting the resignation of Mr. Jugal Kishore B. Agarwal, Mr. Pravin J. Agarwal, Mr. Navin J. Agarwal; and (iv) inducting new directors of the Company namely Mrs. Vatsala Ranganathan, Mr. Dakshinamurthy and Mrs. Usha Venkatramani.

3) **Disassociation of Mrs. Usha Venkatramani as a Promoter: Person Acting In Concert with the Promoters**

Mrs. Usha Venkatramani, one of the acquirer in the open offer, had thereafter sold her 50,000 Equity Shares representing 10% of the total equity share capital of the Company to the public after making a due declaration to BSE dated January 16, 2006 under regulation 7(1A) of the SEBI (SAST) Regulations 1997. She also subsequently relinquished her role as the promoter of the Company by making submission to BSE vide her letter dated January 18, 2006 as under:

"Further to my declaration under Regulation 7(1A) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 dated 16th January, 2006 relating to sale of 10% of my stake in M/s Khatoo Synthetics Limited, I further wish to inform you that currently I hold only 14% shareholding of the said company and do not intend to continue as a promoter of the same with immediate effect.

I request you to kindly take the above fact on record and change my status to a normal shareholder"

Subsequently, she also resigned from the Board of Directors of the Company on 14th January 2006. Accordingly, Mrs. Usha Venkatramani currently holds 14% of the equity share capital of our Company. Since she was one of the acquirers during the process of acquisition of shares and takeover together with Shriram EPC Ltd. and Mrs. Vatsala Ranganathan, she has been shown as "Person Acting In Concert with the Promoters" with the other promoters of the Company in this Letter of Offer for the purpose of the Rights Issue.

However, Mrs. Usha Venkatramani, a Person Acting In Concert with the Promoters, may or may not subscribe her entitlement in the rights issue in full. In case, her shareholding falls below 5% of the total paid up capital of the Company after completion of rights issue, she would cease to be a "Person Acting In Concert with the Promoters" for all future references.

4) **Promoters' contribution and lock in alongwith Person Acting in Concert with the Promoters.**

Date of allotment / acquisition	Consider-ation	Number of shares	Face value	Issue price / Acquisition cost per share Rs.	% of post rights issue paid up capital	Lock in period
Mrs. Vatsala Rangnathan – Promoter						
29/08/2005 (Acquisition under SPA with old promoters and other shareholders)	Cash	90,000	10/-	2.50/-	0.58	3 years
05/12/2005 (Acquisition under Open offer)	Cash	30,000	10/-	10.22/-	0.19	3 years
To be subscribed in the present Rights issue	Cash	2050000	10/-	20/-	13.23	1 year
To be subscribed in the present Rights issue	Cash	1550000	10/-	20/-	10.00	3 years
Total		**3,720,000**			**24.00**	
Shriram EPC Limited – Promoter						
29/08/2005 (Acquisition under SPA with old promoters and other shareholders)	Cash	90,000	10/-	2.50/-	0.58	3 years
05/12/2005 (Acquisition under Open offer)	Cash	30,000	10/-	10.22/-	0.19	3 years
To be subscribed in the present Rights issue	Cash	2050000	10/-	20/-	13.23	1 year
To be subscribed in the present Rights issue	Cash	1550000	10/-	20/-	10.00	3 years
Total		**3,720,000**			**24.00**	
Mrs. Usha Venkatramani – Person Acting In Concert with the Promoters						
29/08/2005 (Acquisition under SPA with old promoters and other shareholders)	Cash	90,000	10/-	2.50/-		
05/12/2005 (Acquisition under Open offer)	Cash	30,000	10/-	10.22/-		
Sub-Total		**1,20,000**				
Less: Transfer/sold	Cash	50,000	10/-	11/-		
Mrs. Vatsala Rangnathan - Promoter						
Total		**70,000**	**10/-**		**0.45**	**3 Year**

The Promoters i.e. Mrs Vatsala Rangnathan and Shriram EPC Limited have agreed to lock in 20% of the post-issue equity shareholding for a period of 3 years. The Lock in period shall commence from the date of allotment of equity shares in this issue or the date of commencement of commercial production, whichever is later.

In addition to the lock-in of the Promoters' contribution as specified above, the promoters have agreed to lock-in their entire subscribed and allotted equity shares in the Rights Issue for a period of 1(one) year. The Lock in period shall commence from the date of allotment of equity shares in this issue or the date of commencement of commercial production, whichever is later.

In case the promoters acquire warrants from the open market, any increase in their shareholding upon conversion of warrants into equity shares will be subject to necessary compliance under the SEBI (SAST) Regulations, 1997.

Further, the entire pre-Issue Equity Share capital of promoters comprising of 2,40,000 Equity Shares of the Company shall be locked in for a period of three years from the date of allotment of Equity Shares in this Issue or the date of commencement of commercial production, whichever is later.

Mrs. Usha Venkatramani, Person Acting In Concert with the Promoters has agreed to lock in her entire pre-issue equity shareholding for a period of 3 years. The Lock in period shall commence from the date of allotment of equity shares in this issue or the date of commencement of commercial production, whichever is later.

Mrs. Usha Venkatramani, a Person Acting In Concert with the Promoters, may or may not subscribe her entitlement in full in the rights issue. In case, her shareholding falls below 5% of the total paid up capital of the Company after completion of rights issue, she would cease to be a "Person Acting In Concert with the Promoters" for all future references. However, she has agreed to lock-in her entire subscribed and allotted equity shares in the rights issue for a period of 1 (one) year. The Lock in period shall commence from the date of allotment of equity shares in this issue or the date of commencement of commercial production, whichever is later.

The Promoters have confirmed that each of them, along with each of their relatives and the companies controlled by them (hereinafter referred to as "Promoter" in this clause) intend to subscribe to the full extent of their entitlement in the Issue. Promoters and the persons falling within the promoter group, if any, as defined under Explanation-II of Para 6.8.3.2 of SEBI (DIP) Guidelines, 2000, also intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue Size is subscribed. Such promoters and the persons falling under the promoter group reserves their right to subscribe to their entitlement in the Issue either by themselves, relatives or a combination of entities controlled by them, including by subscribing for renunciation if any made within the Promoter Group to another person forming part of the Promoter Group.

The Promoters viz. Shriram EPC Limited and Mrs. Vatsala Ranganathan have also confirmed vide their Letter of Intent dated 10th October 2006 that they intend to subscribe to the full extent of their entitlement in the warrants during the warrant conversion period.

5) The details of Sale/Purchase/Acquisition of share by the Promoters/ Person Acting In Concert with the Promoters

The present Promoters including Person Acting in Concert with the Promoters have acquired the shares from the previous promoters and public shareholders of the Company by complying with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as stated in Note-2 above. Except as stated herein, the Promoters/Persons Acting in Concert with the Promoters have neither purchased nor sold any equity shares of the Company since the acquisition of shares and control of the Company pursuant to the open offer. The summarized details of the same as on 10th October 2006 are as under:

Name of Promoter	No. of Equity Shares Purchased	Face Value (Rs.)	Date/Year of Allotment / Acquisition	Price per Share (Rs.)	Mode of Acquisition
Shriram EPC Ltd.	90000	10	29-08-2005	2.50	Purchased from previous promoter/non-promoter share holder through Share Purchase Agreements
-do-	30000	10	5-12-2005	10.22	Purchased from public shareholders under open offer
Sub Total	120000				
Less: Transfer/Sold	–				
Total	**120000**				
Mrs. Vatsala Ranganathan	90000	10	29-08-2005	2.50	Purchased from previous promoter/non-promoter share holder through Share Purchase Agreements
-Do-	30000	10	5-12-2005	10.22	Purchased from public shareholders under open offer
Sub Total	120000				
Less: Transfer/Sold	–				
Total	**120000**				

Name of Promoter	No. of Equity Shares Purchased	Face Value (Rs.)	Date/Year of Allotment / Acquisition	Price per Share (Rs.)	Mode of Acquisition
Mrs. Usha Venkatramani	90000	10	29-08-2005	2.50	Purchased from previous promoter/non-promoter share holder through Share Purchase Agreements
-Do-	30000	10	5-12-2005	10.22	Purchased from public shareholders under open offer
Sub Total	120000				
Less: Transfer/Sold	50,000	10	14-01-2006	11	Off Market
Total	**70,000**				

6) The shareholding pattern of the Promoters and **Person Acting In Concert with the Promoters** as on 13th October 2006 is as under:

Sr. No.	Name of the Promoter	No. of Shares	% of Pre-issue Paid up share' capital
	Promoters		
1.	Mrs. Vatsala Ranganathan	1,20,000	24%
2.	M/s. Shriram EPC Ltd.	1,20,000	24%
	Person acting in concert with the Promoters		
3.	Mrs. Usha Venkatramani	70,000	14%
	Total	**3,10,000**	**62%**

7) The Promoters along with Person Acting in Concert with the Promoters are holding 3,10,000 equity shares of Rs.10 each forming 62% of the pre-issue equity capital of the Company. Promoters and the persons falling within the promoter group, if any, as defined under Explanation-II of Para 6.8.3.2 of SEBI (DIP) Guidelines, 2000, also intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue Size is subscribed. Such promoters and the persons falling under the promoter group reserves their right to subscribe to their entitlement in the Issue either by themselves, relatives or a combination of entities controlled by them, including by subscribing for renunciation if any made within the Promoter Group to another person forming part of the Promoter Group. As a result of this subscription and consequent allotment, the Promoters along with promoters group may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding. This subscription and acquisition of additional Equity Shares by the Promoters along with promoters group, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. As such, other than meeting the requirements indicated in Objects of the Issue (refer "Particulars of the Issue" on page no. [**%**], there is no other intention / purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters through this Issue, the Promoter shareholding in the Company exceeds their current shareholding. The Promoters undertake to accept full conversion of Warrants being offered and allotted to them through this Rights Issue.

8) The Promoters, Directors and Lead Manager to the Issue have not entered into buyback or similar arrangements for purchase of securities issued by the Company.

9) The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the Company.

10) Since, the entire issue price of Rs. 20 per share in respect of Rights Issue is being called on application, all the successful applicants will be issued fully paid up equity shares.

11) The Ten Largest shareholders as on 10th January 2007 (being the date of filing of Letter of Offer with SEBI/Stock Exchange)

Sr. No.	Name of the Shareholders	No. of Equity Shares	Percentage of Pre-Issue Share Capital (%)
1.	Shriram EPC Limited	1,20,000	24.00
2.	Mrs. Vatsala Ranganathan	1,20,000	24.00
3.	Mrs. Usha Venkatramani	70,000	14.00
4.	Mr. R.Dakshinamurty	15,350	3.07
5.	Mrs.D.Bhanumati	9,000	1.80
6.	Vivro Financial Services Private Limited (See Note 31)	8,000	1.60
7.	Mr. P.Thiumalaikumari	7,900	1.58
8.	Mr. R.Chandrashekaran	7,350	1.47
9.	Mr. A.Shrinivas	7,000	1.40
10.	Mrs. C.Revati	7000	1.40
	Total	**3,71,600**	**74.32**

12) The Ten Largest shareholders as on 10th Janauray 2005 (being the date two years prior to the date of filing of Letter of Offer with SEBI/Stock Exchange)

Sr. No.	Name of the Shareholders	No. of Equity Shares	Percentage of Pre-Issue Share Capital (%)
1.	Delux Impex Private Ltd	19750	3.95
2.	Pravin Agarwal	18950	3.79
3.	Navin Kumar Agarwal	15000	3.00
4.	Banarasilal Agarwal	11000	2.20
5.	Nameet Agarwal	10600	2.12
6.	Indra Bahadur Singh	10350	2.07
7.	Sanjay Agarwal	9000	1.80
8.	Pravin Punit Agarwal HUF	8600	1.72
9.	Amol H. Mithbadkar	8450	1.69
10.	Anilkumar Mishra	8400	1.68
	Total	**1,20,100**	**24.02**

13) The Ten Largest shareholders as on 1st January 2007 (being the date 10 days prior to the date of filing of Letter of Offer with SEBI/Stock Exchange)

Sr. No.	Name of the Shareholders	No. of Equity Shares	Percentage of Pre-Issue Share Capital (%)
1.	Shriram EPC Limited	1,20,000	24.00
2.	Mrs. Vatsala Ranganathan	1,20,000	24.00
3.	Mrs. Usha Venkatramani	70,000	14.00
4.	Mr. R.Dakshinamurthy	15,350	3.07
5.	Mrs.D.Bhanumati	9,000	1.80
6.	Vivro Financial Services Private Limited (See Note 31)	8,000	1.60
7.	Mr. P.Thiumalaikumari	7,900	1.58
8.	Mr. R.Chandrashekaran	7,350	1.47
9.	Mr. A.Shrinivas	7,000	1.40
10.	Mrs. C.Revati	7000	1.40
	Total	**371,600**	**74.32**

14) The pre and post issue shareholding pattern of the Company is given below:

	Pre-Issue		**Post-Issue**	
	Number of Shares of Rs. 10 each	**% of holding**	**Number of shares of Rs. 10 each**	**% of holding**
Promoters	2,40,000	48.00	74,40,000	48%
Person Acting In Concert with the Promoters	70,000	14.00	21,70,000	14%
NRIs /FIIs	0	0.00	0	0%
Employee	0	0.00	0	0%
Indian Mutual Funds and Financial Institutions	0	0.00	0	0%
Other Pubic Category	1,90,000	38.00	58,90,000	38%
Total	**5,00,000**	**100.00**	**155,00,000**	**100%**

(Note: Post-Issue shareholding percentage has been calculated assuming that all the shareholders will subscribe to the Issue in full.)

15) The Company has not made any initial public offering within the immediately preceding two years.

16) The Company has not issued any bonus shares, since its inception.

17) The Company has not granted any option or issued shares under any scheme of Employees Stock Option or Employees Stock Purchase.

18) No further issue of capital by way of issue of bonus Equity Shares, preferential allotment, rights issue or public issue or in any other manner *(except the issue of Equity Shares on the conversion of Warrants as per the terms of this Rights Issue)* which will affect the capital of the Company, shall be made during the period commencing from the filing of the Letter of Offer with SEBI till the Equity Shares issued under this Letter of Offer have been listed or application moneys refunded on account of the failure of the Issue. Further, the Company shall not alter the capital structure by way of split / consolidation of the denomination of the shares / issue of shares on a preferential basis or issue of bonus or rights or public issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue.

19) The Promoters have given an undertaking that in case the Rights Issue of the Company is completed with their subscribing to Equity Shares along with the persons falling under the Promoter Group, over and above their entitlement, and Warrants, as a result, if the public shareholding in the Company, after the Rights Issue, falls below the “permissible minimum level” being 25% of the paid up share capital of the Company on the basis of which the securities of the Company continue to be listed, they will either individually or jointly with other Promoters make an offer for sale of their holdings so that the public shareholding is raised to the “permissible minimum level” being 25% of the paid up share capital of the Company within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.

20) Further, we will ensure on a continuous basis that the minimum level of non promoter holding (being 25% as on date) at the level of public shareholding will be maintained accordingly

21) In the event of over subscription, the allotment of equity shares will be on a proportionate basis as detailed in Para on “Basis of Allotment” on page no. [**%**] of this Letter of Offer.

22) 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.

23) The Equity Shares will be issued and traded on the stock exchanges only in dematerialized form. Hence the market lot of the equity shares is 1 (One share).

24) The Company has not revalued its assets since inception.

25) The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

26) The Company has not availed any bridge loans against the proceeds of this Issue.

27) No single applicant can make an application for no. of shares which exceeds the total no. of shares offered through this Letter of Offer.

28) The Promoters, Directors and Lead Managers to the Issue have not paid any amount, whether direct or indirect and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person.

29) There are no outstanding equity shares, which remain partly paid equity share.

30) The Company has 72 shareholders as on 22nd December 2006.

31) Vivro Financial Services Private Limited (Lead Manager) and Vivro Capital Advisors private Limited (Associate Company of Lead Manager) has acquired 8000 (Eight Thousands) and 4000 (Four Thousands) Equity shares respectively of the company by off-market purchase at Rs 20/- each on 22nd December,2006 from the public shareholders.

VI. OBJECTS OF THE ISSUE

The proceeds from the proposed Rights Issue of equity shares and Warrants (to be converted into equity shares) are intended to be deployed for:

Phase-I

1. Acquisition of the Proposed Coke Project of 1,00,000 TPA from EPCPL.
2. Setting up of a 6 MW Power plant in the same premises of EPCPL.
3. Meeting working capital requirement of the coke and power project.
4. Meeting the expenses of the Rights Issue.
5. Listing of the Equity Shares and Warrants of the Company at BSE.

Phase-II

1. Expansion of manufacturing capacity of met coke by 2,00,000 TPA to a total installed capacity of 3,00,000 TPA at Haldia, West Bengal.
2. Expansion of capacity of power generation by 6 MW to total installed capacity of 12 MW at Haldia, West Bengal

The Main Objects Clause and objects incidental or ancillary to the main clause of the Memorandum of Association of the Company enable the Company to undertake the existing activities and the activities for which the funds are raised by the Company.

COST OF THE PROJECT:

Phase-I

A. COKE PROJECT

ECL has entered into an agreement dated May 15, 2006 for acquisition of Non-recovery Coke Oven Project of 1,00,000 TPA for production of met coke at Haldia, West Bengal, which is at present under implementation and being set up by Ennore Power & Coke Pvt. Ltd. (EPCPL). The acquisition of the aforesaid project will be concluded by March 31, 2007. The requirement of funds for acquisition of the met coke project from EPCPL will be met out of the proceeds of the present Rights Issue, which is also a condition precedent to transfer the business as per the Business Transfer Agreement.

B. POWER PROJECT

ECL proposes to set up power plant of 6 MW by using waste heat generated in the process of manufacturing of met coke. The proposed power project will be financed out of the proceeds of the Issue.

Phase-II

A. COKE PROJECT

ECL has proposed to expand the Non-recovery Coke Oven Project by additional 2,00,000 TPA for production of met coke at Haldia, West Bengal. The implementation of the expansion of coke project will start from April 2008 and will be concluded by March, 2009. The requirement of funds for expansion of the met coke project will be met out of the proceeds of the Conversion of Warrants into equity shares.

B. POWER PROJECT

ECL also proposes to expand the generation capacity of power by 6 MW by using waste heat generated in the process of manufacturing of met coke. The implementation of the expansion of power project will start from April 2008 and will be concluded by March 2009. The proposed power project will be financed out of the proceeds of the conversion of warrants into equity shares.

Keeping in view the above objectives, our Company has proposed:

Under Phase-I

a. To acquire coke project for manufacturing 1,00,000 TPA of met coke being set up by EPCPL at Haldia, West Bengal at a Cost of Rs. 2500 Lakhs as also taking over a term loan of Rs. 1350 lakhs due to Union Bank of India and paying a net acquisition cost of Rs. 1150 lakhs.

b. To set up 6 MW capacity power project at an estimated cost of Rs. 1300 lakhs,

c. To augment Working Capital of Rs. 380 lakhs; and

d. To meet the Rights issue expenses of Rs. 170 Lakhs

Under Phase-II

a. To expand the coke manufacturing capacity by 2,00,000 TPA at a cost of Rs. 4300 lakhs

b. To expand the power generation capacity by 6 MW at a cost of Rs. 1200 lakhs.

c. To meet the working capital requirements of Rs. 500 lakhs.

(A) RIGHTS ISSUE (PHASE-I)

Sr. No.	Particulars	Rs. In Lakhs
1	Acquisition Cost of Met Coke manufacturing project from EPCPL	2500
2	Cost of 6 MW capacity power project	1300
3	Working Capital	380
4	Rights Issue Expenses	170
	Total	**4350**
	MEANS OF FINANCE	
1	Rights Issue of Equity Shares	3000
2	Taking Over of Term Loan (debt) of UBI granted to EPCPL	1350
	Total Means of Finance	**4350**

DETAILS OF COST OF PROJECT UNDER RIGHTS ISSUE- (PHASE-I)

1. COKE PROJECT

Cost of Met Coke manufacturing project of 1,00,000 TPA including acquisition cost of under implementation met coke project presently being set up by EPCPL is Rs. 2500 Lakhs. Along with the acquisition of Met Coke Project from EPCPL, the Company also contemplates the takeover of the Term Loan of Union Bank of India of Rs. 1350 Lakhs sanctioned to EPCPL to the Company so the balance amount required for implementing the Coke Project is Rs. 1150 Lakhs, the break-up of which is given below:

Particulars	Rs. In Lakhs
Land and Site Development	250
Building and other civil work	250
Plant & Machinery	1400
Preliminary & Pre-operative expenses	150
Margin Money for Working Capital	300
Contingency	150
Total	**2500**
Means of Finance	
Proceeds of the Rights Issue*	1150
Takeover of Term Loan of Union Bank of India granted to EPCPL	1350
Total	**2500**

*Note: Our Company has entered into a Business Transfer Agreement with EPCPL to acquire the met coke-manufacturing project of 1,00,000 TPA of coke located at Haldia, West Bengal estimated to cost Rs. 2500 Lakhs. The acquisition price will be determined based on the valuation of the expenditure incurred on the project by EPCPL at the time of actual acquisition and transfer of the assets. As per the agreement, ECL shall be required to conclude the agreement by 31st March 2007. The total acquisition consideration payable to EPCPL is to be based on valuation of the assets created till the date of acquisition, which includes land, civil construction, plant & machinery, utilities, other fixed assets, preliminary and pre-operative expenses, detailed engineering designs/drawings, various engineering consultancy services availed and other charges as mutually agreed between EPCPL and ECL. It may be mentioned that EPCPL has given a turnkey contract for setting up the met coke project to Shriram EPC Ltd. on lump sum basis for a consideration of Rs. 1700 Lakhs for design, manufacture, testing and inspection, supply of all equipment / auxiliaries including start up spares, tools & tackles, unloading & handling, storage, erection, testing, commissioning of the entire plant, civil, structural and architectural works and charges for supervision services for erection/ construction.

The details of cost of the coke project are given as under:

(a) Land and site development:

Ennore Power & Coke Pvt. Ltd. (EPCPL) is setting up coke project at Haldia for which it has been allotted a 25 acres land by HDA and a lease deed has been entered with HDA on 5th April 2006 for a period of ninety years. EPCPL has also incurred expenses towards preparation of project report, detailed engineering, market survey etc.

The 25 acres land allotted to EPCPL is located at Mauza Alichak, JL No. 128, P.O. Durgachak, Haldia, District Purba Midnapur, West Bengal in the industrial hub of HDA where a number of large manufacturing companies have set up/ proposed to set up their manufacturing units like India Verma Petroleum Ltd., Mitsubishi Chemicals Products Industries, Electro Steels Co. Ltd., Haldia Ports, etc. The location is about 150 kms from Kolkatta and is well connected by a railway, national and state highways. Further river Hoogly flows just adjacent to the site. River Hoogly is also used for transportation of various raw coals or finished coke for transportation through barges to and from big ships anchored about 4-5 kms in the high sea in the Bay of Bengal. The cost of the land is Rs. 175 lakhs and the entire payment of Rs. 175 Lakhs has been made by EPCPL to HDA. Apart from the purchase price of land, EPCPL has also paid Rs. 16.48 lakhs towards land registration charges, stamp duty etc. Further, EPCPL would be required to carry out topography survey, soil investigation, site grading and levelling, bush clearance, construction of compound wall and gate, laying of internal roads, construction of water tanks and incur various expenses for receiving the power supply connection from WBSEB at a total estimated expenditure of Rs. 58.52 lakhs.

EPCPL has been sanctioned a term loan of Rs. 1350 Lacs from UBI and has mortgaged the aforesaid land by way of security towards to the said term loan.

(b) Construction of Factory Building and other facilities

Phase-I of Met Coke Manufacturing Project of 1,00,000 TPA of coke will require 34 ovens equipped with 1 chimney for manufacturing of coke for which company would be required to incur civil construction cost of Rs. 180 Lakhs. Apart from the above, our Company would be required to have various factory and non-factory buildings like transformer room, generator room, work shop, administrative office, stores, pump house, canteen, time office etc. with a total built up area of 1070 square meter which is estimated to cost Rs. 70 Lakhs. Accordingly, total civil construction cost is estimated to be Rs. 250 Lakhs.

(c) Plant & Machinery

The total estimate of Plant & Machinery is Rs. 1400 Lakhs for setting up 34 ovens, chimney, work shop equipment, laboratory equipment, coal handling plant, coal handling and screening plant, electrical equipment, transport equipment, instrumentation and telecommunication facilities, refractories etc. EPCPL has entrusted Turnkey Contract for setting up 1,00,000 TPA met coke plant to the Project Management Group, a Division of Shriram EPC Ltd.(SEPCL), one of the promoters of ECL at a total contract value of Rs. 1700 lakhs which comprised of entire plant & machinery along with fabrication, installation and commissioning (Rs. 1400 lakhs), entire civil construction work including factory and non-factory buildings (Rs. 250 lakhs) and Site Development work including compound wall, internal roads, etc. (Rs. 50 lakhs). SEPCL is well-established and experienced in the engineering field for executing Turn Key Projects in the field of power (renewable energy from bio-mass and wind), environmental engineering (ETP and waste water treatment plants), metallurgical sector (coke oven plant machinery), pipe rehabilitation, manufacturing of cooling towers, multi-disciplinary design, engineering, procurement, construction and service support across the various segments of engineering and chemical industries and has earned a reputation in the engineering field.

(d) Preliminary and Pre-operative expenses

ECL would be required to incur Rs. 150 Lakhs towards preliminary and pre-operative expense such as fees payable to ROC for increase in authorized share capital, interest during construction period on proposed term loan, initial expenses incurred towards administrative expenses, salaries, travelling etc. for proposed coke and power project.

(e) Margin Money for Working Capital

EPCPL is expected to complete first phase of the project by March 2007 and commence the Commercial Production from April 2007. It is expected that the plant would attain capacity utilisation of average 60% during the first year for which the total working capital requirement works out to Rs. 930 lakhs against which margin money requirement will be Rs. 300 lakhs, Rs. 380 lakhs by way of Working Capital and the balance Rs. 250 by way of working capital facilities from banks and creditors

(e) Contingency

The proposed coke project is to be implemented over a period of 9 months as the steel prices and other machinery/ equipment prices are rising, a contingency provision of Rs. 150 lakhs has been provided in the cost of the project.

(f) Takeover of Term Loan:

EPCPL has been sanctioned a Term loan of Rs. 1350 lakhs from Union Bank of India for funding of the Met Coke Manufacturing project of 1,00,000 TPA coke. It has started completing the formalities for drawl of term loan and would be drawing the term loan of Rs. 1350 lakhs in various tranches. On acquisition of the coke project from EPCPL, ECL proposes to takeover the liability of Term Loan of Rs. 1350 lakhs sanctioned by UBI in its books. EPCPL has approached UBI for transfer of the term loan to ECL as contemplated in Business Transfer Agreement. UBI has started the process for verification the application and will intimate its decision in this regard within a month. However, it is to be noted that transferring of term loan would be at the sole discretion of UBI.

2. POWER PROJECT

Particulars	**Rs. In Lakhs**
Land and Site Development	30
Building and other civil work	50
Plant & Machinery	1220
Total	**1300**
Means of Finance:	
Part Proceeds of the Rights Issue	1300
Total	**1300**

The details of cost of the power project is given as under:

(a) Land & site development

ECL proposes to install 6 MW power project in the same premises of met coke project of EPCPL for which HDA has leased 25 acres of land, which would be adequate to accommodate the power project also. However, ECL would be required to incur about Rs. 30 Lakhs for land levelling, foundation etc. for which provision of Rs. 30 Lakhs is made in the cost of project.

(b) Building and civil work

For power project, ECL would require RCC type factory building with AC roofing to accommodate steam turbine and other equipment for generation of power. Besides it would further require a control panel room to monitor the operations of Turbine and also evacuate the power for its own captive purpose as also for grid purpose. Accordingly, ECL has estimated the requirement of building at a cost of Rs. 50 lakhs in the cost of project.

(c) Plant & Machinery

The technology for power plant is based on conventional STG type with the boiler of unfired type. Shriram EPC Ltd. has been engaged as the EPC contractor for setting up the Power Plant on Turnkey basis. Critical equipment like waste heat recovery boiler, steam turbine with generator will be sourced from standard vendors such as Thermex, Thermal systems, BHEL etc. Further ECL would also require piping, cabling, substation, control panel equipment etc. The total EPC contract cost is Rs. 1300 lakhs including cost towards site development and building construction.

3. WORKING CAPITAL REQUIREMENT

The working capital requirement for the Phase-I of the project is to be met from the proceeds of this rights issue and working capital facilities from banks and creditors. Based on capacity utilization of 60% of coke project and power project in the 1st year of operations, the working capital requirement is estimated at about Rs. 930 Lakhs, taking into consideration the requirement of imported raw material holding, credit available through letter of credit facility of bank, receivables and other current assets and liabilities. Against the above requirement, ECL has provided Rs. 300 lakhs as margin money, Rs. 380 lakhs as working capital in the cost of the project and the balance of Rs. 250 lakhs by way of working capital facilities from banks and creditors. For the 2nd year and onwards, the additional requirement of working capital will be met out of the profits of the first and subsequent years.

4. RIGHT ISSUE EXPENSES

The Company has estimated to incur expenses in respect of rights issue as under:

Sr. No.	Particulars	Amount Rs. Lakhs
1	Lead Managers fees for Rights and Warrants Issue	130
2	Registrar to the Issue	3
3	Legal fee	3
4	Stationery, Printing and Postage	5
5	Advertising Expenses	5
6	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, travelling etc.)	18
7	Contingencies	6
	Total	**170**

(B) WARRANTS ISSUE (PHASE-II)

Particulars	Rs. In Lakhs
Cost of Non-recovery coke project for 2,00,000 TPA	4300
Cost of 6 MW capacity power project	1200
Working Capital	500
Total	**6000**
MEANS OF FINANCE	
Conversion of Warrants in to Equity Shares Considering Conversion of Warrants at Floor Price of Rs. 20 per Equity Share	**6000**

** On the assumption that the warrant holders would subscribe to equity shares in full.*

1. EXPANSION OF COKE PROJECT:

Particulars	Rs. In Lakhs
Land & Site Development	250
Building and other civil work	350
Plant & Machinery	2700
Preliminary & Preoperative expenses	100
Margin Money for Working Capital	600
Contingency	300
Total	**4300**

The details of cost of expansion of the coke project is given as under:

(a) Land & Site Development

ECL proposes to purchase additional 25 acres of land available adjacent to the existing land purchased by EPCPL located at Haldia for expansion of the capacity from 1,00,000 TPA to 3,00,000 TPA of coke and 6 MW to 12 MW of power. The cost of above land is estimated to cost Rs. 175 lakhs and considering the other costs like Stamp Duty, Site Development, Legal Charges, etc., total cost is estimated to be Rs. 250 lakhs. Our Company would enter into an agreement for lease of aforesaid land at the appropriate time.

(b) Building and other civil work:

In the execution of Phase-II of coke project, wherein ECL proposes to enhance the capacity by 2,00,000 TPA, it is expected to incur civil construction cost of Rs. 250 Lakhs. Apart from the above, ECL would be required to expand various factory and non-factory buildings like transformer room, generator room, work shop etc. with a total built up area of 1500 square meter which is estimated to cost Rs. 100 Lakhs. Accordingly, total civil construction cost is estimated to be Rs. 350 Lakhs.

(c) Plant & Machinery

For the Phase-II of the coke project, ECL proposes to sign the EPC contract, for installation of various plant & machinery along with fabrication and commissioning, with Shriram EPC Ltd on Turnkey basis. The estimated cost of Plant & Machinery is Rs. 2700 Lakhs for entire coke oven plant consisting of ovens, chimneys, work shop equipments, laboratory equipments, coal handling and screening plant, electrical equipments, transport equipments, instrumentation facilities, refractories, etc.

(d) Preliminary & Pre-operative Expenses

ECL would be required to incur Rs. 100 Lakhs towards preliminary and pre-operative expense such as initial expenses incurred towards administrative expenses, salaries, travelling, trial run cost and expenses etc. for proposed expansion of coke and power project.

(e) Margin Money for Working Capital

EPCPL is expected to complete second phase of the project by December 2008 and commence the Commercial Production from January 2009. It is expected that the plant would attain capacity utilisation of average 60% during the year 2009-10, for which the total working capital requirement works out to Rs. 1400 lakhs against which Rs. 600 lakhs by way of margin money requirement, Rs. 500 lakhs by way of Working Capital and the balance Rs. 300 lakhs by way of working capital facilities from banks, creditors or internal cash accruals.

(e) Contingency

The proposed expansion of coke project would be implemented after completion of first phase of the coke project and the expansion would take about 12 months to complete. Therefore, keeping in view the inflationary trend in the economy, contingency provision of Rs. 300 lakhs has been provided in the cost of the project to take care of any increase in the cost of the construction, plant & machinery, preliminary and pre-operative expenses, etc.

2. EXPANSION OF POWER PROJECT:

Particulars	**Rs. In Lakhs**
Building and other civil work	50
Plant & Machinery	1150
Total	**1200**

The details of cost of expansion of the power project is given as under:

(a) Building and civil work

For the expansion of power generation capacity under Phase-II, our Company would require RCC type factory building with AC roofing to accommodate steam turbine and other equipment for generation of power. Besides it would further require a control panel room to monitor the operations of the Turbine and also evacuate the power for its own captive purpose as also for grid purpose. Accordingly, our Company has estimated the requirement of building at Rs. 50 Lakhs, for which necessary provision has been made in the cost of project.

(b) Plant & Machinery

The technology for power plant is based on conventional STG type with the boiler of unfired type. Shriram EPC Ltd. would be engaged as the EPC contractor for setting up the Power Plant on Turnkey basis at appropriate time after the successful completion of the 6 MW power project envisaged in Phase-I. Critical equipment like waste heat recovery boiler and steam turbine with generator will be sourced from standard vendors such as Thermax, Thermal Systems, Hyderabad, BHEL etc. Further our Company would also require piping, cabling, substation, control panel equipment etc. The total EPC contract cost is Rs. 1150 Lakhs.

3. WORKING CAPITAL

The working capital requirement for the Phase-II of the project is to be met from the proceeds of warrants issue. Based on capacity utilization of 60% of coke project and power project in the year 2009-10, the working capital requirement is estimated at about Rs. 1400 Lakhs, taking into consideration, the requirement of imported raw material holding, credit available through letter of credit facility of bank, receivables and other current assets and liabilities. Against the above requirement, ECL has provided Rs. 600 lakhs as margin money, Rs. 500 lakhs as working capital and the balance Rs. 300 lakhs by way of working capital facilities from banks and creditors or internal cash accruals. Thereafter, the additional requirements of working capital will be met out of the profits of the year 2009-10 and subsequent years.

Means of Finance (Phase-I and Phase-II)

The requirement of funds for Phase-I estimated at Rs 4350 Lakhs as mentioned in the cost of project is proposed to be met from the proceeds of the right issue i.e. Rs. 3000 Lakhs and takeover of Term Loan of Rs. 1350 lakhs sanctioned by UBI to EPCPL.

Further, the expansion of capacity both in coke and power generation, estimated at Rs. 6000 Lakhs is also proposed to be met from the conversion of warrants to be issued to the existing shareholders along with their rights entitlement.

As regards funds requirement under Phase-II, our Company does not intend to avail any long-term debt as it is of the view that the proceeds of the Warrant issue would be adequate to meet its fund requirement.

The promoters have undertaken to exercise their warrant entitlements during the warrant exercise period. If the balance warrants proposed to be issued, is not exercised by the warrant holders within the Warrant Exercise Period (as specified in the "Terms of the Issue" of this Letter of Offer), then the warrant proceeds will reduce to that extent.

In such eventuality, the balance of amount required for financing the expansion project as specified above shall be part financed from internal accruals/ external borrowing as approved by the management of the Company.

In case, the warrant conversion price is decided at a the price which is higher than the floor price of Rs. 20 per equity share, then the funds raised over and above Rs. 6000 lakhs will be utilized for expansion of the Power project by 12 MW instead of 6 MW so as to increase the power generation capacity after expansion to 18 MW.

As required by the clause 2.8 of SEBI (DIP) guidelines, ECL has made the firm arrangement for finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public/ Rights issue, have been made.

APPRAISAL

The objects of this rights issue for which the funds are being raised have not been appraised by any bank or financial institutions.

STATUS OF FIRST PHASE OF THE COKE AND POWER PROJECT IN EPCPL

1) EPCPL has been allotted 25 Acres of Land from HDA on 5th April, 2006 and lease deed has been entered for a period of ninety years and the same has been duly registered.
2) EPCPL has completed soil testing and has received Building Plan Approval from HDA Municipal Authority.
3) EPCPL has completed substantially work of Land Filling and grading, Construction of Boundary Wall.
4) EPCPL has applied to West Bengal Electricity Board for both temporary and permanent Electricity supply.
5) EPCPL has already applied to Western Bengal Pollution Control Board (WBPCB) for No Objection of the Project from Environment angle.
6) EPCPL has also obtained for the Trade Licenses from HDA.
7) The Labour Office Licenses have been received by EPCPL.
8) EPCPL has applied Industrial Entrepreneurs Memorandum to the Secretariat of Industrial Assistance for the first phase comprising of 100,000 TPA of Coke and 9MW of Power. EPCPL has already received the acknowledgement of the same from the Secretariat accordingly. (Acknowledgement No. 4275/SIA/IMO/2006 dated 4th August 2006)
9) EPCPL has also applied for the grant of subsidy as per the West Bengal Incentive Scheme, 2004 for this project.
10) Activities completed by the Turnkey Contractor Shriram EPC Ltd. are as under:
    - i. The work order for civil work execution for the foundations and super structure of the Coke Oven Battery has been placed.
    - ii. The excavation of the battery foundation has been completed.
    - iii. The Letter of Intent for Principal Alumina Fire Clay Bricks has been despatched.
    - iv. The contractors for oven machines for fabrication/ erection at site has been completed for pusher cum charging car and Stamping machine
    - v. The orders for the following components of the Plant and Machinery have been placed
        - a. Refractories for the two Coke Oven Batteries

b. Bought Out Items for Oven Machines consisting of the following:

   a. Power Cylinder

   b. Hydraulic Power Pack

   c. Elec & Control Panel

   d. Total Assembly

   e. Erection and Testing

c. Critical Items for the Oven machines being Stamping Machines and Charging cum Pusher Car

vi. The Power Plant Boiler and Steam Generator, being the critical components of the Power Plant have been firmed up and the enquiries have already been sent to parties

11) The total amount of funds deployed in the project is Rs. 1652.79 Lakhs upto 15th December 2006, the details of the expenditure incurred and the relevant source is as under:

Source and Application of the Funds on the Project in EPCPL upto 15th December 2006

Particulars	**Amount (Rs. In Lakhs)**
Sources of Funds	
Equity	822.79
Term Loan from UBI	830.00
Total	**1652.79**
Application of Funds	
Land & Site Development	339.29
Design & Drawings	8.84
Plant & Machinery (Advances paid)	1215.86
Pre-operative Expenses	74.68
Interest on loan during construction period	14.12
Total	**1652.79**

The above information is as per the Certificate issued by the Statutory Auditor of the ECPCL Mr. R Ravindran and Associates, Chartered Accountants, 14, Ashtalakshmi Street, Muthulakshmi Nagar, Chitlapakkam (Membership No. 23829) dated 15th December 2006.

SCHEDULE PLAN OF IMPLEMENTATION

Project Implementation Schedule – Phase I – Manufacture of Met Coke 1,00,000 TPA + Power Project of 6 MW

The Zero Date i.e. the start of the project has commenced from August 2006. It is proposed to commence production of the Met-coke plant by March 2007. The major milestones for the Project and their expected completion dates are given below:

Milestone	**Expected Completion Date**	**Months from Zero Date (August 2006)**
Execution of Business Transfer Agreement	Sep 2006 (completed)	1
Land transfer and Registration	Sep 2006(completed)	1
Completion of Basic Engineering	Sep 2006(completed)	1
Ordering, of Plant & Machinery	Oct 2006	2
Completion of civil works	Dec 2006	4
Manufacture, Supply & Delivery of Plant & Machinery	Jan 2007	5
Unloading, handling, storage, erection, testing & commissioning of the entire plant	February 2007	6
Test trials, heating up and commissioning	March 2007	7

Project Implementation Schedule – Phase II – Expansion of Met Coke Manufacture by 2,00,000 TPA and simultaneous expansion of Power Project by 6 MW

We propose to start the implementation of Phase II in April 2008 (Zero Date) after the conversion of the warrants and receipt of the monies accordingly. The major milestones for the Phase II of the Project and their expected completion dates are given below:

Milestone	Expected Completion Date	Months from Zero Date (April 2008)
Booking, Payment and Registration of land	May 2008	1
Site development, Building and Civil works	July 2008	3
Design & Engineering	August 2008	4
Order placement	September 2008	5
Receipt of Machineries and Inspection	November 2008	7
Unloading, handling, storage, erection, testing & commissioning of the entire plant	December 2008	8
Heating up and commissioning	February/March 2009	11
Commencement of Production	March 2009	12

FUNDS DEPLOYED

The Company has not so far incurred any expenditure on the project.

BREAK UP OF UTILISATION OF FUNDS

Utilisation of issue proceeds for Phase I of the Project

The total funds required for the Phase I of the Project is Rs. 4350 lakhs, which includes Rs.2500 lakhs for Met Coke Project, Rs. 1300 lakhs for the 6 MW power project, Rs. 380 lakhs for working capital and Rs. 170 lakhs for Issue expenses.

The same is proposed to be sourced by Rights issue proceeds of Rs. 3000 lakhs and takeover of term loan availed by EPCPL from UBI of Rs. 1350 lakhs. The following schedule highlights the utilization towards the main activities of the production of 1,00,000 TPA Met Coke Project and 6 MW Power project.

Activity	Project Wise		Total	Already Incurred by ECPCL upto 30.09.06	Half –Year wise	
	Coke Project	Power Project			Oct '06 to Mar'07	Apr'07 to Sep '07
Land & Site Development	250	30	280	239.40	100.00	–
Building & Other Civil work	250	50	300	–	300.00	–
Plant & Machinery	1400	1220	2620	710.72	1849.88	–
Pre-operative Expenses including Interest Accrued during interim period	150	–	150	56.62	93.38	–
Margin money for working capital	300	–	300	19.80	280.20	–
Contingency	150	–	150	–	150.00	–
Working capital	–	–	380	–	0	380
Rights Issue Expenses	–	–	170	–	170.00	–
Total	**2500**	**1300**	**4350**	**1026.54**	**2943.46**	**380**

Note : The Business Transfer Agreement entered with ECPCL includes that acquisition price will be determined based on the valuation of the expenditure incurred on the project by EPCPL at the time of actual acquisition and transfer of the assets. Hence the actual expenditure incurred till date by ECPCL has been separately mentioned in the above schedule of utilisation.

Utilisation of issue proceeds for Phase II of the Project

The total funds required for phase II of the project is Rs. 6000 lakhs, which is entirely funded by the conversion of the warrants. The following schedule highlights the utilization towards the main activities of the production of 2,00,000 TPA Met Coke Project and 6 MW Power project

(Rs. in Lakhs)

Activity	Coke 2L TPA	Power 6MW	Total	Oct'07 to Mar'08	Apr'08 to Sep'08	Oct'08 to Mar'09
Land & Site Development	250	–	250		250	–
Building & Other Civil work	350	50	400		400	
Plant & Machinery	2700	1150	3850		–	3850
Pre-operative Expenses	100	–	100		–	100
Margin money for working capital	600	–	600		–	600
Contingency	300	–	300		–	300
Working capital	–	–	500		–	500-
Total	**4300**	**1200**	**6000**		**650**	**5350**

If the warrant conversion price is decided at a price which is higher than floor price of Rs. 20 then the funds raised over and above Rs. 6000 lakhs will be utilized for expansion of the Power project by 12 MW instead of 6 MW so as to increase the power generation capacity after expansion to 18 MW as per the implementation schedule depicted as above.

TEMPORARY DEPLOYMENT OF ISSUE PROCEEDS

Pending utilization of the proceeds for the purposes described above, the Company intends to invest funds in high quality interest bearing liquid instruments including deposits with banks for necessary duration. Such investments would be in accordance with investment policies of the Company.

BASIC TERMS OF THE PRESENT ISSUE

The Equity Shares now being issued are subject to the terms and conditions of this Letter of Offer, the enclosed Composite Application Form (CAF), Memorandum and Articles of Association of the Company, the approvals from the Government of India (GOI), RBI, if applicable, the provisions of the Companies Act 1956, Guidelines issued by SEBI and other Notifications and Regulations for issue of capital and for listing of securities issued by the Government of India and/or other statutory authorities or bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificates and rules as may be applicable and introduced from time to time.

VII. BASIS FOR ISSUE PRICE:

QUANTITATIVE FACTORS

1. **Adjusted Basic Earning Per Share (EPS)**

Period	Rupees	Weight
Year ended March 31, 2004	1.37	1
Year ended March 31, 2005	(0.26)	2
Year ended March 31, 2006	1.36	3
Weighted Average	**0.82**	

2. **Price/Earning (P/E) ratio in relation to Issue Price of Rs. 20.00 for Right shares and Floor Price of Rs. 20 for Warrants under Warrant issue.**

Our equity shares have not been traded on the BSE since last several years. Therefore, P/E ratio cannot be worked out.

3. **Return on Net Worth (RONW)**

Period	%	Weight
Year ended March 31, 2004	14	1
Year ended March 31, 2005	(3)	2
Year ended March 31, 2006	13	3
Weighted Average	**7.83**	

4. Minimum Return on Increased Net Worth to maintain pre-issue Weighted Avg. EPS of Rs.0.82 is 3.54 %.

5. **Net Asset Value (NAV) per share**:

- NAV as on November 30, 2006 is Rs. 10.68
- Issue Price at Rs. 20 per equity share in the rights issue.
- NAV after the Rights Issue is Rs. 19.69.
- NAV after the conversion of Warrant at floor price of Rs. 20 is Rs. 19.89.

6. **Industry P/E**

Highest	*
Lowest	
Industry Composite	
Source: Capital Market –December 18-31, 2006; Segment – Misc. Industry	

* There is no listed Company in the coke industry except Gujarat NRE Coke Ltd. whose P/E ratio is27.55 and therefore P/E ratio of the industry as such is not available.

7. **Comparison with the Peer group companies.** **(Rs. in Crores)**

FY 2006	EPS (Rs.)	P/E	RONW	Book Value (Rs.)
Peer Group				
Gujarat NRE Coke Ltd.	3.20	27.55	–	21.70
Peer Group Average	**Not Applicable**			

Source: Capital Market –November 18-31, 2006; Segment – Misc. Industry

8. Company was originally engaged in the trading of the business of yarn, cloth, fibre and the business of leasing of movable and immovable properties. The erstwhile promoters carried on these activities at a very miniscule level till 30th September 2005. Subsequently the new management of the company proposed to undertake the business of manufacturing and trading of met coke and generation of power through waste heat recovery process. Our company propose to takeover the coke project being implemented by EPCPL at an agreed consideration on completion of Rights issue. As the first phase as envisaged in this LOF, shall commence commercial production by April 2007, the company will not have any gestation period for the said phase. Further, the Company is taking over the ready Coke project from EPCPL on cost basis, which would otherwise have taken two years to bring the plant into production stage. Therefore, the shareholders are benefited by having the fully functional plant at the time of completion of the rights issue. In addition to the above, after successful implementation of coke project under Phase –I, company will start implementing Phase-II of the coke and power project in the same premises. As the shareholders are getting benefits in terms of ready executable coke project, no gestation period, no premium to be paid for purchase of coke project, hence the issue price of Rs. 20 per equity share is justified as against the share acquisition price of Rs. 2.50 per equity share.

9. **The face value of the Equity shares is Rs. 10/- per Equity Share and Issue price of Rights Issue is 2 times of the face value and floor price for conversion price of warrants is 2 times the face value.**

QUALITATIVE FACTORS

- Shriram EPC Ltd., one of the Promoters of ECL is a well-established and experienced Company engaged in business activities of designing, development, execution of turnkey projects in the field of power (renewable energy from bio-mass and wind), environmental engineering (ETP and waste water treatment plants), metallurgical sector (coke oven plant machinery), pipe rehabilitation, manufacturing of cooling towers, multi-disciplinary design, engineering, procurement, construction and service support across the various segment of engineering and chemical industries on turn-key project basis.
- Shriram EPC Ltd. has supplied number of Power Plants and other plants like coke oven plants for manufacturing met coke in the country.
- There is a substantial gap in the demand – supply of coke and power in the country.
- Waste heat generated in the manufacturing of coke is proposed to be utilized for generation of power and therefore virtually there is no raw material cost for power generation, which would improve overall profitability of the project.
- The proposed coke and power project is to be located at Haldia, West Bengal close to the bank of river Hoogly which may be used for transportation of raw materials utilised for the coke project.
- Company in future may even convert the gases released in the coke manufacturing process into by products such as Ammonia, liquid methane, crude tar, spent wash oil and other fertilizer products.

VIII. TAX BENEFITS

The Company is expected to get the following tax benefits according to the report dated 11th December 2006 submitted by its statutory auditor and reported hereunder.

Statutory Auditor's Letter

December 11, 2006

To,
The Board of Directors,
Ennore Coke Limited,
(Formerly Khatoo Synthetics Limited)
304, Shivshakti Building,
J P Road, Andheri West.
Mumbai 400053.

Sub: Tax Benefits available under the Rights Issue of the Company

We have been asked by the Company vide their letter dated December 6, 2005 to advise under the current direct tax laws, the tax benefits which would be available to the company and the shareholders of the Company.

The tax benefits listed below are the possible benefits available under the current tax laws in India, Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the company and the prospective shareholders under Direct Tax.

1. To the Company

There is no additional benefit arising to the Company under the Income Tax Act, 1961, by issue of Right Equity Shares to the existing shareholders.

2. To the Members of the Company

(i) **Under the Income Tax Act, 1961.**

Resident Members

- Under Section 10 (34) of the Act income earned by way of dividend from domestic company referred to in Section 115O of the Act is exempt from income tax in the hands of the shareholders.
- Under Section 10 (38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented funds (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India after the notified date is exempt.
- In accordance with Section 10 (23D) of the Act, all mutual funds set up by Public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from Income Tax on their entire income, including income from investment in the shares of the company.
- Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under the section 10 (38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months from the date of transfer in the bonds issued by-
  - National Highway Authority of India constituted under section 3 of the national Highway Authority of India Act, 1988 (68 of 1988) and notified by the Central Government for the purpose of section 54EC or
  - Rural Electrification Corporation limited, a company formed and registered under the companies Act 1956, and notified by the Central Government for the purpose of section 54EC of the Act

  If only part of the capital gain 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 to converted within three years from the date of their acquisition.

- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under Section 10 (38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under Section 111A of the Act, capital gains arising to a shareholder from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual Fund, entered into in a recognised stock exchange in India [after the date of coming into force of Chapter VII of the Finance (No.2) Bill, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and educational cess on income tax).
- Under Section 112 of the Act 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 of exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income tax) (without indexation), at the option of the Shareholders.

Non Resident Indians/ Members other than FIIs and Foreign Venture Capital Investors

- By virtue of Section 10 (34) of the Act, income earned by way of dividend income from a domestic company referred to in section 115O of the Act, is exempt from tax in the hands of the recipients.

  Tax on income from investment and long Term Capital Gains:

  - A non Resident Indian (i.e. individual being a citizen of India or person of Indian Origin) has an optional to be governed by the provisions of Chapter XIIA of the Act, viz, “Special Provisions Relating to certain income of Non-Residents”.
  - Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non resident Indian, capital gains arising to the non resident on transfer of shares held for a period of exceeding 12 months shall [in case not covered under Section 10 (38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess on income tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.

- Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases.

  Under provisions of Section 115F of the Act, 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 part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Return of Income not to be filed in certain cases

  Under provisions of Section 115G of the Act, it shall not be necessary for a non resident Indian to furnish his return of income if his only source of income is investment 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.

Other Provisions

- Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provision of the Chapter shall not apply to him for that assessment year and if he does so the provisions of his Chapter shall not apply to him, instead the other provisions of the Act shall apply.
- Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of share of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under Section 54EC of the Act and subject to the extent specified therein, long term capital gains [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 if the capital gains are invested within a period of 6 months from the date of transfer, in the bonds issued by-

- National Highway Authority of India constituted under section 3 of the national Highway Authority of India Act, 1988 (68 of 1988) and notified by the Central Government for the purpose of section 54EC or
- Rural Electrification Corporation limited, a company formed and registered under the companies Act 1956, and notified by the Central Government for the purpose of section 54EC of the Act

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential property within a period of one year before or two year after the date on which transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under Section 112 of the Act 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) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income tax) without indexation) at the option of assessee.
- Under Section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit an equity oriented mutual fund, entered into in a recognised stock exchange in India [after the date of coming into force of Chapter VII of Finance (No.2) Bill, 2004) will be subject to tax at the rate of 10% (plus applicable surcharge and the education cess on income tax).

Foreign Institutional Investors (FIIs)

- By virtue of Section 10 (34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
- The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income tax) as per Section 115AD of the Act.
- The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under Section 10 (38) of the Act] realized by the FIIs on sale of shares in the company would be taxed at the following rates as per Section 115AD of the Act.
  - Short term capital gains – 30% (plus applicable surcharge and educational cess on income tax)
  - Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess on income tax) (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months)

Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [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 if the capital gains are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by-

- National Highway Authority of India constituted under section 3 of the national Highway Authority of India Act, 1988 (68 of 1988) and notified by the Central Government for the purpose of section 54EC or
- Rural Electrification Corporation limited, a company formed and registered under the companies Act 1956, and notified by the Central Government for the purpose of section 54EC of the Act

Venture Capital Companies/ Funds

In terms of Section 10 (23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Office Gazette and Venture Capital Companies, are eligible for exemption form income tax on all their income, including income from dividend.

(ii) Under the Wealth Tax Act, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth tax act will not be applicable.

(iii) Under the Gift tax Act, 1957

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

Notes

- All the above benefits are as per the current tax law and will be available only to the sold/ first named holder in case the shares are held by joint holders.
- In respect of non-residents, tax liability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non resident has fiscal domicile.
- **In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequence of his/ her participation in the scheme.**

Thanking You,

Yours faithfully,

R.Ravindran
Proprietor
Membership Number 23829

R.Ravindran & Associates
Chartered Accountants

D. ABOUT THE ISSUER COMPANY

I. OVERVIEW OF THE INDIAN COKE INDUSTRY

INTRODUCTION

Coke, a derivative of metallurgical coking coal, plays a very significant role in metallurgical processes. Coke is the main source of heat and is also the reducing agent required to facilitate the conversion of metallurgical ores into metal in the smelting process.

For manufacturing coke, raw coal is crushed into crusher and powdered and then charged in the oven for the purpose of carbonization. In the process, the volatile matter in the raw coal gets released in the form of gas and is burnt in the oven as well as in the flues. After the completion of the carbonization process, within the duration of 36 to 38 hours, the raw coal gets converted into the form of coke. The cake of coke being pushed out from the oven is then quenched by water either on the coke side floor wharf or on to a quenching car taken to quenching tower. Thus, coke is ready for dispatch after grading in to size fractions.

COKE PRODUCTION

The coke making process involves carbonization of coal to high temperatures (1100°C) in an oxygen deficient atmosphere in order to concentrate the carbon. The commercial coke making process can be broken down into two categories: a) By-product Coke making and b) Non-Recovery/Heat Recovery Coke making. A brief description of each coking process is given below:

a) By-product Coke Production:

The entire coke making operation is comprised of the following steps:

Before carbonization, the selected coals from specific mines are blended, pulverized, and oiled for proper bulk density control. The blended coal is charged into a number of slot type ovens wherein each oven shares a common heating flue with the adjacent oven. Coal is carbonized in a reducing atmosphere and the off-gas is collected and sent to the by-product plant where various by-products are recovered. Hence, this process is called by-product coke making.

The coal-to-coke transformation takes place as follows:

The heat is transferred from the heated brick walls into the coal charge. From about 375°C to 475°C, the coal decomposes to form plastic layers near each wall. At about 475°C to 600°C, there is a marked evolution of tar, and aromatic hydrocarbon compounds, followed by resolidification of the plastic mass into semi-coke. At 600°C to 1100°C, the coke stabilization phase begins. This is characterized by contraction of coke mass, structural development of coke and final hydrogen evolution. During the plastic stage, the plastic layers move from each wall towards the centre of the oven trapping the liberated gas and creating a pressure build up which is transferred to the heating wall. Once, the plastic layers have met at the centre of the oven, the entire mass gets carbonized. The incandescent coke mass is pushed from the oven and is wet or dry quenched prior to its shipment to the blast furnace.

b) Non-Recovery/Heat Recovery Coke Production:

In Non-Recovery coke plants, originally referred to as beehive ovens, the coal is carbonized in large oven chambers. The carbonization process takes place from the top by radiant heat transfer and from the bottom by conduction of heat through the sole floor. Primary air for combustion is introduced into the oven chamber through several ports located above the charge level in both pusher and coke side doors of the oven. Partially combusted gases exit the top chamber through “down comer” passages in the oven wall and enter the sole flue, thereby heating the sole of the oven. Combusted gases collect in a common tunnel and exit via a stack, which creates a natural draft in the oven. Since the by-products are not recovered, the process is called Non-Recovery coke making. The waste gas formed in the process is otherwise passed in the atmosphere however, such waste gas has tremendous heat in it and therefore used for generation of power by using waste heat recovery boiler which converts the excess heat into steam for power generation; hence, the process is also called Heat Recovery coke making.

Non-recovery coke ovens are capable of producing a coke, which is large, strong, dense and abrasion resistant. The coarse mosaic microstructure, low porosity, large mean cell wall thickness, minimal shrinkage and minor crack development during carbonization result in coke of low reactivity, high temperature strength and superior post reaction strength. These properties make non-recovery oven coke ideal for the optimum performance of the cupola. To obtain blast furnace coke, the type of coal is to be carefully selected. Experience has shown that variation of coal finesse, blending, carbonizing time and oven temperature varies the mean size of the resultant coke to meet customer requirement. *(Source: DGA Dasgupta Report 2005)*

ADVANTAGES OF NON-RECOVERY TYPE COKE OVENS

i. Low capital cost per tonne of coke produced.

ii. Low operating and maintenance cost.

iii. Comparatively higher coke yield and also yield of good quality coke as acceptable by the blast furnaces.

iv. Individual coke oven in a battery may be isolated and cooled down for repair/re-building and any number of ovens may be released from production for any time period & then re-commissioned with minimal effect on oven life.

v. There is no effluent, only emissions being fully burnt clean flue gas, thereby minimizing environmental impact thus making the non-recovery coke ovens cleanest coke making facility.

vi. The non-recovery coke ovens are always under suction, which prevents all gaseous emission from ovens to the atmosphere. This ensures negligible haze factor.

vii. The extensive combustion/heating system ensures complete combustion of all hydrocarbons leaving a clean stack of gas.

viii. It is easy to construct and lesser Number of brick shapes are involved.

ix. No cleaning of oven doorframes, oven door, etc. is required.

x. It can accept wider base of coals.

xi. Due to wider oven, no sticker ovens will be caused and clearance from the coke edge to oven wall will be more and therefore, it is easy to push the coke.

xii. Ovens will have longer life as compared to the by- product recovery oven as the stress caused to brickwork and anchorage system is very less.

xiii. It does not smell like a coke oven

xiv. Ensures better working conditions to the operators.

In view of the distinct advantages of Non-recovery type coke ovens, our Company has decided to install coke-manufacturing facility with non-recovery coke ovens, which would help the company to produce better quality coke and also generate power by converting waste heat into power. *(Source: DGA Dasgupta Report 2005)*

HEATING SYSTEM OF NON-RECOVERY TYPE OVENS

The ovens are unique in that no external heat source is required. All the energy for carbonization is supplied by burning the gaseous volatile products released from the coal charge during carbonization. Combustion air is drawn into each oven chamber in both above the arch i.e. crown and at sole levels. The heat generated by the combustion of the volatile gases produces high temperature zone in the free space above the coal charge. This heat radiates back into the coal charge and comes downward for carbonization through the coal mass. The products of combustion are drawn through oven arch points and subsequently through sidewall off-take flues into a series of sole flues located below the oven floor. As the hot combustion products pass through the sole flues. They give off some of their heat, which results in carbonization occurring in an upward direction. The gases leave the sole flues through connecting ducts and pass along a common waste gas tunnel to the discharge stack.

Hence, Carbonization results form the application of heat both above and below the charge. Temperature at the point where burning gases are drawn into the side off-take ports are of the order of 1200°C to 1250°C. Temperature at the base of the discharge stack is around 800°C. From the sensible heat of the waste gases let out from the ovens, steam can be generated using waste heat recovery boiler. *(Source: DGA Dasgupta Report 2005)*

BACK-TO BACK TYPE (DRAG TYPE)

Commonly known as BEE-HIVE Ovens are fire brick chambers built with an arched roof and placed side by side back to back in cluster, like bee - hives and hence the name BEE-HIVE. The back-to-back ovens are normally operating within the limiting temperature inside the ovens around 1100°C to 1150°C. Due to the absence of pre-heated air in various locations, these ovens would not be able to attain high temperature as it happens in the case of pusher type ovens. So the carbonization, generally, takes place comparatively in lower temperature, which ultimately affects the hardness of coke. As the process of carbonization is under lower range of temperature compared with pusher type ovens, the remaining Volatile Matter in the coke is comparatively higher than that of pusher type. Provision of pre-heated air in the oven is available but in other location such as, sole flues, vertical access connected to sole etc., there is no provision of pre-heated air to be allowed in those locations for quick & better burning of Volatile Matter for producing additional temperature at these zones so as to maintain uniform temperature gradient. A drag is placed before charging coal into the oven as after conversion of coal to coke, the drag is dragged by a winch from pusher side thus facilitating the hot coke to be dragged outside the oven. The drag has to be changed over a cycle of charging / dragging of the coke. *(Source: DGA Dasgupta Report 2005)*

PUSHER TYPE:

The proposed non-recovery coke ovens have been specially developed based on the imported coking coal with volatile matter content in the range of 20% - 24%. The coke yield will be slightly lower than the yield from the coal of Jharia coalfield due to higher loss of volatile matter. Moisture control of coal is important as it has direct bearing on the carbonization rate & bulk density of coal.

These Non-recovery coke ovens are capable of producing coke of large size, strong, dense & abrasion resistant. The coarse mosaic microstructure, low porosity during carbonization and development of minor crack result in low reactivity, strength in high temperature, stability and superior post reaction strength, are some of the properties of such non-recovery coke.

The ovens are unique in that, no external heat source is required. All the energy for carbonization is supplied by burning the gaseous volatile products released from the coal charge during carbonization. The required air is drawn into each oven through various inlets provided at various stages located in both above the arch and sole levels.

The heat, generated by the combustion of the volatile matter, produces high temperature zone in the free space above the coal charge. This heat radiates back into the coal charge and comes downward for carbonization of the coal mass. The products of combustion are drawn through the various points in the oven arch and subsequently pass through sidewall off take flues into a series of sole flues located below the oven floor.

As the hot products of combustion pass through the sole flues, they liberate some of their heat upward which result in continuance of the process of carbonization of the coal mass in the oven. The gas enters into the sole flues through connecting ducts and passes along the common waste gas tunnel to the discharge stack.

Hence, carbonization takes place by the application of heat from above, side and below the charge. Temperature at the point where burning gases are drawn into the side off take ports are of the order of 1200^{c} to 1250^{o}C. Temperature at the base of the sole flues is around 750^{o}C to 800^{o}C. Temperature at the entry of the main stack has been observed as 500^{o}C to 600^{o}C.

These ovens incorporate pushing of the hot coke through a pusher mechanism from pusher side to coke side on to the coke side floor wharf directly or indirectly on to a quenching car. The hot coke is quenched by water on the coke side floor wharf or by the water spray at the Quenching Tower where quenching car with hot coke is placed for quenching.

The comparison between Back-to-Back oven (Drag Type) and Pusher Type Oven is given as under:

	BACK TO BACK (DRAG TYPE) OVEN	**PUSHER TYPE OVEN**
1.	Low productivity and slightly higher production cost	High productivity and lower cost
2.	Higher revenue cost for operation of ovens	Low operating cost
3.	Higher cost of per tonne of coke	Lower cost of per tonne of coke
4.	Lower coke yield	Higher coke yield
5.	Higher maintenance cost	Lower maintenance cost
6.	Emission of effluent	Non-emission of effluent, completely burnt
7.	Polluting environment	Much lower than permissible limit
8.	Less cleaning facilities	More space for providing cleaning facilities
9.	Less Life	More life
10.	Coke having low hardness	Coke having high hardness
11.	Max. Temperature at 1150 degree Celsius	Max. Temperature at 1350 degree Celsius
12.	No scope for utilizing waste heat for effective preheating of air for combustion of volatile matter	Scope of utilizing waste heat for effective preheating of air for combustion of volatile matter is much higher
13.	More charging time	Less charging time
14.	No provision for pre-heating Air	Heat efficiency due to pre-heating air
15.	Residual Volatile Matter is more	Residual Volatile Matter is very less
16.	Carbonization does not take place from all sides	Carbonization takes place from all sides
17.	Uniform levelling of the coal bed not possible	Uniform levelling of coal form all sides
18.	Higher consumption of DRAG as each drag has limited cycle of re-usage	Pusher needs minimum maintenance

(Source: DGA Dasgupta Report 2005)

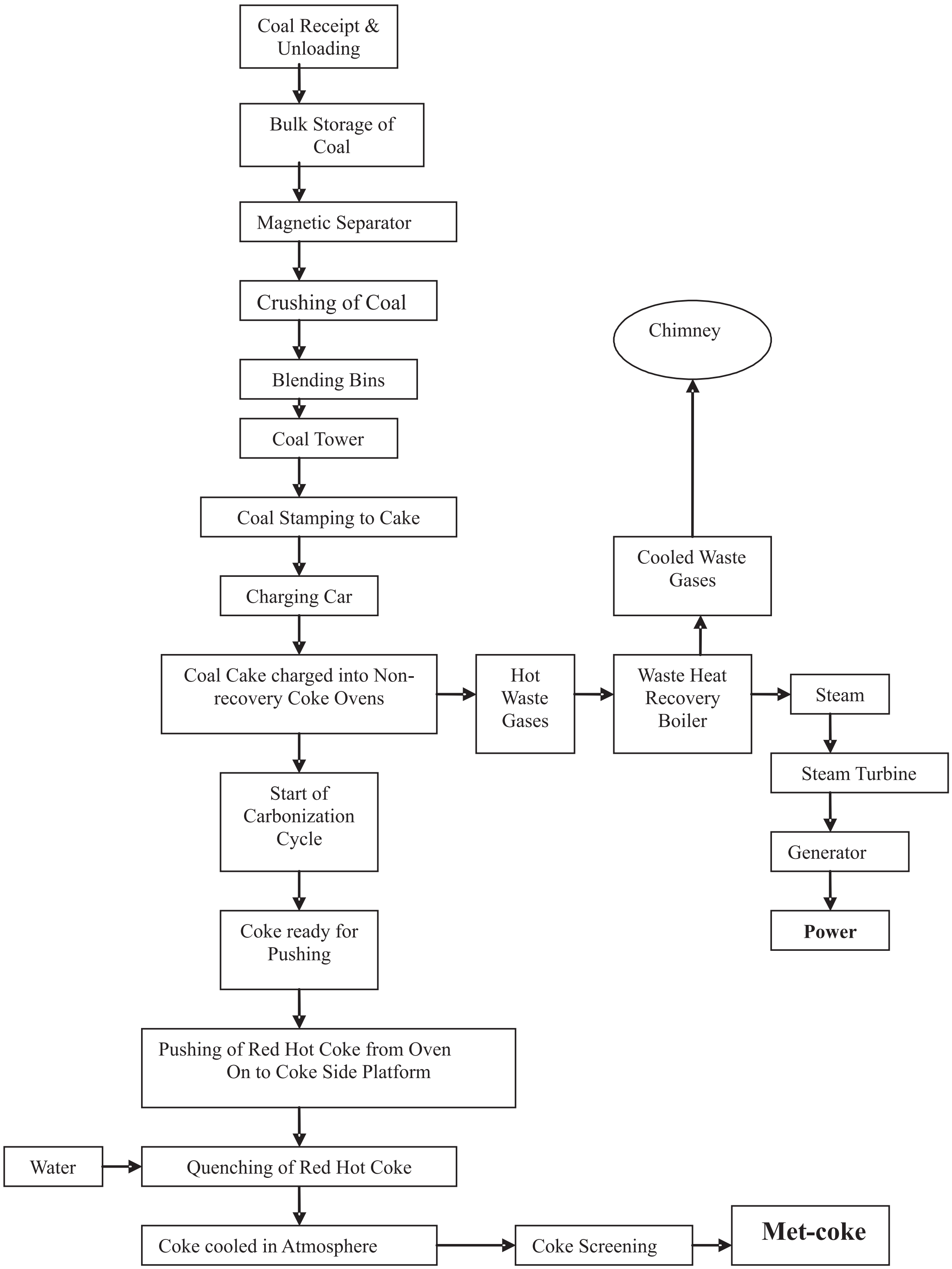
MANUFACTURING PROCESS:

Raw coal is crushed in a crusher into a powdered form and then charged in the oven for the purpose of carbonization. In the process the volatile matter in the raw coal gets released in the form, of gas and is burnt in the oven as well as in the flues, and after the completion of the carbonization process, within the duration of 36 to 38 hours, the raw coal gets converted into the coke form. The cake of coke is then pushed out from the oven and then quenched by water either on the coke side floor wharf or on to a quenching car taken to quenching tower. Thus, coke is ready for dispatch after grading into size fractions.

The duration of coking depends upon the quality & quantity of raw coal fed in to the oven, charge height and thermal condition of the oven. A proper thermal regime will therefore have to be maintained for optimum result and consistency in the charging cycle time. Coking coal is stacked, either manually or by the pay loader as required into a ground bunker and is reclaimed daily from the bottom of the bunker by a belt conveyor for feeding to the crusher. The provision of a electromagnet has been proposed to remove tramp iron from the raw coal. Crushed coal from crusher is fed onto a belt conveyor to carry coal up to the overhead bunker which acts as overhead storage to feed charging car as & when required. Charging car carries the crushed coal over the oven to be charged and coal is discharged into the oven through the charging hole. After charging, charged coal is levelled & then oven lids are closed. The carbonization starts in the oven at the temperature of 1200^{o}C. Levelling is required as the cycle time for carbonization depends upon the charge height of the coal mass to a great extent. During the cycle time, ovens are checked from time to time to determine the completion of the generation of gas. Thus coke mass is ready for withdrawal from the oven for quenching. The doors of the ready oven are then lifted and hot coke mass is pushed out by the pusher car and water is sprayed on the hot coke for quenching on to the coke on coke side floor / wharf. Alternatively, quenching car can be provided on the coke side. The hot coke pushed on to the quenching car, will be taken to quenching tower for quenching. The quenched coke then will be unloaded on to the wharf. Quenched coke is then graded to size fractions, stacked and dispatched. The quenched coke through a wharf is taken to coke screening plant and various fractions are graded, stored and dispatched. The hot quenching water is continuously collected into a setting tank and the coke particles are also being carried up to the setting tank with water.

These particles are allowed to be settled below the setting tank and then the water almost free from suspended particles of coke is allowed to be again used for the purpose of quenching of hot coke mass. From time to time, the settled particles are reclaimed and these have large demand in mini cement plants, briquetting plants etc. or the same could be charged back to the coal charge through a conveyor for charging into the oven. *(Source: DGA Dasgupta Report 2005)*

Process Flowchart for Coke & Power



PROCESS AND TECHNOLOGY:

EPCPL has engaged Project Management Group (PMG) as owners engineer and SEPCL as turnkey contractor who has experience of almost one decade in the manufacturing of coke oven plants based on the technology sourced through various technical consultants like DGA Dasgupta, Kumbraj India, etc. SEPCL has excellent track record in industries like ferrous, non-ferrous, power, refineries and environmental engineering and has set up number of plants on Lump Sum Turn Key (LSTK) basis from concept to commissioning. Besides above, SEPCL also provides operations and maintenance services to their clients, if required. For the proposed non-recovery coke oven plant, SEPCL has obtained basic technology through M/s. DGA Dasgupta Consultants Pvt. Ltd. for certain processes and technologies. SEPCL being a LSTK contractor, would provide the plant construction guarantee, system guarantee, performance guarantee and achieving of performance guarantee parameters after conducting the test. The rationale for selection of Non Recovery Coke Oven Technology is given as under:

Rationale for Selection of Technology:

The Process of converting coking coal to useful met-coke is through heating the coking coal in controlled chambers (Oven) above 1000° C in the reducing atmosphere. The above-mentioned process of converting coal into Met coke could be achieved through various proven technologies available in the world. The major proven technologies as available are:

1. Kumbraj India
2. DGA (DAS GUPTA) INDIA TYPE-I
3. SESA-FFE India
4. THYSSEN-KRUPP ENCOKE (NOW UDHE) Germany
5. SSIT, China
6. SUN COAL, USA
7. DGA (DAS GUPTA) INDIA- TYPE-II

The Conversion Technology adopted to carry out the process along with the quality of Coal used as an input plays a crucial role for getting high quality useful Met-Coke.

With a view to optimize the Coal Quality blending with Cost effectiveness, Shriram EPC Ltd. with its experience in executing larger Metallurgical Plant and Power Plants on EPC basis with single Point responsibility, have offered the technology based on the **DGA Das Gupta, India (Type I), one of the proven technology,** which is quite suitable for our capacity Met-Coke Plant.

The said technology was selected after considering various Factors such as:

1. Size of the Oven, to be used in the Project.
2. Capital Cost Involved,
3. No. Of Ovens operating successfully etc. in the world through this technology.
4. Well- experienced team of Senior Professional people who are involved in the execution having experience in execution of coke projects right from design stage to commission stage including operations through the DGA Das Gupta technology.

Further, Shriram EPC Ltd. has also proposed to incorporate in the plant a Stamp Charging of Coal Technique with suitable blending facilities which would save around 30 to 40% cost due to low quality of Coal being blended with the Prime Quality Coking Coal.

Selection of DGA Das Gupta Technology

The Selection of DGA Das Gupta Technology is considered viable based on the following parameters vis a vis the capacity of Met-Coke Plant under implementation.

1. Coal Crushing Fineness:

DGA Das Gupta Technology stands superior in terms of fineness of Coal Crushing as it can achieves around 96% of coal crushing fineness.

2. No. of Ovens in a battery block envisaged in the Design:

As per this technology, plant could be designed with 20 Ovens. The same numbers are well within our size of the project.

3. Coal Charging System:

In DGA system Mechanized Charging Car is used for charging the coal.

4. **Capital Cost**:

   The plant as per DGA Das Gupta technology is more viable in terms of Capital Cost as compared to other Technologies. The plant costs around 22-35 crores for 1LTPA Met Coke as against other technologies which cost around 75 to 180 crores.

5. **Economy:**

   DGA Das Gupta Technology is very economical in terms of Capacity and Capital cost for 1 LTPA Met Coke Plant.

6. **No. of Operating Plants:**

   Till date approximately over 600 ovens are operating successfully whereas on the other hand Sun Coal stands highest successful technology where around 150 ovens were successfully operated.

7. **Stamp Charging of Low Quality Coal:**

   Adoption of Stamp Charging Technology helps to overcome the limitation of using only Prime quality Coking Coal in the Process. This technology restricts the use of 100% Prime Quality Coking coal from Imported Sources since here the inferior coking coal quality is charged up which allows to save around 30 to 40% of cost incurred on Prime Quality Coal. Thus here a blend of Prime Quality Coking Coal and Stamp charged Weak Coal is blended to achieve a high quality of Met-Coke.

   Stamping of Coal for DGA Das Gupta ovens is much easier as it is of smaller capacity.

   Shriram EPC Ltd has considered all the available Technologies and its features and have also obtained Technical Viability Report viz. Comparative Details of Various Designs/Types/Features of Non-Recovery Coke Oven Technologies from Mr. V. Dhandapam, Engineer to enable to take the decision for Selection of Particular Technology.

Rationale for selection of Shriram EPC Ltd. as Lump Sum Turnkey Contractor (LSTKC)

Largest number of ovens operating successfully in India for small coke making capacity upto 10 lac TPA exist are based on DGA Das Gupta Design and technology.

Metallurgical and Engineering Consultant India Ltd. (MECOM) used to set up such plants on the basis of DGA Das Gupta Design ON A TURNKEY BASIS in consultation with Mr. Das Gupta. However, at present there is no such contractor who sets up coke oven project on a turnkey basis with the DGA Das Gupta Design and technology.

Shriram EPC Ltd. has a proven track record in executing larger metallurgical plant and power plant as EPC contractor with single point responsibility. Shriram EPC Ltd. also possesses experienced senior technical people who have executed and designed ovens on the basis of DGA Das Gupta Design right from the design stage to commission stage including operation.

In order to avail a better quality out put by using inferior coal as an input, Shriram EPC Ltd. has also incorporated a proven tamp charging technology to optimize and also reduce raw material cost price.

Further, EPCPL has also obtained a Report on Comparative Analysis of various Design, Type, Features and the Cost of non recovery coke oven technology available in the world from an independent expert Mr. V Dhandapani (BE, FIV) Engineer and Valuer, Chennai.

The report also reveals that the optimum cost of a project under DGA Das Gupta design is in the range of Rs. 22 to Rs. 35 crores per 1 lakh TPA with a grading of 135.

Shriram EPC Ltd. has undertaken to offer this project at a Lump sum cost of Rs. 25 crores for 1 lac TPA with a single point responsibility including stamp charging technology to optimize and reduce the raw material cost price. This will allow the company to utilize the significant proportion of less costlier weakly coaking coal.

Further, Shriram EPC Ltd has also proposed to provided plant construction guarantee, system guarantee and performance guarantee for achieving the performance at guaranteed parameters after conducting the periodical tests.

Since Shriram EPC Ltd. proposes to utilize a proven DGA Das Gupta Design for the project with single point responsibility at a cost comparable with industry standard, the company has selected Shriram EPC Ltd. as a lump sum turnkey contractor (LSTK) for execution of the project.

OVERVIEW OF POWER INDUSTRY

Global Scenario

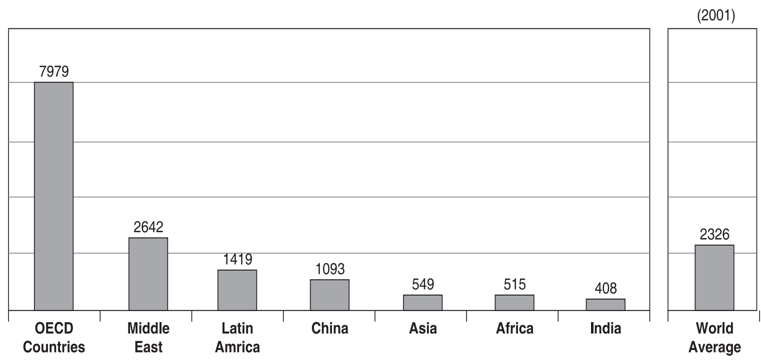
World Energy Outlook 2004 by International Energy Agency (IEA) paints a sober picture of how the global energy system is likely to evolve by 2030. World primary energy demand is projected to expand by almost 60% between 2002 and 2030. But the projected annual rate of demand growth, at 1.7%, is slower than the average of the past three decades, which was 2%.

World electricity demand is expected to double by 2030, with most of the growth occurring in developing countries. The global power sector will need about 4800 GW of new capacity to meet the projected increase in electricity demand and to replace ageing infrastructure. Two-thirds of the increase in global energy demand will come from developing countries. By 2030, they will account for almost half of the total demand, in line with their more rapid economic and population growth. In total, the electricity investment will amount to about $10 trillion, and more than $5 trillion of that amount in developing countries alone. *(Key World Energy Statistics 2003)*

Although fossil fuels will continue to dominate global energy use, accounting for some 85% of the increase in world primary demand, renewable energy sources as a whole will increase their share of electricity generation. The share of hydroelectricity will fall, but the shares of other renewable energy sources in electricity generation will triple, from 2% in 2002 to 6% in 2030.

Indian Scenario

Power is a critical infrastructure for economic development and for improving the quality of life. The achievement of increasing installed power capacity from 1362 MW to over 100,000 MW since independence and electrification of more than 500,000 villages is impressive in absolute terms. However, it is a matter of concern that the annual per capita consumption of India, at about 408 kWh is among the lowest in the world.



Source : Key World Energy Statics (2003)

On account of inadequate generation capacity, the country is plagued by power shortages. The total energy shortage, during 2004-2005, was 43,258 million units, amounting to 7.3 % and the peak shortage was 11.7% per cent of peak demand.

The following table presents the gap between requirement and supply of electricity in India from fiscal 2000 to 2005.

Financial Year	Requirement (million units	Availability (million units)	Surplus / Deficit (million units)	%
2000	480,430	450,594	(29,836)	-6.2%
2001	507,216	467,400	(39,816)	-7.8%
2002	522,537	483,350	(39,187)	-7.5%
2003	545,983	497,890	(48,093)	-8.8%
2004	559,264	519,398	(39,866)	-7.1%
2005	591,373	548,115	(43,258)	-7.3%

Source: Ministry of Power Annual Report 2003-04; CEA Executive Summary March 2005

Based on the demand projections made in the 16th Electric Power Survey, over 1,00,000 MW additional generation capacity needs to be added by 2012 to bridge the gap between demand and supply of power. The capacity addition targets of 6400 MW through nuclear power and 10,700 MW through non-conventional resources have been accordingly fixed for the period upto 2012. It is estimated that for building over 1,00,000 MW of additional power capacity and associated transmission & distribution infrastructure, nearly Rs.8,00,000 crores of investments would be needed in the next decade.

As of March 31, 2005, India's power system had an installed generation capacity of approximately 1,15,544.8 MW. Of the installed capacity, thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 69.4% of total power capacity. Hydroelectric stations accounted for approximately 26.1% and others (including nuclear power, wind power, bio-mass power and waste heat recovery power) accounted for approximately 4.5%. This indicates that power generated form other sources contributes very less percentage of the total requirement but at the same time since it is a Non-conventional energy source, it will have higher share in coming years.

With increasing urbanization, industrial growth and per capita consumption, the gap between the actual demand and supply is likely to increase. In this scenario, the GOI expects that alternative sources of energy, such as wind energy, biomass power and waste heat recovery power generated by industrial units are likely to play an increasingly important role in bridging the demand supply gap.

Power Generated Through Waste Heat Recovery Process

In the non-recovery coke manufacturing facility, while converting coal into coke, hot waste gases are produced due to combustion at high temperature and let out in the atmosphere through a chimneystack. This causes thermal pollution in the environment, and as such one of the measures, is by way of installing pollution abatement equipment for sub-siding the effect of thermal pollution in the atmosphere. The waste heat in the form of gas contains sensible heat energy, which is converted into steam energy and in turn electric power is generated. Therefore, installation of co-generation of power plant is justified by minimizing the pollution in the atmosphere, improving the economic viability of the coke plant as a whole and generating the power through total waste energy and thereby saving valuable fossil fuel.

As per GOI, Ministry of Environment and Forest Notification dated 31st October 1997, Coke making Power generation using non-recovery coke oven process is advocated as a low emission procedure and is therefore an eco-friendly unit which can get qualified as clean development mechanism as per KYOTO protocol.

At present, number of co-generation power plant are in operation in the various non-recovery coke oven plants. The technology for such co-generation power plant is made available from SEPCL itself. SEPCL has installed 3 co-generation power plants in the country and another 8 are in the process of execution.

Based on the content of volatile matter of 22-26% in the raw coal, which when burnt in the coke oven during the coke making process, leaves flue gas, which has enormous sensible heat. This heat can cater to two waste heat recovery boilers through 2 X17 = 34 ovens each and produce 6 MW power per day with a met coke production of 1,00,000 Tons per annum. Out of 6 MW gross power generation per day, about 1 MW power would be utilized for the operation of coke oven plant, coal and coke handling system as also auxiliary power consumption of the power plant and the balance 5 MW net power can be sold either to West Bengal Electricity Board or any third party in terms of Electricity Act, 2003 at an average price of Rs. 2.40 per unit. The plant load factor for the power project would be about 90% on yearly basis.

Electricity Act 2003

In recent years the financial health of SEBs has been deteriorating. There is a big gap between unit cost of supply and revenue and the annual losses of SEBs have been increasing and have reached at unsustainable levels. In the last two Plan periods, barely half of the capacity addition planned was achieved. It is in this context that the Electricity Act, 2003 seeks to bring about a qualitative transformation of the electricity sector through a new paradigm.

It is a comprehensive legislation replacing Electricity Act 1910, Electricity Supply Act 1948 and Electricity Regulatory Commission Act 1998. The aim is to push the sector onto a trajectory of sound commercial growth and to enable the States and the Centre to move in harmony and coordination.

The objective is to introduce competition, protect consumer’s interests and provide power for all. The Act provides for National Electricity Policy, Rural Electrification, Open access in transmission phased open access in distribution, mandatory SERCs, license free generation and distribution, power trading, mandatory metering and stringent penalties for theft of electricity.

The salient features of the Act are:

i. The Central Government to prepare a National Electricity Policy in consultation with State Governments.

ii. Thrust to complete the rural electrification and provide for management of rural distribution by Panchayats, Cooperative Societies, non-Government organisations, franchisees etc.

iii. Provision for licence free generation and distribution in the rural areas.

iv. Generation being de-licensed and captive generation being freely permitted. Hydro projects would, however, need clearance from the Central Electricity Authority.

v. Transmission Utility at the Central as well as State level, to be a Government company – with responsibility for planned and coordinated development of transmission network.

vi. Provision for private licensees in transmission and entry in distribution through an independent network.

vii. Open access in transmission from the outset.

viii. Open access in distribution to be introduced in phases with surcharge for current level of cross subsidy to be gradually phased out along with cross subsidies and obligation to supply. SERCs to frame regulations within one year regarding phasing of open access.

ix. Distribution licensees would be free to undertake generation and generating companies would be free to take up distribution businesses.

x. The State Electricity Regulatory Commission is a mandatory requirement.

xi. Provision for payment of subsidy through budget.

xii. Trading, a distinct activity is being recognised with the safeguard of the Regulatory Commissions being authorised to fix ceilings on trading margins, if necessary.

xiii. Provision for reorganisation or continuance of SEBs.

xiv. Metering of all electricity supplied made mandatory.

xv. An Appellate Tribunal to hear appeals against the decision of the CERC and SERCs.

xvi. Provisions relating to theft of electricity made more stringent.

xvii. Provisions safeguarding consumer interests. Ombudsman scheme for consumers' grievance redressal.

MARKET ANALYSIS FOR COKE

The major coke consuming industries are

- Blast furnaces and sintering plants in integrated steel plants
- Merchant pig iron producers
- Iron foundry industry
- Soda ash industry
- Zinc and lead producers
- Ferro alloys industry.
- Cement Industry
- Calcium Carbide Industry

Global Scenario

World production of crude steel, hot metal, D.R.I. and world consumption of coke are during 1996 to 2004 was as under:

(Million tonnes/year)

	1996	1997	1998	1999	2000	2001	2002	2003	2004
Hot metal production	510	543	528	536	577	576.8	591	607	622
D.R.I.	33.21	35.87	36.96	38.65	42.86	39.33	39.33	39.0	39.33
Total World Coke Consumption	345	351	344	348	366	367	370	380	386

(Source: IISI)

The global consumption of coke fluctuated between 344 and 367 Mt/year during this period due to recession. China was the largest consumer of met coke followed by other Asian Countries and Oceania, Other European Countries, European Union and North America.

According to IISI, the hot metal production is expected to range between 675 and 780 Mt/year in 2010 based on the annual growth of steel industry projected by IISI. The specific coke consumption in the blast furnace process is anticipated to go down to 425 kg/t in 2010 on a worldwide basis due to injection of substitute reduction materials such as fuel oil, natural gas and coal.

On this basis the demand for Blast Furnace coke is expected to rise to 330 Mt/year by 2010. Taking into consideration the coke demand from other industries, the global coke demand is expected to be 450 Mt by 2010. The projected hot metal production, coke rate and coke requirement for the period 2004 to 2010 is given as under:

Particular	2004	2005	2006	2007	2008	2009	2010
Hot metal production	622	640	657	672	690	706	776
Coke rate for hot metal production, kg/mt	447	444	440	436	432	429	425
Coke for hot metal production	278	284	289	293	298	303	330
Other coke consumers	108	110	112	114	116	118	120
Total coke requirement	386	394	401	407	414	421	450

The coking capacity presently available must be regarded as extremely over-aged and its technical availability diminishes constantly. The present installed coking capacity around the globe amounts to approx 430 Million Tons including the simple and primitive coke making units. The technically available coke making capacity can be estimated to be approximately 360 to 370 Million Tons per year. Just to maintain the feasibility of coking capacity today, approximately 7 to 8 Million Tons per year would have to be newly built or replaced. Global coke production is forecast to fall short of capacity due to lower production levels in aging coke oven batteries and because of the worldwide trend toward increasing environmental regulations of coke production. China is the biggest exporter of coke followed by Japan. European Union, North America and South America are the deficit regions.

Worldwide Coke Trading

Coke traded around the world for the last 5 years amounted to approx 18 to 22 Million Tons per year. Real world trade is primarily based in Japan, China and Poland. In the recent times, China emerged as the leader in exporting coke to various countries. The export of coke from China and Japan during 2001 and the first and second quarter of 2002 is given as under:

('000 tonnes)

Destination	2001	2002 -1st quarter	2002 - 2nd quarter
COKE	**EXPORT FROM CHINA**		
Europe	5,040	1,145	1,114
India	1,965	268	355
Japan	2,103	264	340
Other Asia	982	230	185
North America	1,014	270	140
Latin America	1,715	377	555
Middle East	1,333	280	177
Others	527	45	120
TOTAL	**14,678**	**2,879**	**2,986**
COKE	**EXPORT FROM JAPAN**		
United States	1,326	257	470
Brazil	428	85	129
India	204	139	290
Others	481	120	195
TOTAL	**2,439**	**601**	**1,084**

(Source: "World coal and coke market, present and future" by Joachim Terjurg, RAG Verfkauf GMBH, Germany, World Coke making conference papers and Professional market report made by a company in India)

Export volume from Japan, China, Poland and other countries is likely to be reduced in the future due to the following reasons:

a) At present approx 80% of the coking plant capacity in Japan is more than 25 years old. Since Japan had pruned down steel production capacity, it started exporting surplus coke. However, these coke ovens are more than 25 years old and their life is likely to be over in the next 3 –4 years. Therefore, industries in Japan may replace coke oven plants to the extent of coke requirement for its steel production and may not pursue the business of export of coke due to various reasons, one of them being capital investment requirement.

b) In China approx. 60 Million Tons of coke only are produced only by conventional coking process. The balance is primarily made in Primitive ovens and cannot be used for high-duty blast furnaces for coke quality reasons. Governmental decisions envisage that sizable capacity should be shut down to meet environmental requirements. Also China's hot metal production presently grows by approx. 10 Million Tons annually. This requires an additional coke making capacity in the range of 5 Million Tons per year. Thus China may not have any surplus coke for export purpose.

c) Coke produced by countries like Poland, CIS, Czechoslovia are not technically sound and these countries are facing economic problems and therefore, the export is likely to be reduced from these countries.

Coke Pricing

China being the largest exporter of coke, the pricing of Chinese coke has become the benchmark for the global coke market. The average coke price of Chinese coke during the period 1993 to 2004 is given as under:

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 / 03,04	2005	2006
Average coke price (FOB) US$/ton	63	64	69.7	75.8	68.3	64.6	50.9	67.4	66	From 300 upto 480	320 to 400	190 to 195

(Source: "World coal and coke market, present and future" by Joachim Terjurg, RAG Verfkauf GMBH, Germany, World Coke making conference papers and Professional market report made by a company in India)

The coke price witnessed an up trend from January 2002 and by October, 2002 the coke price increased to US$ 90 per ton on FOB basis for 12% ash grade coke. Thereafter, during the year 2005, Chinese coke price substantially increased to almost US$ 400 per ton. However, the price is now ruling at US $ 195 per ton of coke. A variety of factors are responsible for the run-up in coke prices in last three years are mostly supply related.

Domestic Demand

Production of pig iron, sponge iron and finished steel in India for the last 8 years is as under:

(In million tonnes)

Item	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Pig Iron	3.30	3.39	3.00	3.18	3.39	3.95	3.85	4.0
Sponge Iron	5.00	5.32	5.11	5.34	5.44	5.66	5.66	5.8
Finished Steel	22.72	23.37	23.82	27.17	29.26	30.61	30.61	31.0

Sub-Group on Steel and Ferro Alloys constituted for Steel sector under the aegis of Planning Commission, GOI, projected the demand of finished steel in the country during the year 2004-05 to 2011-12 as under:

(In million tonnes)

Year	Forecast of demand for Finished Carbon Steel
2004 – 2005	33.91
2005 – 2006	36.05
2006 – 2007	38.22
2007 – 2008	40.74
2008 – 2009	43.30
2009 – 2010	46.03
2010 – 2011	48.93
2011 – 2012	52.01

Steel Plants

Steel Plants, the Blast Furnace and Basic Oxygen Furnace/Electric Arc Furnace route (BF-BOF/EAF route) and pig iron producers are the major consumers of coke. In these sectors coke is used in blast furnaces and in sinter plants for iron making. The integrated steel plants viz. Bhilai Steel Plant (BSP), Bokaro Steel Ltd. (BSL), Rourkela Steel Plant (RSP), Durgapur Steel Plant (DSP), Rashtriya Ispat Nigam Ltd. (RINL), Indian Iron & Steel Co. Ltd. (IISCO), Tata Iron Steel Co. Ltd. (TISCO), and Neelanchal Ispat Nigam Ltd. (NINL) (Konarak Metcoke Limited is captive) are producing iron & steel through the coke oven, BF-BOF/Open hearth Furnace route.

BSL, BSP, RSP, DSP, RINL, IISCO, NINL and TISCO meet their entire requirement of coke from captive coke oven batteries. Coke is produced in these units with blend of imported coal and indigenous coal. As a result, the quality of coke differs from consumer to consumer. Ash content in coke being used in this sector varies between 12 - 24%. While blast furnace's use coke ranging in size from 25 to 80 mm, sinter plants use ground coke (-3 mm). These captive coke oven batteries are rebuilt on regular basis so that coke supply is met.

Taking into consideration the future demand of steel, the projected production of finished steel and the requirement of met coke in this sector will be as under:

(in Million tonnes)

	2005 – 2006	2009 - 2010
Finished steel	28.3	36.0
Met coke requirement	19.8	25.3

Merchant Pig Iron Units

At present, there are 20 pig iron producing units (mini blast furnace route) in the secondary sector with an annual pig iron production capacity of about 3.974 Million Tons.

Apart from above, new/ expansion of capacities of Pig Iron of about 1.50 Million Tons by various corporates is in the implementation stage and would require coke for manufacturing pig iron.

Production of pig iron form the secondary producers during 2001- 2002 was 2.932 Million Tons. Taking into consideration the growth pattern of the industry and the new entrants in the field, the projected production of the pig iron and the coke requirement in this sector is given as under:

(In Million tones)

Particular	2005 - 2006	2009 - 2010
Hot metal/pig iron production from Mini Blast Furnace	3.70	4.67
Coke requirement of Mini Blast Furnace	3.7	4.35

Iron Foundries

There are about 6,000 foundries all over India with a total casting output of approx. 3 Million Tons consisting of 2.36 Million Tons of grey iron castings, 0.4 Million Ton of steel castings, 0.27 Million Ton of malleable and SG iron castings and 20,000 tonnes of nonferrous castings. Coke is mainly used as a fuel for melting iron in the Cupolas of foundries. Coke demand for iron foundry units is projected as 0.6 Million Ton in 2002 - 2003, 0.71 Million Ton in 2005 - 2006 and 0.9 Million Ton in 2009 - 2010.

Ferro-alloys Industry

The installed capacity of the industry is now 1.5 million tones of Bulk and Noble Ferro Alloys. The capacity of Manganese Alloys is around 700,000 tonnes, Ferro Silicon 1,75,000 tonnes, Ferro Chrome/Charge Chrome about 600,000 tonnes and Noble Ferro Alloys viz. Ferro Molybdenum, Ferro Vanadium, Ferro Tungsten, Silico Magnesium, Ferro Titanium, Ferro Phosphorous, etc. around 20,000 tonnes. The capacity utilization ranges from 50% to 55% only. Production of major bulk and noble ferro alloys during the last six years is given as under:

Year	Quantity (in lakh tonnes)
1996 – 1997	6.94
1997 – 1998	7.91
1998 – 1999	7.24
1999 – 2000	7.29
2000 – 2001	9.02
2002 –2003	10.13

The projected production of Ferro alloys and the requirement of coke during 2005-06 & 2009- 10 are given as under:

Year	2005 - 06	2009 - 10
Ferro alloys production Mt/y	1.21	1.524
Coke requirement Mt/y	0.61	0.76

Soda ash Industry

There are about 7-8 major units producing soda ash with an installed capacity of about 2.285 Million Tonnes. Further some of the aforesaid units are planning to increase their existing capacity by about 0.15 Million Ton. Production of soda ash during the last 3 years is given as under:

(in Million Tonnes)

Year	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-2003
Production	1.567	1.395	1.626	1.602	1.510	1.600

The projected production of soda ash and the requirement of coke during 2005-06 & 2009-10 are given below:

Year	2005-06	2009-10
Soda ash production Million Tonnes/year	1.9	2.4
Coke requirement Million Tonnes/year	0.266	0.336

Zinc & Lead Industry

Met Coke is being used in the production of Zinc and lead metals. The present demand for coke is about 0.24 Million Ton per annum for Zinc and Lead industry, which is expected to remain at the same level till 2009-10.

Aggregate Demand

The aggregate demand for coke in India is summarized below:

(in Million tonnes)

Sl.No	Sectors	2005-06	2009-10
1.	Steel plants	19.800	25.300
2.	Merchant pig iron producers	3.700	4.350
3.	Iron foundries	0.710	0.900
4.	Ferro-alloys industry	0.610	0.760
5.	Soda ash industry	0.266	0.336
6.	Zinc & lead industry	0.120	0.120
7.	Other industries	0.600	0.900
	Total	**25.806**	**32.666**

Coke Availability

While all major integrated steel plants have recovery type captive coke plants, some of the pig iron units also have captive coke plants with an aggregate installed capacity of about 18.9 Million Tonnes per year.

Over and above, there are about 190 merchant coke oven units in the country with installed capacity of about 5 Million Tonnes per year. Since these are in the unorganized sector and their operations are erratic and depends upon various factors, authentic data is not available about their annual production and pricing. Only to the tune of 2 Million Tonnes per year has been considered as available from this sector.

The following Merchant coke units in the organized sector are operating successfully mostly by importing low ash coal and using non-recovery coke making technology and their annual installed capacity is given below:

(In Million Tonnes)

Sl.No	Plant	Installed Capacity
1.	Gujarat NRE coke Limited, Gujarat	0.200
2.	Antai Balaji Coke plant, Gujarat	0.120
3.	Usha Ispat Limited, Reddi, Maharashtra	0.075
4.	Sesa Goa Ltd., Goa	0.280
5.	Southern Fuels, Tuticorin, Tamil Nadu	0.024
6.	WMI plants at Kharagpur & Cuttack	0.100
7.	Durgapur Projects Ltd.	0.040
	Total	**0.839**

Integrated Steel plants and some of the Pig Iron plants who produce coke for captive use, reportedly do not have any plan for expanding their coke making capacities and likely to optimize their production capacities by improving operational and process parameters and practices. Capacity addition in the merchant coke oven sector will be marginal, as no major player will enter into this sector.

Considering past production performance of various units and future projects under implementation, availability of coke in India in future is estimated as under:

(in Million tonnes)

Sl.No	Item	Projected Availability of Coke	
		2005-06	2009-10
1.	Captive units	18.900	18.230
2.	Merchant cookeries	2.000	2.300
	Total	**20.900**	**20.530**

Resultant Gaps / surpluses

Based on the forecast demand and availability, the resultant gaps/surpluses have been worked out as under:

(in Million tonnes)

Sectors	2005-06	2009-10
Demand	25.806	32.666
Availability	20.900	20.530
Surplus (+) / deficit (-)	(-) 4.906	(-) 12.136

In view of the above, it is felt that there is an ample scope for existing as well as new coke making units for expansion or setting up of new grass root coke manufacturing facility. As such, ECL is not expected to face any difficulty in marketing its entire coke production to various coke consuming industries.

(The above industry data has been procured from Company sources and "World coal and coke market, present and future" by Joachim Terjurg, RAG Verfkauf GMBH, Germany, World Coke making conference papers and Professional market report made by a company in India)

II. BUSINESS OVERVIEW

Our Company was incorporated as a public limited company on 25th February 1985 to carry out business of yarn, cloth, fibre and business of leasing immovable and movable properties. The above activities were carried out till 30th September 2005. Thereafter, the controlling interest of the Company was transferred to Shriram EPC Ltd., Mrs. Vatsala Ranganathan and Mrs. Usha Venkatramani with effect from 5th December 2005.

Soon after, Mrs. Usha Venkatramani decided to step down from the management of the Company and accordingly, resigned from the Board of the Company on January 14, 2006. Thereafter, Mrs. Usha Venkatramani had sold her 50,000 Equity Shares representing 10% of the total equity share capital of the Company to the public after making a due declaration to BSE dated January 16, 2006 under regulation 7(1A) of the SEBI (SAST) Regulations 1997. She had also subsequently relinquished her role as the promoter of the Company by making submission to BSE vide her letter dated January 18, 2006 as under:

"Further to my declaration under Regulation 7(1A) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 dated 16th January, 2006 relating to sale of 10% of my stake in M/s Khatoo Synthetics Limited, I further wish to inform you that currently I hold only 14% shareholding of the said company and do not intend to continue as a promoter of the same with immediate effect.

I request you to kindly take the above fact on record and change my status to a normal shareholder"

Accordingly, Mrs. Usha Venkatramani currently holds 14% of the equity share capital of our Company. Since she was one of the acquirers during the process of acquisition of shares and takeover together with Shriram EPC Ltd. and Mrs. Vatsala Ranganathan, she has been shown as "Person Acting In Concert with the Promoters" with the other promoters of the Company in this Letter of Offer for the purpose of the Rights Issue.

Accordingly Mrs. Usha Venkatramani had sold her 50,000 Equity Shares representing 10% of the total equity share capital of the Company to the public after making a due declaration to BSE dated January 16, 2006 under regulation 7(1A) of the SEBI (SAST) Regulations 1997 and also subsequently relinquished her role as the promoter of the Company by making submission to BSE vide her letter dated January 18, 2006. However, Mrs. Usha Venkatramani, may or may not subscribe her entitlement in the rights issue in full. In case, her shareholding falls below 5% of the total paid up capital of the Company after completion of rights issue, she would cease to be a "Person Acting In Concert with the Promoters" for all future references.

The present management has discontinued the aforesaid business activities pursued by previous promoters/management and started trading of coal and coke and has now decided to pursue the manufacturing of met coke by purchasing the Coke manufacturing project of EPCPL located at Haldia, West Bengal. Along with the purchase of met coke Project from EPCPL, our Company has proposed to set up a Power plant to generate 6 MW power at the same location by utilizing the waste heat generated in the process of manufacture of met coke. ECL has also proposed to expand such manufacturing capacity of met coke by 2,00,000 TPA and generation of power by 6 MW with aggregate capacity of 3,00,000 TPA of Coke and 12 MW of Power at Haldia, West Bengal. The proposed business venture is considered to be a profitable proposition in view of the considerable gap in the demand supply for met coke and generation of power through waste heat recovery process and thereby intends to improve the financial position of the Company in the years to come.

A. Location

The proposed coke and power project will be set up at Mauza Alichak, JL No. 128, P.O. Durgachak, Haldia, District Purba Midnapur, West Bengal by purchasing the met coke project of EPCPL presently being executed by it. The site is located at a strategic place close to river Hoogly, which flows throughout the year and is used for transportation through small and medium barges. Therefore, transportation cost will be minimum in respect of raw material and finished goods. Further, most of the integrated steel plants and other metal and chemical plants are located in the eastern region of the country and as such market for coke is available at the doorstep. As regards power generated through waste heat recovery process will be purchased by West Bengal Electricity Board after meeting the captive requirements of the power.

B. Plant & Machinery, Technology, Processes, etc.

(i) Coke Project

EPCPL has awarded turnkey contract to Shriram EPC Ltd. for setting up of coke plant who in turn would be obtaining technology from M/s. DGA Dasgupta Consultants Pvt. Ltd. The major equipment to be procured by EPCPL for coke project is as under:

a. Coke Ovens with refractory and other accessories –34 numbers

b. Charging car

c. Pusher car and stamping machine

d. Pump set

e. Hose pipe for quenching

f. Quenching car self drive or loco

g. Mist arrestors

h. Chimney

i. Work-shop equipment

j. Laboratory equipment

k. Coal Handling Plant

l. Coke Handling and Screening Plant

Technology

The Process of converting coking coal to useful met-coke is through heating the coking coal in controlled chambers (Oven) above 1000° C in the reducing atmosphere. The above-mentioned process of converting coal into Met coke could be achieved through various proven technologies available in the world. The major proven technologies as available are:

1. Kumbraj India
2. DGA (DAS GUPTA) INDIA TYPE-I
3. SESA-FFE India
4. THYSSEN-KRUPP ENCOKE (NOW UDHE) Germany
5. SSIT, China
6. SUN COAL, USA
7. DGA (DAS GUPTA) INDIA- TYPE-II

The Conversion Technology adopted to carry out the process along with the quality of Coal used as an input plays a crucial role for getting high quality useful Met-Coke.

With a view to optimize the Coal Quality blending with Cost effectiveness, Shriram EPC Ltd. with its experience in executing larger Metallurgical Plant and Power Plants on EPC basis with single Point responsibility, have offered the technology based on the **DGA Das Gupta, India (Type I), one of the proven technology,** which is quite suitable for our capacity Met-Coke Plant.

The said technology was selected after considering various Factors such as:

1. Size of the Oven, to be used in the Project.
2. Capital Cost Involved,
3. No. Of Ovens operating successfully etc. in the world through this technology.
4. Well- experienced team of Senior Professional people who are involved in the execution having experience in execution of coke projects right from design stage to commission stage including operations through the DGA Das Gupta technology.

Further, Shriram EPC Ltd. has also proposed to incorporate in the plant a Stamp Charging of Coal Technique with suitable blending facilities which would save around 30 to 40% cost due to low quality of Coal being blended with the Prime Quality Coking Coal.

Selection of DGA Das Gupta Technology

The Selection of DGA Das Gupta Technology is considered viable based on the following parameters vis a vis the capacity of Met-Coke Plant under implementation.

1. Coal Crushing Fineness:

DGA Das Gupta Technology stands superior in terms of fineness of Coal Crushing as it can achieves around 96% of coal crushing fineness.

2. No. of Ovens in a battery block envisaged in the Design:

As per this technology, plant could be designed with 20 Ovens. The same numbers are well within our size of the project.

3. **Coal Charging System**:

   In DGA system Mechanized Charging Car is used for charging the coal.

4. **Capital Cost**:

   The plant as per DGA Das Gupta technology is more viable in terms of Capital Cost as compared to other Technologies. The plant costs around 22-35 crores for 1LTPA Met Coke as against other technologies which cost around 75 to 180 crores.

5. **Economy:**

   DGA Das Gupta Technology is very economical in terms of Capacity and Capital cost for 1 LTPA Met Coke Plant.

6. **No. Of Operating Plants:**

   Till date approximately over 600 ovens are operating successfully whereas on the other hand Sun Coal stands highest successful technology where around 150 ovens were successfully operated.

7. **Stamp Charging of Low Quality Coal:**

   Adoption of Stamp Charging Technology helps to overcome the limitation of using only Prime quality Coking Coal in the Process. This technology restricts the use of 100% Prime Quality Coking coal from Imported Sources since here the inferior coking coal quality is charged up which allows to save around 30 to 40% of cost incurred on Prime Quality Coal. Thus here a blend of Prime Quality Coking Coal and Stamp charged Weak Coal is blended to achieve a high quality of Met-Coke.

   Stamping of Coal for DGA Das Gupta ovens is much easier as it is of smaller capacity.

Shriram EPC Ltd has considered all the available Technologies and its features and have also obtained Technical Viability Report viz. Comparative Details of Various Designs/Types/Features of Non-Recovery Coke Oven Technologies from Mr. V. Dhandapani, Engineer to enable to take the decision for Selection of Particular Technology.

(ii) Power Project

For setting up of power plant based on waste heat recovery process, our Company has awarded a turnkey contract dated May 15, 2006 to Shriram EPC Ltd. The major equipment to be procured for power project is as under:

a) Boiler
b) Steam Drum
c) Super heater
d) Evaporator
e) Economizer
f) Radiant Section
g) Steam Turbine
h) Governing System
i) Lubrication Oil System
j) Generator
k) Water Cool Condenser
l) De-mineralizing Plant
m) Compressed Air System
n) Boiler Feed Water System
o) Cranes & Hoists
p) Air Conditioning Equipments
q) Electrical Systems
r) Laboratory Equipments

C. COLLABORATIONS, ANY PERFORMANCE GUARANTEES OR ASSISTANCE IN MARKETING BY THE COLLABORATORS

The Company has not entered into any technical, financial or marketing collaboration with any party.

Rationale for selection of Shriram EPC Ltd. as Lump Sum Turnkey Contractor (LSTKC)

Largest number of ovens operating successfully in India for small coke making capacity upto 10 lacs TPA exist are based on DGA Das Gupta Design and technology.

Metallurgical and Engineering Consultant India Ltd. (MECOM) used to set up such plants on the basis of DGA Das Gupta Design ON A TURNKEY BASIS in consultation with Mr. Das Gupta. However, at present there is no such contractor who sets up coke oven project on a turnkey basis with the DGA Das Gupta Design and technology.

Shriram EPC Ltd. has a proven track record in executing larger metallurgical plant and power plant as EPC contractor with single point responsibility. Shriram EPC Ltd. also possesses experienced senior technical people who have executed and designed ovens on the basis of DGA Das Gupta Design right from the design stage to commission stage including operation.

In order to avail a better quality out put by using inferior coal as an input, Shriram EPC Ltd. has also incorporated a proven tamp charging technology to optimize and also reduce raw material cost price.

Further, EPCPL has also obtained a Report on Comparative Analysis of various Design, Type, Features and the Cost of non recovery coke oven technology available in the world from an independent expert Mr. V Dhandapani (BE, FIV) Engineer and Valuer, Chennai.

The report also reveals that the optimum cost of a project under DGA Das Gupta design is in the range of Rs. 22 to Rs. 35 crores per 1 lakh TPA with a grading of 135.

Shriram EPC Ltd. has undertaken to offer this project at a Lump sum cost of Rs. 25 crores for 1 lac TPA with a single point responsibility including stamp charging technology to optimize and reduce the raw material cost price. This will allow the company to utilize the significant proportion of less costlier weakly coaking coal.

Further, Shriram EPC Ltd has also proposed to provided plant construction guarantee, system guarantee and performance guarantee for achieving the performance at guaranteed parameters after conducting the periodical tests.

Since Shriram EPC Ltd. proposes to utilize a proven DGA Das Gupta Design for the project with single point responsibility at a cost comparable with industry standard, the company has selected Shriram EPC Ltd. as a lump sum turnkey contractor (LSTK) for execution of the project.

Performance Guarantee by Shriram EPC Ltd.

EPCPL has engaged Shriram EPC Ltd., a Turnkey Contractor, to implement the met coke project for 1 lakh TPA at Haldia, West Bengal at a total cost of Rs. 2500 lakhs. Shriram EPC Ltd., would also provide the plant construction guarantee, system guarantee, performance guarantee and achieving of performance guarantee parameters after conducting the test.

D. INFRASTRUCTURE FACILITY

The proposed coke and power project of our Company, requires following important utilities:

a) Raw material

Coking coal is the main raw material, which is available from mines/coal fields such as Jharia, Ramagarh, Raniganj or can be imported from China, Australia and other countries. Both indigenous and imported coal is suitably blended to get low ash metallurgical coke. The technology adopted by the company is suitable for various characteristics of indigenous coal, imported coal, indigenous coke or combination thereof to produce met coke. The raw material is easily available and the company does not envisage any difficulty in procuring the same in the required quantity. As regards power generation, waste heat in the form of gas is required which is available during the coke production, the flue gas/ waste heat quantity is about 55000 NM^3 /hr and being comprised of carbon dioxide, Hydrogen, Ammonia and Oxygen with a temperature ranging from 500 to 800^o Celsius.

b) Power

The proposed coke project of 1,00,000 TPA would require about 900 KVA power which would be met from West Bengal State Electricity Board for initial purpose of starting the ovens. Thereafter, our company proposes to utilize waste heat generated in the production of coke for converting into power. The power generated would be around 6 MW therefore company's captive power plant would be adequate to take care of its additional requirement for future expansion under Phase-II for increasing the capacity by 2,00,000 TPA, our company would not require any additional power from WBSEB as the power generated from captive purpose would be adequate to meet its entire requirement of power.

Our Company has proposed to generate Additional Power under Phase-II of the expansion project on account of the following reasons being:

1. In eco-sensitive areas like Haldia (close to Haldia/Hoogly river), Pollution Control Law of the land does not allow Stand Alone Non-recovery Coke Oven Plant. The hot waste gas, which is generated during the coke manufacturing process, cannot be let out in atmosphere on continuous basis.
2. From the hot waste gas, power can be generated which can be supplied to WBSEB or directly through grid to nearby units as per the Latest Electricity Act, 2003.
3. Integration of coke oven plant with co-generation power plant will make the entire unit more eco-friendly and make the unit energy efficient.

c) Water

Water requirement for 1,00,000 TPA coke project is 80 KL per day and after expansion of capacity under Phase-II, the total requirement of water would be about 200 KL per day which will be met through bore well at plant location or from Haldia Development Authority. As regards 6 MW power project, the requirement of makeup water would be about 11 KL/hr and after expansion, the requirement of water would be 22 KL/hr, which will be met through bore well.

d) Pollution Control Measures

Our company proposes to install necessary equipments to minimize the adverse effect of gases generated in the coke process.

e) Manpower

Our company would require about 160 personnel for coke and power project comprising of Top level executives, Senior level executives, Junior level executives, Assistants and workmen in the areas of Technical, Marketing, Finance, General Administration as under:

Particulars	**No. of Employees**
Corporate Office	8
Plant Office	18
Maintenance	13
Workmen for Coke project	58
Workmen for Power project	32
Oven	15
Workshop	7
Laboratory	9
Total	**160**

At present, our Company has not been pursuing any business activities and therefore does not have any Key Managerial Personnel except Chief Executive Officer and Company Secretary. As our Company proposes to acquire the met coke project from EPCPL which already appointed various technical, financial and other key executives to implement the coke project, Our Company proposes to absorb these executives and workmen at the time of acquisition of the coke project from EPCPL by our Company and the necessary condition has been duly incorporated in the BTA. For power project, company will appoint necessary personnel at appropriate point of time.

PRODUCT PROFILE:

4. Met Coke commonly known as Coke
5. Electrical Power

NATURE OF PRODUCTS AND END USERS

(a) Coke

Coke is an industrial product facilitating the conversion of Metallurgical ores into metal in the smelting process. Major coke consuming industries are blast furnaces and sintering plants of integrated steel plants, merchant pig iron producers, iron foundry industry, soda ash industry, zinc and lead industry, Ferro alloys industry, cement industry, calcium carbide industry etc.

(b) Power

Power is used in industrial process as also domestic purposes. However, company proposes to utilize the power partly for its own captive purpose and surplus power would be sold to West Bengal Electricity Board who in turn would sell the same to its industrial and domestic consumers.

Marketing Strategy

Our Company proposes to sell its coke by using direct marketing method by setting up proper marketing set-up. Our marketing strategy is broadly as under:

1. As the plant is proposed to be located at Haldia, the endeavour will be to sell the coke to the mini blast furnace units, pig iron producers, iron foundries and cement and soda ash industry mainly located in the eastern and central region of the country.
2. As the proposed coke plant is expected to produce coke of international standards, our Company would also be exploring export market so as to generate higher income and make the presence in the international market.
3. Keeping in view, the installed capacity of our Company estimated at 3,00,000 TPA within two years, our Company apart from meeting the requirement of various coke consuming units in the eastern and central region of the country, also propose to market coke in the Western and Southern region of the country where the demand for coke is quite substantial.
4. As regards power, our Company being independent private power producer would have freedom to sell the surplus power either to West Bengal Electricity Board or to any other third party as per the Electricity Act, 2003. However, our Company in the initial stage would like to sell the power to WBSEB only for which necessary power purchase agreement will be executed.

Proposed Marketing Set-Up:

In line with the marketing strategy proposed by our Company, a marketing division headed by Marketing Manager along with regional sales managers and export manager will be created at appropriate time to take care of marketing and selling function both for domestic and export market. Our Company has started identifying requisite managerial personnel having suitable qualification and experience of the coke industry.

BUSINESS STRATEGY

In India, most of the coke manufacturing facility has been captive, i.e. coke is produced in the coke oven batteries of integrated steel plants and pig iron plants. Hardly any surplus coke is available from these captive coke oven batteries for outside sale. During the last 10-12 years, a number of pig iron plants and even integrated steel plants have been built in India without captive coke manufacturing facilities, which rely on imported coke. Besides the above, coke is used in the iron foundry industry, soda ash industry, zinc and lead industry, Ferro alloys industry, cement industry and calcium carbide industry. The following are the key strategies being adopted by our Company to make proposed coke project successful and to mitigate risk involved in such a business opportunity.

❖ **TAKING ADVANTAGE OF LOWER COST OF PRODUCTION VIS-À-VIS IMPORTED COKE**

As there is a significant gap between the price of the imported coke and the manufacturing cost of coke including raw-material cost in India, it will be an added advantage to have Coke manufacturing plant in India so that Steel plants, Pig iron plants, Iron Foundries can procure their coke requirement from coke manufacturing plants in India at comparatively cheaper price. Further availability of coke indigenously will reduce the time required for transportation, which in turn will reduce the working capital requirement and consequently lower the interest outgoing. Therefore, our company proposes to approach various coke using companies with attractive sharing terms so as to tie up the entire production capacity of coke with user industry.

❖ **MARKETING THE COKE PRODUCTION TO INTEGRATED AND NON-INTEGRATED STEEL PLANTS**

At present, coke is produced in the coke oven batteries of Integrated Steel Plants and Pig iron plant where the consumption of coke is captive and it will not be possible for them to manufacture coke for other industrial consumers specifically. Now-a-days, steel plants have been built in India without captive coke manufacturing facility, as the coke is easily available either through domestic or overseas market and moreover, the cost of project of steel plant can be kept at reasonable level by eliminating the cost of project for coke plant and thereby making the steel project more viable. Therefore, our Company proposes to tap such steel units so as to ensure optimum off-take of our production capacity. In addition to above, our Company would make concerted efforts to market our coke production to other coke consuming industries.

❖ **GENERATING POWER THROUGH WASTE HEAT TO ENHANCE REVENUES FROM THE PROJECT**

Through our Non-recovery coke oven plant, we propose to convert waste heat generated in the process of manufacturing of coke in to power which otherwise would have been released into the atmosphere. Therefore, there is no requirement of raw-material of any kind of fossil fuel and instead the waste energy is converted into power and thereby it would help the Company to operate its coke oven plant entirely through such in-house power plant but would help the company to sell the surplus power to Waste Bengal Electricity Board and generate additional revenue and profits. Thus, generation of power would help Company to improve the overall margin of coke project substantially.

By adopting the aforesaid business strategy, our Company proposes to make coke project of 1,00,000 TPA and power project of 6 MW, a successful business venture.

Capacity Utilisation:

Products		**2007-08**		**2008-09**		**2009-10**	
Phase-I	Installed Capacity	Capacity Utilisation	Capacity (%)	Capacity Utilisation	Capacity (%)	Capacity Utilisation	Capacity (%)
Coke (TPA)	100000	60000	60%	80000	80%	100000	100%
Power (MW)	6	3	50%	4.80	80%	5	83.33%
Phase-II							
Coke (TPA)	200000	-	-	-	-	120000	60%
Power (MW)	6	-	-	-	-	3.60	60%
Aggregate Capacity							
Coke (TPA)	300000	60000	-	80000	-	220000	60%
Power (MW)	12	3	-	4.80	-	8.60	71.67%

Our Company proposes to produce 60,000 TPA of met coke and generate 3 MW of power during the first year of operations and 80,000 TPA of met coke and 5 MW of power in the second year of operations in its Phase-I of the project. In the Phase-II of the project, Company proposes to produce 1,20,000 TPA of met coke and 3.60 MW of power aggregating to 2,20,000 TPA of met coke and 8.60 MW of power during the third year, after successfully completing the implementation of Phase-II of the project.

Our Company proposes to utilize the power partly for its captive purpose and surplus power would be sold to West Bengal Electricity Board who in turn would sell the same to its industrial and domestic consumers.

Property:

Our Company presently operates from the rented premises 304, Shivshakti Building. P. Road, Andheri West in Mumbai for its Registered Office matters and also operate from rented premises at 36, College Road, Nungambakkam, Chennai for planning the proposed coke project and co-ordination of such project activities. The plant site is proposed to be located at District Haldia, which is to be acquired from EPCPL.

Purchase of Property

Our Company does not intend to purchase any property out of the proceeds of the issue except land for setting up the coke and power project as mentioned above.

III. KEY INDUSTRY –REGULATIONS AND POLICIES

Although there are no key regulations and policies affecting the Company directly, our Company shall be subject to the policies of the GOI and the State of West Bengal in relation to the iron & steel sector and the power sector. Our Company shall also be required to adhere to pollution control and labour regulations.

IV. HISTORY AND CORPORATE STRUCTURE

1. HISTORY AND BACKGROUND OF THE COMPANY

Our Company was incorporated as a public limited company on 25th February 1985 in the name of Khatoo Finance and Trading Company Limited (KFTCL) to carry out business of yarn, cloth, fibre and the business of leasing immovable and movable properties. The name of the Company was then changed to Khatoo Synthetics Limited with effect from November 11, 1986 and was further changed to Ennore Coke & Power Ltd. w.e.f. 24th January, 2006. Once again, in order to comply with clause 32 of the listing agreement with the stock exchange, the name of the Company has been changed to Ennore Coke Ltd. w.e.f. June 6, 2006 vide a fresh certificate of incorporation issued by the Registrar of Companies, Maharashtra.

Our Company made an Initial Public Offer on 29th October 1985, which was fully subscribed. (For further details of Public Issue please refer to page no. [*].) In August 2005, Shriram EPC Ltd., Mrs. Vatsala Ranganathan and Mrs. Usha Venkatramani acquired 54% of equity share capital from the then promoters of the Company by way of Share Purchase Agreement dated 29th August, 2005 and subsequently made an open offer to acquire 20% or more of the equity share capital of the Company in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The open offer formalities were completed on 5th December 2005.

The present promoters and Mrs. Usha Venkatramani thus acquired 18% of the equity capital of the Company in the open offer thereby making their total shareholding at 72% of the total equity share capital. Accordingly, Board of Directors of our Company has approved the transfer of aforesaid shareholding in the name of present Promoters on 5th December 2005 and effected the change in the controlling interest of our Company in favour of present Promoters namely Mrs. Vatsala Ranganathan and Shriram EPC Ltd.

Immediately on taking over the controlling interest of our Company, the Board of Directors has been reconstituted by inducting Mrs. Usha Venkatramani, Mrs. Vatsala Ranganathan and Mr. R. Dakshinamurthy as directors. The Board also appointed Mrs. Usha Venkatramani as the Chairperson.

Thereafter, Mrs. Usha Venkatramani, one of the Acquirer, had sold her 50,000 Equity Shares representing 10% of the total equity share capital of the Company to the public after making a due declaration to BSE dated January 16, 2006 under regulation 7(1A) of the SEBI (SAST) Regulations 1997 and also subsequently relinquished her role as the promoter of the Company by making submission to BSE vide her letter dated January 18, 2006 as under:

"Further to my declaration under Regulation 7(1A) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 dated 16th January, 2006 relating to sale of 10% of my stake in M/s Khatoo Synthetics Limited, I further wish to inform you that currently I hold only 14% shareholding of the said company and do not intend to continue as a promoter of the same with immediate effect.

I request you to kindly take the above fact on record and change my status to a normal shareholder"

Accordingly, she resigned from the Board of the Company on January 14, 2006. Mrs. Usha Venkatramani currently holds 14% of the equity share capital of our Company. Since she was one of the acquirers during the process of acquisition of shares and takeover together with Shriram EPC Ltd. and Mrs. Vatsala Ranganathan, she has been shown as "Person Acting In Concert with the Promoters" with the other promoters of the Company in this Letter of Offer for the purpose of the Rights Issue.

With a view to pursue the new business activities and to make the Company viable, the Board of Directors have now decided to set up the project for manufacturing coking coal of 1,00,000 TPA along with power project of 6 MW capacity expandable by 2,00,000 TPA and 6 MW with aggregate capacity of 3,00,000 TPA of Coking Coal and 12 MW of Power at Haldia, West Bengal. The proposed business venture is considered to be a profitable proposition in view of the considerable gap in the demand supply for coking coal and generation of power through waste heat recovery process and thereby intends to improve the financial position of the company in the years to come.

1. MAJOR EVENTS IN THE HISTORY OF THE COMPANY

Year	Events
Feb. 1985	Incorporated on 25th February 1985
Nov. 1985	Company's maiden Public Issue of Equity shares
Nov. 1986	Name of the company changed to Khatoo Synthetics Ltd.
2005	Change of Controlling Interest of the company by purchasing the shareholding of Promoters by New Promoters namely Mrs. Vatsala Ranganathan and M/s. Shriram EPC Ltd.
*January 24 2006	Name of the Company was changed to Ennore Coke & Power Ltd.

Year	Events
January 2006	Company commenced trading activities in coal and coke.
May 2006	BTA between the Company and Shriram EPC Ltd. dated 15.05.2006
*June 2006	Name of the Company was changed to Ennore Coke Ltd

***** The Company has obtained Fresh Certificate of Incorporation for Change of Name from "Khatoo Synthetics Ltd." to "Ennore Coke & Power Ltd." from Registrar of Companies, Maharashtra on 24th January 2006. Subsequently, Company has approached BSE for effecting the Change of Name in its records in pursuance of clause 32 of Listing Agreement. As per the clause 32 of the Listing Agreement, listed companies which decide to change their names would be required to comply with the following conditions:

1. A time period of at least 1 year should have elapsed from the last name change and2. At least 50% of the total revenue in the preceding 1-year period should have been accounted for by the new activity suggested by the new name.

   The Company has carried on the business of trading in coke during the year 2005-06 only. In view of the same, the Company has changed its name to Ennore Coke Ltd. to meet and comply with the requirement of Clause 32 of the Listing Agreement.

Changes in the Registered Office

The registered office of the Company was situated at 296, Shahid Bhagat Singh Road, Fort, Mumbai 400 001 since its incorporation till 14th August, 1987and thereafter registered office was shifted to the following addresses:

Date of Change	Address
14th August, 1987	337, Kalbadevi Road, Room No. 3, 2nd Floor, Mumbai – 400 002
1st August, 1997	B-37, Veera Desai Road, Andheri (West), Mumbai – 400 053
5th December, 2005	Shivshakthi Building, 304, Third Floor, J P Road, Andheri West, Mumbai 400 053

2. MAIN OBJECTS OF THE COMPANY

The Object Clause of the Memorandum of Association (MOA) of the Company enables it to undertake the activities for which the funds are being raised in the present rights issue. Furthermore, the activities of the Company have been carried out till date in accordance with the objects of the MOA. The main objects of the Company inter-alia are:

1. To carry on the business of manufacturing, assembling, installing, repairing, covering, buying, selling, exchanging, altering, importing, exporting, hiring, letting, on hire, disturbing or dealing in all types of power plants, sinter plants, coke oven plants, wet and dry cooling systems, monitoring equipment, steam trap and strainers, heat exchangers and other tools, implements, appliances, bolts, nuts, hooks and engineering goods, ferrous and non ferrous metals and metal products, foundry and factory supplies, mill supplies, industrial articles of all kinds and description for all types of cooling systems applications and industrial vehicles of all kinds and all components parts, accessories, equipments and apparatus for use in connection therewith.
2. To produce derivatives of volatile matter like Coke Oven Gas, Tar, Benzene, Benzol, Methane, Hydrogen and further distil or process to produce products and sell the same.
3. To generate electricity by using fuel such as Coke oven gas, LPG, coal, naphtha, producer gas, diesel etc., and distribute, supply electric power either in captive or co-generation based power plants.
4. To carry on the business of manufacturers processor, importers, exporters, traders, buyers, sellers, stockist, agents, distributors for coke (carbon), coal, and suppliers to manufacturing industries like steel, copper, aluminium and to carry on the business of managing, owning, controlling, erecting, commissioning, operating plant for the above.
5. To carry on in India and abroad production and sale of coke out of coal and to do all other acts and things for the utilization, conversion and selling of the bye products and accessories of all kinds, therefrom and in any similar or allied business and either in connection with the said business or as a distinct or separate business.
6. To generate electrical power by conventional, non-conventional methods including solid waste recycling, process, coal, gas lignite, oil, bio-mass, waste, thermal, solar, hydel, geo-hydel, wind and tidal waves and to carry on the business of managing, owning, controlling, erecting, commissioning, operating plant for the above and also to act as engineering procurement and constructions contractor.

7. To carry on the business as manufacturers, Exporters, Importers, Contractors, Sub-contractors, Sellers, Buyers, lessors or lessee and Agents for Wind Electric Generators and turbines, hydro turbines, thermal turbines, solar modules and components and parts including Rotor Blades, Braking systems, Tower Nacelle, Control Unit, Generators, etc., and to set up Wind Farms for the Company and/or for others either singly or jointly and also to generate, acquire by purchase in bulk, accumulate, sell, distribute and supply electricity and other power (subject to and in accordance with the policy/laws in force from time to time).

8. To carry on the business as traders, merchants, stockists, importers, exporters and for that purpose buy, sell, exchange, market, pledge, distribute or otherwise deal in commodities, goods, articles, materials and things including yarn, cloth, fibres, chemicals, Automobile parts, ball bearings, beverages, cigarettes cotton, cycle parts, electronics goods, fertilizers, sea food, glass materials, paper and pulp products, paper, photographic films, PVC, polymers, plastics, rubber goods, resins, steel castings, tea, telecommunication systems readymade garments, timber products ferrous & non-ferrous metals, scrap machinery, engineering goods.

3. CHANGES IN THE MEMORANDUM OF ASSOCIATION

Sr. No.	Particulars	Date of Meeting	Nature of Meeting
1.	Amendment of Object Clause	—	By Special resolution through postal ballot on 17th January, 2006 under section 192 A of the Companies Act read with Companies (passing of the Special Resolution by Postal Ballot) Rules 2001
2.	Change in the Name of the Company from Khatoo Synthetics Ltd. to Ennore Coke & Power Ltd.	24-Jan-2006	EGM
3.	Change in the Name of the Company from Ennore Coke & Power Ltd. to Ennore Coke Ltd.	30-May-2006	AGM
4.	Increase in the authorised share capital of the Company from Rs. 50 Lakhs to Rs. 1600 Lakhs.	30-May-2006	AGM

4. SUBSIDIARY OF COMPANY, IF ANY AND THEIR BUSINESS

Company does not have any subsidiary as on the date of filing of this Letter of Offer.

SHAREHOLDERS AGREEMENTS

The Company does not have any shareholders agreement as on the date of filing of this Letter of Offer.

OTHER AGREEMENTS

The Company has entered into agreements for various purposes as under:

(a) Business Transfer Agreement dated May 15, 2006 with Ennore Power & Coke Pvt. Ltd. (EPCPL) for acquisition of the Met Coke Project of 1,00,000 TPA located at Haldia, West Bengal which is presently under implementation.

(b) Agreement dated May 15, 2006 Shriram EPC Ltd. for executing the contract on Turnkey basis for setting up of the power project at a total value of Rs. 1300 Lakhs.

STRATEGIC PARTNER AND FINANCIAL PARTNER

The Company does not have any strategic partner or financial partner as on the date of filing of this Letter of Offer.

V. MANAGEMENT OF THE COMPANY

(i) Board of Directors

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

Sr. No.	Name, Qualification, Address, Occupation	Designation	Age	Directorship in other companies
1	Mrs. Vatsala Ranganathan M.A. 15, Sarangapani Street, T Nagar, Chennai- 600 017, Business	Chairperson	54 Years	Malos Infrastructure Ltd. Lepakshi Power Projects Ltd. Ennore Power and Coke Pvt. Ltd. Haldia Coke and Chemicals Ltd. Nest Infrastructure Pvt. Ltd. Southern Powertech Equipments Pvt. Ltd. Shriram EPC Limited
2	Mr. Rajeev Agrawal Chartered Accountant E-167 Kirti Nagar New Delhi 110 015 Finance Professional	Independent Director	48 Years	Real Computer Services Pvt Ltd. Real Fintech Pvt Ltd. Murti Portfolio Pvt Ltd. Silverline Credits Pvt Ltd. Dynamic Infradevelopers Pvt Ltd. Dynamic Infraprojects Pvt Ltd. Dynamic Infraplanners Pvt Ltd. Sanra Software Limited
3	Mr. M.R.Rajgopal B.E.(Mech) 29/5, I Floor Prem Flats Muthulakshmi Street Kalakshetra Colony Besant Nagar Chennai 600 090 Technical Consultant	Independent Director	62 Years	–
4	Mr. Amjad Shariff Chemical Engineer from IIT, 8/38, I-Block, 10th Street Anna Nagar Chennai 600 102 Company Executive	Director (Shriram EPC Ltd. - Promoters Nominee)	51 Years	Malos Software Solutions Ltd. ECE International Pvt. Ltd. Alpha Energy Systems Ltd. Lapaxi Power Projects Ltd
5	Mrs. Uma Karthikeyan Chartered Accountant Flat 'D', I Floor, New No.20 (Old No.49), Subramaniam Street, Abhiramapuram, Chennai - 600 018 Finance Consultant	Independent Director	26 Years	Sanra Software Limited

Brief Biography of Chairperson and Directors of the Company

Mrs. Vatsala Ranganathan

Mrs. Vatsala Ranganathan (54) is a Chairperson of the Board of Director of Ennore Coke Ltd. She is a postgraduate in Economics Research from Ethiraj College Chennai in the year 1974. She started her career as teacher and became Head Mistress.

In the year 1984, she joined Shriram Investments Limited as General Manager, Marketing in Chennai. Subsequently, she was involved in the Human Resource Management and training of employees of the Shriram group. In the year 1987, she had become President of Shriram Group consisting of three companies viz. Shriram Investments Limited, Shriram City Union Finance Limited and Shriram Transport Finance Limited. She was also in charge of All India Marketing Teams consisting of four regions. During her tenure as Group President, Shriram Investment Limited, one of the group company had done a maiden Initial public offering.

In the year 1994, she retired as a president of the group. However, she continued to act as a group advisor. Apart from other assignments, she has contributed in the departmental sectioning of three companies and played an active role in reengineering one of group supported company viz. M/s. Standard machine Tools Ltd., in order to turn in to a profitable venture during her tenure as Group Advisor.

She was also a Managing Director in Southern Power Tech Ltd. a company engaged in the business of high-pressure water technology system from 1996 to 2000. She gained varied technical know how in engineering sector during her tenure as managing director in the said company.

In the year 2000, Shriram EPC Limited was incorporated by merging the cooling tower division and the water treatment division of Shriram group as an independent entity. Mrs Vatsala Ranganathan was one of the first person in the board of that company. She was instrumental in the execution of the early turnkey projects as well as Human resource management.

In the year 2005 she was one of the co-acquirers of Khatoo Synthetics Limited, now known as Ennore Coke Limited

Presently she is a non-executive independent director in unlisted companies namely Malos Infrastructure Ltd., Lepakshi Power Projects Ltd. Ennore Power and Coke Pvt. Ltd., Haldia Coke and Chemicals Ltd., Southern Powertech Equipments Pvt. Ltd and she is a Whole Time Director in Shriram EPC Ltd.

Mr. M. R. Rajagopal

Mr. M.R. Rajgopal, aged 62 years, is a graduate in Mechanical Engineering having 42 years of experience in the design, development of coke oven batteries, steel plants and mining sector. He has worked for 26 years with Metrological and Engineering Consultants India Ltd. He has undergone training for coke oven design for a period of one year with GIPROKOKS, Ukrain. He has also worked with Simplex Engineering and Foundry Works Ltd., TTG India Ltd. and Venkatesh Coke Pvt. Ltd. as project head. He has also worked for World Bank funded Coke making Project at Dhaka, Bangadesh. At present, he has been working as a retainer consultant with Shriram EPC Ltd. His knowledge and experience in the technical field would be useful to our Company.

Mr. Amjad Shariff

Mr. Shariff, aged 51 years, is a Chemical Engineer with M.Tech (Chem), IIT, Chennai. He has experience in design and installation of hi-tech projects for a variety of industrial applications in the areas of fertilizer, chemical, ferrous and non-ferrous and other industries. He has specialised in core sector, executing and management of projects, particularly in the industries like steel, copper and power. He has 23 years experience in project execution, sales, marketing and corporate planning.

Some of the major projects handled by him includes turnkey installation of projects for gas handling and treatment of waste gases from copper smelters of M/s. Hindustan Copper Limited, computer controlled state-of-the-art 500 TPD Cattle Feed Plant for M/s. Kerala Feeds Ltd., Kerala, turnkey installation of Fully Automated Gas Handling and Gas Cleaning System for M/s. Sterlite Copper, Tuticorin and setting up of several other projects for reputed Corporate Sectors like E.I.D. Parry, Shaw Wallace, TISCO, Birla Group of Companies and SAIL.

Mrs. Uma Karthikeyan

Mrs. Uma Karhikeyan, aged 26 years, is a Chartered Accountant by profession having 3 years experience in the finance, accounts and taxation. She is a finance consultant providing her services to various corporates.

Mr. Rajeev Agrawal

Mr. Rajeev Agrawal aged about 48 years, is a graduate from Agra University in 1978 and is also a qualified Chartered Accountant since 1983. He started his own practice immediately after his qualification. He has been advisor/financial consultant to various corporate houses all over the country. He is also a partner in a firm of Chartered Accountants, wherein he looks after the audit / internal audit of various companies, medium and large NGOs and US based donor agencies. Mr. Rajeev Agrawal is also a director of various companies involved in information technology, finance & investments and real estate businesses.

Details of the borrowing powers:

The Board of Directors of the Company have the power to borrow up to Rs. 500 crores (Rupees Five Hundred Crores only) as per the resolution passed u/s 293(1)(d) of the Companies Act, 1956 at the Company's EGM held on 5th January 2006.

2. Compensation To Managing Director & Other Whole Time Directors

At present, our Company has not appointed any Managing Director or Whole Time Director as our Company has a paid up capital of Rs. 50 Lakhs only whereas the statutory requirement under Section 269 of the Companies Act, 1956 is Rs. 5.00 Crores. Pursuant to the present Rights Issue, our Company shall be required to adhere to the above provision by appointing a Managing Director or Whole Time Director and their compensation will be fixed at the appropriate time in accordance with the Statutory Provisions.

3. CORPORATE GOVERNANCE

Good Corporate Governance shall be the main focus of our Company - which is a key driver of sustainable corporate growth and long-term value creation.

The Company has been following the principles of Corporate Governance by placing emphasis on transparency, accountability and integrity so as to enhance value of all stakeholders, employees, creditors, customers and society at large.

In so far as compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange is concerned, the Company is in compliance with the norms and disclosures that have to be made as per these provisions.

Composition

The Board of Directors of the Company is comprised of directors as under:

Sr. No.	Name of the Director	Status
1)	Mrs. Vatsala Ranganathan	Promoter (Non Executive Director)
2)	Mr. Rajeev Agrawal	Independent Director
3)	Mr. M.R.Rajgopal	Independent Director
4)	Mr. Amjad Shariff	Nominee of promoter Shriram EPC Ltd., (Non Executive Director)
5)	Mrs. Uma Karthikeyan	Independent Director

Audit Committee

The audit committee is primarily responsible for overseeing 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 Committee consists of Non-Executive as well as Independent Directors as under:

Name of the Directors	Designation	Nature of Directorship
Mr. Rajeev Agrawal	Chairman	Independent & Non Executive Director
Mrs. Uma Karthikeyan	Member	Independent & Non Executive Director
Mr. M. R. Rajgopal	Member	Independent & Non Executive Director

Shareholders / Investor Grievance Committee

The Company has a Shareholders Grievances Committee to redress the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of dividend etc. The Committee comprises of the following persons:

Name of the Directors	Designation	Nature of Directorship
Mr. Rajeev Agrawal	Chairman	Independent & Non Executive Director
Mr. M. R. Rajgopal	Member	Independent & Non Executive Director
Mrs. Vatsala Ranganathan	Member	Promoter and Non-Executive Director

The Company has satisfactorily redressed all the grievance or complaints received from the shareholders up to the 31st December 2006.

Remuneration Committee

The Company has duly constituted Remuneration Committee, which is framing Company's policies in regard to remuneration of whole-time director (s) and senior managerial functionaries, evaluating the performance and recommending the compensation payable to such whole-time directors/ senior managerial functionaries to the Board of Directors of the Company for final approval. The Committee comprises of following directors as under:

Name of the Directors	Designation	Nature of Directorship
Mr. M. R. Rajgopal	Member	Independent & Non Executive Director
Mr. Rajeev Agrawal	Member	Independent & Non Executive Director
Mrs. Uma Karthikeyan	Member	Independent & Non Executive Director

Advisory Board

Apart from above, our Company, with a view to have continuous guidance and advise for the new activity in respect of the project, has set up an Advisory Board consisting of eminent personalities in the field of industrial entrepreneurship, technical, finance, insurance, etc. as under:

1. Mr. R. Thyagarajan
2. Mr. U. Banerjee
3. Mr. P. N. Devrajan

1) Mr. R. Thyagarajan is a pioneer in the Indian Chit Fund industry. He is founder-Chairman of Shriram Group of companies having varied interest in finance, vehicle finance, industrial ventures, etc. He is an associate member of Chartered Insurance Institute, London.

2) Mr. U. Banerjee, a Graduate of Science in 1956 followed by Graduation in Chemical Engineering, has over 4 decades of experience in various Companies of repute. Mr. Banerjee was instrumental in setting up various coke plants in the country. His experience and knowledge in the coke industry would be beneficial to the Company.

3) Mr. P. N. Devrajan, a Chemical Engineer by profession and a retired officer of Reserve Bank of India, has vast experience of various industries. He has held very senior position in many large companies in the country. He is also a chairman of Shriram EPC Ltd., Promoter of our Company.

Our Company is benefited by the valuable advice of advisory board to implement and formulate the business model of coke & power projects of the Company.

4 <u>SHAREHOLDING OF DIRECTORS</u>

The details of shareholding of directors of the Company are as under:

Sr. No.	Name of the Director	No. of shares held	% of total holding
1	Mrs. Vatsala Ranganathan	1,20,000	24%
2	Mr. Rajeev Agrawal	Nil	–
3	Mr. M.R.Rajgopal	Nil	–
4	Mr. Amjad Shariff	Nil	–
5	Mrs. Uma Karthikeyan	Nil	–

Qualification shares required to be held by the directors

As per the amended Clause 91 of the Articles of Association of the Company, No qualification share is required to be held for being appointed as or holding the office of a Director of the Company.

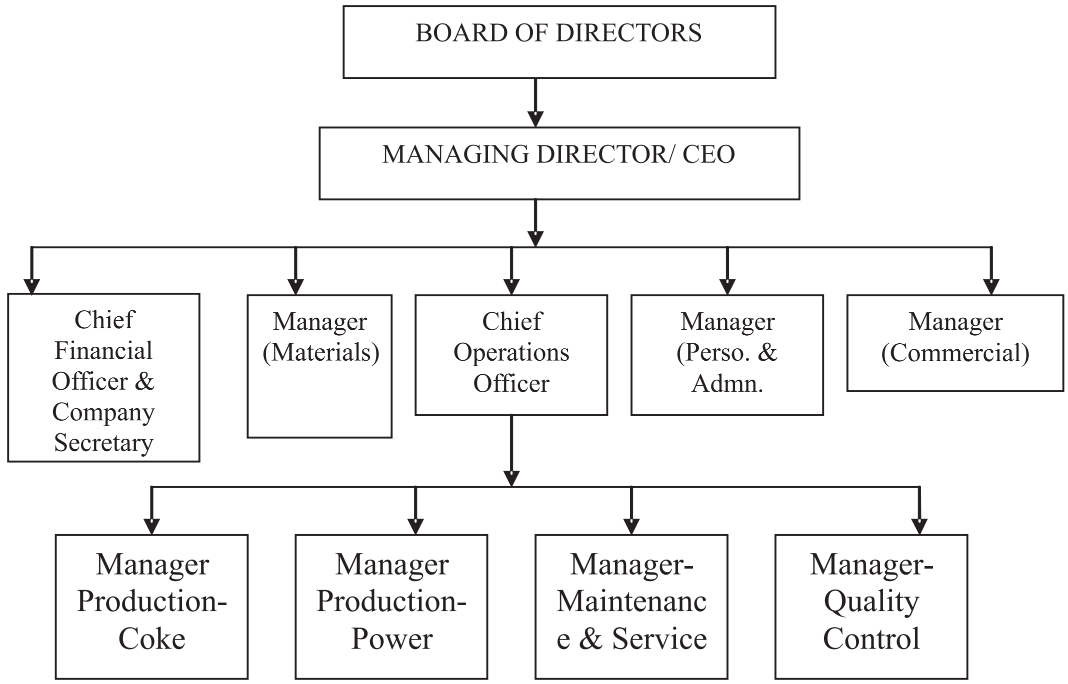
5 <u>INTEREST OF DIRECTORS:</u>

Mrs. Vatsala Ranganathan is a Chairperson and Director of our Company. She is also a Director on the Board of Directors of EPCPL.

6 <u>CHANGES IN THE DIRECTORS IN LAST THREE YEARS:</u>

Name of Director	Date of Appointment	Date of ceasing	Reason
Mr. Jugal Kishore Agarwal	31-10-2003	5-12-2005	Change in Management
Mr. Navin Agarwal	3-10-2000	5-12-2005	Change in Management
Mr. S.S. Gaur	25-2-1985	31-7-2004	Personal
Mr. R.P. Agarwal	30-3-1992	31-7-2004	Personal
Mr. Pravin Agarwal	12-6-1997	5-12-2005	Change in Management
Mrs. Usha Venkatramani	5-12-2005	14-1-2006	Personal
Mr. R. Dakshinamurthy	5-12-2005	14-1-2006	Personal
Mr. Amjad Shariff	16-1-2006	–	Nominee of Promoter
Mr.M.R.Rajgopal	16-1-2006	–	Broad basing of BOD
Mr. Rajeev Agrawal	16-1-2006	–	Broad basing of BOD
Mr. Vatsala Ranganathan	5-12-2005	–	Promoter – Director
Mrs. Uma Karthikeyan	16-1-2006	–	Broad basing of BOD

7 **MANAGEMENT ORGANIZATION CHART (PROPOSED)**



MANAGERIAL PERSONNEL:

At present, our Company has not been pursuing any business activities except trading of coke and coal and therefore does not have any Key Managerial Personnel except the Chief Executive Officer and Company Secretary. As mentioned earlier, our Company proposes to acquire the met coke project from EPCPL who have already appointed various technical, financial and other key executives to implement the coke project. Our Company proposes to absorb these executives and workmen at the time of acquisition of the coke project from EPCPL and the necessary condition has been duly incorporated in BTA. Our Company has already received the consent letters from the employees mentioned above for their transfer from EPCPL to our Company on the same terms and conditions as applicable to their employment with EPCPL. Profile of the present key managerial personnel is given below:

Name & Qualification	Age (years)	Name of Duties/ Designation	Previous Experience (Aggregate)	No of years in the present Employment (years)	Date of Commencement of employment	Last Employment held/organization
Mr. K. Rajgopal C.A., C.S.	46	Company Secretary, Company matters, Finance, Legal etc.	21	9 month	5th Dec 2005	GM & Company Secretary, Haldia Coke and Chemicals Ltd.
Mr. Ravi Mittal	49	Chief Executive Officer Overall Management	27	7 months	1st March, 2006	MD, Shri Acids & Chemicals Ltd.

SHAREHOLDING OF KEY MANAGERIAL PERSONNEL AS ON 9/10/2006

Sr. No.	Name of the Key managerial person	No. of Shares held
1.	Mr. K. Rajgopal	Nil
2.	Mr. Ravi Mittal	Nil

BONUS OR PROFIT SHARING PLANS FOR THE KEY MANAGERIAL PERSONNEL

The Company offers no Bonus or Profit Sharing Plan for its Key Managerial Personnel of the Company.

LOANS TO KEY MANAGERIAL PERSONNEL

There are no loans outstanding from any of the key managerial personnel

CHANGES IN THE KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

Sr. No.	Name	Designation	Date of Appointment	Date of Resignation	Remarks
1.	Mr. K.Rajgopal	Company Secretary	5th December, 2005	–	Appointed
2.	Mr. Ravi Mittal	Chief Executive Officer	1st March, 2006	–	Appointed

ESOS / ESPS Scheme to Employees of the Company

The Company has so far not allotted any shares to any of its employees under ESOS / ESPS scheme. The Company does not intend to allot any shares to its employees under ESOS / ESPS scheme for the proposed issues.

VI. PROMOTER AND PROMOTER GROUP:

Background of Promoters:

Mrs. Vatsala Ranganathan

Mrs. Vatsala Ranganathan (54) is a Chairperson of the Board of Director of Ennore Coke Ltd. She is a postgraduate in Economics Research from Ethiraj College Chennai in the year 1974. She started her career as teacher and became Head Mistress.

In the year 1984, she joined Shriram Investments Limited as General Manager, Marketing in Chennai. Subsequently, she was involved in the Human Resource Management and training of employees of the Shriram group. In the year 1987, she had become President of Shriram Group consisting of three companies viz. Shriram Investments Limited, Shriram City Union Finance Limited and Shriram Transport Finance Limited. She was also in charge of All India Marketing Teams consisting of four regions. During her tenure as Group President, Shriram Investment Limited, one of the group company had done a maiden Initial public offering.

In the year 1994, she retired as a president of the group. However, she continued to act as a group advisor. Apart from other assignments, she has contributed in the departmental sectioning of three companies and played an active role in reengineering one of group supported company viz. M/s. Standard machine Tools Ltd., in order to turn in to a profitable venture during her tenure as Group Advisor.

Passport No. : F0316385

PAN : AANPR4879F

Shriram EPC Ltd. (SEPCL)

a) Shriram EPC Limited is a closely held public limited company incorporated on 12th June, 2000 under the Companies Act, 1956, having its registered office at Mookambika Complex, 4th Floor, No. 4, Lady Desikachary Road, Mylapore, Chennai – 600 004.

b) SEPCL belongs to Shriram Group of companies. The Promoters of SEPCL were Shriram Industrial Holdings Pvt. Ltd., Shriram Group Executive Welfare Trust, Shriram Consumer Durable Leasing Co. Ltd. and Shriram Hire Purchase and Investments Ltd. There was inter-se change in the promoters within the promoters group and the present promoters of SEPCL are Shriram Industrial Holding Ltd. and Shriram Auto Finance. The present directors of SEPCL are Mr. P.N.Devarajan, Mrs. Vathsala Ranganathan, Mr. S R Ramakrishnan, Mr. Major General Retd. A L Suri , R Sundarrajan and Mr. Robin Shalabh Chandra.

c) SEPCL is presently engaged in the business of engineering projects and implementing turnkey projects. SEPCL was incorporated for conducting its business activities in the field of power (renewable energy from bio-mass and wind), environmental engineering (ETP and waste water treatment plants), metallurgical sector (coke oven plant machinery), pipe rehabilitation, manufacturing of cooling towers, multi-disciplinary design, engineering, procurement, construction and service support across the various segment of engineering and chemical industries on turn-key project basis. SEPCL, in a short span of time, has undertaken various turnkey projects in the field of power, water distribution and water pipeline rehabilitation, special projects such as manufacturing and installation of coke-oven plants, cattle-feed plant, ammonia stripping plant, steel bar & rolling mill, material handling equipments, cooling tower projects, bio-mass power & wind energy generators and modernization and expansion of projects in the metallurgical industry such as aluminium, steel and other metals.

d) The paid up share capital of SEPCL as on 31st March, 2006 is Rs. 2024.52 Lakhs as equity share capital and convertible preference share capital of Rs. 1762.26 lakhs. Around 99.00% of equity share capital is held by Promoters and rest by non-promoter individuals/companies.

e) Names of Major Clients of SEPCL

Power Projects

1. Rithwik Power Projects Limited, Khammam, Andhra Pradesh.
2. Shalivahana Constructions Limited, Ramagundam, Andhra Pradesh
3. Ravikaran Power Project, Karnataka.
4. Grasim Industries Ltd., (Birla White), Jodhpur

5. Lakshmi Overseas Industries Ltd., Chandigarh
6. ETA Powergen Pvt. Ltd., Chennai

Water & EFFLUENT

1. Tamilnadu Water & Drainage Board,
2. Karnataka Urban Water Supply Drainage Board
3. E.I.D. Parry India Ltd., Chennai
4. Oil & Natural Gas Corporation
5. Ahmedabad Urban Development Authority,
6. Gujarat Water Supply & Sewerage Board

f) There was no change of management in SEPCL. Further, SEPCL is not a listed company.

g) Name and Residential Address of the Board of Directors of SEPCL are as under:

Sr. No.	Name	Address	Designation
1.	P.N.Devarajan S/o. Mr. Narayan Swamy	A-13, 2nd Floor, Nav Munjal Nagar- 2, Chembur, Mumbai – 400 089	Chairman
2.	Vathsala Ranganathan W/o Mr A R Ranganathan	No:15, Sarangapani Street T Nagar Chennai 600 017	Whole Time Director
3.	S R Ramakrishnan S/o Late S R R Thathachariar	No.1005 Nanda Kaushambi Apartments Sahibabad 201 010	Director
4.	Major General A L Suri (Retd) S/o Late Mr Ram Lal Suri	C-485 Defence Colony New Delhi 110 024	Director
5.	R Sundararajan S/o Late Sarangapani Rangaswamy	30 A Davis Road Coke Town Bangalore 560 084	Director
6.	Robin Shalabh Chandra S/o Sushil Chandra	Permanent Address:535 Middlefield Road Suite 245, Menlo Park, CA 94025 United States Address in India Hilton Towers, Room No.1226 Nariman Point Mumbai 400 021	Director

h) The summarized financial statements of SEPCL are as follows:

Profit and Loss Statement

(Rs. in Lakhs)

Profit & Loss Statement	**31st March, 2004**	**31st March, 2005**	**31st March, 2006**
Income from operations	2135.66	7427.37	14111.10
Other Income	52.51	30.08	96.95
Total Income	2188.17	7457.45	14208.06
Total Expenditure	2123.88	6738.49	12799.36
Profit Before Depreciation Interest and Tax (PBIDT)	64.29	718.96	1408.70
Depreciation	12.56	93.47	91.75
Interest	1.89	354.68	383.96

Profit & Loss Statement	31st March, 2004	31st March, 2005	31st March, 2006
Profit Before Tax (PBT)	48.54	270.81	932.99
Provision for Tax	3.83	60.00	245.60
Deferred Tax	19.85	33.28	(60.16)
Net profit	24.88	177.54	747.55
Less: Additional Amortization of Technical Know-how	—	19.86	NIL
Net profit transferred to Balance sheet	24.88	157.68	747.55

(b) Balance Sheet Statement

(Rs. in Lakhs)

Balance Sheet Statement	31st March 2004	31st March 2005	31st March 2006
Sources of Funds	——	——	——
Paid up share Capital	1980.00	2024.52	3786.78
Reserves & Surplus (excluding Revaluation Reserves but including Share Application Money)	66.12	3236.72	12222.00
Deferred Tax Liability	39.42	82.21	22.05
Net Worth	**2033.55**	**2250.45**	**14153.68**
Secured Loans	25.84	1585.56	4409.57
Unsecured Loans	0.00	855.00	50.00
Total	**2111.38**	**7784.01**	**20490.42**
Use of Funds			
Net Fixed Assets	365.05	908.82	908.68
Investment	650.00	512.91	515.15
Net Current Assets	1083.76	6351.50	18973.74
Total Misc. Exp. Not written off	12.58	10.78	92.83
Profit & Loss A/c.			
Total	**2111.39**	**7784.01**	**20490.42**
Net Worth	**2033.55**	**2250.45**	**14153.69**
Other Financial Data	**For the Year 2004**	**31st March 2005**	**31st March 2006**
Dividend (%)	Nil	Nil	Nil
Earning Per Share	0.13	0.86	3.69
Return on Net worth	1.22%	3.23%	5.28%
Book Value Per Share	10.27	26.58	61.21

Source: The above financial data has been taken from the audited annual accounts of SEPCL for the year 2003 – 2004, 2004 – 2005 and 2005-2006.

Declaration:

The Permanent Account Number, Bank Account Number and Passport No. of Mrs. Vatsala Ranganathan have been submitted to the stock exchanges on which securities are proposed to be listed at the time of filing the Letter of Offer with them. The details of the litigation, disputes towards tax liabilities or criminal/civil prosecution/complaint against the above-mentioned promoters have been disclosed in the chapter "Outstanding Litigation, Defaults and Material Developments".

Common Pursuit

The business of the Company and the activities of the Promoters are not common.

Particulars of nature and extent of interest, if any, of the Promoters:

a) In the promotion of the Company:

Mrs. Vatsala Ranganathan and SEPCL are interested in the growth of the Company and enhancing the value of their shareholdings in the Company. However, SEPCL is also the promoter of EPCPL with which our Company has entered the Business Transfer Agreement dated May 15, 2006 for the acquisition of the coke project, the consideration of which is to be paid out of the proceeds of this Rights Issue.

Further, SEPCL shall also be carrying out or executing the power project of our Company on a turnkey basis.

PAYMENT OR BENEFIT TO PROMOTERS OF THE COMPANY:

There is no other payment or benefit being given to the Promoters of our Company apart from the ones disclosed in this Letter of Offer.

RELATED PARTY TRANSACTIONS:

The details of related party transactions, if any, are mentioned in Annexure IV to the Auditor's Report of this Letter of Offer. However, these transactions have been entered by the erstwhile management of the Company.

VII. <u>CURRENCY OF PRESENTATION:</u>

Only one standard financial unit i.e. “Lakhs or “Lacs” are used in this Letter of Offer.

VIII. DIVIDEND POLICY:

The Company has not paid any dividend to the shareholders since incorporation.

(I) FINANCIAL INFORMATION OF THE COMPANY

AUDITOR'S REPORT

To
The Board of Directors
Ennore Coke Limited,
(Formerly Khatoo Synthetics Limited)
304, Shivshakti Building,
J.P Road, Andheri (W),
Mumbai – 400 053

Dear Sirs,

As required by Part II of Schedule II of the Companies Act, 1956 and Guidelines titled Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by the Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, we have examined the financial information contained in the statements annexed to this report which is proposed to be included in the Letter of Offer of Ennore Coke Limited, (Formerly Khatoo Synthetics Limited) ("the Company") in connection with the proposed Rights issue and we report that:

The Company

1.0 We have examined the 'Statements of Adjusted Profits and Losses' of the Company for the and the year ended March 31, 2002, 2003, 2004, 2005, 2006 period ended 30th November 2006and the 'Statements of Restated Assets and Liabilities' as at those dates enclosed as Annexure I and Annexure II to this report and confirm that

(i) These statements, subject to our observations vide paragraphs 1.01 below, reflect the profits and losses and assets and liabilities for each of the relevant periods as extracted from the profit and loss account for the accounting years ending on March 31, 2002, 2003, 2004, 2005, 2006 30th November 2006 and the Balance Sheet as at March 31, 2002, 2003, 2004, 2005, 2006 30th November 2006 audited by us, after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.10.2.7 of the Securities and Exchange Board of India (Disclosures and Investor Protection) Guidelines, 2000.

(ii) The Significant Accounting Policies and the Notes to the 'Statement of Adjusted Profit and Losses' and 'Statement of Adjusted Assets and Liabilities' are enclosed as Annexure III to this report.

1.01 As per the practice of the Company, gratuity was accounted on payment basis. During the year ended 31st March 2006 the Company has accounted the present liability towards future payment of liability to the employees covered under the Payment of Gratuity Act. However the said liability has not been accounted and quantified in the absence of the relevant data for accounting years ending on March 31, 2002, 2003, 2004, and 2005. Therefore the effect of this on the profit (loss) for those years could not be ascertained.

2.0 We have examined the accompanying 'Statement of Related Party Disclosure' for the accounting years ended March 31, 2004, 2005, 2006 enclosed as Annexure IV to this report and confirm that the relationships and transactions between the Company and its related parties have been appropriately reported in accordance with Accounting Standard 18-Related Party Disclosures issued by the Institute of Chartered Accountants of India.

3.0 We have examined the Statement of Accounting Ratios of the Company in respect of each of the years ended March 31, 2002, 2003, 2004, 2005, 2006 and 30th November 2006 enclosed as Annexure V to this report and confirm that they have been correctly computed from the figures as stated in the 'Statements of Adjusted Profits and Losses' and 'Statement of Adjusted Assets and liabilities' of the Company referred to in paragraph 1.00 above and read with notes appended in Annexure III.

4.0 We have examined the Statement of dividend paid by the Company in respect of each of the years ended March 31, 2002, 2003, 2004, 2005, 2006 and 30th November 2006 on the shares of the Company, enclosed as Annexure VI to this report and confirm that the company has not proposed, declared and paid dividend in respect of each of those years.

5.0 We have examined the 'Statement of Tax Shelter' for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and 30th November 2006 enclosed as Annexure VII of this report, which in our opinion correctly reflects the 'Tax Shelter' for each of those years.

6.0 We have examined the 'Capitalization Statement' enclosed as Annexure VIII to this Report and report that it correctly records the matters stated therein.

7.0 We have examined the 'Cash Flow Statement' in respect of the years ended March 31, 2002, 2003, 2004, 2005, 2006 and 30th November 2006 enclosed as Annexure IX to this report and confirm that, in our opinion, these statements have been prepared by the Company in accordance with the requirement of Accounting Standard 3-Cash Flow Statements issued by the Institute of Chartered Accountants of India.

8.0 We have examined the accompanying 'Statement of Segment Results' for the years ended March 31, 2004, 2005, 2006 enclosed as Annexure X to this report and confirm that statement has been prepared in accordance with Accounting Standard 17-Segment Reporting issued by the Institute of Chartered Accountants of India.

9.0 The Company has discontinued the business of hiring of Forklift from March 31, 2003, and there is a significant fall in the revenue from brokerage and commission from March 31, 2005. The company has started business of Coal and coke from 31st March 2006. These are the material period ended 30th November 2006changes in the activities of the company which may have a material effect on the statement of profitability in the years ended March 31, 2003, 2004, 2005, and 2006.

In our opinion the above financial information of the company read with significant accounting policies attached in Annexure III to this report, after making adjustments and re-grouping and *subject to our observations in paragraph 1.01* as considered and appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI guidelines. We hereby further confirm that all the notes to accounts and significant accounting policies and auditors qualification have been incorporated. Further there is no other material note which has bearing on the financial status of the Company. We also confirm that there are no changes in the activities of the company which may have had the material effect on the statement of profitability of the company *except as mentioned in para 9.0 above.*

This report is intended solely for your information for inclusion in the Letter of Offer in connection with the proposed Rights issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For R.Ravindran & Associates
Chartered Accountants

R.Ravindran
Proprietor
Membership No. 23829

Chennai – 600 064

20th December 2006

ANNEXURE I- STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Amount in Rs.)

	30th Nov	**FOR THE YEAR ENDED 31st MARCH**				
	2006	**2006**	**2005**	**2004**	**2003**	**2002**
SOURCES OF FUNDS:						
Share Capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Profit and Loss Account	340,816	336,966				
Secured Loan						
Car Term Loan from Citi Bank	-	-	357,185	460,101	550,269	-
(On Hypothecation of Motor Car)						
Deferred Tax Balances (Net)	(3,770)	(3,770)	(138,415)	12,149	37,641	(218,925)
Total	**5,337,046**	**5,333,196**	**5,218,770**	**5,472,250**	**5,587,910**	**4,781,075**
APPLICATIONS OF FUNDS:						
Fixed Assets (At Cost)						
Gross Block	39,000	39,000	866,178	818,641	1,453,641	808,134
Less: Depreciation upto date	3,945	3,945	454,002	327,614	643,180	491,769
Net Block	35,055	35,055	412,176	491,027	810,461	316,365
Capital work in Progress	4,403,824	3,936,490	-	-	-	-
Investment	-	-	12,500	8,988	15,700	15,875
Current Assets, Loans and Advances :						
Inventories	-	-	2,846,124	3,315,654	2,203,032	1,899,073
Sundry Debtors (Note – 1)	960,540	10,038,540	-	122,148	291,669	65,328
Cash and Bank Balances	75,941	11,140	81,073	118,320	126,677	59,559
Loans and Advances	271,409	199,171	1,937,730	1,836,916	1,513,718	1,367,775
	1,307,890	10,248,851	4,864,927	5,393,038	4,135,096	3,391,735
Less: Current Liabilities and Prov.	1,598,396	8,887,200	414,763	634,573	273,701	109,697
Net Current Assets	(290,506)	1,361,651	4,450,164	4,758,465	3,861,395	3,282,038
Miscellaneous expenses	1,188,673					
Profit and Loss Account			343,930	213,770	900,354	1,166,797
Total	**5,337,046**	**5,333,196**	**5,218,770**	**5,472,250**	**5,587,910**	**4,781,075**

Note – 1: The debtors outstanding as on 30th November, 2006 are outstanding for less than 30 days.

ANNEXURE II- STATEMENT OF PROFIT & LOSS A/C AS RESTATED

(Amount in Rs.)

	30th Nov	FOR THE YEAR ENDED 31st MARCH				
	2006	2006	2005	2004	2003	2002
INCOME						
Sales - Shares & Securities	-	5,273,949	3,796,617	9,047,596	2,929,359	867,581
Sales - Coal and Coke	1,470,000	9,918,000	-	-	-	-
Other Income	-	56,834	367,806	1,757,802	2,170,354	1,938,185
Increase / (Decrease) in Stock	-	(2,846,124)	(469,530)	1,112,622	303,959	336,010
Total	**1,470,000**	**12,402,659**	**3,694,893**	**11,918,020**	**5,403,672**	**3,141,776**
EXPENDITURE						
Purchase - Shares & Securities	-	1,231,200	2,980,515	8,928,596	3,038,037	1,165,702
Purchase - Coal and Coke	1,135,680	8,630,556	-	-	-	-
Personnel Expenses	-	263,889	312,634	757,227	849,188	900,480
Administrative other Expenses	325,634	1,169,459	506,836	902,961	738,728	554,431
Financial Charges	-	17,607	49,244	67,122	17,848	2,650
Depreciation	-	7,912	126,388	226,355	151,411	206,826
Total	1,461,314	11,320,623	3,975,617	10,882,261	4,795,212	2,830,089
Profit / (Loss) Before Tax	**8,686**	**1,082,036**	**(280,724)**	**1,035,759**	**608,460**	**311,687**
Provision for Tax						
Current Tax						
- for current year	2,924	230,906	-	374,668	85,450	19,180
- for earlier years		-	-	-		
Deferred Tax		134,645	(150,564)	(25,493)	256,566	98,717
Fringe Benefit Tax	1,912	35,589	-	-	-	-
Profit / (Loss) After Tax before extra-ord.items	**3,850**	**680,896**	**(130,160)**	**686,583**	**266,444**	**193,790**
Prior Period Expenses	-	-	-	-	-	-
Net Profit After Tax	**3,850**	**680,896**	**(130,160)**	**686,583**	**266,444**	**193,790**
Balance brought forward	336,966	(343,930)	(213,770)	(900,354)	(1,166,797)	(1,678,229)
Deferred Tax Assets	-	-	-	-	-	317,642
Balance carried to Balance Sheet	**340,816**	**336,966**	**(343,930)**	**(213,770)**	**(900,354)**	**(1,166,797)**

Note:

1. **Reason for Sudden Decrease in Gross Assets from the year 2005 to 2006**

   Before entering into the Share Purchase agreements in August 2005, the earlier management had taken a policy decision to sell or otherwise dispose off all fixed assets of the Company during the year and accordingly, the fixed assets of the company were disposed off, which has been shown as Sale of Fixed Assets under the heading "Cash flows from Investing Activities" in the Cash Flow given at Page no. 97 of the Section- "Financial Information of the Company".

   Subsequent to the formal takeover in December, the New Management has made some start-up investments in fixed assets and accordingly fixed assets worth Rs. 39000 has been shown as "Gross Block of Fixed Assets" under the Heading – "Application of Funds" for the year 2005-06 in the Restated Balance Sheet.

2. **Reason for Sudden Increase in Current Liabilities from the year 2005 to 2006**

   After takeover of management and change of Object clause in Jan 2006, the new management has forayed into trading of coke with significant volumes, which has resulted in corresponding increase in current liabilities of the Company.

ANNEXURE III

SIGNIFICANT ACCOUNTING POLICIES OF ADJUSTED PROFIT AND LOSS ACCOUNT AND STATEMENT OF ASSETS AND LIABILITIES OF ENNORE COKE LIMITED

(A) SIGNIFICANT ACCOUNTING POLICIES

1. **Accounting Convention**

The Financial Statements have been prepared under the Historical Cost convention on the basis of a going concern in accordance with the accounting standards referred to in section 211(3C) of the Companies Act 1956.

The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis

2. **Fixed Assets**

Fixed Assets are stated in accordance with AS10 at cost less accumulated Depreciation. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

3. **Depreciation**

Depreciation is provided in line with AS6 at the rates specified in Schedule XIV of the Companies Act, 1956 on Written Down Value Method.

4. **Revenue Recognition**

Sales are recognized on transfer of goods to the customer.

Brokerage and Commission Income is recognized on rendering service to the customers

Dividend is recognized when the right to receive the dividend is unconditional

5. **Retirement Benefits**

Contribution to Provident Fund and other recognized funds are charged to Profit and Loss account.

Gratuity Liability is provided on the basis of actuarial valuation.

The company is not providing Leave encashment benefit to employees hence no provision is required to be made.

6. **Inventories**

All inventories are valued vide AS 2, at lower of cost or estimated net realizable value. Cost is determined on weighted average basis.

7. Investments

Investments are considered as long term and in accordance with AS13 paragraph 17, are stated at cost. Any decline in their value other than temporary is charged to profit and loss account.

8. Taxes on Income

Current tax is determined at the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence on timing difference, being the difference between taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

9. Operating Leases

Lease of assets under which all the risk and rewards of ownership are effectively retained by the Lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

10 **Impairment of Assets**

The Company identifies impairable assets at the year end in terms of Para 5 of AS 28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and the recoverable value of relevant assets. Impairment loss when crystallizes is charged against revenue of the year.

Provisions

A provision is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligations, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Earning per Share

Basic earnings (loss) per share are calculated as enumerated in AS20 paragraph 5, by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

(B) NOTES TO THE "STATEMENT OF ADJUSTED PROFIT AND LOSSES AND STATEMENT OF ADJUSTED ASSETS AND LIABILITIES OF ENNORE COKE LIMITED

As required by Clause No. (b) Of paragraph 6.10.2.07 of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 the Statement of Adjusted Assets and Liabilities as at 30th November 2006, 31st March 2006, 31st March 2005, 31st March 2004, 31st March 2003, 31st March 2002 and 31st March 2001 as well as Statement of Adjusted Profit and Loss Account for the year ended 30th November 2006, 31st March 2006, 31st March 2005, 31st March 2004, 31st March 2003, 31st March 2002 and 31st March 2001 have been adjusted for all change in accounting policies and for audit qualifications except in case of accounting for gratuity as stated in paragraph 1.01 of our report.

As per the practice of the Company, gratuity was accounted on payment basis. During the year ended 31st March 2006 the Company has accounted the present liability towards future payment of liability to the employees covered under the Payment of Gratuity Act. However the said liability has not been accounted and quantified in the absence of the relevant data for accounting years ending on March 31, 2001, 2002, 2003, 2004, and 2005. Therefore the effect of this on the profit (loss) for those years could not be ascertained.

As per information available with the company, no amount is due to Small Scale Ancillary Industrial Undertakings.

(i) In the opinion of the Board of Directors, the Current Assets, Loans and Advances shown are of the approximate value, if realized, in the ordinary course of business and adequate provisions are made for all known liabilities.

(ii) Debit and Credit balances are subject to confirmation and reconciliation (if any).

(iii) Previous years' figures are regrouped, rearranged, or recasted wherever necessary. Figures in bracket pertain to previous years

(iv) As required by the amendment to Clause 32 of the listing agreement vide SEBI circular no. 2 / 2003 of 10th January, 2003, the following disclosure has been made:

Loans and advances in the nature of loans to subsidiaries: **Not Applicable.**

Loans and advances in the nature of loans to associates: **Not Applicable.**

Loans and advances in the nature of loans where there is no repayment schedule, or no interest or interest below Section 372A of the Companies Act, 1956:

Sr. No.	Name	Outstanding as on		Maximum Amount during the year
1	Deluxe Shipping Agency P. Ltd.	31st March 2006	Nil	18,12,685/-

Loans and advances in the nature of loans to firms / companies in which directors are interested:

Sr. No.	Name	Outstanding as on		Maximum Amount during the year
1	Deluxe Shipping Agency P. Ltd.	31st March 2006	Nil	18,12,685/-
		31st March 2005	14,92,685/-	15,20,200/-
		31st March 2004	15,20,200/-	15,52,237/-
		31st March 2003	12,24,022/-	12,24,022/-
2	Deluxe Shipping Agency P. Ltd.	31st March 2006	Nil	Nil
		31st March 2005	Nil	40,000/-
		31st March 2004	Nil	Nil
		31st March 2003	Nil	Nil

(v) Investments by the Loanee in the shares of the Company as on 31st March, 2006: Not Applicable

(vi) The Company has taken office premises on lease under cancelable operating lease agreements that are renewable on a periodic basis at the option of the lessor and the lessee. The initial term of lease is generally for eleven months

For the period aggregate rental expense of all leases i.e. approximately Rs 1,45,000 for year ended 31st March 2006, Rs. 108,000 from 2001-02 to 2004-2005 and in the year 2000-01 the rental expense was Rs 600,000

The Company has accounted for deferred tax in accordance with the Accounting Standard 22 on "Accounting for taxes on income" (AS 22) on the basis of annual profits.

(vii) The Components of deferred tax balance as on 31st March 2006 are as under:

(a) Deferred Tax Assets arising out of timing difference

(Amount in Rs)

	31st March 2006	31st March 2005	31st March 2004	31st March 2003
Other Timing Difference	10,105	149,367	8,573	14,942
Total	**5,857**	**149,367**	**8,573**	**14,942**

(b) Deferred Tax Liability arising out of timing difference

	30th November 2005	31st March 2005	31st March 2004	31st March 2003
Fiscal Allowance on Fixed Assets	7,035	10,952	20,722	52,583
Total	**7,035**	**10,952**	**20,722**	**52,583**

(viii) Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956:

(i) Quantitative Details (as certified by management).

Coal and Coke

For The year ending on 31st March	Opening Stock		Purchase		Sales		Closing Stock	
	Qty (Nos)	Amount in Rs.	Qty (Nos)	Amount in Rs.	Qty (Nos)	Amount in Rs.	Qty (Nos)	Amount in Rs.
2006	0	0	0	8630556	0	9918000	0	0
2005	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0

R.Ravindran
Proprietor
For and on behalf of
R.Ravindran & Associates
Chartered Accountants

Chennai
20/12/2006

For and on behalf of the Board

Director

Director

ANNEXURE-IV: - Related Parties Disclosure

Other Related parties with whom transactions have taken place during the year and Balances outstanding as on the last day of the year.

Other Related Parties: - Deluxe Impex Private Limited, Deluxe Shipping Agency Private Limited, Deluxe Textile Mills Limited, R.V. Syntex Industries.

Directors of Company: - Mr. Jugal Kishore Agarwal, Mr. Navin Agarwal, Mr, Pravin Agarwal (since resigned w.e.f. 5th December 2005)

Relatives of Directors:- Alka Agarwal, Sunita Agarwal, Premlata Agarwal, Mahesh Agarwal, Bajranglal Agarwal

Particular	30-Nov-06	31-Mar-06	31-Mar-05	31-Mar-04	31-Mar-03	31-Mar-02
Sale to and recoveries from						
- Other Related Parties	-	275,590	77,025	1,130,350	499,669	31,840
- Directors	-		-	223,000	200,000	54,000
-Relative of Directors	-		-	425,200	214,500	-
Purchase of Goods & Services						
- Other Related Parties	-	-	-	1,090,650	492,445	99,450
- Directors	-	-	-	2,305,000	204,000	83,240
-Relative of Directors	-	-	-	376,350	210,000	-
Sale of Fixed Assts						
- Other Related Parties	-	10,000	-	-	-	
Loans/Advances given to						
- Other Related Parties	-	590,000	300,000	270,000	1,553,017	400,000
- Directors	-	75,000	-	280,000	-	-
Repayment of Loans/Deposits given to						
- Other Related Parties	-	2,082,685	470,000	100,000	1,553,017	531,515
- Directors	-	75,000	-	280,000	-	-
Loans/Advances received from						
- Directors	-	-	430,000	-	-	30,000
Repayment of Loans/Deposits received from						
- Directors	-	-	430,000	-	-	30,000
Interest Income						
- Other Related Parties	-	-	180,156	158,715	167,764	102,789
Rent						
- Other Related Parties		54,000	108,000	108,000	108,000	108,000
Remuneration						
- Directors	-	-	-	85,150	124,450	151,400
-Relative of Directors	-	-	22,000	252,000	252,000	116,000
Balance outstanding						
Loans/Deposits/Advances given	-	-				1,201,695
Other Related Parties	-	-	1,492,685	1,520,200	1,224,022	
Investments (Trading)	-	-				200,000
Other Related Parties	-	-	625,000	625,000	625,000	
Creditors	-	-	-	-	-	-
Other Related Parties	-	-				
Debtors						
Other Related Parties	120,540	120,540	-	-	-	
Creditors						
Other Related Parties	-	27,000	-	-		

Note: The above transactions were carried out by the erstwhile management of the Company.

ANNEXURE- V

STATEMENT OF ACCOUNTING RATIOS:

	Quarter ended	FOR THE YEAR ENDING 31ST MARCH				
	30th Nov.'06	2006	2005	2004	2003	2002
Earning Per Share (Rs.)	0.01	1.36	(0.26)	1.37	0.53	0.39
Net Assets Value per share (Rs.)	10.68	10.67	9.31	9.57	8.20	7.67
Return on Net Worth	0.001%	13%	(3%)	14%	6%	5%
Equity Shares (No of Shares)	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000
Equity Capital	50,00,000	50,00,000	50,00,000	50,00,000	50,00,000	50,00,000
Net Worth	53,40,816816	53,36,966	46,56,070	47,86,230	40,99,464	38,33,203

ANNEXURE- VI

STATEMENT OF DIVIDEND DECLARED

DIVIDEND PROPOSED &	Quarter ended	FOR THE YEAR ENDING 31ST MARCH				
DECLARED	30th Nov.'06	2006	2005	2004	2003	2002
No. of Equity shares of Rs. 10 each	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000
Rate of Dividend	-	-	-	-	-	-
Interim/Final	-	-	-	-	-	-
Amount of Dividend	-	-	-	-	-	-

ANNEXURE- VII

STATEMENT OF TAX SHELTER

		FOR THE YEAR ENDING 31ST MARCH				
	30th Nov.'06	2006	2005	2004	2003	2002
Profit/Loss as per restated profit	8,686	1,082,036	(280,724)	1,035,759	608,460	311,687
Tax Rate (including Surcharge)%	33.66	33.66	36.59	35.88	36.75	35.70
Notional Tax Payable	2,924	364,213	(102,717)	371,630	223,609	111,272
Adjustments						
Difference in Book Depreciation & Depreciation under income Tax Act.	-	(11,912)	25,224	117,047	3,468	56,459
Other Adjustments	-	38,119	(131,414)	(115,292)	(67,804)	(129,014)
Adjustmnets/ rectification resulting from Auditors Qualification	-	9,600	(45,200)	6,712	175	7,325
Unabsorbded Business/ Depreciation Loss	-	(432,114)			(282,658)	(255,470)
Net Adjustments	-	(396,307)	(151,390)	8,467	(346,819)	(320,700)
Tax Saving on this difference	-	(133,397)	(55,394)	3,038	(127,456)	(114,490)
Total Taxation (Current Tax)	2,924	230,906		374,668	96,153	
MAT TAX	2,924			-	(10,703)	19,180
MAT Credit				-	-	-
Tax on profit	2,924	230,906	-	374,668	85,450	19,180
Tax Provided	2,924	57,600	-	405,000	115,778	28,903
Provision to be made/ reversed	-	173,306		(30,332)	(30,328)	(9,723)

ANNEXURE - VIII

CAPITALISATION STATEMENT

Particulars	Pre issue as on 30th Nov. 06 Adjusted	As adjusted for Issue (Immediately after the Issue)
Short Term Debts	--	-
Long Term Debts	--	13,50,00,000
Total Debts	--	13,50,00,000
Shareholder Fund		
Share Capital	50,00,000	15,50,00,000
Reserves and Surplus (Net of Profit and Loss Credit balance and excluding Revaluation Reserves)	3,59,723	
	15,03,59,723	
Miscellaneous Expenditure	5,25,0000	30,00,000
Total Shareholders Fund/ Net worth	48,34,723	15,23,34,723
Long Term Debt/ Equity Ratio	NA	0.89

ANNEXURE- IX

CASHFLOW STATEMENT (Amount in Rs.)

	30th Nov. 2006	**31st March 2006**	**31st March 2005**	**31st March 2004**	**31st March 2003**	**31st March 2002**
(A) Cash flow from Operating Activities						
Net Profit/(Loss) before Tax	8696	1082037	(280724)	1035759	608460	311687
Adjustment for Depreciation		7912	126388	226355	151411	206826
Dividend		24750	185680	111675	167203	77297
Interest received		0	182126	166966	170619	111005
Profit/(Loss) on Sale of Assets		(25792)	0	(11921)	(80000)	(60129)
Profit/(Loss) on Sale of Investments		9600	31629	0	0	0
Provision for Permanent Diminution in Value of Investments		0	(45200)	6712	175	7325
Provision for Fall in Value of Investments Written back						
Interest Expenss		17182	48609	65437	15489	0
Operating Profit before Working Capital change	8686	1115689	248508	1600983	1033357	654011

	30th Nov. 2006	31st March 2006	31st March 2005	31st March 2004	31st March 2003	31st March 2002
Adjustment for						
Trade & Other receivables	(9635762)	(10191040)	135688	166794	(130020)	487516
Inventories		2846124	469530	(1112622)	(303959)	(336010)
Trade & Other payables	(8112151)	8604316	(104032)	4048	78554	(234448)
Cash Flow before Extra Ordinary item	1532297	2375089	749694	659203	677932	571069
Less : Direct Taxes Paid/Refund etc.		0	(257647)	(42136)	(119938)	(105706)
Net Cash from Operating Activities	1532297	2375089	492047	617067	557994	465363
(B) Casf Flow from Investing Activities						
Proceeds from Sale of Investmens		2900	10059	0	0	0
Proceeds from Sale of Fixed Assets		434001	0	105000	80000	104000
Purchase of Fixed Assets		(39000)	(47537)	0	(645507)	0
Capital work in progress	(803824)	(3936490)				
Loans Given		1492685	27515	(296178)	(122327)	(325511)
Repayment received for Loans Given						
Interest received		0	(182126)	(166966)	(170619)	(111005)
Dividend Received		(24750)	(185680)	(111675)	(167203)	(77297)
Miscellaneous expenses	(663673)					
Net Cash Inflow/(Outflow) from						
Investing Activities	(1467497)	(2070654)	(377769)	(469819)	(1025656)	(409813)
(C)Cash Flow from Financing Activities						
Interest Expenses		(17182)	(48609)	(65437)	(15489)	0
Proceeds from Loan Taken						
Repayment of Loan Taken						
Increase/(Decrease) in Borrowings		(357185)	(102916)	(90168)	550269	0
Net Cash Inflow/(Outflow) from Financing Activities		(374367)	(151525)	(155605)	534780	0
Net Increase/(Decrease) in Cash and Cash equivalents	64800	(69932)	(37247)	(8357)	67118	55550
Cash and Cash equivalents at the beginning of the year	11141	81073	118320	126677	59559	4009
Cash and Cash equivalents at the end of the year	75941	11141	81073	118320	126677	59559

ANNEXURE-X SEGMENTAL REPORTING

The Company's operations comprises of Investment, Brokerage and Commission, Hiring Income and Coal and Coke, which are considered as business segments. As the Company does not have any exports the geographical segmentation is not applicable. In primary segment, revenue and direct expenses which relate to a particular segment and which is identifiable are reported, while the allocable indirect expenses are allocated based on turnover relating to each segment. Certain expenses / income, which are not allocable to any specific segment, are separately disclosed at the enterprise level.

Fixed Assets used in the Company's business have not been identified to any specific business segment as they are used interchangeably between segments. Further cash and bank balances are reported at the enterprise level. Current assets and Current liabilities relating to specific business are identified and reported. Those, which are not identifiable, are reported as common assets/ liabilities.

Information about business segment (information provided) in respect of items for quarter period ended 30th November 2006, year ended 31st March 2006, 31st March 2005, 31st March 2004 and respected assets and liabilities as at 30th June 2006, 31st March 2006, 31st March 2005, and 31st March 2004.

Revenue Segment

		Primary segment			Business Segment											
		Coal and Coke			Investment			Brokerage & Commission			Hiring Income			Total		
Particulars	Nov.-06	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Revenue	1470000	9918000	0	0	5298699	3982297	9159271	0	0	1467240	0	0	0	15216699	3982297	10626511
Direct and Allocated Segment Cost	1135680	9480409	0	0	4521625	4164774	8965367	139618	105376	506554	0	0	5926	14141652	4270150	9477847
Total Cost	1135680	9480409	0	0	4521625	4164774	8965367	139618	105376	506554	0	0	5926	14141652	4270150	9477847
Segment Result	334320	437591	0	0	777074	(182477)	193904	(139618)	(105376)	960686	0	0	(5926)	1075047	(287853)	1148664
Profit before Depreciation, Interest & Tax	8686	437591	0	0	777074	(182477)	193904	(139618)	(105376)	960686	0	0	(5926)	1075047	(287853)	1148664
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	(5926)	7912	126388	226355
Profit before Interest & Tax	8686													1067135	(414241)	922309
Other Unallocable Income	0													32084	182126	178887
Interest	0													17182	48609	65437
Profit before Tax	8686													1082037	(280724)	1035759
Tax	4836													401140	(150564)	349176
Profit after Tax	3850													680897	(130160)	686583
														(0)	0	0

Assets and Liabilities Segment

	Coal and Coke				Investment			Brokerage &Commission			Hiring Income			Common			Total		
	30-Nov-06	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Fixed Assets																			
Gross block					0	0	0	0	0	0	0	0	0	0	866178	818641	0	866178	818641
Less : Depreciation					0	0	0	0	0	0	0	0	0	0	454002	327614	0	454002	327614
Net Block					0	0	0	0	0	0	0	0	0	0	412176	491027	0	412176	491027
Capital WIP					0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fixed Assets					0	0	0	0	0	0	0	0	0	0	412176	491027	0	412176	491027
Investments					2900	12500	8988	0	0	0	0	0	0	0	0	0	2900	12500	8988
Current Assets, Loans & Advances																			
Inventories					141583	2846124	3315654	0	0	0	0	0	0	0	0	0	141583	2846124	3315654
Sundry Debtors					120540	0	0	0	0	122148	0	0	0	0	0	0	120540	0	122148
Cash & Bank Balances					0	0	0	0	0	0	0	0	0	11141	81073	118320	11141	81073	118320
Loans & Advances								0	0	0	0	0	0	199171	1937730	1836916	199171	1937730	1836916
Current Assets					262123	2846124	3315654	0	0	122148	0	0	0	210312	2018803	1955236	472435	4864927	5393038
Less :																			
Current Liabilities								0	0	0	0	0	0	8887200	414763	634573	8887200	414763	634573
Net Current Assets					262123	2846124	3315654	0	0	122148	0	0	0	(8676888)	1604040	1320663	(8414765)	4450164	4758465
Deferred Tax Assets																	(5857)	(138415)	12149
Capital Expenditure					0	0	0	0	0	0	0	0	0	0	47537	0	0	47537	0
Depreciation/ amortisation					0	0	0	0	0	0	0	0	0	7912	126388	226355	7912	126388	226355

Direct Allocable Expenses

		Primary segment						Business Segment								
		Coal and Coke			Investment			Brokerage & Commission			Hiring Income			Total		
Particulars	30 Nov.-06	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004	2006	2005	2004
Business Promotion								139618	0	312159			5926	139618	0	318085
Rent, Rates & Taxes					0	0	0							0	0	0
Fees & Subscription					2287	0	7000							2287	0	7000
Bad Debts									105376	0				0	105376	0
Discount									0	11393				0	0	11393
Depreciation											0			0	0	0
Godown Rent		22500												22500	0	0
Insurance														0	0	0
		22500	0	0	2287	0	7000	139618	105376	323552	0	0	5926	164405	105376	336478
Ration on Total T. O.		65	0	0	35	100	86	0	0	14	0	0	0	35	100	100
		827353	0	0	442014	714729	1142393	0	0	183002	0	0	0	442014	714729	1325395
Direct Cost																
Opening Stock		0	0	0	2846124	3315654	2203032									
Purchase		8630556	0	0	1231200	2980515	8928596									
Closing Stock		0	0	0	0	(2846124)	(3315654)									
		8630556	0	0	4077324	3450045	7815974									

Other Unallocable Income

Particulars	Investments		
	2006	2005	2004
Interest received	0	182126	166966
Sundry Balances W/off	0	0	0
Bad debts recovered	6292	0	0
Profit on Sale of Assets	25792	0	11921
	32084	182126	178887
Other Unallocable Expenses			
Personal Expenses	263889	312634	757227
Administrative & Other Expenses	1169458	506836	902961
Finance Expenses	425	635	1685
Depreciation on Fork Lift	0	0	0
Total Expenses	1433772	820105	1661873
Less : Allocated Expenses	(164405)	(105376)	(336478)
Net Unallocable Expenses	1269367	714729	1325395

II. Financial Information of the Group Companies

Details of the Listed Companies within the Promoter Group Companies

There are no listed Company within the Promoter Group Companies.

Details of the Unlisted Companies within the Promoter Group Companies

Shriram PPR Technologies Pvt. Ltd. (A Subsidiary Company of Shriram EPC Ltd.)

Shriram PPR Technologies Pvt. Ltd. was incorporated on the business of Rehabilitation of Pipes Line including assembling, installing, repairing, altering, desilting, and lining of pipe line, water, sewer and gas pipes, Rehabilitation process including civil works in connection with the above. The Company is promoted by Shriram EPC Limited and it is the wholly owned subsidiary of Shriram EPC Ltd. However, at present, the Company is not carrying on any business activity.

The registered office of the company is situated at 9, Vanagaram Road, Ayanambakkam, Chennai – 600095, Tamilnadu.

The present Authorized Share Capital of the Company is Rs. 6,00,00,000 divided into 60,00,000 equity shares of Re. 10/- each. The issued, subscribed and paid up share capital is Rs. 2,51,00,000 divided into 25,10,000 shares of Rs. 10 each.

Shareholding Pattern of Shriram PPR Technologies Pvt. Ltd. as on 30th September 2006:

Sr. No.	Name of Shareholder	No. of Shares	% of Share Capital
1	Mr. R. Ramesh	3000	0.12%
2	Mr. M. Amjad Shariff	2000	0.08%
3	Mr. T. Shivaraman	2000	0.08%
4	Mr. P. Ashok	2000	0.08%
5	Mr. D. Arivalagan	1000	0.04%
6	Shriram EPC Ltd.	25,00,000	99.60%
	Total	25,10,000	100.00%

Board of Directors of the Company as on 30th September 2006

Sr. No.	Name of the Director
1	Mr. P. Ashok
2	Mr. Santosh Kamat
3	Mr. P.N. Devarajan
4	Mr. Edmund Leo Luksh
5	Mr. Christopher Peter Moritz

Financial Performance:

(Amount in Rs.)

Particulars	Year Ended 31st March, 2005	Year Ended 31st March, 2006
Sales	0.00	0.00
Other Income	0.00	0.00
PAT/(Loss)	(93,32,678)	(2,47,410)
Share Capital	2,51,00,000	2,51,00,000
Reserves & Surplus	0.00	0.00
Debit Bal. Of P & L a/c	95,51,349	97,98,759
NAV	(6.19)	6.10
EPS	(3.72)	(0.10)

Since Shriram PPR Technologies Pvt. Ltd. is an unlisted company, the information regarding the highest and lowest market price of shares as per clause (i) & (j) of 6.10.3.1 of SEBI (DIP) Guidelines is not applicable.

Shriram PPR Technologies Pvt. Ltd. is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Shriram Auto Finance

Shriram Auto Finance is a duly reconstituted partnership firm with effect from 1st December 2004 between Mrs. Vatsala Ranganathan and Mrs. Vidya Narayanswamy for carrying on the business of Hire purchase finance, leasing, real estate, shares, debentures, other securities, agency business and other allied activities. The partnership firm is having Office at 4, Lady Desika Road, Mylapore, Chennai 600004. The profits and losses of the firm is agreed to be divided between Mrs. Vatsala Ranganathan and Mrs. Vidya Narayanswamy in the ratio of 56% and 44% respectively.

Financial Performance:

(Amount in Rs.)

Particulars	**Year Ended 31st March, 2004**	**Year Ended 31st March, 2005**	**Year Ended 31st March, 2006**
Sales	0	0.00	0.00
Interest/Dividend/Other Income	450000	671242	15443
PAT/(Loss)	447224	(10969)	11858
Partners Capital A/c	3000	2000	2000

Shriram Industrial Holdings Pvt. Ltd.

Shriram Industrial Holdings Pvt. Ltd was originally incorporated as a private limited Company on 27th September, 1986 in the State of Tamilnadu. The company was converted into Public Limited Company under the deeming provisions of Section 43(1A) of the Companies Act, 1956 and fresh certificate of incorporation was issued by the Registrar of Companies, Chennai, Tamilnadu on 1st January, 1996. However, due to subsequent inoperation of Section 43(1A) in the year 2000, the company was again converted into Private Limited Company.

The Company is engaged in the business of assisting in establishment, promotion and subsidizing industrial enterprise, companies engaged in industrial, manufacturing, processing or trading or any other business. The company is also engaged in consultancy of industrial, management, technical, financial, personnel and other matters connected to any business or profession.

The registered office of the company is situated at 123, Angappa Naicken Street, Chennai – 600001, Tamilnadu.

The present Authorized Share Capital of the Company is Rs. 2,60,00,000 divided into 16,00,000 equity shares of Re. 10/- each and 10,00,000 15% redeemable preference shares of Rs. 10 each. The existing issued, subscribed and paid up capital is Rs. 2,36,00,000 divided into 13,90,000 equity shares of Rs. 10 each and 9,70,000 15% redeemable preference shares of Rs. 10 each.

Shareholding Pattern of as on 30th September 2006:

Particular	**No. of Shares**
Vatsala Ranganathan	10
Krishnamurthy	10
P. K. Murali	10
R. Ramesh	10
M. V. Seethapathy	10
K. Kannan	10
R. Nagaraja	10
M/s. Shriram City Union Finance Limited	25000
M/s. Shriram Capital Trust Private Limited	8300

R. Vaidyanathan	100
M/s. Shriram Chits Bangalore Private Limited	194000
G. J. R. Krishnan	1100
Smt. Indira Nagarajan	35000
Balahari Investments Private Limited	126430
Shriram Domestic Finance	640000
Shriram Medical Equipment Finance	360000
Total	1390000

Board of Directors of the Company as on 30th September 2006

Sr. No.	Name of the Director
1	S.Venkatakrishnan
2	R.Shankar

Financial Performance:

(Amount in Rs.)

Particulars	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Year Ended 31st March, 2006
Interest/Dividend Income/ Other Income	2,36,659	1,75,485	4205.56
PAT/(Loss)	(56,25,298)	(28,17,735)	(698751.25)
Share Capital	1,36,00,000	2,36,00,000	136951230
Reserves & Surplus	0.00	0.00	0.00
Debit Balance of P & L A/c	1,08,47,476	1,34,89,726	11188477.82
NAV	(17.81)	(0.07)	9.88
EPS	(15.03)	(1.90)	(0.05)

Since Shriram Industrial Holdings Pvt. Ltd. is an unlisted company, the information regarding the highest and lowest market price of shares as per clause (i) & (j) of 6.10.3.1 of SEBI (DIP) Guidelines is not applicable.

Shriram Industrial Holdings Pvt. Ltd. is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Ennore Power & Coke Pvt. Ltd.

Ennore Power & Coke Pvt. Ltd. was incorporated on 7th June 2004 to pursue the business of manufacturing of met coke and power. The Company is promoted by Shriram EPC Limited and Southern Powertech Equipments Pvt. Ltd. Shriram EPC Limited, Haldia Coke and Chemicals Limited and Eye Light Events and Promotions (India) Pvt. Ltd. controls 33.11% each and the balance shares are owned by Mrs. Vatsala Ranganathan, Mr. V. Kanan and Mr. Ramesh Menon. The Company is promoted by Shriram EPC Limited and Shriram EPC Ltd. controls 33.11% equity share capital of the Company. The Company is setting up 1,00,000 TPA coke manufacturing plant at Haldia, West Bengal.

The registered office of the company is situated at 298, SIDCO Industrial Estate North Phase, Ambattur, Chennai – 600098, Tamilnadu.

The present Authorized Share Capital of the Company is Rs. 10,00,00,000 divided into 1,00,00,000 equity shares of Re. 10/- each. The issued, subscribed and paid up share capital is Rs. 7,31,73,500 divided into 73,17,350 shares of Rs. 10 each. The Company made an allotment of 72,67,350 equity shares of Rs. 10 each to Shriram EPC Ltd., Haldia Coke & Chemicals Ltd. and Eye Light Events and Promotions (India) Pvt. Ltd.

Shareholding Pattern of EPCPL as on 30th September 2006:

Sr. No.	Name of Shareholder	No. of Shares	% of Share Capital
1	Mr. Ramesh Menon	1,00,000	0.14%
2	Mrs. Vatsala Ranganathan	2,00,000	0.27%
3	Mr. V. Kanan	2,00,000	0.27%
4	Shriram EPC Ltd.	2,42,24,500	33.11%
5	Haldia Coke and Chemicals Ltd.	2,42,24,500	33.11%
6	Eye Light Events and Promotions (India) Pvt. Ltd.	2,42,24,500	33.11%
	Total	7,31,73,500	100.00%

Board of Directors of the Company as on 30th September 2006

Sr. No.	Name of the Director
1	Mrs. Vatsala Ranganathan
2	Mr. V. Kannan
3	Mr. A.Nagarajan

Financial Performance:

(Amount in Rs.)

Particulars	Year Ended 31st March, 2005	Year Ended 31st March, 2006
Pre-operative Expenses	16,69,010	30,13,699
Preliminary Expenses	-	-
Share Capital	5,00,000	5,00,000

Acquisition of Coke Project out of the proceeds of the Issue from EPCPL

The part of the proceeds of this Issue shall be utilized for the acquisition of the met coke project being set up by EPCPL. EPCPL was incorporated on 7th June 2004 and has not yet earned any income and is presently setting up the met coke project of 100000 TPA at a total cost of Rs. 2500 Lakhs. ECL has proposed to acquire the coke project of EPCPL at cost at the time of acquisition after the Rights Issue of the Company.

Since EPCPL is an unlisted company, the information regarding the highest and lowest market price of shares as per clause (i) & (j) of 6.10.3.1 of SEBI (DIP) Guidelines is not applicable.

EPCPL is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Haldia Coke and Chemicals Ltd.(HCCL)

Haldia Coke and Chemicals Ltd. was incorporated on 17th September 2004 with an object to carry the business of manufacturers, processor, importers, exporters, traders, buyers, sellers, stockist, agents, distributors for coke, coal and suppliers to manufacturing industries like steel, copper, aluminium and carry on the business of managing, owning, controlling, erecting, commissioning, operating plant for the above and also to act as engineering procurement and construction contractorf in connection with engineering. The Company was promoted by Shriram EPC Ltd. and it is the wholly owned subsidiary company of Shriram EPC Ltd. However, at present, the Company is not carrying on any business.

The registered office of the company is situated at 298, SIDCO Industrial Estate North Phase, Ambattur, Chennai – 600098, Tamilnadu.

The present Authorized Share Capital of the Company is Rs. 6,00,00,000 divided into 60,00,000 equity shares of Re. 10/- each. The issued, subscribed and paid up share capital is Rs. 2,61,55,550 divided into 26,15,555 shares of Rs. 10 each.

Shareholding Pattern of HCCL as on 30th September 2006:

Sr. No.	Name of Shareholder	No. of Shares	% of Share Capital
1	K Manoharan	10,000	0.38%
2	R Ramesh	10	0.38%
3	V Kanan	10	0.38%
4	A Nagarajan	10	0.38%
5	M R Rajagopal	10	0.38%
6	Vatsala Ranganathan	5,000	0.19%
7	Amjad Shariff	5,000	0.19%
8	Shriram EPC Limited	25,55,555	97.71%
	Total	26,15,555	100.00%

Board of Directors of the Company as on 30th September 2006

Sr. No.	Name of the Director
1	Mrs. Vatsala Ranganathan
2	Mr. V. Kannan
3	Mr. A.Nagarajan

Financial Performance:

(Amount in Rs.)

Particulars	Year Ended 31st March, 2005	Year Ended 31st March, 2006
Pre-operative Expenses	912882	23,03,831
Preliminary Expenses	47950	47950
Share Capital	26155550	26155550

Since HCCL is an unlisted company, the information regarding the highest and lowest market price of shares as per clause (i) & (j) of 6.10.3.1 of SEBI (DIP) Guidelines is not applicable.

HCCL is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Details of the Listed Companies promoted by or Group Companies of Mrs. Usha Venkatramani, Person Acting In Concert

G.V.Films Limited (GVFL)

Profile

GVFL was incorporated as a Public limited Company on March 7, 1989 in the state of Tamilnadu under the Companies Act, 1956 and received the Certificate for Commencement of Business on 5th April 1989. The company is engaged in the business of production, distribution and exhibition of films. The registered office of the company is situated at No.4, Seshadri Road, Alwarpet, Chennai 600 018.

The present Authorized Share Capital of GVFL is Rs. 2,00,000 lakhs divided into 200,00,00,000 equity shares of Re. 10/- each. The existing issued, subscribed and paid up capital is Rs. 187,35,00,000 divided into 18,73,50,000 equity shares of Re. 10/- each.

The Shareholding Pattern of the company on 30th June 2006 is as follows:

Sr. No.	Category of Shareholders	No. of Shares	% of Share Capital
1	Indian Promoters	139770988	7.46%
2	Non-Promoter Shareholding		
(a)	Institutional		
	1. Financial Institutions/Banks	6966000	0.37%
	2. FIIs	4000000	0.21%
(b)	Non-Institutional		
	1. Body Corporate	118778182	6.34%
	2. Individuals holding shares having nominal face value of less than 1 lakh	507024613	27.06%
	3. Individuals holding shares having nominal face value of more than 1 lakh	200815156	10.72%
	4. Clearing Members and trusts	4395061	0.01%
	Total (A+B)	981750000	44.94%
(c)	Shares held by Custodians against which Depository Receipts have been issued	891750000	47.60%
	Total (A+B+C)	187350000	100.00%

Board of Directors

The Board of Directors of GV Films Limited comprises of:

Name	Designation
Mahadevan Ganesh	Director
A Venkatramani	Director
P R Ramanan	Director
P Raghuraman	Whole-time Director
S Ramanathan	Director
R Gopalan	Independent Director
Manisha Koirala	Director

Financial Performance

(Rs. in Lacs)

Particulars	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Year Ended 31st March, 2006
Sales	255.95	287.93	1879.86
Other Income	2.14	0.57	0.00
PAT/(Loss)	(27.97)	34.92	515.95
Share Capital	*5775.00	**5775.00	**9817.50
Reserves & Surplus	8957.35	8992.27	9508.22
NAV	25.51	2.55	1.89
EPS	-	0.01	0.05

(Source: Audited Annual Accounts)

* - Equity Shares of Rs. 10/- each.

** - Equity Shares of Re. 1/- each.

Quotes for the last six months at the Bombay Stock Exchange Limited (BSE):

Month	Closing Price		Intra Day Price	
	High	Low	High	Low
November 2006	9.26	7.16	9.35	7.10
October 2006	11.17	9.02	11.49	8.93
September, 2006	12.75	10.94	13.25	10.52
August 2006	*12.78	0.89	*13.73	0.88
July 2006	1.02	0.77	1.04	0.72
June 2006	1.13	0.82	1.18	0.81
May 2006	1.37	0.90	1.43	0.90

* Equity Share of Rs.1/- converted into Rs.10/- per share.

Rights Issue

GVFL has completed issue of 40,42,50,000 equity shares of Re. 1/- each at par aggregating to Rs. 40,42,50,000/- on rights basis to the existing share holders in the ratio of 7 equity shares for 10 equity shares held. Issue Price: Re. 1/- per Equity share.

Current Market Price: Current market price of equity share of GVFL is Rs.10.93 as on

7th October 2006.

Change in Capital Structure since the date of issue

The authorized equity share capital of G.V.Films Ltd. on 31st March, 2006, was Rs. 22500 lakhs divided into 22,500 lakhs equity shares of Re. 1 each.

On 11th July 2006, the authorized equity share capital of G.V.Films Ltd. was consolidated and increased from Rs. 22,500 lakhs divided into 22,500 lakhs equity shares of Re. 1 each to Rs. 2,00,000 lakhs divided into 200,00,00,000 equity shares of Re. 10/- each.

The Company issued US$ 4,500,000 in principle amount of 2 ¼% Convertible Bonds due in 2011.

The Company allotted GDR amounting 10,25,000 GDR of US$ 20 each aggregating 20.50 million representing underlying 89,17,50,000 Equity Shares of Rs. 1 each.

Promise vs. Performance

No promises were made in the letter of offer for the last rights issue made by GV Films Ltd. There was no projections made during the issuance of Foreign Currency Convertible Bonds.

Status of the Cost Incurred and progress of implementation of the project proposed in the Rights Issue

Sr. No.	**Objects of Rights Issue**	**Estimated cost to be incurred (Rs. In Lakhs)**	**Expenditure Incurred till 30the September** 2006
1	To meet the expenses for construction/renovation of multiplexes	2425	1995
2	To meet the cost of production of feature films	1000	900
3	To meet the initial capital costs of portal- gvtamilfilms.com	200	23
4	To settle old outstanding liabilities	200	195
5	To meet the additional working capital for distribution and purchase of film rights	300	704
6	Issue Expenses	40	260
	Total	**4165**	**4077**

Defaults to Banks:

1. Central Bank of India

Central Bank of India had filed a suit against the Company for recovery of a sum of Rs. 1054 lakhs with the Debt Recovery Tribunal, Chennai. GVFL claims that the bank has realized Rs. 741 lakhs by way of sale of properties of guarantors. Further, GVFL has filed I.A. with DRT for direction to the bank to give credit for a sum of atleast Rs. 320 lakhs in its account towards sale of shares pledged. The bank had filed I.A. with DRT seeking permission to permit the bank to sale 69.64 lakhs equity shares at the market price and to appropriate the same to the loan account. The matter is pending with DRT.

GVFL is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Kaashyap Technologies Limited (KTL)

Profile:

Kaashyap Technologies Limited was incorporated in Chennai in the name of “Kaashyap Radiant Systems Ltd.” on 21st May, 1997. The name of the Company was changed to “Kaashyap Technologies Ltd. by passing a Special Resolution on in Extra Ordinary General Meeting held on 17th April 2006.

The company was engaged in the business of Computer Education & Training, Projects and Consultancy activities. The Registered office of the company is situated at B.R. Complex, II Floor, No.33/8, C.P. Ramasamy Road, Alwarpet, Chennai 600018.

The present Authorised Share Capital of KTL is Rs. 100 crores divided into 9,00,00,000 equity shares of Rs. 10/- each, 9,90,000 11% Redeemable Preference Shares of Rs. 100/- each and 10,000 15% Cummulitive Redeemable Preference Shares of Rs. 100/- each.

The existing issued, subscribed and paid up capital is Rs.60,47,63,350/- divided into 5,64,20,635 equity shares of Rs. 10/- each, 5,570 numbers 15% Preference Shares of Rs. 100/- each and 4,00,000 numbers 11% Preference shares of Rs. 100/- each.

Settlement with Unsecured Creditors:

The Company had an outstanding unsecured creditors and claims of around Rs. 270 lakhs. The Company had entered into the Scheme of Arrangement with the said unsecured creditors under section 391 and 394 of the Companies Act, 1956. The company approached honorable High Court of Madras for compromise of unsecured debts (largely depositors) under section 391 and 394 of the Companies Act, 1956. The honorable High Court has granted the reschedulement for repayment of debt. The claims of the unsecured creditors are being settled as per the scheme of arrangement sanctioned by the Hon'ble Madras High Court.

Reduction in Capital:

The Company had suffered losses due to adverse business conditions in the year 2001 and the business was closed thereafter. In view of the discontinuation of the business and loss, the networth of the Company has been substantially eroded, the Company has passed a Special Resolution in the Extra Ordinary General Meeting held on 15th February 2006 and obtained shareholders approval for reduction in equity share capital from Rs. 56,32,06,350 consisting of 5,63,20,635 equity shares of Rs. 10 each into Rs. 5,63,20,635 consisting of 5,63,20,635 equity shares of Rs. 1 each under section 100 to 104 of the Companies Act, 1956. Accordingly, the Company has approached hon'ble High Court of Madras for effecting the Scheme of Reduction in capital under section 100 to 104 of the Companies Act, 1956.

Defaults to Banks:

1. UTI Bank Ltd.

The Company is in arrears of around 1500 lakhs to the bank for the bill discounting facility availed by it. The bank has filed a suit against the Company for recovery of loan with Debt Recovery Tribunal. Since, no latest balance sheet is available, the extent of the debt due as on the balance sheet date is not available.

LIC Housing Corporation Ltd.

The Company has obtained a Housing Loan of Rs. 100 lakhs from LIC Housing Finance Ltd. As the company has defaulted in repayment, LIC Housing Finance Ltd. has filed a suit against the Company for recovery of loan in the Hon'ble Madras High Court. Since, no latest balance sheet is available, the extent of the debt due as on the balance sheet date is not available.

Shareholding of KTL:

Sr. No.	Category of Shareholders	No. of Shares	% of Share Capital
1	Indian Promoters	2487619	4.42%
2	Non-Promoter Shareholding		
(a)	Institutional		
	1. MFs	6900	0.01%
	2. Banks	23840	0.04%
(b)	Non-Institutional		
	1. Body Corporate	4363715	7.75%
	2. Individuals holding shares having nominal face value of less than 1 lakh	24992017	44.37%
	3. Individuals holding shares having nominal face value of more than 1 lakh	24343324	43.22%
	4. Clearing Members	103220	0.19%
	Total	**56320635**	**100.00%**

Boards of Directors of KTL are as follows:

Sr. No.	Name of the Director
1	A. Venkatramani
2	A. Ganesan
3	Raghuram Tandra
4	R. Dakhshinamurthi
5	A.Srinivasan

Financial Performance: (Rs. In Lakhs)

Particulars	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Year Ended 31st March 2006
Sales	0.00	0.00	0.00
Other Income	0.00	0.00	0.00
PAT/(Loss)	(1587.66)	(125.59)	(1883.04)
Share Capital	6047.63	6047.63	6037.63
Reserves & Surplus	5872.61	5657.22	3914.17
NAV	19.64	19.28	1.62
EPS	(2.81)	(0.21)	(0.32)

Quotes for the last six months at the Bombay Stock Exchange Limited (BSE):

Month	Closing Price		Intra Day Price	
	High	Low	High	LowLow
November 2006	2.79	1.71	2.95	1.71
October 2006	1.62	1.40	1.65	1.40
September 2006	1.36	1.02	1.36	0.99
August, 2006	1.61	1.32	1.68	1.31
July, 2006	1.89	1.30	1.92	1.26
June, 2006	1.36	0.96	1.38	0.92

There has been no public or rights issue in the preceding 3 years made by KTL.

KTL is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Space Computer & Systems Limited (SCSL)

Profile:

Space Computer and Systems Limited was incorporated on September 21st, 1990 as Space Computer and Systems Private Limited under the Companies Act, 1956, and subsequently converted into a public limited company on December 27th, 1999. The Registered office of the company is situated at No. 132, “Whispering Height”, St. Mary’s Road, Alwarpet, Chennai 600018.

Space Computer and Systems Limited has started its business in software development and system integration consultancy and specialized in the areas of client server, components based models, web enabled applications and object oriented technologies. The Company has a software development center at Chennai. The Company has developed products mainly for library automation, student management software. The Company has also developed mini ERP solution to medium range manufacturing industries and migration of application from DOS based to GUI based application.

The Shareholding Pattern of the company as on 31st March,2006 is as follows:

A	Category of Shareholders	No. of Shares	% of Share Capital
1	Indian Promoters	3848890	47.91%
2	Non-Promoter Shareholding		
(a)	Institutional		
	1. MFs		
	2. Banks	13500	0.17%
(b)	Non-Institutional		
	1. Body Corporate	133093	1.66%
	2. Individuals holding shares having nominal face value of less than 1 lakh	1894814	23.58%
	3. Individuals holding shares having nominal face value of more than 1 lakh	2143103	26.68%
	4. Clearing Members & Others	300	0.00%
	Total	**8033700**	**100.00%**

Board of Directors

Dr. G. Ravichanderan - Whole time Director	Mr. Sunil Raheja - Director
Mr. Vincent Paul - Director	Mrs. Geetha Muraliraman - Director
Mr. R. Gopalan - Director	Mr. R. Chandrasekaran - Director

Financial Performance

(Rs. in Lacs)

Particulars	Year Ended 31st March, 2003	Year Ended 31st March, 2004	Year Ended 31st March, 2005	Year Ended 31st March 2006
Sales	67.00	48.96	120.46	0.00
Other Income	2.96	1.01	0.45	170.79
PAT/(Loss)	1.09	0.91	27.15	(401.34)
Share Capital	696.59	696.59	749.98	803.37
Reserves & Surplus	496.82	497.71	578.27	254.07
NAV	14.70	14.79	16.53	13.16
EPS	0.02	0.01	0.36	(5.00)

There has been no public or rights issue in the preceding 3 years made by SCSL.

SCSL is neither a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

Quotes of Last Six months

The company is listed with Madras Stock Exchange Limited (MSE), Bangalore Stock Exchange Limited (BgSE) and Hyderabad Stock Exchange Limited (HSE). There is no trading of shares.

Details of the Unlisted Companies of Mrs. Usha Venkatramani, Person Acting In Concert with the Promoters

There is no unlisted company of Mrs. Usha Venkatramani, Person Acting in Concert with the Promoters.

III. MANAGEMENT DISCUSSION, ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN FINANCIAL STATEMENTS

(a) Overview of the Business of the Company

Our Company since its inception was engaged in the trading business of yarn, cloth, fibre and the business of leasing immovable and movable properties. The said activities were carried out till 30th September 2005. Thereafter, the controlling interest of the Company transferred hands with effect from 5th December 2005. The present management has discontinued the aforesaid business activities pursued by previous promoters/management and has started trading in coal and coke and has now decided to enter the business of manufacturing 1,00,000 TPA of coke along with power project of 6 MW capacity expandable by 2,00,000 TPA and 6 MW with aggregate capacity of 3,00,000 TPA of Coke and 12 MW of Power at Haldia, West Bengal. The proposed business venture is considered to be a profitable proposition in view of the considerable gap in the demand and supply for coke and generation of power through waste heat recovery process and thereby intends to improve the financial position of the Company in the years to come.

(b) Material Developments subsequent to the last Financial Year

On 29th August, 2005, Shriram EPC Ltd., Mrs. Vatsala Ranganathan and Mrs. Usha Venkatramani, entered into two Share Purchase Agreements with the then promoters of the Company namely Mr. Jugal Kishore B. Agarwal, Mr. Pravin J. Agarwal, Mr. Navin J. Agarwal, Ms. Manjari Agarwal and Mr. S.S.Gaur as well as with some of the non-promoter shareholders ('the Sellers') to acquire from them 2,70,000 shares representing 54% of the total issued and subscribed equity share capital of the Company at a price of Rs. 2.50 per equity share to acquire control over the Company, thus triggering the SEBI Takeover Regulations.

Accordingly in compliance of the above Regulation, the acquirers made public announcement on 30th August 2005 and made an open offer to the public shareholders of the Company to acquire 1,00,000 equity shares of Rs. 10 each representing 20% of the total issued and subscribed equity share capital of the Company at a price of Rs. 5.00 per equity share. The offer was opened on 25th October 2005 and was closed on 14th November 2005. However, as per the Second Corrigendum to the Public Announcement dated 12th December,2005 the acquirers revised their offer to Rs. 10.22 in view of the violation of the Regulation 11 of Takeover Regulations by the erstwhile promoters on their acquisition of 61600 equity shares on 22nd March,2001. Accordingly, the acquirers received 90,000 fully paid-up equity shares from the 16 shareholders in response to their offer by the closure date. Thereafter, the Board of Directors of the Company at its meeting held on 5th December 2005 approved the offers received by the acquirers and transfer the shares in the name of acquirers and also effected change of management of the Company by accepting the resignation of Mr. Jugal Kishore B. Agarwal, Mr. Pravin J. Agarwal, Mr. Navin J. Agarwal and inducting the new directors namely Mrs. Usha Venkatramani, Mrs. Vatsala Ranganathan and Mr. R. Dakshinamurthy.

Thereafter, Mrs. Usha Venkatramani had sold her 50,000 Equity Shares representing 10% of the total equity share capital of the Company to the public after making a due declaration to BSE dated January 16, 2006 under regulation 7(1A) of the SEBI (SAST) Regulations 1997. She had also subsequently relinquished her role as the promoter of the Company by making submission to BSE vide her letter dated January 18, 2006 as under:

"Further to my declaration under Regulation 7(1A) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 dated 16th January, 2006 relating to sale of 10% of my stake in M/s Khatoo Synthetics Limited, I further wish to inform you that currently I hold only 14% shareholding of the said company and do not intend to continue as a promoter of the same with immediate effect.

I request you to kindly take the above fact on record and change my status to a normal shareholder"

Accordingly, Mrs. Usha Venkatramani currently holds 70,000 equity shares representing 14% of the equity share capital of our Company. Since she was one of the acquirers during the process of acquisition of shares and takeover together with Shriram EPC Ltd. and Mrs. Vatsala Ranganathan, she has been shown under the "Promoters Group" as Person Acting In Concert with the Promoters" with the other promoters of the Company in this Letter of Offer for the purpose of the Rights Issue. However, Mrs. Usha Venkatramani may or may not subscribe her entitlement in the rights issue in full. In case, her shareholding falls below 5% of the total paid up capital of the Company after completion of rights issue, she would cease to be a "Person Acting In Concert with the Promoters" for all future references.

Thereafter, the Company reconstituted its Board of Directors by inducting Mr. Amjad Shariff, Mr. Rajeev Agrawal, Mrs. Uma Karthikeyan and Mr. M.R.Rajgopal as directors on its board. Further, Company has also appointed an Advisory Board consisting of Mr. R. Thyagrajan, Mr. U. Banerjee and Mr. P. Devarajan, renowned experts in the various fields to guide the Company and the Board in respect of this new business venture.

Company under the new management has proposed to set-up the project for manufacturing coke and generation of power at estimated cost of Rs. 4350 lakhs (Phase-I) and expansion of the said project at an estimated cost of Rs. 6000 lakhs (Phase-II) by raising the requisite funds through this Rights Issue.

Factors that may affect results of the Operations

Except as otherwise stated in this Letter of Offer, the following important factors could cause actual results to differ materially from expectations.

- General economic and business conditions;
- Company's inability to successfully implement its coke and power project
- Increasing competition in the coke industry;
- Delay in recovery of receivables from the clients;
- Changes in laws and regulations that apply to coke and power industry;
- Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism.

The following discussion on the financial operations and performance should be read in conjunction with the audited financial results of the Company for the year ended 31st March 2002, 2003, 2004, 2005, 2006 and 30th November 2006:

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNT

	30th Nov	FOR THE YEAR ENDED 31st MARCH				
	2006	**2006**	**2005**	**2004**	**2003**	**2002**
INCOME						
Sales - Shares & Securities	-	5,273,949	3,796,617	9,047,596	2,929,359	867,581
Sales - Coal and Coke	1,470,000	9,918,000	-	-	-	-
Other Income	-	56,834	367,806	1,757,802	2,170,354	1,938,185
Increase / (Decrease) in Stock	-	(2,846,124)	(469,530)	1,112,622	303,959	336,010
Total	**1,470,000**	**12,402,659**	**3,694,893**	**11,918,020**	**5,403,672**	**3,141,776**
EXPENDITURE						
Purchase - Shares & Securities	-	1,231,200	2,980,515	8,928,596	3,038,037	1,165,702
Purchase - Coal and Coke	1,135,680	8,630,556	-	-	-	-
Personnel Expenses	-	263,889	312,634	757,227	849,188	900,480
Administrative other Expenses	325,634	1,169,459	506,836	902,961	738,728	554,431
Financial Charges	-	17,607	49,244	67,122	17,848	2,650
Depreciation	-	7,912	126,388	226,355	151,411	206,826
Total	1,461,314	11,320,623	3,975,617	10,882,261	4,795,212	2,830,089
Profit / (Loss) Before Tax	**8,686**	**1,082,036**	**(280,724)**	**1,035,759**	**608,460**	**311,687**
Provision for Tax						
Current Tax						
- for current year	2,924	230,906	-	374,668	85,450	19,180
- for earlier years				-	-	-
Deferred Tax		134,645	(150,564)	(25,493)	256,566	98,717
Fringe Benefit Tax	1,912	35,589	-	-	-	-
Profit / (Loss) After Tax before extra-ord.items	**3,850**	**680,896**	**(130,160)**	**686,583**	**266,444**	**193,790**
Prior Period Expenses	-	-	-	-	-	-
Net Profit After Tax	**3,850**	**680,896**	**(130,160)**	**686,583**	**266,444**	**193,790**
Balance brought forward	336,966	(343,930)	(213,770)	(900,354)	(1,166,797)	(1,678,229)
Deferred Tax Assets	-	-	-	-	-	317,642
Balance carried to Balance Sheet	**340,816**	**336,966**	**(343,930)**	**(213,770)**	**(900,354)**	**(1,166,797)**

STATEMENT OF ASSETS AND LIABILITIES:

	30th Nov	FOR THE YEAR ENDED 31st MARCH				
	2006	**2006**	**2005**	**2004**	**2003**	**2002**
SOURCES OF FUNDS:						
Share Capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Profit and Loss Account	340,816	336,966				
Secured Loan						
Car Term Loan from Citi Bank	-	-	357,185	460,101	550,269	-
(On Hypothecation of Motor Car)						
Deferred Tax Balances (Net)	(3,770)	(3,770)	(138,415)	12,149	37,641	(218,925)
Total	**5,337,046**	**5,333,196**	**5,218,770**	**5,472,250**	**5,587,910**	**4,781,075**
APPLICATIONS OF FUNDS:						
Fixed Assets (At Cost)						
Gross Block	39,000	39,000	866,178	818,641	1,453,641	808,134
Less: Depreciation upto date	3,945	3,945	454,002	327,614	643,180	491,769
Net Block	35,055	35,055	412,176	491,027	810,461	316,365
Capital work in Progress	4,403,824	3,936,490	-	-	-	-
Investment	-	-	12,500	8,988	15,700	15,875
Current Assets, Loans and Advances :						
Inventories	-	-	2,846,124	3,315,654	2,203,032	1,899,073
Sundry Debtors	960,540	10,038,540	-	122,148	291,669	65,328
Cash and Bank Balances	75,941	11,140	81,073	118,320	126,677	59,559
Loans and Advances	271,409	199,171	1,937,730	1,836,916	1,513,718	1,367,775
	1,307,890	10,248,851	4,864,927	5,393,038	4,135,096	3,391,735
Less: Current Liabilities and Prov.	1,598,396	8,887,200	414,763	634,573	273,701	109,697
Net Current Assets	(290,506)	1,361,651	4,450,164	4,758,465	3,861,395	3,282,038
Miscellaneous expenses	1,188,673					
Profit and Loss Account			343,930	213,770	900,354	1,166,797
Total	**5,337,046**	**5,333,196**	**5,218,770**	**5,472,250**	**5,587,910**	**4,781,075**

Note:

1. Reason for Sudden Decrease in Gross Assets from the year 2005 to 2006

Before entering into the Share Purchase agreements in August 2005, the earlier management had taken a policy decision to sell or otherwise dispose off all fixed assets of the Company during the year and accordingly, the fixed assets of the company were disposed off, which has been shown as Sale of Fixed Assets under the heading “Cash flows from Investing Activities” in the Cash Flow given at Page no. 97 of the Section- “Financial Information of the Company”.

Subsequent to the formal takeover in December, the New Management has made some start-up investments in fixed assets and accordingly fixed assets worth Rs. 39000 has been shown as “Gross Block of Fixed Assets” under the Heading – “Application of Funds” for the year 2005-06 in the Restated Balance Sheet.

2. Reason for Sudden Increase in Current Liabilities from the year 2005 to 2006

After takeover of management and change of Object clause in Jan 2006, the new management has forayed into trading of coke with significant volumes, which has resulted in corresponding increase in current liabilities of the Company.

a) Significant factors which affected the business of the company in last three financial years

For the year 2005-06

During the year, the Company has engaged in Coke trading activity after the change of management. There has been an income of Rs. 99 Lakhs approximately from this activity. The company has also recorded a profit of Rs. 6.80 lakhs in comparison to a loss of Rs.1.30 lakhs during the previous year.

For the financial year 2004-05:

During the year 2004-05, there was no income towards brokerage & commission as against brokerage & commission income of Rs. 14.67 lakhs during the previous year ended on 31st March, 2004 and therefore, company's working substantially deteriorated resulting in Loss before tax of Rs. 2.81 lakhs as against PBT of Rs. 10.36 lakhs.

For the financial year 2003-04

During the year 2003-04, the company's income substantially increased on account of sale of securities, brokerage & commission income and other income, which has resulted into PBT of Rs. 10.36 lakhs and PAT of Rs. 6.86 Lakhs. The company during the year discontinued the business of giving the forklift truck on hire and therefore, the income registered during the year was lower to that extent.

F. LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as provided below, based on the records available, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings initiated for offences (including past cases, economic offences etc.) irrespective of whether specified in paragraph (1) of Part I of Schedule XIII of the Companies Act and litigations for tax liabilities against the Company, the Directors, the Promoter and the subsidiaries that would have a material adverse effect on the business of the Company and there are no defaults, non-payment or overdue of statutory dues/bank dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on the business of the Company other than unclaimed liabilities against the Company, its subsidiaries, Promoter or Directors.

LITIGATION AGAINST THE COMPANY

Based on the records available, there are no outstanding litigation, suits or criminal or civil prosecutions, litigations for income tax, service tax or excise liabilities initiated for offences (including past cases, economic offences etc.) against the Company that would have a material adverse effect on the business of the Company.

DEFAULTS BY THE COMPANY

Default under Regulation 6, 7 and 8 of SEBI (SAST) Regulations, 1997

The Company has delayed in complying with Regulation 6, 7 and 8 of SEBI (SAST) Regulations, 1997, which has been made good by making payment of necessary fees under the SEBI (Regularization Scheme), 2002. The details of the default are given as under:

Sr. No.	Regulation / Sub -regulation	Due date for compliance as mentioned in Regulation	Actual date of Compliance	Delay, if any (in No. of days) Col.4 Col.3	Remarks
1	**2**	**3**	**4**	**5**	**6**
1.	6(2)	20-5-1997	01-03-03	2014	
2.	6(4)	20-5-1997	01-03-03	2014	Paid Fees of Rs.10,000/-
3.	8(3)	30-4-1998	01-03-03	1649	Paid Fees of Rs.10,000/-
4.	8(3)	30-4-1999	01-03-03	1284	Paid Fees of Rs.10,000/-
5.	8(3)	30-4-2000	01-03-03	919	Paid Fees of Rs.10,000/-
6.	8(3)	30-4-2001	01-03-03	554	Paid Fees of Rs.10,000/-
7.	8(3)	30-4-2002	03-03-03	189	Paid Fees of Rs.10,000/-
8.	8(3)	30-4-2003	03-04-03	Nil	-
9.	8(3)	30-4-2004	14-10-04	166	-
10.	8(3)	30-4-2005	15-04-05	-	-

Note: The above defaults have taken place when the erstwhile management was in control of the Company.

LITIGATION BY THE COMPANY

Nil

LITIGATION INVOLVING THE SUBSIDIARIES

The Company does not have any subsidiaries.

LITIGATION AGAINST THE DIRECTORS INVOLVING VIOLATION OF STATUTORY REGULATIONS OR ALLEGING CRIMINAL OFFENCES

There is no pending litigation against the directors involving violation of statutory regulations or alleging criminal offences.

LITIGATION INVOLVING THE PROMOTERS

Litigation against Mrs. Vatsala Ranganathan

There is no litigation pending against Mrs. Vatsala Ranganathan.

Litigations of Shriram EPC Ltd.

Cases filed by Shriram EPC Ltd. (SEPCL)

Sr. No.	**1**
Case No./Date	C.S.No.332/2000
In The Court Of	Joint Civil Judge, Senior Division, Nashik
Against	Maharshtra Jeevan Pradhikaran (MJP)
Particulars	For restraining MJP from encashing the bank guarantee, in breach of the terms of contract entered with the company
Status	The suit is pending. The next hearing date is 25th January 2007.
Background	SEPCL was awarded an engineering contract by MJP against which SEPCL had drawn advances in two instalments from MJP by furnishing bank guarantee. MJP suddenly invoked the bank guarantee even though there was no breach of contract or terms of conditions of contract by the Company. Aggrieved by the above act of MJP, the company filed a suit against MJP for restraining MJP from encashing the bank guarantee. The company has also claimed compensation and damages to the tune of Rs.12,00,00,000/- from MJP through this suit. Hence SEPCL filed this suit, namely CS No 332 of 2000.
Risk Assessment	There is as such no element of risk in this case.

Sr. No.	**2**
Case No./Date	O.P. No. 20099 of 1999
In The Court Of	High Court of Kerala
Against	Kerala State Industrial Development Corp. Ltd., (KSIDCL)
Particulars	The company has filed a writ petition challenging the order passed by KSIDCL terminating a contract for the construction of a water treatment plant awarded to the company and for forfeiting the security deposit furnished by the company to KSIDCL and claiming a further sum of Rs.12,19,976/- towards damages.
Status	The Writ Petition is pending. The next hearing date is 22.01.2007.
Background	KSIDCL had awarded the contract under a Letter of Intent dated February 21, 1998. Though the site was handed over to the company on March 8, 1998 and was agreed to be complete within 15 months of such handing over, the Architect appointed by KSIDCL delayed the preparation of the drawings of the project due to which the company was not able to commence the work leading to a delay in the execution of the work. The company has obtained an interim stay against the order of KSIDCL
Risk Assessment	There is as such no element of risk in this case.

Sr. No.	**3**
Case No./Date	O.S.No. 115 of 2006
In The Court Of	Court of Sub-ordinate Judge at Thiruvananthapuram
Against	Kerala State Industrial Development Corporation and two others
Particulars	SEPCL has filed the suit for recovery of Rs. 15,94,224 from KSIDCL.
Status	The suit is pending and hearing is scheduled on 15th June, 2007.
Background	SEPCL having been pre qualified by KSIDCL participated in the tender for construction work of 5 MLD water treatment plants at Kuthuparmbu, Kannur, Kerala vide tender dated 10th December, 1997. The said tender was accepted by KSIDCL and SEPCL had furnished a security deposit of Rs. 2 lakhs. The work was delayed on account of the breaches committed by the KSIDCL and two others. SEPCL with great difficulty carried out the work costing more than Rs. 3.50 lakhs. However, second defendant, namely, MD, KSIDCL, vide his order dated 13th January, 1999 terminated the contract and forfeited the security deposit of Rs. 2 lakhs for which it has no authority in terms of the contract. As such KSIDCL has no right to withhold Rs. 3.50 lakhs due to SEPCL towards the value of work carried out under the contract. SEPCL had first filed O.P. No. 143 of 2000 before district court for appointment of arbitrator but the said OP was dismissed on 5th January 2006 as non-maintainable. Hence, SEPCL has filed the present suit for declaration that the order of second defendant is illegal and without authority and also prayed for payment of Rs. 3.50 lakhs towards value of work carried out and Rs. 5.85 lakhs towards value of material procured and stored at site and to recover the deposit of Rs. 2 lakhs with interest

Sr. No.	**4**
Case No./Date	RCA No. 613 of 1998
In The Court Of	VII Judge, Small Causes Court, Chennai
Against	V. Sukumar
Particulars	The appeal has been filed by SEPCL against the order and decree dated 23.01.1998.
Status	Pending. Next hearing date is 19th January 2007.
Background	SEPCL has filed appeal against the order and decree dated 23rd January 1998 passed in RCOP no. 621 of 1996 by the XII Judge, Small Causes Court, Chennai in fixing the fair rent at Rs. 92,413/-. The said appeal was dismissed for default on 17.07.2006. A petition to restore the appeal has been filed within the time prescribed therefore and the same is yet to be numbered.
Risk Assessment	In case of an unfavourable judgement in the appeal the company may have to pay an enhanced rent.

CASES FILED AGAINST SHRIRAM EPC LTD

Sr. No.	**1**
Case No./Date	O.S.No.7418 of 1998
In The Court Of	City Civil Court Chennai
By	Overseas Water Proofing Corporation (OWPC)
Particulars	OWPC has filed a suit against the company claiming Rs. 1.26 Lakhs in relation to a sub-contract awarded to the company for undertaking certain waterproofing work on behalf of company's client Balmer Lawrie & Co. Ltd.
Status	The suit is posted to 12th January 2007.
Background	OWPC has filed a suit against the company claiming Rs. 1.26 Lakhs in relation to a sub-contract awarded to the company for undertaking certain waterproofing work on behalf of company's client Balmer Lawrie & Co. Ltd. OWPC has claimed an amount of Rs.88,793.78 from Balmer Lawrie & Co. Ltd and the company together with interest payable from September 12, 1997. The company has filed its written statement denying the liability stating that OWPC had failed to complete the work but had been paid for whatever work was carried out by them and that the claim was also barred by the limitation.
Risk Assessment	The company may have to part with a sum of around 2 lakhs in case a decree is passed against it.

Sr. No.	**2**
Case No./Date	Arbitration
In The Court Of	V.Ratnam, Arbitrator
By	IDEB Construction Project Pvt. Ltd (IDEBCPL)
Particulars	IDEBCPL has claimed a total sum of Rs.9, 02, 84,555/- from the company towards excess work done, with interest and excess overhead expenditure.
Status	In view of the pending O.P., the arbitration proceedings are not progressing.
Background	The company was awarded a contract for executing and commissioning water supply improvement scheme to Trichy City Corporation by TWAD Board for a value of Rs.14,34,98,289/ . The company, in turn, awarded a sub-contract work to the IDEBCPL for a value of Rs.5, 79, 99,893/-. IDEBCPL has claimed a total sum of Rs.9, 02, 84,555/- from the company towards excess work done, with interest and excess overhead expenditure. The company has filed its reply disputing the claim. In the meanwhile, company has filed O.P.876/2005 to change the arbitrator, as the arbitrator has demanded excessive fees.
Risk Assessment	The company may have to part with a sum of around 10 crores in case an award is passed against it.

Sr. No.	**3**
Case No./Date	Arbitration
In The Court Of	N.P.K.Menon, Arbitrator
By	Senthil Pile Foundation (SPF)
Particulars	SPF has filed a claim of Rs.7.86 Lakhs with interest from the company before the Arbitrator.
Status	The Learned Arbitrator has passed an award as prayed for against the company. The company intends to file an O.P. to set aside the award.

Background	The case of SPF is that the company had entered into an agreement with SPF to carry out certain civil works in connection with infiltration wells in river Cauvery and river Coleroon. SPF after carrying out the work issued bills of Rs.6.18 Lakhs, Rs.1.43 Lakhs and Rs. 0.25 Lakhs aggregating to Rs.7.86 Lakhs, drawn on the company which were forwarded to IDEBCPL. The company has filed a reply statement denying its liability. The company states that the subject work is a part of a larger contract awarded to the company by the TWAD Board which was subsequently awarded to IDEBCPL with the concurrence of the company and that the claimant has also agreed for the same.
Risk Assessment	The company may have to part with a sum of around 7.86 lakhs in case it fails to succeed in the intended appeal.

Sr. No.	**4**
Case No./Date	RCA No. 629 of 1998
In The Court Of	VII Judge Small Causes Court, Chennai
By	V.Sukumar
Particulars	Connected with RCA 613 of 1998 filed by the company.
Status	The said Appeal was dismissed for default on 17.07.2006. Till date SEPCL or its advocate has not received any notice or petition to restore the same from the Appellant or his counsel.
Background	V.Sukumar, the Landlord, has filed appeal against the order and decree dated 23rd January 1998 passed in RCOP No. 621 of 1996 by the XII, Small Causes Court, Chennai in fixing the fair rent at Rs. 92,413/- per month.
Risk Assessment	In case of the appeal being allowed, the company may have to pay an enhanced rent.

Sr. No.	**5**
Case No./Date	Criminal Case Nos. 2247, 2248 of 2000
In The Court Of	Judicial Magistrate, I Class, Nashik, Maharashtra
By	Maharashtra Small Scale Industries Development Corporation Ltd. (MSSSIDC)
Particulars	The said complaints have been filed against the Chairman Managing Director and other officers of SHRENCO which company has now amalgamated with SEPCL. The company is not an accused in the said cases.
Status	The company has filed a petition for recalling the summons issued by the Magistrate. The said petition has been dismissed by the Magistrate. Further hearing is posted on 11th January 2007.
Background	SHRENCO had issued certain cheques to MSSSIDC as security. MSSSIDC has presented the said cheques in spite of the fact that SHRENCO had represented to them not to present the said cheques.
Risk Assessment	There is no case against the company at all. The case put forth by MSSIDC has to be proved beyond doubt.

LITIGATION INVOLVING THE PROMOTER GROUP AND OTHER ENTITIES

CASES PENDING FOR AND AGAINST GV FILMS LTD (GVFL)

Sr. No.	**1**
Case No./Date	C.S.No. 218 of 2001
In The Court Of	High Court, Madras
Against	M/s Gemini Industries and Imaging Ltd [GIIL] & Asian Capital Consolidates & Holding P. Ltd, [ACC]
Particulars	For a mandatory injunction directing GIIL to permit GVFL or their authorized representative to remove from the custody of GIIL the negatives (both picture and sound) of 35 cinematograph Films of which GVFL are the absolute owners.
Status	The suit is pending in the High Court, Madras.
Background	GIIL and ACC are associated, sister concerns under virtually the same management. ACC filed a civil case C.S. No. 523 of 2001, against GVFL claiming Rs.1,14,46,685/- as due to them by GVFL. The said claim was denied by GVFL. Upon an application filed by GVFL, the Hon'ble High Court rejected the claim suit of ACC. Notwithstanding the rejection of their suit, ACC, through GIIL, exercised pressure on GVFL to settle their disputed claim. Since GIIL owns Gemini Colour Laboratory where negatives of 35 cinematograph films belonging to GVFL were kept in safe custody, ACC and GIIL took advantage of this situation and GIIL refused to make and deliver any print of such 35 cinematograph films when required by GVFL, indirectly exerting pressure on GVFL to settle the claim. Hence GVFL demanded return of the negatives to them. GIIL refused to return the negatives. Such refusal was without any justification. Hence GVFL filed this suit, namely CS No 218 of 2001.
Risk Assessment	Although the defendant GIIL does not claim any right over the 35 cinematograph films, they falsely claim that GVFL had agreed to keep such negatives as security for the claim of ACC. There is as such no element of risk in this case, except that its result depends to some extent on the result of the appeal OSA No.295 of 2001 filed by ACC against rejection of their civil suit.

Sr. No.	**2**
Case No./Date	C.S.No. 823 of 1999
In The Court Of	High Court, Madras
Against	Raj Television Network Ltd.
Particulars	For a permanent injunction restraining the defendant from telecasting 63 films.
Status	The suit is pending in the High Court, Madras
Background	GVFL filed O.A. 678 of 99 for injunction restraining them from telecasting in their satellite channels called Raj TV and Raj Digital Plus any of the 63 films pending disposal of the suit. It was allowed Raj TV filed appeal in O.S.A.No.433 of 2002 against such interim order. The same is also pending.
Risk Assessment	In the event of GVFL being unsuccessful in this suit, GVFL may have to accede to the telecast of the subject 63 films by Raj TV and Raj Digital Plus TV channels.

Sr. No.	**3**
Case No./Date	R.A. 56 of 2005
In The Court Of	in DRAT, Madras
Against	UTI
Particulars	Appeal against the judgment in the suit C.S.No.253 of 1993 filed by UTI against GVFL
Status	The Appeal is pending before the DRAT, Chennai. The next hearing date is 29th January, 2007.

Background	Unit Trust of India filed a suit C.S.No.253 of 1993 against GVFL for return of RS.51,75,155/- towards dividend on certain Units paid to GVFL claiming that such dividend was paid by mistake. That case got transferred to DRT Chennai. The appeal is against the judgment in that case. Appeal is pending on the file of DRAT, Chennai. GVFL's defence is that on the date of payment of dividend they were the owners of the said units and hence they are not liable to return the said dividend. In the appeal DRAT waived the pre-condition of deposit for entertaining the said appeal. Against such order Unit Trust of India filed W.P.No. 31591 of 2005 and got a stay of further proceedings before D.R.A.T. The said R.A. is pending before DRAT and the Writ petition is pending before the High Court, Madras.
Risk Assessment	In the event of this appeal being dismissed, GVFL has to shoulder the liability to an extent of Rs.51,75,155/-with further interest from 02.02.1993 till payment.

Sr. No.	**4**
Case No./Date	W.A.No. 2239 of 2005 - This Writ Appeal was filed by GVFL
In The Court Of	The High Court, Madras
Against	Income Tax Department
Particulars	Writ Appeal filed by GVFL against the order passed in W.P.No.17576 of 2005 - The Writ Petition was filed by G.V.F.L. against I.T. Dept
Status	The Writ Appeal is pending
Background	W.P.No.17576 of 2005 was filed by G.V.F.L. against the I.T. Dept challenging the notice and order passed by the Tax Recovery Officer in the matter of Goodluck theatres. GVFL is a tenant in a property belonging to another company. For recovery of arrears of Tax of such other company (Landlord) the property was auctioned and sold by the I.T Department. The question in these proceedings is whether the tenancy of GVFL can be disturbed otherwise than by due process of law. The Writ Petition was dismissed. GVFL preferred this Writ Appeal in the High Court, Madras.
Risk Assessment	In the event of GVFL not succeeding in this appeal they have to loose their tenancy rights.

Sr. No.	**5**
Case No./Date	C.S.916 of 2004
In The Court Of	High Court, Madras
Against	Susila Devi
Particulars	The said Susila Devi invoked an arbitration clause in an agreement dated 19.8.2001 purporting to be between herself and GVFL represented by its erstwhile Chairman Mr.G.Venkateswaran. The above suit is filed by GVFL against the said Susila Devi for a declaration that the said agreement is void ab initio.
Status	The suit is pending in High Court, Madras.
Background	Susila Devi claimed that a sum of Rs.150 lakhs was advanced by her to GVFL. However according to the books of accounts of GVFL only Rs.60 lakhs is shown as amount advanced by Susila Devi. Hence her claim was disputed. She invoked an arbitration clause in an agreement dated 19.8.2001 purporting to be between herself and GVFL represented by its erstwhile Chairman Mr.G.Venkateswaran. The above suit is filed by GVFL against the said Susila Devi for a declaration that the said agreement is void ab initio. By an order dated 13.07.2006 the Hon'ble High court was directed not to proceed with the Arbitration proceedings and dismissed the Application filed by the defendant for an order referring GVFL to the arbitration pending before the Arbitrator pursuant to the arbitration agreement.
Risk Assessment	In the event of GVFL failing in this suit, they may have to submit to arbitration the dispute with the said Susila Devi.

Sr. No.	6
Case No./Date	C.S.822 of 2005
In The Court Of	High Court, Madras.
Against	Jaswant Chand
Particulars	Suit filed by G V F L against Jaswant Chand for canceling the decree dated 27.01.2003 in C.S. 49 of 2003 to the extent of Rs.1,56,96,984/-, and for redemption of equitable mortgage and directing the defendants to pay Rs.46,07,726/- to GVFL.
Status	The suit is pending in the High Court, Madras.
Background	Jaswant Chand had lent a sum of Rs.1,38,80,000/- to GVFL. The said Jaswant Chand had impleaded himself in another O.S.A.295 of 2001 and have withdrawn certain amount deposited by GVFL in the said O.S.A. Further, GVFL claims that the said Jaswant Chand, by fraud and coercion, also obtained a compromise decree for Rs.3 crores in their favour in C.S. 49 of 2003 filed by him against GVFL and also obtained a charge over the immovable properties belonging to GVFL at Tanjore. The claim of GVFL is that they have nothing to pay and it is only the said Jaswant Chand who has to repay Rs.46,07,726/- and also release the mortgage on the properties owned by GVFL after giving due credit to the monies realized by them. Hence this suit.
Risk Assessment	In the event of GVFL failing in this suit they may not recover any sum from the said Jaswant Chand.

Sr. No.	7
Case No./Date	O.S.No. 115 of 2006
In The Court Of	The Subordinate Judge Court, Chengalpet.
Against	M/s Parsn Holiday Resorts Private Limited, M/s Coconut Groves Holiday Resorts Private Limited and Indian Bank
Particulars	For declaration declaring that GVFL is the lawful and absolute owner of the land totally measuring 72.06 acres at Mahabalipuram Villege, Chengalpet Taluk, Kancheepuram District. In the suit GVFL filed interim application for injunction not to disturb its possession and the same was granted.
Status	The said suit is pending before the Subordinate Judge Court, Chengalpet. The next hearing date is 31st January, 2007.
Background	GVFL claims that they are in physical possession of the suit property for more than 15 years and hence perfected tilte through adverse possession.
Risk Assessment	In the event of GVFL being unsuccessful in the suit, the defendants may file a suit to recover possession of the land from GVFL.

Sr. No.	8
Case No./Date	O.S.No. 6757 of 2006
In The Court Of	The III Assistant Judge, City Civil Court, Chennai.
Against	Indian Bank
Particulars	For permanent injunction restraining the Indian Bank, its officers, agents and their men from disturbing the plaintiff's peaceful possession of their land at Mahabalipuram Village, Chengalpet Taluk, Kancheepuram District, except under due process of law. In the suit GVFL filed interim application for injunction not to disturb its possession and the same was granted.
Status	The said suit is pending before the III Assistant Judge, City Civil Court, Chennai. The next hearing date is 22nd January, 2007.
Background	GVFL claims that they are in physical possession of the suit property for more than 15 years and hence perfected title through adverse possession.

Risk Assessment	In the event of GVFL being unsuccessful in the suit, the defendant may recover possession of the land from GVFL.

LITIGATION INITIATED AGAINST THE COMPANY

Criminal Cases

Sr. No.	**1**
Case No./Date	C.C.No.2983 of 1996
In The Court Of	The XVIII MM Saidapet, Chennai
By	Narayanan
Particulars	Complaint filed by (reg. shares in GVFL belonging to Sujatha Films Ltd.) for alleged offences under Sections 406 & 420 read with Section 34 of I.P.C.
Status	Pending on the file of XVIII MM Saidapet, Chennai. It is posted finally to 05.03.2007.
Background	This subject is the same as the subject matter of C.S.No.612 of 1998.
Risk Assessment	The ingredients of Sections 406 and 420 of I.P.C. have to be proved beyond doubt. The complainant is continuously absent and the complaint may be dismissed on that ground during the next hearing.

Sr. No.	**2**
Case No./Date	C.C.No.7504 of 2003
In The Court Of	XVII MM Saidapet
By	Raviprasad Unit
Particulars	Complaint filed by Raviprasad Units under Sec.138 Negotiable Instruments Act
Status	This is a pending on the file of XVII MM Saidapet. Posted to 12th January, 2007
Background	For default in payments by GVFL to Raviprasad Units for hiring of out door equipments for the film "Chokka Thangam". The party has come forward for an amicable settlement.
Risk Assessment	The matter is likely to be settled. However if the case ends against GVFL they will be liable to pay the cheque amount of Rs.24,47,500/- and a penalty not exceeding Rs.24,47,500/-.

Sr. No.	**3**
Case No./Date	C.C.No.7588 of 2000
In The Court Of	XXIII MM Saidapet
By	Asian Capital Consolidates & Holdings P. Ltd.
Particulars	Complaint filed by Asian Capital Consolidates & Holdings P. Ltd against GVFL under Section 138, Negotiable Instruments Act on return of a cheque for Rs.20 lakhs.
Status	This is a pending on the file of XXIII MM Saidapet.
Background	GVFL's defence is that all their claims were settled long ago and the complainant had not returned the subject cheque.
Risk Assessment	In the event of the case ending in conviction, GVFL may be saddled with a liability to pay Rs.20 lakhs to the complainant and a further penalty not exceeding such Rs.20 lakhs.

Sr. No.	**4**
Case No./Date	C.C.No. 65 of 2000
In The Court Of	XI Addl Judge, City Civil Court, Chennai
By	Central Bureau of Investigation
Particulars	Criminal case filed by CBI under Prevention of Corruption Act
Status	The proceedings have been stayed and are pending before the IX Additional City Civil Court, Chennai for CBI cases and posted to 30.01.2007
Background	This is a criminal case filed by CBI against the officers of the Central Bank of India and certain individuals on a complaint by the said bank under Prevention of Corruption Act and the company GVFL is also made a party. The proceedings have been stayed by High Court, Madras by an order dated 02.04.2003 in Crl.M.P.No.2926 of 2003 in Crl.R.C.No.432 of 2003 filed by GVFL and certain others.
Risk Assessment	In the event of the case ending in conviction of the company, GVFL, it will have to pay only fine that could be imposed.

Civil Cases

Sr. No.	**1**
Case No./Date	C.S.NO.126 of 1997
In The Court Of	The High Court, Madras
By	Raj Television Network Ltd.
Particulars	Suit for a declaration that Raj TV is the absolute owner of the copyright, namely the Satellite television and broadcasting rights, in the picture "Thalapathy" and "Thirusoolam" for a perpetual period.
Status	The suit is pending in the High Court, Madras.
Background	GVFL's defence is that they have not assigned the said rights to Raj TV.
Risk Assessment	In the event of the suit being decreed in favour of Raj TV it will be declared that Raj TV is the absolute owner of satellite and broadcasting rights in the said pictures.

Sr. No.	**2**
Case No./Date	C.S.No.26 of 2003
In The Court Of	High Court, Madras
By	Vee Je Films
Particulars	For recovery of Rs.21,10,000/- with interest
Status	The suit is pending in the High Court, Madras.
Background	Vee Je Films claim that GVFL got assigned certain rights over a film titled 'Kutrapatrikkai' from the producer and that Vee Je Films in turn purchased such rights from GVFL and had parted with Rs.6,00,000/- to GVFL as consideration. The film was banned by the Censor Board. Now more than 13 years after the agreement, the plaintiff has filed this suit for return of consideration. The defence of GVFL is that the suit is barred by limitation and that the suit is liable to be dismissed since Vee Je Films is an unregistered firm. GVFL's application to reject the plaint was dismissed. Against such dismissal GVFL filed an O.S.A. The same is pending, yet to be numbered.

Sr. No.	**3**
Case No./Date	C.S.No.612 of 1998
In The Court Of	High Court, Madras
By	Narayanan
Particulars	For a declaration that the said Narayanan is entitled to transfer of 50,000 shares in G.V.F.L belonging to Sujatha Films Ltd and a further compensation of Rs.11,00,000/-.
Status	The suit is pending in the High Court, Madras.
Background	GVFL's contention is that there is no privity of contract between GVFL and the said Narayanan and that there is no cause of action against GVFL and further, unless the original share certificates are produced the company cannot register any transfer.
Risk Assessment	In the event of the plaintiff succeeding, GVFL may be forced to pay a compensation of Rs.11,00,000/- to the plaintiff.

Sr. No.	**4**
Case No./Date	T.A.1794 of 1997
In The Court Of	DRT, Chennai
By	Central Bank of India
Particulars	for recovery of a sum of Rs.10.54crores
Status	The next hearing in the DRT is scheduled on 29th January, 2007.
Background	Pending these proceedings the bank agreed to receive Rs.10 crores in full discharge of this claim if paid before 31.03.2003. Under a joint memo dated 16.10.2002 filed and signed by the Bank, GVFL and their respective counsel, confirmation of sale of one property belonging to a guarantor was sought for. It appears that Rs.3,53,97,000/- was realized by the bank upon this sale. By an order dated 26.06.2006 the DRT accepted the memo and directed the Bank to give credit to Rs.3.53,97,635/- in the loan account of GVFL. Two more properties of certain guarantors were also sold by the bank. It appears that the bank realized Rs.3,87,10,000/- upon sale of these 2 properties. The bank sought for confirmation of these sales also in T.A.No. 1794 of 1997 by filing I.A.No.89 of 2004. The said I.A was allowed and the Bank was directed to credit the sale proceeds to the loan account of GVFL. GVFL has filed I.A for direction to the Bank to give credit for a sum of at least Rs. 3.2 crores in GVFL's account towards sale of the subject Shares, granting liberty to the Bank to sell the shares at any rate. The Bank has filed I.A seeking permission to permit the Bank to sell the Equity Shares numbering 69,63,000 at the market price and to appropriate the same to the loan account. The matter is pending in DRT, Chennai and GVFL shall abide by the decision/ settlement as may be arrived in the DRT.
Risk Assessment	In the event of the bank succeeding in its contentions GVFL may be saddled with a liability to pay the Bank's claim remaining after deducting therefrom Rs.7,41,07,635/- realized by sale of properties and the sum to be realized by the proposed sale of shares.

Sr. No.	**5**
Case No./Date	O.S.A.No.295 of 2001
In The Court Of	High Court, Madras
By	Asian Capital Consolidates & Holdings P Ltd.
Particulars	Appeal against order rejecting C.S.No.523 of 2001 filed by Asian Capital Consolidates & Holdings P Ltd. Against GVFL.
Status	The appeal is pending in the High Court, Madras.

Background	Asian Capital Consolidates & Holdings P Ltd. filed a suit against GVFL for recovery of Rs1,14,46,685-00.The same was rejected by High Court on the ground that the claim was barred by limitation and certain other provisions of law. This appeal is filed by the said company against such rejection order.
Risk Assessment	The suit has already been rejected. In the event of the plaintiff succeeding in the appeal, the suit C.S.No.523 of 2001 would be restored to file and go for trial. In the event of GVFL's defence being rejected in the suit, there would be a decree for Rs. 1,14,46, 685/- against GVFL.

Sr. No.	**6**
Case No./Date	C.S.No. 49 of 2003
In The Court Of	High Court, Madras
By	Jaswand Chand
Particulars	For recovery of Rs.2,95,00,000/- together with interest at the rate of 36% p.a.
Status	Exparte decree set aside
Background	This suit was filed by against GVFL The said suit was decreed for a sum of Rs.3 crores based on a compromise memo. After the death of the erstwhile Chairman Mr.G.Venkateswaran, the new Board of directors took over the company, and a committee was appointed to scrutinize the accounts and records of the company. From the interim report given by the Audit committee it was found that the plaintiff obtained a compromise decree by playing fraud on GVFL and the Hon'ble court. Hence GVFL filed an application vide A.No. 3339 of 2006 to set aside the Compromise decree passed in the above suit. The said application was allowed by the Hon'ble High Court, Madras on 31.07.2006, and the compromise decree dated 27.01.2003 passed in the suit C.S.No. 49 of 2003 was set aside.
Risk Assessment	This matter is over, unless Jaswant prefers an appeal against it. Jaswant's claim is Rs.2,95,00,000/- with interest.

Sr. No.	**7**
Case No./Date	C.S.No. 237 of 2005
In The Court Of	High Court, Madras
By	Prabhudas Gurmukh singh & Sons
Particulars	For recovery of Rs.57,99,700/- and for a mortgage decree on a property not belonging to GVFL and in which GVFL is only a tenant
Status	Pending
Background	As such GVFL is not interested in the suit property except to the extent of protecting its tenancy rights and to defend the claim for money decree against GVFL.
Risk Assessment	In the event of an adverse decree, GVFL may be forced to pay Rs.57,99,700/- with further interest to the plaintiff.

Sr. No.	**8**
Case No./Date	C.S.No.410 of 2005
In The Court Of	High Court, Madras
By	West Top Investments I P. Ltd.
Particulars	This is a Civil Suit filed by West Top Investments I P. Ltd. against GVFL & 4 others for a declaration that they are the absolute owners of the limited copy right viz. entire video copyrights and cable TV rights etc. of certain films and for a permanent injunction to restrain the defendants from in any manner infringing the said limited copyrights.

Status	Pending
Background	GVFL is the 1st defendant. There is an interim injunction against the 5th defendant in this case. They have now come up with a petition to condone the delay in filing the written statement. The petition was allowed on 17.10.2005. GVFL is only an eo nominee party. It is not interested in subject matter of this case. It has assigned the subject rights long ago.
Risk Assessment	GVFL will not be affected by any order in this suit.

Sr. No.	**9**
Case No./Date	C.S.No.411 of 2005
In The Court Of	High Court, Madras.
By	West Top Investments I P.Ltd
Particulars	This is a connected suit with the above mentioned C.S.No.410 of 2005
Status	Pending
Background	It is to be heard along with the above mentioned C.S.No.410 of 2005
Risk Assessment	GVFL will not be affected by any order in this suit.

Sr. No.	**10**
Case No./Date	C.S.No. 246 of 1997
In The Court Of	High Court, Madras.
By	One ABS Movies against one T.C.Chokalingam, GVFL and Gemini Colour Laboratory
Particulars	This is a Civil Suit filed by one ABS Movies against one T.C.Chokalingam, GVFL and Gemini Colour Laboratory for a declaration that the plaintiff (ABS Movies) is the absolute owner of the world satellite rights and world Television rights of a Tamil picture "Ilamai Unjal Aadukirathu".
Status	Pending
Background	G.V.F.L is only an eo nominee party and has no interest in the subject matter of this case. They have long ago assigned such rights.
Risk Assessment	GVFL will not be affected by any order in this suit.

Sr. No.	**11**
Case No./Date	O.S.No. 7185 of 2005
In The Court Of	XII Asst. City civil Judge Chennai
By	Abu & Co
Particulars	This is a suit filed by Abu & Co. for recovery of a sum of Rs. 5 lakhs with interest
Status	The next hearing date is 30th January, 2007
Background	---------
Risk Assessment	An adverse order may compel GVFL to pay Rs.5 lakhs with further interest to the plaintiff.

Sr. No.	**12**
Case No./Date	C.S.No. 395 of 2006
In The Court Of	High Court, Madras
By	One P. Chengaiah
Particulars	This suit filed by one P.Chengiah against GVFL for recovery of a sum of Rs.37,75,000/-.
Status	pending
Background	GVFL have a very strong defence to the suit claim. The principal sum claimed is only Rs.25,00,000/-. There is no contract to pay interest. The claim itself is time barred. The suit is liable to be dismissed as barred by limitation.
Risk Assessment	In the event of an adverse decree, GVFL may be forced to pay RS. 25,00,000/- with further interest to the plaintiff. GVFL has already deposited Rs.25,00,000/-in court.

Sr. No.	**13**
Case No./Date	C.S.No. 311 of 2006
In The Court Of	High Court, Madras
By	M/s Deccan Musical Pvt. Ltd
Particulars	This is a suit filed by M/s Deccan Musical Pvt. Ltd for recovery of Rs.78,01,708/-. The principal amount is Rs.40,00,000/-.
Status	Pending
Background	There is no acknowledgement of liability by GVFL for the alleged debts claimed in this suit and the suit itself barred by limitation without prejudice to which GVFL has a valid defence in the suit.
Risk Assessment	In the event of an adverse decree, GVFL may be forced to pay Rs.40,00,000/- with further interest to the plaintiff.

Kashyap Technologies Limited (KTL)

KRSL has taken over liability of Rs.120 millions of Ram Kaashyap Chits Andhra Limited, Ram Kaashyap Chits Private Limited and Ram Kaashyap Investment Limited against a combined receivable of Rs.154.60 millions from these companies. KRSL has also proposed to contribute if there is any shortfall in collections made by one Shriram Group which has taken over responsibility of collections for repayment of depositors.

There is a Scheme of Arrangement between depositors of KRSL and KRSL which has been sanctioned by the Hon'ble Madras High Court vide order dated November 3, 2004 in Company Petition No.204/2003 directing, inter alia, that the Scheme covers claims of all the creditors/depositors.

Around 56 consumer cases have been filed against KRSL in various consumer forums in the State of Andhra Pradesh aggregating to claims around Rs.2.7 millions. Since these claims are mostly by depositors, their claims are being settled as per the Scheme of Arrangment sanctioned by the Hon'ble Madras High Court referred above.

LITIGATION INITIATED AGAINST THE COMPANY

1. Criminal Cases

Sr. No.	**1**
Case No./Date	CC.No.1724/2005
In The Court Of	XVIII Metropolitan Magistrate, Chennai
By	UTI Bank Ltd
Particulars	Under Section 138 of Negotiable Instruments Act for dishonour of the Cheque of Rs. 11,00,00,000 (Rupees eleven crores only)
Status	Pending for hearing. The next hearing date is 5th February 2007.

2. Civil Cases

Sr. No.	**1**
Case No./Date	O.S.No.398/2005
In The Court Of	XVI Assistant Judge City Civil Court, Chennai
By	Hymavathy
Particulars	Repayment of Deposit
Status	Pending for hearing. The next hearing date is 22nd January 2007.
Background	The plaintiff is a deposit holder in the company whose deposit had matured and the amount was not paid after maturity. Hence this suit for repayment of the deposit amount. KRSL's contention is that the plaintiff is bound by the scheme sanctioned by the Hon'ble High court in C.P.204 of 2003 for the repayment of deposits to various depositors.
Risk Involved	The company may have to pay the matured amount of Rs. 27,600/- in accordance with the terms of the scheme.

Sr. No.	**2**
Case No./Date	CP No. 165/2004
In The Court Of	The Hon'ble High Court of Judicature at Madras
By	Nagaraj & co
Particulars	Winding up of the company
Status	Pending for hearing
Background	The Petitioner alleges that he had supplied certain printing materials for which he had not received any payment even after due demand. The claim is for about $.5 lakhs.
Risk Involved	In the event of the debt being proved, KRSL may have to pay around 5 lakhs to the Petitioner.

Sr. No.	**3**
Case No./Date	O.A. No.69/2004
In The Court Of	Debt Recovery Tribunal
By	UTI Bank
Particulars	Recovery of loan
Status	Next hearing date is 15.02.2007
Background	The company is in arrears of around 15 crores to the bank for the bill discounting facility availed by it.
Risk Involved	In the event of the debt being proved, KRSL may have to pay around 15 crores to the Applicant/ Bank.

Sr. No.	**4**
Case No./Date	C.S. No.795/2003
In The Court Of	The Hon'ble High Court of Madras Judicature
By	LIC Housing Finance Ltd
Particulars	Recovery of Long term loan
Status	Pending for hearing
Background	The company had obtained a housing loan of Rs.1 crore from the plaintiff. The suit is for the recovery of the said amount.
Risk Involved	In the event of the debt being proved, KRSL may have to pay around 1 crore to the plaintiff.

OUTSTANDING DUES TO SMALL SCALE INDUSTRIES

There are no outstanding dues to Small Scale Industries as on 31st March 2006

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

Except for the Business Transfer agreement between the Company and Shriram EPC Ltd dated 15.05.2006 and the change in the Company 's name from Ennore Coke & Power Ltd to Ennore Coke Ltd w.e.f. June 06, 2006, there have not been any other material developments since the last balance sheet date i.e. 31st March 2006.

GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

The Company does not require any letter of intent or industrial license from the Government of India (GoI) for carrying out coke manufacturing and for generation of power through renewable energy sources. The Company has the following registrations and approvals:

GENERAL STATUTORY LICENSES

1. Certificate of Incorporation issued by Registrar of Companies, Mumbai bearing Number 35478 of 1984-85 dated 25th February, 1985.
2. Fresh Certificate of Incorporation Consequent on Change of name issued by Registrar of Companies, Mumbai dated 11th November, 1986.
3. Fresh Certificate of Incorporation Consequent on Change of name issued by Registrar of Companies, Mumbai dated January 24, 2006.
4. Permanent Account Number card was issued by Commissioner of Income Tax (Mumbai) bearing number AAACK 1631Q.
5. Tax deduction account number (TAN) under the Income Tax Act, 1961, issued by the Income Tax department, Mumbai bearing number MUMK09020E.
6. CST NO. 843359 / TNGST No. 0863054/ 05-06 dated 29th March 2006

REGISTRATIONS AND APPROVALS REQUIRED FOR THE PROPOSED PROJECT OF THE COMPANY

The Company shall make the necessary applications to relevant authorities for registration under applicable laws, before commencement of the operations of the coke and power plants, like pollutions control certificates, labour regulations and such other licenses.

G. OTHER REGULATORY AND STATUTORY DISCLOSURES:

Authority for the Present issue:

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on April 21st, 2006 and by a resolution passed at the Annual General Meeting of the Company held on the 30th May, 2006.

This Offer is applicable to those Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and appearing on the Register of Members of the Company at the close of business hours on the Record Date 8th January 2007.

Prohibition by SEBI

The Company, its directors, its promoters, any of the Company Associates or Group Companies with which the directors of issuer are associated, as directors or promoters have not been prohibited from accessing the capital market or restrained from buying, selling or dealing under any order or direction passed by SEBI.

Eligibility of the Issue:

The Company is eligible to access the capital market through rights issue of equity shares as per clause 2.4.1 (iv) of the SEBI (Disclosure and Investor Protection) Guidelines 2000 as it is an existing listed company at the Bombay Stock Exchange Limited.

DISCLAIMER CLAUSE

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

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPOSIBILITY 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 LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 12th JUNE, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED THE VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE THERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE; AND**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

a. **THE LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**

c. **THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE;**

d. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID; AND**

e. **IF UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

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

DISCLAIMER

Our Company, our directors and the Lead Manager to the issue accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information, including our web site www.ennorecoke.com would be doing so at his/her own risk.

The Lead Manager accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company, dated June 12th, 2006.

All information shall be made available by our Company to the shareholders/investors at large and no selective or additional information would be available for any section of the shareholders/investors in any manner whatsoever including at road show presentation, in research and/or sales reports.

Caution

The Company accepts full responsibility for the accuracy of the information given in the Letter of Offer and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in the Letter of Offer misleading and they further confirm that they have made all reasonable enquiries to ascertain such facts. The Company further declares that the Stock Exchanges to which applications for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statements made or opinions expressed in this Letter of Offer. The Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Offer Document has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement/ misrepresentation and in the event of its transpiring at any point of time before allotment/refund, as the case may be, that any information/material has been suppressed /with held and/or amounts to a mis-statement/ mis-representation, then the Promoters/ Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter with out prejudice to the provisions of Section 63 of the Companies Act.

Disclaimer with respect to Jurisdiction

This Offer is being made in India to the existing shareholders of the Company who are persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized 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, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Letter of Offer does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this Letter of offer comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Rights Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai 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 Offer Document has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Letter of Offer nor any sale hereunder shall, under any circumstances, create any implication that there shall be no change in the affairs of our Company from the date hereof or that the information contained herein is correct and/or constant as of any time subsequent to this date.

The Draft Offer document has been filed with the SEBI for its observations and SEBI has given its observations and the Final Offer Document has been filed with Bombay Stock Exchange Ltd. (BSE).

DESIGNATED STOCK EXCHANGE

The designated stock exchange for the purpose of the issue is BSE.

Disclaimer Clause of the BSE

The Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated 22nd September 2006, permission to the Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

(ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

(iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and its should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. "Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

FILING

The Letter of Offer has been filed with SEBI, Mittal Court, A Wing, Nariman Point, Mumbai 400 021 for its observations. The final Letter of Offer will be filed with the Bombay Stock Exchange Limited. All the legal requirements applicable till the date of filing the Letter of Offer with the stock exchanges and SEBI have been complied with.

LISTING

The existing Equity Shares are listed on the BSE (Designated Stock Exchange). The Company will make applications to the BSE to list the equity shares and Warrants offered under this Letter of Offer, at the appropriate time.

IMPERSONATION

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

"Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

CONSENTS

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

EXPERT OPINION

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

EXPENSES OF THE ISSUE

The expenses of the Issue payable by the Company inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs. 170 Lakhs for the present Issue.

Details of Fees payable

The expenses for the issue include among others, issue lead management fees, advertising costs, printing and distribution expenses, legal, statutory fees payable to the Stock Exchanges. The estimate of the issue expenses is as follows:

FOR RIGHTS ISSUE:

Sr. No.	Particulars	Amount Rs. Lakhs	% of total issue expenses	% of total Issue Size
1	Lead Managers fees	130	76.47	1.44%
2	Registrar to the Issue	3	1.76	0.03%
3	Legal fee	3	1.76	0.03%
4	Stationery,, Printing and Postage	5	2.94	0.06%
5	Advertising Expenses	5	2.94	0.06%
6	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	18	10.59	0.20%
7	Contingencies	6	3.53	0.07%
	Total	**170**	**100.00**	**1.89%**

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

No Underwriting, Brokerage and selling Commission will be payable for this issue.

PREVIOUS ISSUE

The company has not made any issue of its equity shares during the last 5 years.

However, the Company had made a Public issue of 4,99,300 Equity Shares of Rs. 10/- each for cash at par aggregating to Rs. 49,93,000. The issue was opened on 29th October, 1985 and was closed on 11th November, 1985. The object of the issue was to obtain working capital for the Company and to reimburse preliminary expenses. The Company has not paid any dividend in the past.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUE

The Company has not paid any commission or brokerage on previous issue.

PREVIOUS ISSUE OTHER THAN FOR CASH

The company has not issued any equity shares for consideration other than cash.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956, which made any public issue during the last three years

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, which has made any capital issues during the last three years.

Promises Vs Performance

Ennore Coke Limited

The Company made public issue in October-November, 1985 and the proceeds of the public issue were utilized as stated in the Offer Document. The Offer Document did not contain the promised future performance of the Company.

Outstanding Bonds/Debentures

There are no outstanding debentures or bonds or redeemable preference shares or any other instruments issued by the issuer company outstanding as on the date of Letter of Offer.

STOCK MARKET DATA

The Company's shares are listed on BSE. The shares have not been traded for the last 4 years and hence no data is furnished. The equity shares of Company was admitted for dematerialisation on 18th August 2006. The stock price movement on the Bombay Stock Exchange for the last six months is given as under:

Date	High (Rs.)	Low (Rs.)	No. of Shares	No. of Trades	Net T/O (Rs.)	Spread * (Rs.)	
						H - L	C - O
October 2006	5.17	3.06	2600	13	10107.00	2.11	2.11
November 2006	14.91	5.42	2500	22	24751	9.49	9.49

(Source: www.bseindia.com)

Mechanism for Redressal of Investor Grievances

The Company has adequate arrangements for Redressal of investor's complaints. The company has developed well-arranged correspondence system for letters of routine nature. The share transfer and dematerialization for the company is being handled by Intime Spectrum Registry Limited, the share transfer agents of the Company. Letters are filed category wise after having attended to. The redressal norm for response time for all correspondence including shareholders complaints is 10 days.

A shareholders / investor grievances committee was constituted on January 16, 2006 the committee consists of Directors Mr. Rajeev Agrawal, Mr. M.R. Rajgopal and Mrs. Vatsala Ranganathan are members of the committee. The role of the committee is redressal of investor grievances. Mr. K. Rajgopal, Company Secretary, is the compliance officer of the Company. Meeting of shareholders / investor grievances committee is scheduled once every three months.

Status of complaints

No. of shareholders complaints as on 30/11/2006	Nil
Total number of complaints received during last financial year (2005-06)	Nil
Total number of complaints received during 1/4/2006 to 30/11/2006	Nil
Status of complaints	Nil
Time normally taken for disposal of various types of investor grievances.	Nil

Investor grievances arising out of this Issue.

The Company's investor grievances arising out of this issue will be handled by the Registrars to the Issue, Intime Spectrum Registry Ltd. The registrar will have a separate dedicated team of personnel handling only our post issue correspondence. The agreement between the Company and the registrar will provide for retention of records with the registrar for a period of at least one year from the last date of dispatch of letter of allotment / share certificates / warrants / refund orders to enable the registrars to redress grievances of investors.

All grievances related to the issue may be addressed to the registrar to the issue giving full details such as folio numbers, name and address of the first applicant, number and types of shares applied for, application / CAF serial number, amount paid on application and name of the bank and the branch where the application was deposited along with photocopy of the acknowledgement slip. In case of renunciation, the same details of the renounce should be furnished.

The Company would also be co-ordinating with the registrar in attending to the grievances of the investors. The Company assures that the Board of Directors / Investor grievance committee in respect of the complaint, if any, to be received, shall adhere to the following schedule.

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

To handle the grievances received, the Company has appointed Mr. K. Rajgopal, Company Secretary, as the Compliance Officer. He will supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Issue and ensure timely settlement. The investors may contact the compliance officer in case of any pre-issue / post-issue related problems. The compliance officer can be contacted at the following address.

Ennore Coke Ltd.

304, Shivshakti Building,
J. P. Road ,Andheri West,
Mumbai 400 053,
E-mail: info@ennorecoke.com,
Website:www.ennorecoke.com

Change in Auditors

M/s. MGB & Co. were the sole auditors of the Company. In January 2006, the Board of Directors of the Company had appointed M/s. R. Ravindran & Associates, Chartered Accountants as joint auditors of the Company. Thereafter, in April 2006, M/s. MGB & Co., Chartered Accountants, expressed their inability to continue as auditors of the company and resigned from the post of auditor. Therefore, the joint auditors, M/s. R. Ravindran & Associates have undertaken the audit work solely. The appointment of M/s. R. Ravindran & Associates as Joint Auditor and to now continue as the sole auditors of the company shall be ratified by shareholders in the forthcoming Annual General Meeting.

Capitalization of Reserves or Profits

There is no capitalization of reserves / profits during the last five years.

Revaluation of assets

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

H. TERMS OF THE ISSUE

(A) EQUITY SHARES

The Equity Shares, now being issued, are subject to the terms and conditions contained in this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of the Company, approvals from the RBI, the provisions of the Companies Act, 1956, Guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

This Issue is being made pursuant to the resolution passed at Annual General meeting of the Company under Section 81 of Companies Act at its meeting held on May 30th , 2006.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners in the Register of Members of the Company in respect of shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Stock Exchange. The Equity Shares are being offered for subscription in the ratio of Thirty Equity Shares for every One Equity Share held by the Equity Shareholders.

Nomination facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. A sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares, by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available, on request, at the registered office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant needs to change the nomination, they are requested to inform their respective DP.

Offer to Non-Resident Equity Shareholders/Applicants

Applications received from NRIs and non-residents for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment / share certificates, payment of interest, dividends, etc. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability, as are applicable to the original shares against which rights shares are issued. By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities.

Principal Terms and Conditions of the Issue

(A) Equity Shares

Face value

Each Equity Share shall have the face value of Rs. 10.

Issue Price

Each Equity Share is being offered at a price of Rs. 20 including premium of Rs. 10 per equity share.

Rights Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of Thirty Equity Shares for every One Equity Share held as on the Record Date.

Market lot

The market lot for the Equity Shares in dematerialised mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate").

Minimum Subscription

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

The Issue will become undersubscribed after considering the number of shares applied as per entitlement plus additional shares. The undersubscribed portion shall be applied for only after the Issue Closing Date. The Promoter or any other person shall subscribe to such undersubscribed portion as per the relevant provisions of the law. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

Terms of payment

Full amount of Rs. 20 per equity share shall be payable on Application.

Ranking of the Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing Equity Shares of the Company.

Option available to the Equity Shareholders

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his entitlement in part;
- Apply for his entitlement in part and renounce the other part;
- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional Equity Shares.

Renouncees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Utilisation of Issue Proceeds

The Board of Directors declares that:

(i) The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Act.

(ii) Details of all moneys utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such moneys has been utilised.

(iii) Details of all such unutilised moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate bank account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.

Undertakings by the Company

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at BSE where the equity shares are to be listed will be taken within seven working days of finalization of the basis of allotment.
3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue. Alternatively, refunds may be transferred through the Electronic Clearing System (ECS) in the Bank Account of the applicant as disclosed in the CAF.
4. The intimation of confirmation of allotment of equity shares/ refund orders to the non-resident Indians shall be dispatched within the specified time.
5. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.
6. The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
7. All information shall be made available by the Lead Managers and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

How to Apply

Resident Equity Shareholders

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer.

Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter-alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B: Form for renunciation

Part C: Form for application for renouncees

Part D: Form for request for split application forms

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centres not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Renunciation

As an Equity Shareholder, you have the right to renounce your entitlement for the Equity Shares in full or in part in favour of one or more person(s). Your attention is drawn to the fact that the Company shall not allot and/or register any renounced Equity Shares in favour of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Hindu Undivided Family
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company) The right of renunciation is subject to the express condition that the Board/ Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason thereof.

Procedure for renunciation

To renounce the whole offer in favour of one renouncee

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renouncee(s) without assigning any reason thereof.

Please note that:

- Part A of the CAF must not be used by any person(s) other than those in whose favour this Offer has been made. If used, this will render the application invalid.
- Request for split form should be made for one Split Application Form for the balance Equity Shares, if any.
- Request by the applicant for the Split Application Form should reach the Company on or before 5th February, 2007.
- Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be in the manner prescribed under the section 'Terms of the Issue' of this Letter of Offer. The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. In case of application for additional Equity Shares by non-resident equity shareholders including FIIs, the allotment of additional securities will be subject to the permission/approval of the RBI, if any. Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. The summary of options available to the equity shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available - Action Required

1. *Accept whole or part of your entitlement without renouncing the balance.*

   Fill in and sign Part A (All joint holders must sign)

2. *Accept your entitlement in full and apply for additional Equity Shares*

   Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

3. *Renounce your entitlement in full to one person (Joint renouncees are considered as one).*

   Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the renouncee. The renouncees must fill in and sign Part C (All joint renouncees must sign)

4. *Accept a part of your entitlement and renounce the balance to one or more renouncee(s)*

   OR

   Renounce your entitlement to all the Equity Shares offered to you to more than one renouncee

   Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms.

   Splitting will be permitted only once.

   On receipt of the Split Form take action as indicated below.

   For the Equity Shares you wish to accept, if any, fill in and sign Part A.

   For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renouncees. Each of the renouncees should fill in and sign Part C for the Equity Shares accepted by them.

   Introduce a joint holder or change the sequence of joint holders This will be treated as a renunciation. Fill in and sign Part B and the renouncees must fill in and sign Part C.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an Account Payee Cheque drawn on a local bank at Mumbai/ Demand Draft payable at Mumbai which should be drawn in favour of the Company and send the same by registered post directly to the Registrar to the Issue.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Ennore Coke Limited
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of shares held as on Record Date
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid at the rate of Rs. 20 per Equity Share
- Particulars of cheque/draft
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order
- PAN/GIR number, Income Tax Circle/Ward/District, photocopy of the PAN card/ PAN communication / Form 60 / Form 61 declaration where the application is for Equity Shares of a total value of Rs. 50,000 or more for the applicant and for each applicant in case of joint names, and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

Payments in such cases, should be through a cheque/ demand draft payable at Mumbai be drawn in favour of the Bankers to the Issue marked 'A/c Payee' and marked 'Bankers to the Issue – ECL - Rights Issue'.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Last date of Application

The last date for submission of the duly filled in CAF is 21st February, 2007. The Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 60 (sixty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section entitled "Basis of Allotment".

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

(c) Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis, as a part of the Issue and not as a preferential allotment.

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (b) and (c) above. After considering the above allotment, if the Issue does not have subscription to the extent of 90% of the Issue size, the Promoter and the promoter group shall subscribe to such portion to ensure that the Issue is successful. After such allotments as above and to the Promoters and the promoter group, including the application for rights/renunciation and additional equity shares, any additional Equity Shares shall be disposed off by the board or committee of the Board of Directors authorised in this behalf by the Board of Directors of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of directors of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the Issue. Allotment to Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

Underwriting

The present Issue is not underwritten.

Non Underwritten Rights Issue

1. If the company does not receive the minimum subscription of 90% of the issue, the entire subscription shall be refunded to the applicant within 42 days from the date of closure of the issue.
2. If there is delay in the refund of subscription by more than 8 days after the company becomes liable to pay the subscription amount (i.e. 42 days after the closure of the issue), the company will pay interest for the delayed period, at the rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

The above is subject to the terms mentioned under the "Basis of Allotment".

Allotment / Refund

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted equity shares to the respective beneficiary accounts, if any, within a period of six weeks from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Act.

In case of those shareholders who have opted to receive their Right Entitlement Shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares shall be given separately.

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

As regards allotment/ refund to non-residents, the following further conditions shall apply:

In case of non-residents, who remit their application monies from funds held in NRE accounts, refunds and/or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. In case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

Share Certificates / Demat Credit

Share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 6 (six) weeks, from the date of closure of the subscription list.

Option to receive Equity Shares in Dematerialized Form

Applicants to the Equity Shares of the Company issued through this Issue shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. The Company signed a tripartite agreement with National Securities Depository Limited (NSDL) and Intime Spectrum Registry Limited on 17th August, 2006 and with Central Depository Services (India) Limited (CDSL) and Intime Spectrum Registry Limited on 17th August, 2006, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates. In this Issue, the allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. No separate applications for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected.

The Equity Shares of the Company will be listed on the BSE.

Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those equity shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.*
- For equity shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Offer by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company. Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant. If incomplete / incorrect beneficiary account details are given in the CAF the applicant application would be rejected. The Equity Shares pursuant to this Offer allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Refund order (if any) or ECS credit intimation would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account. Renouncees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Utilisation of Proceeds

Subscription received against this Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received the minimum subscription of 90%, of the Issue and also the necessary approvals of the Designated Stock Exchange, to use the amount of subscription.

General instructions for applicants

a) Please read the instructions printed on the enclosed CAF carefully.

b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address and father's / husband's name must be filled in block letters.

c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue /Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Managers to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai and send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

d) Applications for a total value of Rs. 50,000 or more, i.e. where the total number of securities applied for multiplied by the Issue price, is Rs. 50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/ her PAN number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Bidders who do not have PAN are required to provide a declaration in Form 60 / Form 61 prescribed under the I.T. Act along with the application. **CAF Forms without this photocopy/ PAN Communication/ declaration will be considered as incomplete and are liable to be rejected.**

e) Applicants are advised to provide information as to their savings/current account number and the name of the Company with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

f) The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.

g) Signatures should be either in English or Hindi or in any other language specified in the Eight Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.

h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected.

i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders should be sent to the Company if the Shares are held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

l) Split forms cannot be re-split.

m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.

n) Applicants must write their CAF number at the back of the cheque / demand draft.

o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)

q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds For Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs. 50,000 or more;
- UIN Number not given, if applicable;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Mode of payment for Resident Equity Shareholders/ Applicants

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked 'Bankers to the Issue A/c "ECL - Rights Issue"
- Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting the applications, are requested to send their applications together with Demand Draft (Net of Bank and Postal Charges) for the full application amount favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked 'Bankers to the Issue A/c ECL - Rights Issue' payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Equity Shareholders/ Applicants

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

Payment by non-residents must be made by demand draft / cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non-Resident External Account (NRE) Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis. All cheques/drafts submitted by non-residents should be drawn in favour of the Bankers to the Issue and marked 'Bankers to the Issue A/c ECL - Rights Issue – NR' payable at Mumbai and must be crossed 'A/c Payee only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF. Applicants may note that where payment is made by drafts purchased from NRE/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected. New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Issue. For further instruction, please read the Composite Application Form (CAF) carefully.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed 'ECL - Rights Issue' on the envelope) to the Registrar to the Issue at the following address:

  Intime Spectrum Registry Limited
  C-13, Pannalal Silk Mills Compound,
  LBS Marg, Bhandup (W),
  Mumbai- 400078.
  Contact person: Ms Avani Punjani
  Tel No. 022- 25960320(9 lines)
  Fax No. 022- 25960329
  Email ID: ennore-rights@intimespectrum.com
  Website: www.intimespectrum.com

- It is to be specifically noted that this Issue of Equity Shares is subject to the section entitled 'Risk Factors' mentioned this Letter of Offer.

The Issue will not be kept open for more than 30 days unless extended, in which case it will be kept open for a maximum of 60 days.

(B) WARRANTS

The Warrants being issued as part of this Rights Issue are subject to the terms and conditions contained in this Letter of Offer, the Memorandum and Articles of Association of the Company, provisions of the Companies Act, 1956, Guidelines issued by SEBI, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the security certificate and rules as may be applicable and introduced from time to time.

Authority for issue of Warrants

Warrants are being made pursuant to the resolution passed by the Board of Directors of the Company under Section 81(1) of Companies Act at its meeting held on April 21, 2006 and was also approved at the AGM held on May 30, 2006.

Basis for the issue of Warrants

The Warrants are being offered to the existing Equity Shareholders whose names appear as beneficial owners in the Register of Members of the Company in respect of shares held at the close of business hours on the Record Date i.e. 8^{th} January,2007 . The Warrants are being offered in the ratio of Sixty Warrants for every One Equity Share held by the Equity Shareholders.

Nomination Facility

Nomination facility is available for these Warrants. The Warrant holder can nominate any person by filling the nomination form provided by the Company for this purpose. A sole Warrant holder or the first Warrant holder, along with other joint Warrant holders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Warrants. A person, being a nominee, becoming entitled to the Warrants by reason of the death of the original Warrant holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the Warrants. Where the nominee is a minor, the Warrant holder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Warrants (s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Warrant by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Warrant is held by two or more persons, the nominee shall become entitled to receive the equity shares only on the demise of all the holders, before the Warrants converted on the payment of the price for the equity shares or get lapsed in the event of non-conversion. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company.

For Warrants issued in dematerialised form, there would be no need to make a separate nomination for such Warrants, as nominations registered with respective DP of the applicant would prevail. If the applicant desires to change the nomination, they are requested to inform their respective DP.

Offer to Existing Non-Resident Equity Shareholders

Warrants issued to NRIs and non-residents shall be inter alia, subject to any conditions as may be imposed by the RBI from time to time under the Foreign Exchange Management Act, 2000 (FEMA) or its Regulations in the matter of issue and conversion of the same to Equity Shares. The Warrants purchased by non-residents from the stock exchange shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to shares.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE OF WARRANTS

Entitlement Ratio

The Warrants are being issued on rights basis to the existing Equity Shareholders of the Company in the ratio of Sixty Warrants for every One Equity Share held as on the Record Date 8^{th} January 2007.

Market lot

The market lot for the Warrants in dematerialised mode is (1) one.

Rights of Warrant holders

a. Warrants are independent instruments and have separate and individual rights attached to it to the extent of its sale, transfer and conversion into equity shares on payment of conversion price as may be decided by the Company in terms of this Issue.

b. The Warrants shall be transferable in the same manner, subject to the same restrictions and limitations and other related matters as in the case of ordinary shares of the Company.

c. The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of the Company or Annual Report of the Company and or to attend/vote at any of the General Meetings of the Shareholders of the Company.

d. Save and except the right of subscription to the Company's Equity Shares as per the terms of this Issue, the holders of the Warrants in their capacity as Warrant holders shall have no other rights or privileges.

e. The Warrant holders, inter-se, shall rank paripassu without any preference or priority of one over the other or others. All the above rights of the Warrant holder shall lapse automatically if it is not exercised within the warrant conversion period and the unexercised warrant shall automatically be treated as cancelled.

TERMS OF CONVERSION OF WARRANTS

The basic terms for conversion of Warrants into Equity Shares of the Company are as under:

Warrant Conversion Ratio:

The warrant conversion ratio is 1:1, which means that a Warrant holder shall have a right to receive one Equity Share for every one warrant held by him.

Warrant Conversion Period:

Warrants shall be convertible into equity shares during the period of the 13^{th} to the 15^{th} month from the date of allotment of the same in this Rights Issue.

Warrant Conversion Price:

Warrants shall be converted at Floor Price of Rs.20 per equity share or the price which is at a discount of 10% to the average daily closing market price of the shares during the previous calendar month immediately preceeding the month in which the warrant conversion is exercised, whichever is higher. The illustration for warrant conversion price is given at page no. 157 of this letter of offer.

Advertisement of Conversion Price in Newspapers

The applicable conversion price for the calendar month would be advertised by the Company in an English National Daily, one Hindi National Daily with wide circulation and a Regional Language Daily circulated at the place where the Registered Office of the Company is situated, within three working days of every month during the conversion period. The Company will also intimate Applicable Conversion Price to all warrant holders by Post within 7 working days of every month during the Warrant Conversion Period. The Company shall send the application forms to the Warrant holders to enable them to apply for conversion of the Warrants into Equity Shares and the same will also be available on the Company's website –www.ennorecoke.com

Validity of Warrants

The Warrants are valid upto the end of the 15^{th} month from the date of allotment of the Warrants in the Rights Issue. In case, Warrants are not converted into equity shares within the conversion period, such unconverted warrants shall get lapsed automatically.

Trading of Warrants

The Warrants shall be listed at the BSE.

Minimum lot for trading of warrants

Minimum lot for trading of warrants shall be one warrant.

Earlier Conversion of Warrants

In case, the Company plans further issue of capital in the intervening period, the company reserves the right to give option to the Warrant holders for early conversion of their Warrants as per the conversion price formula as specified above.

Lapse of Convertible Warrants

In case, Warrant holder do not exercise the warrant conversion option during the warrant exercise period, such warrants shall lapse at the end of Warrant Conversion Period.

Note: In case the promoters acquire warrants from the open market, any increase in their shareholding upon conversion of warrants into equity shares will be subject to necessary compliance under the SEBI (SAST) Regulations, 1997.

<u>Utilisation of Issue Proceeds on conversion of the Warrants into Equity Shares</u>

The Board of Directors declares that:

(i) The funds received from the conversion of the Warrants into equity shares will be transferred to a separate bank account by the Company.

(ii) Details of all moneys utilised out of the money received from conversion of the Warrants into equity shares shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such moneys has been utilised.

(iii) Details of all such unutilized moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized moneys have been invested.

<u>Undertaking by the Company</u>

The Company shall attend to the complaints, received in respect of Warrants, expeditiously and satisfactorily.

INVESTORS MAY PLEASE NOTE THAT THE WARRANTS OF THE COMPANY CAN BE TRADED ON THE BSE ONLY IN DEMATERIALIZED FORM.

<u>Allotment</u>

The Company will allot the Warrants to those existing shareholders whose names appear in the Register of Member of the Company on the record date and the date of allotment being the date of allotment of Warrants.

Shareholders shall receive their Warrants in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the Warrants shall be given separately.

<u>Warrants shall be issued in Dematerialized Form</u>

Warrants of the Company issued through this Issue shall be allotted in dematerialised (electronic) form. The Company will sign a tripartite agreement with National Securities Depository Limited (NSDL) and Intime Spectrum Registry Limited and with Central Depository Services (India) Limited (CDSL) and Intime Spectrum Registry Limited which would enable the Investors to hold and trade in securities, including Warrants, in a dematerialised form. In this Issue, the allottees of Warrants will receive the Warrants in the form of an electronic credit to their beneficiary account with a depository participant. The shareholder will have to give the relevant particulars for this purpose in the form enclosed with the Letter of Offer.

Warrants to be issued in Physical Form:

In case, any equity shareholder of the Company holding equity shares as on Record Date and has not provided the details of Demat account then he would be allotted warrants in Physical form.

Such Physical warrants can be converted into Dematerialised mode by making a necessary application to Registrar to the Issue.

Terms of payment

An eligible equity shareholder applying for warrants need not to pay any amount at the time of making an application for issue of warrants under this issue.

Ranking of the warrants

The warrants allotted under this issue shall be subject to the Memorandum and Articles of Association of the Company and shall not rank paripassu in all respects including dividends with the existing Equity Shares of the Company.

Option available to the Eligible Equity Shareholders in case of Warrants Application

The Composite Application Form clearly indicates the number of warrants that the Equity Shareholder is entitled to.

If the Equity Shareholder applies for warrants, then he can:

- Apply for his entitlement in part;

- Apply for his entitlement in part and renounce the other part;
- Apply for his entitlement in full;
- Apply for his entitlement in full and apply for additional warrants.

Renouncees for warrants can apply for the warrants renounced to them and also apply for additional warrants.

How to Apply for warrants

Resident Equity Shareholders

Applications should be made only on the enclosed CAF printed in Blue Colour for Warrants provided by the Company. The enclosed CAF for warrants should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer.

Non-resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of warrants shall, inter-alia, be subject to the conditions as may be imposed from time to time by the RBI, in the matter of refund of application moneys, allotment of warrants, issue of letters of allotment/ certificates/ payment of dividends etc.

The CAF consists of four parts:

Part I: Form for accepting the warrants offered and for applying for additional warrants

Part II: Form for renunciation

Part III: Form for application for renouncees

Part IV: Form for request for split application forms

Acceptance of the Issue

You may accept the Issue and apply for the warrants offered, either in full or in part by filling Block III of Part I of the enclosed CAF and submit the same to the Bankers to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centres not covered by the branches of collecting banks can send their CAF relating to Warrants on a local bank at Mumbai or to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Renunciation

As an Equity Shareholder, you have the right to renounce your entitlement for the warrants in full or in part in favour of one or more person(s). Your attention is drawn to the fact that the Company shall not allot and/or register any renounced warrants in favour of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Hindu Undivided Family
- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company) The right of renunciation is subject to the express condition that the Board/ Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason thereof.

Procedure for renunciation

To renounce the whole offer in favour of one renouncee

If you wish to renounce the offer indicated in Part I, in whole, please complete Part II of the CAF. In case of joint holding, all joint holders must sign Part II of the CAF. The person in whose favour renunciation has been made should complete and sign Part III of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of split forms in the space provided for this purpose in Part IV of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the warrants, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the warrants are renounced should fill in and sign Part III of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renouncee(s) without assigning any reason thereof.

Please note that:

- Part I of the CAF must not be used by any person(s) other than those in whose favour this Offer has been made. If used, this will render the application invalid.
- Request for split form should be made for one Split Application Form for the balance warrants, if any.
- Request by the applicant for the Split Application Form should reach the Company on or before 5th February, 2007.
- Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

Additional Warrants

You are eligible to apply for additional warrants over and above the number of warrants for which you are entitled to, provided that you have applied for all the warrants offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional warrants shall be considered and allotment shall be in the manner prescribed under the section 'Terms of the Issue' of this Letter of Offer. The renouncees applying for all the warrants renounced in their favour may also apply for warrants. In case of application for additional warrants by non-resident equity shareholders including FIIs, the allotment of additional warrants will be subject to the permission/approval of the RBI, if any. Where the number of additional warrants applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. The summary of options available to the equity shareholder is presented below. You may exercise any of the following options with regard to the warrants offered, using the enclosed CAF:

Option Available in case of Warrants- Action Required

1. *Accept whole or part of your warrant entitlement without renouncing the balance.*

   Fill in and sign Part I (All joint holders must sign)

2. *Accept your entitlement in full and apply for additional Warrants*

   Fill in and sign Part I including Block III relating to the acceptance of entitlement and Block IV relating to additional warrants (All joint holders must sign)

3. *Renounce your entitlement in full to one person (Joint renouncees are considered as one).*

   Fill in and sign Part II (all joint holders must sign) indicating the number of warrants renounced and hand it over to the renouncee. The renouncees must fill in and sign Part III (All joint renouncees must sign)

4. *Accept a part of your entitlement and renounce the balance to one or more renouncee(s)*

   OR

   Renounce your entitlement to all the warrants offered to you to more than one renouncee

   Fill in and sign Part IV (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms.

   Splitting will be permitted only once.

   On receipt of the Split Form take action as indicated below.

   For the warrants you wish to accept, if any, fill in and sign Part I.

   For the warrants you wish to renounce, fill in and sign Part II indicating the number of warrants renounced and hand it over to the renouncees. Each of the renouncees should fill in and sign Part III, for the warrants accepted by them.

   Introduce a joint holder or change the sequence of joint holders

   This will be treated as a renunciation. Fill in and sign Part II and the renouncees must fill in and sign Part III.

   Availability of duplicate CAF for warrants

   In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications.

   Application on Plain Paper

   An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Warrants Issue on plain paper, and send the same by registered post directly to the Registrar to the Issue.

   The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

   - Name of Issuer, being Ennore Coke Limited
   - Name and address of the Equity Shareholder including joint holders
   - Registered Folio Number/ DP and Client ID no.
   - Number of shares held as on Record Date
   - Number of Rights Warrants entitled
   - Number of Rights Warrants applied for
   - Number of additional Warrants applied for, if any
   - Total number of Warrants applied for
   - Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Last date of Application

The last date for submission of the duly filled in CAF is 21st February, 2007. The Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 60 (sixty) days from the Issue Opening Date.

If the CAF is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the warrants hereby offered, as provided under the section entitled "Basis of Allotment" at page no. 142.

INVESTORS MAY PLEASE NOTE THAT THE WARRANTS OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the warrants in the following order of priority:

(a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for warrants renounced in their favour, in full or in part.

(b) Allotment to the Equity Shareholders who having applied for all the warrants offered to them as part of the Issue and have also applied for additional warrants. The allotment of such additional warrants will be made as far as possible on an equitable basis having due regard to the number of warrants held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such warrants will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

(c) Allotment to the renouncees who having applied for the warrants renounced in their favour have also applied for additional warrants, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional warrants will be made on a proportionate basis, as a part of the Issue and not as a preferential allotment.

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would lapse.

Underwriting

The present Issue of warrants is not underwritten.

Non Underwritten Warrants Issue

3. If the company does not receive the minimum subscription of 90% of the warrants issue, the issue will still be regarded as subscribed and warrants will be allotted to those persons who are entitled as per the terms of the issue as mentioned above and have made an application for warrants which is complete in all respects.

The above is subject to the terms mentioned under the "Basis of Allotment".

Allotment

The Company will issue and dispatch letters of allotment/ warrants certificates/ demat credit and/ or letters of regret to the respective beneficiary accounts, if any, within a period of six weeks from the Issue Closing Date.

In case of those shareholders who have opted to receive their Right Entitlement warrants in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the warrants shall be given separately.

Warrants certificates/ demat credit will be dispatched by registered post/ speed post to the sole/ first applicant's registered address.

Warrants Certificates / Demat Credit

Warrants certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 6 (six) weeks, from the date of closure of the subscription list.

Option to receive Warrants in Dematerialized Form

Applicants to the warrants of the Company issued through this Issue shall be allotted the warrants in dematerialised (electronic) form at the option of the applicant.

The Company will signed a tripartite agreement with National Securities Depository Limited (NSDL) and Intime Spectrum Registry Limited and with Central Depository Services (India) Limited (CDSL) and Intime Spectrum Registry Limited which would enables the Investors to hold and trade in warrants in a dematerialised form, instead of holding the warrants in the form of physical certificates. In this Issue, the allottees who have opted for warrants in dematerialised form will receive their warrants in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. No separate applications for warrants in physical and/ or dematerialized form should be made. If such applications are made, the application for physical warrants will be treated as multiple applications and is liable to be rejected.

The warrants of the Company will be listed on the BSE.

Procedure for availing the facility for allotment of warrants in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those equity shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.*
- For equity shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their warrants pursuant to this Offer by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of warrants out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company. Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant. If incomplete / incorrect beneficiary account details are given in the CAF the applicant application would be rejected. The warrants pursuant to this Offer allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for warrants applicants

a) Please read the instructions printed on the enclosed CAF carefully.

b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected, The CAF must be filled in English and the names of all the applicants, details of occupation, address and father's / husband's name must be filled in block letters.

c) The CAF should be sent to the Bankers to the Issue /Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Managers to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

d) Signatures should be either in English or Hindi or in any other language specified in the Eight Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.

e) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected.

f) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

g) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of warrants shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of allotment of warrants, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

h) All communication in connection with application for the warrants, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders should be sent to the Company if the Shares are held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

i) Split forms cannot be re-split.

j) Only the person or persons to whom warrants have been offered and not renouncee(s) shall be entitled to obtain split forms.

Grounds For Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Age of First Applicant not given;
- UIN Number not given, if applicable;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Disposal of warrants application

No acknowledgment will be issued for the application received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. For further instruction, please read the Composite Application Form (CAF) carefully.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF relating to warrants are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed 'ECL - Warrants Issue' on the envelope) to the Registrar to the Issue at the following address:

  Intime Spectrum Registry Limited
  C-13, Pannalal Silk Mills Compound,
  LBS Marg, Bhandup (W),
  Mumbai- 400078.
  Tel No. 022- 25960320(9 lines)
  Fax No. 022- 25960329
  Email ID: ennore-rights@intimespectrum.com
  Website: www.intimespectrum.com

Illustration for Warrant Conversion Price

Assumptions:

1. Date of Allotment in the Rights Issue is 31st March 2007.
2. The warrant conversion period starts from 1st April 2008 and ends on 30th June 2008 i.e. 13th to 15th from the date of allotment in the rights issue.
3. There are 22 trading days during the month of March 2008.

Hypothetical data of Market Price of the equity shares (Amount in Rs.)

Trading Days	Scenario-I	Scenario-II	Scenario-III	Scenario-IV
	Closing BSE price for the month of March 2008			
1	15.00	11.43	20.00	50.00
2	15.05	12.00	21.00	51.50
3	15.10	12.60	22.05	53.05
4	15.15	13.23	23.15	54.64
5	15.20	13.89	24.31	56.28
6	15.25	14.58	25.53	57.96
7	15.30	15.31	26.80	59.70
8	15.35	16.08	28.14	61.49
9	15.40	16.88	29.55	63.34
10	15.45	17.72	31.03	65.24
11	15.50	18.61	32.58	67.20
12	15.55	19.54	34.21	69.21
13	15.60	20.52	35.92	71.29
14	15.65	21.54	37.71	73.43
15	15.70	22.62	39.60	75.63
16	15.75	23.75	41.58	77.90
17	15.80	24.94	43.66	80.24
18	15.85	26.19	45.84	82.64
19	15.90	27.50	48.13	85.12
20	15.95	28.87	50.54	87.68
21	16.00	30.31	53.07	90.31
22	16.05	31.83	55.72	93.01

Calculation of Applicable Conversion Price based on Hypothetical Market price

(Amount in Rs.)

Particulars	Scenario-I	Scenario-II	Scenario-III	Scenario-IV
Average Closing Market Price for the month of August 2008	15.53	20.00	35.00	69.40
Less: Discount @ 10%	1.55	2.00	3.50	6.94
(A) Calculated Price	13.97	18.00	31.50	62.46
(B) Floor Price for Conversion	20.00	20.00	20.00	20.00
Applicable Conversion Price for warrants for the month of April 2008 I.e. Calculated Price (A) or Floor Price (B) w.e. is higher	**20.00**	**20.00**	**31.50**	**62.46**

I. DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Description of Equity Shares

Described below is the material information concerning our share capital and brief summary of the material provisions of the Companies Act and our Charter documents. Certain Provisions will be applicable upon our equity shares being listed on the Stock Exchanges. The following description is not complete and should be read in conjunction with our Memorandum of Association and our Articles of Association and the relevant provisions of the Companies Act. Important clauses (as mentioned by way of clause no. on the left hand side herein below) are reproduced relevant to the rights of the equity share holders are reproduced in this chapter.

General

Our Authorised Share Capital is Rs.16,00,00,000/- (Rupees Sixteen Crores Only) divided into 1,60,00,000 (One Crore Sixty Lakhs) equity shares of Rs.10/- (Rupees Ten Only) each. The Equity shares are our only class of Share Capital. However our Articles and the Companies Act permit us to issue classes of securities other than equity shares for the purpose of this Letter of Offer. "Shareholder" means a shareholder who is registered as a member in the register of members of our company.

SHARE CAPITAL AND VARIATION OF RIGHTS

4. Subject to the provisions of the Act and these Articles, the share in the capital of the Company for the time being, including any shares forming part of the increased capital of the Company shall be under the control of the Board who may allot the same or any of them to such persons in such proportion and *on such terms and conditions and either at premium or at par, or at a discount (subject to compliance wide the provisions of the Act) and at such time as they may from to time think fit and proper and with the sanction of the company in General Meeting by a Special Resolution give to any person the option to call for or be allotted shares of any discount such option be exercisable at such times and for such consideration as the Board thinks fit unless the company in General Meeting by a special resolution otherwise decides, any offer of further shares shall be deemed to include a right, exercisable by the person to whom the shares are offered, to renounce shares offered to him in favour of any other person.

5. In addition to and without derogating from the powers for that purpose conferred on the Board under Article 8, the company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether member or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par, or (subject to compliance with the provisions of section 79) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provision of Section 79) at a discount, such option being exercisable at such times and for such consideration, as may be directed by such General Meeting of the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

INCREASE AND ALTERATION OF CAPITAL

6. The Board may at any time increase the subscribed capital of the Company by issue of new shares out of the un issued part of the share capital in the original or subsequently created capital but subject to Section 81 of the Act and subject to the following conditions namely:

   a) Such further shares shall be offered to the persons, who at the date of the offer, are holders of the equity shares of the company in proportions as nearly as circumstances admit, to the capital paid upon those shares at that-date.

   b) The offer aforesaid shall be made by notice specifying the number of shares offered, limiting a time, not being less than 21 days from the date of the offer, within which the offer if not accepted will be deemed have been declined.

   c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the share offered to him or any part thereof in favour of any other person and the notice referred in clause (b) shall contain a statement of this right.

d) After the expiry of the time specified in the notice aforesaid or in respect of earlier intimation from the person to whom such notice is given, that he declines to accept the shares offered the Board may dispose of them in such manner as it thinks beneficial to the company.

2) The directors may, with the sanction of the company in General Meeting, offer and allot shares to any person at their discretion provided that such sanction is accorded either by;

a) A Special resolution passed at any General meeting or

b) by an ordinary resolution passed at a General Meeting by majority of the votes cast and with the approval of Central Government in accordance with Section 81 of the Act.

c) Nothing in this Clause shall apply:

a) to the increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the Company,

b) to convert such debentures or loans into shares in the company, or

c) to subscribe for shares in the Company provided that the terms of issue of such debentures or the terms of such loans includes a term providing for such option and such term;

i) has been approved by a special resolution passed by the company in general meeting before the issue of the debentures or the raising of the loans also; and

ii) either has been approved by the Central Government before the issue of the debentures or raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf.

RIGHTS ATTACHED TO EACH CLASS OF SHARES

7. i) The rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107, be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting, the provisions of these Articles relating to General Meeting shall mutates mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issue shares of that class.

ii) To every such separate General Meeting the provisions of these Articles relating to General Meeting shall mutates apply so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of that class.

8. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided for by the terms of issue of the shares of that class, be deemed to be varied by shares already issued and any fresh issue of further shares ranking pari pasu therewith.

9. The Company shall not issue any shares, not being preference shares, which carry voting rights or rights in the company as to dividend, capital or otherwise which are disproportionate to the right attaching to the holders of other shares not being preference shares.

CERTIFICATE OF SHARES

15. i) Every person whose name is entered as a member in the Register shall be entitled to receive without payment.

(a) One certificate for all his shares; or

(b) “Where the shares so allotted at any time exceed the number of shares fixed as marketable lot in accordance with the usages of the stock Exchange, at the request of the shareholder, several* certificates one each per marketable lot and one for the balance,

(c) Where the shares certificates are issued for either more or less than marketable lots, sub-division or consolidation into marketable lots shall be done free of charge.

LIEN

22 The Company shall have a first and paramount lien upon all shares other than fully paid-up shares registered in the name of any member, either alone or jointly with any other person and upon the proceeds of sale thereof for all monies called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends and bonus from time to time declared in respect of such shares but the Board at any time may decline any shares to be exempt wholly or partially from the provisions of this Article Unless otherwise agreed the Registration of a Transfer of shares shall operate as waiver of the company's lien if any on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this Clause.

CALLS ON SHARES

26. Subject to the provisions of section 91, the Board may, from time to time make such calls at they think fit upon the members in respect of all monies unpaid the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed time, and the member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board of Director.

    a. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. The Board of Directors making a call may be resolution determine that the call shall be deemed to be made on the date subsequent to the date of the resolution; and in the absence of such a provision a call shall be deemed to have been made on the same date as that of the resolution of the Board, of Directors making such calls.

28. Not less then fourteen days notice of any call shall be given specifying the time and place of payment and the person to whom such payment shall be made provided that before the time for payment of such call the Board may, by notice in writing to the members, extend the time for payment thereof.

29. If by the terms of issue of any share or otherwise, any amount is made payable at any fixed time whether on account of the share, or by way of premium, such amount shall be payable as if it were a call duly made by the Board, of which due notice had been given, and all the provisions herein contained in respect of call shall relate and apply to such amount or instalments accordingly.

30. If a sum called in respect of the shares not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at such rate of interest as the Board may decide from the day appointed for the payment thereof to the time of the actual payment but the board shall be at liberty to waive payment of that interest wholly or in part.

31. The provisions of these Article as to payment of interest shall apply in the case of non payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal amount of the share or by way of premium as if the same had become payable by virtue of a call duly made and notified.

32. The Board may, if they think fit, receive from any member willing to advance all or any part of the monies uncalled and unpaid upon shares held by him and upon all or any part of the monies so advanced may (until the same would, but for such advance become presently payable) pay interest at such rate not exceeding without the sanction of the company in General Meeting 12% per annum as may be agreed upon between the Share holder paying the sum in advance and the Board of Directors but shall not in respect of such advances confer a right to the dividend or to participate in profits.

33. Neither a judgement nor a decree in favour of the company for calls or other monies due in respect of any share nor any part payment or satisfaction there under nor the receipt by the company of a portion of any money which shall from time to time be due from any member in respect of any share either by way of principal or interest nor any indulgence granted by the company in respect of the payment of any such money shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

FORFEITURE OF SHARES

34. a) If a member fails to pay any calls or instalment of a call on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such times as any part of the such call or instalments remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest, which may have accrued. The Board may accept in the name and for the benefit of the company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other shares.

    b) On the trial or hearing of any action or suit brought by the company against any share holder or his representative to recover any debt or money claimed to be due to the company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was when the claim arose, on the Register of share holders of the company as a holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as aid in the books of the company and it shall not be necessary to prove the appointment of the directors who made any call nor that a quorum of Directors was present at the Board at which such call was made or that the meeting at which the call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

35. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice), on or before which the payment required by the notice is to be made, and it shall state that in the event of non- payment on or before the day appointed the share in respect of which the call was made will be liable to be forfeited.

36. a) If the requirements of any such notice as aforementioned are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture,

b) When any share have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in the any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

37. A forfeited share shall be deemed to be the property of the Company and may be sold or otherwise disposed of on such terms and in such a manner as the Board may think fit, and at any time before such a sale or disposal the forfeiture or surrender may be cancelled on such terms as the Board may think fit.

38. A person whose share have been forfeited shall cease to be a member in respect of the forfeited shares; but shall notwithstanding the forfeiture remain liable to pay and shall forthwith pay to the company all monies, which at the date of forfeiture were presently payable by him to the company in respect of the share whether such claims be barred by limitation on the date of the forfeiture or not but his liability shall cease if and when the company receives payment in full of all such monies in respect of the shares.

39. The forfeiture of a share involves the extinction to all Interest in and also of all claims and demands against the company in respect of the shares and all other rights incidental to the shares, except only such of these rights as by these Articles are expressly saved.

40. A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share, and that declaration and the receipt of the company for the consideration, if any, given for the share on the sale disposal thereof, shall constitute a good title to the share and the person to whom that share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money if any nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

41. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may cause the purchaser's name to be entered in the Register in respect of the shares sold and may issue fresh certificates in the name of such purchaser. This purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only & against the company exclusively.

42. The provisions of these regulations for the forfeiture shall apply in the case of non payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal amount of the share or by way of premium or otherwise, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION OF SHARES

43. (a) The instrument of transfer of any shares in the company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Register of members in respect thereof.

(b) The board shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the company along with certificate and such other evidence as the company may require to prove the title of the transferor or his right to transfer the shares.

Provided that where it is proved to the satisfaction of the Board that the instrument of transfer duly stamped and executed by the transferor and the transferee has been lost the company may, on an application in writing made by the transferee and bearing the stamp required for the instrument of transfer, register the transfer on such terms as to indemnity as the Board may think fit,

(c) An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee. The company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(d) For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if the notice is dispatched by prepaid registered post to the transferee of the address give in the instrument or transfer, and shall be deemed to have been delivered in the ordinary course of post.

(e) Nothing in sub-clause (c) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.

(f) Nothing in this Article shall prejudice the power of the board to refuse to register the transfer of any shares to a transferee, whether a member or not.

44. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

45. a) The Board may at their absolute discretion decline to register,

i) The transfer of any share whether fully paid or not, to a person of whom they do not approve; or

ii) Any transfer or transmission of shares on which the company has a lien;

provided that the registration of transfer shall not be refused on the ground of the transferor being either alone or joint with any other person or persons, indebted to the company on any account whatsoever except a lien on the shares.

b) If the Board refuses to register any transfer or transmission of right, they shall within one month from the date on which the instrument of transfer or the intimation of such transmission was delivered to the company send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be, giving reasons for such refusal.

c) In case of such refusal by the Board, the decision of the Board shall be subject to the right of appeal conferred by section 111 sub clause (3).

d) The Company shall effect transfer transmission, sub-division or consolidation of shares within on month from the date of lodgement of the required documents.

46. a. The Board at their discretion may decline to recognise or accept an instrument of transfer of shares unless the instrument of transfer is in respect of one class of shares.

b. No fee shall be charged by the company for registration of transfers or for effecting transmission of shares on the death of any member.

47. a. In the event of death of any one or more or several joint holders, the survivor or survivors alone shall be entitled to be recognised as having title to the shares.

b. In the event of death of any sole holder or of the death of the last surviving holder, the executors or administrators of such holder or other person legally entitled to the shares, shall be entitled to be recognised by the Company as having any title to the shares of the deceased.

Provided that on production of such evidence as to title and on such indemnity, or other terms as the Board may deem sufficient, any person may be recognised as having title to the shares as heir or legal representative of the deceased share holder.

Provided-further 'that if the deceased shareholder was a member of Hindu joint family,' the Board on being-satisfied that the shares standing in his name in fact belonged to the joint family may recognise the survivors or the karta thereof as having title to the shares registered in the name of such member.

Provided further that in any case it shall be lawful for the Board, in their absolute discretion to dispense with the production of probate or letters of administration, or other legal representation upon such evidence and such terms as to indemnify or otherwise as the board may deem just.

48. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may upon such evidence being produced as may from time to time be required by the Board and subject as hereinafter provided, elect either;

    (a) to register himself as holder of the share; or

    (b) to make such transfer of the share as the deceased or insolvent member could have made.

    (ii) The Board shall, in either case, have the same right to decline or suspend registration, as they would have had if the deceased or insolvent member had transferred the share before his death or insolvency.

49. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing by him stating that he so elect.

    (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

    (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer singed by that member.

50. No transfer shall be made to an infant or a person of unsound mind or insolvent.

51. Every endorsement upon the certificate of any share in favour of any transferee shall be signed by a person for the time being duly authorised by the Board in that behalf. In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate on payment of a sum of Rupee One for every such certificate of shares to which the said transfer relates on upon his delivery for cancellation of very old, or existing certificate which is to be replaced by a new one. Provided that the additional sum of Rupee one shall not be charged for issue of a new certificate in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised.

52. The instrument of transfer shall, after registration, remain in the custody of the company. The Board may cause to be destroyed all transfer deeds lying with the company for a period of ten years or more.

53. i) The Company shall keep a book to be called the "Register of Members" and therein shall be entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the Act to be entered in such Register.

    ii) The Board may after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

    iii) All instruments of transfer, which shall be registered shall be retained by the company but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.

54. The Company shall incur no liability or responsibility whatever in consequence of their 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 same shares notwithstanding that the Company may have had notice of such equitable right or referred thereto in any books of the company and the company shall not be bound by or required to regard or attend to or give effect to title or interest or be under any liability whatsoever for refusing referred to in the books of the company; but the company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Board shall think fit.

ALTERATION OF CAPITAL

55. (i) The Company may from time to time in accordance with the provisions of the Act alter the conditions of its Memorandum of Association as follows;

    - increase its share capital by such amount as it thinks expedient by issuing new shares;
    - consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
    - convert all or any of its fully paid-up shares into stock', and reconvert that stock into fully paid-up shares of any denomination;

- subdivide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share in derived;
- Cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its shares capital by the a mount of the shares so cancelled.

(ii) The resolution whereby any share is subdivided may determine that as between the holders, of the share resulting from such subdivision one or more of such share shall have some preference or special advantage as regard dividend, capital or otherwise over orals compared with the others,

(iii) The Company may by Special Resolution, reduce in any manner an with and subject to any incident authorised and consent required by law.

a) its share capital

b) any capital redemption reserve account; or

c) any share premium account

SURRENDER OF SHARES

56. The Directors may, subject to the provisions of the Act, accept the surrender of any shares by way of compromise of any question as to the holder being property registered in respect thereof.

MODIFICATION OF RIGHTS

57. The rights and. privileges attached to each class, of stares may be modified commuted, affected or abrogate in the manner provided in section 107 of the Act.

SET-OFF OR MONIES DUE TO SHAREHOLDERS

58. Any money due from the company to a share holder may without the consent of such shareholder, be applied by the company in or towards payment of any money due from him, either alone or jointly with any other person* to the company in respect of calls.

CONVERSION OF SHARES INTO STOCK

59. a) The Company may by ordinary resolution convert all or any fully paid-up shares of any denomination in to stock and vice versa.

b) The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulation under with the share from which the stock arose, might before .the conversion have been transferred or as near thereto as circumstance admit. Provided that the Board may from time to time, fix the minimum a amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arouse. The holders of stock shall according to the amount of stock held *by* them have the same rights, privileges, and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

60. Such of the regulations contained in these presents (other than those relating to share warrants) as are applicable to fully paid-up shares shall apply to stock and the words “share” and “shareholder in these presents shall included “stock” and “stock-holder” respectively.

ISSUE OF WARRANTS, OPTIONS ETC:

61. The company issue warrants, options or other documents entitling the holders thereof to subscribe to and be allotted Equity, Shares, Debentures and /or other securities of the company at such price and on such terms and conditions as may be determined by the Board from time to time.

GENERAL MEETING

62. a) The company shall, within a period of not less than one month and not more than six months from the date at which the Company is entitled to commence business hold a General Meeting of the members of the Company, which shall be called the Statutory Meeting.

b.) The Board of Directors shall, not less than 21 days before the date on which meeting is held, forward a report called statutory Report to every member of the Company provided that if the statutory Report is forwarded later than is required above, it shall notwithstanding the date fixed be deemed to have been duly forwarded if it is so agreed to by all members entitled to attend and vote at the meeting.

c.) The Board of Directors shall comply with the provisions of Section 165 of the Act in connection therewith.

63. The Company shall each year hold, in addition to other meetings a General Meeting, which shall be styled as Annual General Meeting, at intervals and in accordance with the provisions of Section 166 of the Act.

64. i) Extra-ordinary General Meeting may be held either at the Registered office of the Company or at such convenient place as the Board or the Chairman (subject to any directions of the Board) may deem fit;

ii) The Chairman or Vice-Chairman may, whenever he thinks fit and shall if so directed by the Board convene an Extra-ordinary General Meeting at such time and place as may be determined.

65. (a) The Board shall on the requisition of such number of members of the Company as is specified below proceed duly to call an Extra-Ordinary General Meeting of the Company and comply with the provision of the Act, in regard to meetings on requisition.

(b) The requisition shall set out the matters for the consideration of which the meeting is to be called and which shall be signed by the requisition, and shall be deposited at the Registered office of the Company or sent to the company by registered post addressed to the company at its Registered Office.

(c) The requisition may consist of several documents in like form, each signed by one or more requisition.

(d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them holding at the date of the deposits or dispatch to the Registered Office of the requisition, not less than 1/lOthe of such of the paid up capital of the Company as on that date and carrying the right of voting in regard to them as set out in the requisition.

(e) If the Board does not within 21 days from the date of the deposit of requisition with regard to any matters proceed duly to call a meeting for the consideration of those matters, on a day not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisition themselves or by such of the requisition as represent either a majority in value of the paid-up share capital held by all of them or not less than 1/10th of such paid-up capital of the company as is referred to in clause (d) above, whichever is less.

66. A General Meeting of the Company may be called by giving not less than 21 days notice provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded, in the case of the Annual General Meeting, by all the members entitled to vote there at and in the case of any other meetings of the Company by members holding not less than 95% of that part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for purpose of this Article in respect of the former resolution or resolutions and not in respect of the latter.

67. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings or any resolution passed at such meeting.

68. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that transacted at an Annual General Meeting with the exception of declaration of a dividend, consideration-of the accounts, Balance Sheet, and the reports of the Director and Auditor, the election of the Directors in place of those retiring and the appointment of and fixing of the remuneration of Auditors. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including, in particular , the nature of the concern or interest, if any, therein of every director. If any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Provided that where any item of special business as aforesaid to be transacted at the meeting of the Company related to or affects any other company, the extent of share holding interest in that other company of every Director and the Managing Director of the Company shall also be set out in the statement if the extent of such share holding interest is not less than 20% of the paid up share capital of the other company.

PROCEEDINGS OF GENERAL MEETINGS

69. Five members, personally present, shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the time when the meeting proceeds to business.

70. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other times, as the Board may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

71. (i) The Chairman of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

(ii) If at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the meeting or if he is unwilling to act as Chairman the Vice-Chairman of the Board of Directors shall preside over every General Meeting, of the Company. If at any General Meeting either the Chairman or Vice-Chairman is not present within 15 minutes of the time appointed for holding the meeting or if they are unwilling to act as chairman, the members present shall choose a Director present to be the Chairman of the meeting, and if no Director is present or if all the Directors present are unwilling to take the chair, the members present shall choose someone of their members to be the chairman.

72. a. The Company shall cause minutes of all proceedings of every General Meetings to be kept in accordance with the provisions of Section 193 of the Act and the books containing such minutes shall be kept at the office of the Company, and shall be open during business hours for such periods not being less than the aggregate of two hours in each day as the Company in General Meeting may determine, for the inspection of any member without charge. Any such minutes shall be evidence of the proceedings recorded therein.

b. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes to any matter which in the opinion of the Chairman of the meeting (i) is or could reasonably be regarded as defamatory of any person or (ii) is irrelevant or immaterial, to the proceedings or (in) is detrimental to the interest of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard* to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

73. The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn that meeting from time to time and from place to place; but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

74. At a General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the result of the show of hands, demanded in accordance with the provisions of section 179 unless a poll is so demanded and a declaration by the chairman that a resolution has on a show of hands, been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact without proof of the numbers or proportion of the votes recorded in favour of or against that resolution.

75. In the case of an equality of votes, the Chairman, shall, both on a show of hands and on a poll, have a casting vote in addition to the vote or votes of which he may be entitled as a members.

76. If a poll is duly demanded in accordance with the provisions of section 179, it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the decision of the meeting on the solutions on which the poll was taken.

77. A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later then 48 hours from when the demand was made, as the Chairman may direct.

78. (i) Every member of the company holding any equity shares shall have a right to vote in respect of such shares on every resolution placed before the company. On a show of hands, every such member present in person shall have one vote. On a poll, his voting right in respect of such shares shall be in proportion to his shares of the paid-up Equity Capital of the Company.

(ii) Every member holding any Preference Share, shall in respect of such shares have a right to vote only on resolution which directly affects the rights attached to the Preference Shares and subject as aforesaid. Every such member shall in respect of such capital be entitled to vote in person or proxy, if the dividend due on such preference share any or part of such dividend has remained unpaid in respect of an aggregate period of not less than two years proceeding the date of the meeting. Such dividend shall be deemed to be due on preference shares in respect of any period, whether a dividend has been declared by the Company for such period or not, on the date immediately following that period.

(iii) Whenever the holder of a preference share has a right to vote on the resolution in accordance with the provisions of this Article, his vote of right on a poll shall be in the same proportion as the capital paid up in respect of such Preference shares, bears to the total Equity paid up capital of the Company.

79. A demand for poll shall not prevent the continuance of the meeting for the transaction of any business other than that on which a-poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

80. In the case of jointholder the vote of the first named of such joint holders who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the vote of the other joint holders.

81. A member of unsound mind or in respect of whom, an order has been by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or legal guardian, and any such committee or guardian may on a pole, vote by proxy.

82. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

83. On a poll, votes may be given either personally or by proxy, provided that a company shall vote by proxy as long as a resolution of its Director, in accordance with the provisions of Section 187 is in force.

(a) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under the common seal or under the hand of an Officer or attorney so authorised. Any person may act as proxy whether he is a member or not.

(b) A body corporate (whether a company within the meaning of the Act or not) may;

i) if it is a member of the Company by resolution of its Board of Directors or other governing body authorise such as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of members of the Company.

ii) if it is a creditor (including a holder of debentures) of the company by resolution of its Director or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of any creditors of the Company held in pursuance of the act or of any rules made thereunder or in pursuance of the provisions contained in any debenture or trust deed as the case may be.

(c) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate, which he represents, as if they were personally the member, creditor or debenture holder.

84. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a naturally certified copy of that power or authority, shall be deposited at the Registered Office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in case of default the instrument of proxy shall not be treated as valid.

85. A vote given in accordance with the terms of an instrument of proxy shall be valid, not withstanding the previous death of the appointer, or the revocation of the proxy, or the transfer of the share in respect of' which the proxy is given provided that no intimation in writing of the debt, revocation or transfer shall be received at the Registered Office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used,

86. Any instrument appointing a proxy may be in the form as prescribed by the Companies Act, 1956 as amended from time to time.

DIRECTORS

88. a. Any person whether a member of the Company or not, may be appointed Director. No qualification by way of holding shares in the capital of the Company shall be required of any Director.

b. A Director may resign from his office. No notice period is required for a Director who is neither a Managing Director nor a Whole-time Director. The resignation takes effect from the date of the resignation letter.

89. a. The remuneration of each of the Director for attending the meetings of the Board or Committee shall be decided by the Board of Directors from time to time within the maximum limit of such fees that may be prescribed under the provision to Sec. 310 of the Companies Act, 1956. The Company may allow and pay to a Director who for the time being is residing out of the place at which any meeting of the Directors may be held and who shall come to that place, for the purpose of attending that meeting, such sum as the Directors may consider fair compensation for his expenses in connection with his attending that meeting, in addition to his remuneration as specified above.

b. Subject to the provisions of the Act, the Directors may, with the sanction of an Ordinary Resolution passed in the General Meeting and such sanction if any of the Government of India as may be required under the Companies Act, sanction and pay to any or all the Directors such remuneration for their services as Directors or otherwise and for the period and on such terms as they may deem fit.

90. Subject to the provisions of the Act, the Company in General Meeting may by special resolution sanction and pay to the Directors in addition to the said fees set out in sub-clause

(a) above a remuneration not exceeding one percent of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act. The said amount of remuneration so calculated shall be divided equally between all the Directors of the Company who held office as Directors at any time during the year of account in respect of which such remuneration is paid or during any portion of such year irrespective of the length of the period for which they had held office respectively as such Directors.

91. Subject to the provisions of Section 314 of the Companies Act, and subject to such sanction of the Government of Indian as may be required under the Companies Act, if any Director shall be appointed to advice the directors as an expert or be called upon to perform extra service or make special exertions for any of the purpose of the Company. Directors may pay such Director such special remuneration as it may think fit; such remuneration may be in the form of either salary, commission or lump sum and may either be in addition to or in substitute of the remuneration specified in Clause (a).

92. If the Office of any Directors becomes vacant before the expire of the period of his Directorship in normal course, the resulting casual vacancy may be filled by the Board at a meeting of the Board subject to Section 262 of the Act. Any person so appointed shall hold office only upto the date of which the Director in whose place he is appointed would have held office if the vacancy had not occurred as aforesaid.

93. The Board may appoint an Alternate Director to act for a Director hereinafter called in this clause 'the Original Director during his absence for a period of not less than 3 months from the state in which the meetings of the board are ordinarily held.

94. An Alternate Director appointed as aforesaid shall vacate office if and when the original director returns to the state in which the meeting of the Board are ordinarily held.

95. The Directors may, from time to time appoint any person as an additional Director provided that the number of Directors and Additional Directors together shall not exceed the maximum number of Directors fixed under Article 87(a) above. Any person so appointed as an Additional Director shall hold office upto the date of the next Annual General Meeting of the Company.

ROTATION OF DIRECTORS

100. At every Annual General Meeting one third of such of the Directors as are liable to retire by rotation, or if their number is not three or multiples of three, then number nearest to one-third retire from office.

101. Not less than two-thirds of the total number of Directors shall be appointed on the Board of Directors of the company by holders of equity shares in general meeting and the said shareholders/Directors shall be subject to retirement by rotation.

102. A retiring Director shall be eligible for re-election and the Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

103.The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day, those- to retire shall unless they otherwise agree among themselves be determined by lot.

MEETINGS OF THE BOARD

110. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that a meeting of the Board shall be held atleast once in every three months, and atleast four such meetings shall be held in every year.

111. A Director may, and the secretary at the request of any director shall at anytime convene a meeting of the Directors. It shall not be necessary to give notice of a meeting of the Directors to a director who is not in India, subject to section286 of the Act.

112. Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all Questions arising at any meeting of the Board shall be decided by a majority of the Board.

113. The continuing director may act notwithstanding any vacancy in the Board but, if and so long as their number is reduced below five, the continuing director or director may act for the purpose of increasing the number of directors to five or for summoning a general meeting of the company and for no other purpose.

POWERS AND DUTIES OF DIRECTORS

122. The business of the Company shall be managed by the Board of Directors, who may exercise all such powers of the Company as are prescribed by the Act or any statutory modification thereof for the time being in force, or by these presents, required to be exercised by the Company in General Meeting, subject to any regulation of these presents, the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting and shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

130. 1) The Board may from time raise any money or sums of money for the purpose of he company provided that the moneys to be borrowed together with the moneys borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not without the sanction of the company, at a general meeting, exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose and in particular but subject to the provisions of Section 292 of the Act, the Board may from time at their discretion raise or borrow or secure the payment of any sum or such sum of money for the purpose of the company by the issue of debenture to members, perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities and security of any such money so borrowed raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the company present or future including its uncalled capital by special assignment or otherwise or transfer or convey the same absolute or in trust, and give the lender powers of sale and other powers as may be expedient to purchase, redeem or pay-off any securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount upto which monies may be borrowed by the Board of Directors.

2) Subject to the provisions of the above sub-clauses, the Directors may from time to time, at their discretion, raise or borrow or secure the payment of any sum or sums of money. For the purpose of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes, or by opening current accounts, or by receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debentures or debentures-stock of the Company charged upon all or any of the part of the property of the Company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

3) Debentures/Bonds with the right to allotment or conversion into shares shall not be issued without the sanction of the company in general meeting.

MANAGING DIRECTORS

145.a) The Board from time to time with sanction in several meetings of the company and of the central government if necessary as may be required by law, appoint one or more of their body to the office of the Managing Director or Whole time Director.

(b) The Directors may from time to time resolve that there shall be either one or more whole time director/s.

(c) In the event of any vacancy arising in the Office of Managing Director or Whole time Director, or if the directors resolve to increase the number of Managing Directors/Whole time Directors the vacancy shall be filled by the Board of Director (s) and the persons so appointed shall hold the office for such period as the Board of Directors may fix.

CAPITALISATION OF PROFITS

168.1) The Company in General Meeting, may on recommendation of the Board, resolve:

a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution and

b) That such sum be accordingly set free for distribution in the manner specified under this Article in sub-clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

2) The sum aforesaid shall not be paid in cash but-shall be applied, subject to the provisions contained in sub-clause (3) either in or towards:

i) paying up any amounts for the time being unpaid on shares held by such members respectively:

ii) paying up in full, un issued shares or debentures of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid: and

ii) partly in the way specified in sub clause (i) and partly in that specified in sub-clause (ii)

3) A share premium account and a capital redemption reserve account may, for the purpose of this regulation only be applied in the paying up of un issued shares to be issued to members of the Company as fully paid bonus shares.

4) The Board shall give effect to resolutions passed by the Company in the Board in pursuance of this article.

169.1) Whenever such a resolution as aforesaid shall have been passed the Board shall:

a) make all appropriations, and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures, if any, and

b) generally do all acts and things required to give effect thereto.

2) The Board shall have full power:

a) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fraction: and also

b) to authorise any person to enter on behalf of all the members, entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.

3) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

196. Subject to the provisions of the Act as to preferential payments, the assets of the Company shall on its winding up be applied in satisfaction of its liabilities pari-paasu and subject to such application shall, unless these Articles otherwise provide, be distributed among the members according to their rights and interests in the Company.

197. If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution divide among the contributories, in specie or kind, any part of the assets of the Company, and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction as it thinks fit. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable, at accordingly.

INDEMNITY AND RESPONSIBILITY

198. a) Subject to the provisions of Section 201 of the Act, the Managing Director and every Director, Manager, Secretary, and other officer or Employee of the Company shall be indemnified by the Company against, and it shall be the duty of Directors to pay out of the funds of the Company, all costs and losses and expenses (including travelling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.

b) Subject to aforesaid, the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings, whether civil or criminal, in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act, relief is given to him by the Court.

J. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Letter of Offer, delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate office of the Company situated at 304, Shivshakti Building, J. P. Road,Andheri West, Mumbai 400 053, India from 10.00 a.m. to 4.00 p.m. from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts:

1. Copy of Memorandum of Understanding entered into with M/s. Vivro Financial Services Private Limited dated January 25, 2006 to act as Book Running Lead Managers to the Issue.
2. Copy of Memorandum of Understanding dated January 24, 2006 entered into with M/s. Intime Spectrum Registry Limited to act as Registrar to the Issue.
3. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s. Intime Spectrum Registry Limited dated 17th August 2006.
4. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s. Intime Spectrum Registry Limited dated 17th August 2006.

B. Material Documents

1. Memorandum and Articles of Association of the Company as amended from time to time.
2. Certificate of incorporation dated June 06, 2006 issued by the Registrar of Companies, Maharashtra, Mumbai.
3. Copy of the resolution passed at the meeting of the Board of Directors held on 21st April 2006, and special resolution passed at the Annual General Meeting of the Shareholders dated 30th May 2006, in relation to this issue and other related matters.
4. Copy of the special resolution passed at the Annual General Meeting of the Shareholders dated 30th May 2006, pursuant to Section 81 (1A) of the Companies Act, 1956.
5. Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Legal Advisor, the Banker to the Company, the BRLM, the Syndicate Members, the Registrar to the issueand Bankers to the Issue to include their names in the Letter of Offer to act to in their respective capacity.
6. Consent dated December 20, 2006 from M/s R.Ravindran & Associates, Chartered Accountants for inclusion of their reports on accounts in form and context in which they appear in the Letter of Offer.
7. Report of the Statutory Auditors of the Company M/s R.Ravindran & Associates dated December 20, 2006 prepared as per Indian GAAP and mentioned in this Letter of Offer and copies of Balance Sheet and Profit and Loss Accounts of the Company referred to therein.
8. Letter dated December 11, 2006 from the Statutory Auditors of the Company M/s R.Ravindran & Associates, Chartered Accountants confirming Tax Benefits as mentioned in the Letter of Offer.
9. Annual Reports of the Company for last five financial years.
10. In principle approval approval for listing of Equity Shares and Warrants from the BSE vide its letter No. DCS/SJK/SM/NS/JA/06 dated 22nd September, 2006.
11. SEBI Observation Letter No. CFD/DIL/NB/JAK/81469/2006 dated December 04, 2006.
12. Annual Reports of our Promoter Group companies for the past three Financial Year.
13. Due Diligence certificate dated June 12th, 2006 given to SEBI by the Lead Manager, Vivro Financial Services Private Limited.
14. Agreement with Shriram EPC Ltd. dated May 15, 2006 for designing, procurement of plant & machinery, erection and commissioning of 6 MW capacity power project based on waste heat.
15. Power of Attorney executed by all the Directors authorising Mr. K. Rajagopal as constituted attorneys to make necessary corrections in this Letter of Offer and to sign this Letter of Offer.
16. Letters of Intents by the promoters for subscribing to full extent through their entitlement in the present Issue.
17. Letters of Intents by the promoters for subscribing to the full extent through their entitlement in the warrant conversion.
18. Technical Viability Report viz. Comparative Details of Various Designs/Types/Features of Non-Recovery Coke Oven Technologies from Mr. V. Dhandapam, Engineer to enable to take the decision for Selection of Particular Technology.
19. Letters of Consent by the promoters and Person Acting In Concert for offering their shares for lock-in.
20. Letter of Consent from Mrs. Usha Venkatramani, a Person Acting In Concert to include her name as a Person Acting In Concert in the Letter of Offer of Ennore Coke Ltd.
21. Business Transfer Agreement executed between our company and EPCPL on 15th May 2006.

Any of the contracts and documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of the company or if required by other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

K. DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government have been complied with and no statement made in this of Letter of Offer is contrary to the provisions of the Companies Act, 1956, and rules made thereunder. All the legal requirements connected with this said offer as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

Undertaking

We the Directors of Ennore Coke Ltd., declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Letter of Offer have been suppressed/ withheld and/or incorporated in a manner that would amount to misstatement /misrepresentation and in the event of it transpiring at any point of time till allotment/refund, as the case may be, that any information / material has been suppressed/ withheld and /or amounts to misstatement/ misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of section 63 of the Act.

Since the date of last financial statement disclosed in this Letter of Offer, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

All the Directors of the Company and Mr. K. Rajgopal, Chief Financial Officer & Company Secretary & Compliance Officer of the Company certify that all disclosures made in the Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF ENNORE COKE LTD.

Mrs. Vatsala Ranganathan*

Mr. Rajeev Agrawal*

Mr. M.R.Rajgopal*

Mr. Amjad Shariff*

Mrs. Uma Karthikeyan*

* Through their constituted attorney Mr. K Rajagopal

Signed by Mr.K.Rajagopal
Compliance Officer & Company Secretary

Place: Mumbai
Date: 10th January, 2007