

**ISSUE OPENS ON  
21ST JUNE, 1984**



# **IPITATA SPONGE IRON LIMITED**

Registered Office: Joda, P.O. Joda, Dist. Keonjhar, Orissa 758 034

## **PROSPECTUS**

Public Issue of  
58,80,000 Equity Shares  
of Rs. 10 each for cash at par  
aggregating Rs. 5.88 crores

### **HIGHLIGHTS**

- Promoted by TATA STEEL and IPICOL (TATA STEEL and IPICOL are participating in IPITATA Equity to the extent of Rs. 3.00 crores and Rs. 3.12 crores respectively).
- TATA STEEL—Process know-how suppliers/ Technical Consultants for the project.
- Will use the 'TISCO DIRECT REDUCTION' process—a proven and versatile technology developed and patented by TATA STEEL in India, Australia and New Zealand.
- 50% of IPITATA's production will be bought by TATA STEEL at prevailing market prices.
- Tax Benefits under Section 80CC and 80L of the Income Tax Act, 1961.

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#### **Managers to the Issue**

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**J. M. FINANCIAL & INVESTMENT  
CONSULTANCY SERVICES PVT. LTD.**  
Merchant Banking Division  
141, Maker Chambers III  
Nariman Point, Bombay-400 021.



**STATE BANK OF INDIA**  
Merchant Banking Division  
Central Office  
Madame Cama Road  
Bombay-400 021

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Consent of the Central Government has been obtained to this Issue of Equity Shares by an Order No. R.174-CCI/83-340 dated 3rd February, 1984 of which a complete copy is open for public inspection at the Registered Office of Ipitata Sponge Iron Limited, Joda, P.O. Joda, Dist. Keonjhar, Orissa (hereinafter referred to as "the Company"). It must be distinctly understood that in giving this consent, the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

An Industrial Licence No. CIL:463:(83) dated 31st December, 1983 has been obtained by the Company for the establishment of a new industrial undertaking for the manufacture of 90,000 tonnes per annum of Sponge Iron. A copy of the said licence is open for public inspection at the Registered Office of the Company. It must be distinctly understood that in granting this licence, the Government of India do not take any responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed with regard to it.

A copy of this Prospectus having attached thereto the documents required under Section 60 of the Companies Act, 1956 (hereinafter referred to as "the Act") has been delivered to the Registrar of Companies, Orissa at Cuttack for registration.

Applications will be made to the Stock Exchanges at Ahmedabad, Bombay, Calcutta and New Delhi for permission to deal in and for an official quotation for the Equity Shares of the Company.

The attention of the applicant is drawn to the provisions of sub-section (1) of Section 68-A of the Act, which is reproduced hereinbelow:

**"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."**

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON THURSDAY, THE 21ST JUNE, 1984 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON TUESDAY, THE 3RD JULY, 1984 OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS (HEREINAFTER REFERRED TO AS "THE BOARD") OF THE COMPANY, BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON MONDAY, THE 25TH JUNE, 1984.

# IPITATA SPONGE IRON LIMITED

(Incorporated on 31st July, 1982 under the Companies Act, 1956)

## SHARE CAPITAL

	Amount Rs.
<b>Authorised:</b> 1,60,00,000 Equity Shares of Rs. 10 each .....	<u>16,00,00,000</u>
<b>Issued, Subscribed and Paid-up:</b> 70 Equity Shares of Rs. 10 each subscribed and allotted to the signatories to the Memorandum and Articles of Association which have been fully paid up for cash at par .....	<u>700</u>
<b>Present Issue:</b> 1,19,99,930 Equity Shares of Rs. 10 each for cash at par .....	<u>11,99,99,300</u>
<b>OUT OF THE PRESENT ISSUE</b>	
31,19,970 Equity Shares of Rs. 10 each have been reserved for allotment to Industrial Promotion and Investment Corporation of Orissa Limited (IPICOL), the Promoter for cash at par .....	3,11,99,700
29,99,960 Equity Shares of the face value of Rs. 10 each have been reserved for allotment to The Tata Iron and Steel Company Limited (TATA STEEL), the Promoter for cash at par .....	2,99,99,600
<b>Note:</b> Out of the above, IPICOL has brought in contribution of Rs. 60.16 lacs and TATA STEEL has brought in contribution of Rs. 135.45 lacs as interest free, unsecured non-refundable deposit to be adjusted against the allotment of Equity Shares. TATA STEEL has undertaken to bring in the balance amount before 30th June, 1984 while the balance amount by IPICOL will be brought in by 31st December, 1984.	
<b>NOW OFFERED TO THE PUBLIC FOR SUBSCRIPTION IN TERMS OF THIS PROSPECTUS</b> 58,80,000 Equity Shares of the face value of Rs. 10 each for cash at par .....	5,88,00,000

## TERMS OF PAYMENT

On Application : Rs. 2.50 per Equity Share  
On Allotment : Rs. 2.50 per Equity Share

The balance of Rs. 5 per Equity Share is to be paid in one or more call(s) as may be determined by the Board of Directors in such a manner that there shall be an interval of at least one month between the allotment and first call and in between two successive calls and the Company will give one month's notice for the payment of every call.

Failure to pay the amount due on allotment and/or call will render the allottee liable to pay interest not exceeding 15% p.a. and shall also render the Equity Shares including the amount already paid thereon liable to forfeiture.

## TERMS OF ISSUE

The Equity Shares hereby issued are subject to the terms of this Prospectus, the Application Form and the Memorandum and Articles of Association of the Company.

## CONSENT OF THE EXISTING SHAREHOLDERS

Pursuant to Section 81(1A) of the Act, the present issue has been authorised by a Special Resolution passed by the Shareholders of the Company at the Extra-Ordinary General Meeting held on 24th April, 1984.

## APPLICATION AND ALLOTMENT

Applications must be made in the Application Form accompanying this Prospectus in accordance with the instructions contained therein and if not so made, will be liable to be rejected.

Applications for Equity Shares must be in the name of individuals, limited companies, statutory corporations or statutory institutions AND NOT in the name of trust(s) (unless the trust is registered under the Societies Registration Act, 1860 and is authorised under its constitution to hold shares in a company), minors, firms, foreign companies, non-residents, foreign nationals or the nominees of any of them.

Application for Equity Shares must be made only by Indian nationals resident in India and must be for a minimum of 50 Equity Shares or multiples thereof. Application Forms duly completed, together with the full amount payable on application at the rate of Rs. 2.50 per Equity Share must be lodged before the closure of the subscription list with any of the Bankers to the Issue named in this Prospectus or any of their branches mentioned in the Application Form and **NOT** with the Company or with the Managers to the Issue or with the Registrars to the Issue.

An applicant should submit only one application (and not more than one) for the total number of Equity Shares required. Applications may be made in single or joint names (not more than three). Two or more applications in single and/or joint names will be deemed to be multiple applications if the sole and/or the first applicant is one and the same. The Board reserves the right to reject in its absolute discretion, all or any multiple applications.

If the ownership of the Equity Shares is desired in the name of one individual, full details should be given under the heading "Sole or First Applicant". In the case of joint applications, the signature and particulars of each applicant must be given in the space provided in the Application Form.

## APPLICATIONS UNDER POWER OF ATTORNEY

In the case of Applications made under Power of Attorney or by Limited Companies or Corporate Bodies, the relevant Power of Attorney or the relevant authority to make the Application as the case may be, together with a duly certified copy thereof must be attached to the Application Form or lodged for scrutiny separately with the Serial Number of the Application with the Registrars to the Issue. The original will be returned to the Applicant after retaining the certified copy thereof.

## RECEIPT OF MONEY

Payments may be made in cash or by cheque or by draft. Cheques or drafts should be drawn on any Bank (including a Co-operative Bank) which is situated at and is a member or sub-member of the Bankers' Clearing House located at the place where the application is submitted. Outstation cheques or drafts/money orders will not be accepted and applications accompanied by such cheques, drafts or money orders will be rejected.

Cheques or drafts should be crossed "A/c. Payee Only" and made payable to any of the Bankers to the Issue with whom the application is lodged and should bear the words "A/c. IPITATA Equity Issue." A separate cheque or draft must accompany each Application Form.

No receipt will be issued for application money. However, Bankers to the Issue receiving the application will acknowledge receipt of the application by stamping and returning to the applicant the perforated acknowledgement slip at the foot of each Application Form.

The Board reserves at its sole, absolute and unfettered discretion, the right to accept or reject any application in whole or in part without assigning any reason.

Where an application is rejected in full, the whole of the application money received will be refunded to the applicant and where an application is accepted in part, the balance of the application money received will be adjusted against allotment money due on the shares allotted and the balance, if any, will be refunded to the applicant in terms of Section 73 of the Act. Letter(s) of Allotment/Share Certificate(s) or Letter(s) of Regret, together with the Refund Orders, if any, will be despatched by post at the applicant's risk within ten weeks or (in the event of unforeseen circumstances, within such further time as may be allowed by the Stock Exchange at Calcutta) from the date of closure of subscription list. Such Refunds will be made by cheques or pay orders drawn on the Company's Bankers at Bombay and bank charges, if any, for encashing such cheque or pay orders will be payable by the applicant. Such cheques or pay orders will, however, be payable at par at all places where the application monies are accepted.

Interest will be paid on excess application money in accordance with the guidelines contained in letter No. F-8/6/SE/79 dated 21st July, 1983 issued by the Government of India, Ministry of Finance and the same will be calculated as under:

- (i) In case where the allotment is made in full, interest shall be calculated for the period commencing from the end of 10 weeks from the date of closure of the subscription list till the date of allotment of securities.
- (ii) In case where partial allotment is made and the whole of the excess application money is adjusted against allotment money, interest shall be related to the delayed period from the end of 10 weeks from the date of closure of the subscription list till the date of allotment of securities in respect of application money and from the date of allotment till the last date of posting of the refund order in respect of the application money adjusted against allotment.
- (iii) In cases where partial allotment is made and a part of the excess application money is adjusted against allotment money interest shall be related to the delayed period from the end of 10 weeks from the date of closure of the subscription list till the date of allotment of securities in respect of the application money and from the date of allotment till the last date of posting of the refund order in respect of the application money adjusted against allotment, and from the end of 10 weeks from the date of closure of the subscription list till the last date of posting of the refund order in respect of the balance amount.
- (iv) In case where no allotment is made, interest shall be related to the period from the end of 10 weeks from the date of closure of the subscription list till the last date of posting of the refund order.

In case of joint applications, Refund Pay Orders, if any, will be made out in favour of, and all communications will be addressed to the applicant whose name appears first at his/her address stated in the Application Form.

## AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

Copies of this Prospectus and Application Forms may be obtained from the Registered Office of the Company, Underwriters, Brokers, Managers, Registrars or Bankers to the Issue named in the Prospectus or from any of their branches listed in the Application Form.

## OVERSUBSCRIPTION AND BASIS OF ALLOTMENT

In the event of the Issue of Equity Shares now being offered to the public for subscription being oversubscribed, the basis of allotment will be finalised in consultation with the Stock Exchange at Calcutta.

## ISSUE OF SHARE CERTIFICATES

The Share Certificate(s) will be ready for delivery within three months from the date of allotment in exchange of Letter(s) of Allotment, if any, issued.

## BOARD OF DIRECTORS

### Name, Address, Description and Occupation

**L. I. PARIJA, I.A.S.**  
(S/o. Late Dr. P. K. Parija)  
Gr. No. MR-4, Type VIII  
Unit-5  
Bhubaneswar

Government Service

#### Chairman

**DR. AMIT CHATTERJEE**  
(S/o. Dr. A. B. Chatterjee)  
5, Kapali Road  
Jamshedpur

Service

#### Managing Director

**V. PATTANAYAK, I.A.S.**  
(S/o. Dr. G. C. Pattanayak)  
62, Sahidnagar  
Bhubaneswar

Government Service

**N. PATNAIK**  
(S/o. Late A. C. Patnaik)  
1-A, Udyan Marg  
Bhubaneswar

Service

**I. MISHRA**  
(S/o. Late Siddhinath Misra)  
26, Straight Mile Road  
Jamshedpur

Service

**V. JHA, I.A.S.**  
(S/o. Late Balaram Jha)  
52-A, Kharvela Nagar  
Unit-3  
Bhubaneswar

Government Service

**S. L. SRIVASTAVA**  
(S/o. Sugriva Lal Srivastava)  
34, Straight Mile Road  
Jamshedpur

Service

**N. M. BHUYAN**  
(S/o. Late K. C. Bhuyan)  
C-8, Ratnakarbag,  
Tankapani Road,  
Bhubaneswar

Government Service

**C. S. S. SETTY**  
(S/o. C. S. Subba Setty)  
18, Agasthiya Nagar  
Halls Road, Kilpauk  
Madras

Service

(Nominee of the IDBI)

### Other Directorship

#### Chairman

Industrial Development Corporation of Orissa Limited  
Orissa Synthetics Limited

#### Director

National Aluminium Company Limited  
Orissa Mining Corporation Limited  
Orissa Forest Corporation Limited  
O.M.C. Alloys Limited

#### Managing Director

Industrial Promotion and Investment Corporation of Orissa Limited

#### Director

Orissa State Financial Corporation  
Orissa State Electronics Development Corporation Limited  
O.M.C. Alloys Limited  
Orissa Sponge Iron Limited  
Sewa Papers Limited  
SN Corporation Limited  
Indian Carbide and Chemicals Limited  
Orissa Synthetics Limited  
Ipiographs Electro Ceramics Limited  
Ipiabel Refractories Limited  
Mangalam Timber Products Limited  
Magnetix (India) Limited  
Orissa Industrial Infrastructure Development Corporation  
Orissa Tourism Development Corporation Limited  
Nayagarh Co-operative Sugar Mills Limited  
Orissa Industrial and Technical Consultancy Organisation Limited

Belpahar Refractories Limited

#### Managing Director

Orissa Industrial Infrastructure Development Corporation

#### Director

Industrial Promotion and Investment Corporation of Orissa Limited  
Indian Carbide & Chemicals Limited  
IPITRON Times Limited  
Orissa State Electronics Development Corporation Limited  
Mamta Drinks & Industries Limited  
Orissa Synthetics Limited  
S.N. Corporation Limited

Tata Robins Fraser Limited

Electro-Chem Orissa Limited  
Indian Carbide & Chemicals Limited  
Derby Industrial Projects (P) Limited  
Utkal Carbon (P) Limited  
Eastern Metal Ferro Alloys Limited  
Orissa Sponge Iron Limited

Setty Associates (P) Limited  
Canara Steel Limited

**REGISTERED OFFICE**

Joda,  
P.O. Joda,  
Dist. Keonjhar,  
Orissa-758 034.

**ADMINISTRATIVE OFFICE**

TISCO CEDD Building,  
Jamshedpur,  
Bihar-831 001.

**LOCATION OF THE FACTORY**

Bilaipada,  
P.O. Joda,  
Dist. Keonjhar,  
Orissa-758 034.

**TECHNICAL CONSULTANTS**

The Tata Iron & Steel Company Limited  
Jamshedpur,  
Bihar-831 001.

**AUDITORS**

B. Mohanty & Company,  
Chartered Accountants,  
Link Road, Cuttack,  
Orissa.

S. B. Billimoria & Co.,  
Chartered Accountants,  
113, Mahatma Gandhi Road,  
Bombay-400 023.

**BANKERS TO THE COMPANY**

State Bank of India, (SBI)  
Bistupur,  
Jamshedpur 831 001.

Canara Bank,  
Gajraj Mansion,  
Bistupur,  
Jamshedpur 831 001.

**UNDERWRITERS**

The Equity Shares presently being offered to the Public for subscription for cash at par in terms of this Prospectus have been underwritten as follows:

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)	Date of Underwriters' Letter	Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
<b>A. INSTITUTIONS</b>				
Industrial Development Bank of India, (IDBI) Nariman Bhavan, 227, Vinay K. Shah Marg, Backbay Reclamation, Nariman Point, Bombay-400 021.	226.00	18-5-1984	Pradip Harkisondass 914, Stock Exchange Towers, Dalal Street, Bombay 400 023.	5.00
The Industrial Credit and Investment Corporation of India Ltd., (ICICI) 163, Backbay Reclamation, Bombay-400 020.	81.00		Sushil N. Shah 28, Bhupen Chamber, 1st Floor, 9, Dalal Street, Bombay 400 023.	5.00
Industrial Finance Corpn. of India, Bank of Baroda Building, (IFCI) 16, Sansad Marg, New Delhi-110 001.	81.00		Upendra M. Dalal 604, A Stock Exchange Towers, Dalal Street, Bombay 400 023.	5.00
<b>B. BROKERS/UNDERWRITERS (Also Brokers to the Issue)</b> (All underwriting agreements are dated 27th April, 1984.)			Valji Bhimji & Company 109, Stock Exchange Plaza, Dalal Street, Bombay 400 023.	5.00
Jamnadas Morarjee & Co. 616, Tulsiani Chambers, Nariman Point, Bombay 400 021.	8.50		Vinay M. Shah 59, Bazargate Street, 1st Floor, Bombay 400 001.	5.00
Nagindas Chhaganlal 507, Tulsiani Chambers, 5th Floor, Nariman Point, Bombay 400 021.	8.50		Alkesh Dinesh Mody 924, Stock Exchange Towers, 9th Floor, Dalal Street, Bombay 400 023.	5.00
Bhupendra Champaklal Devidas Bhupen Chambers, Ground Floor, Dalal Street, Bombay 400 023.	5.00		V. B. Desai Bhupen Chambers, Ground Floor, Dalal Street, Bombay 400 023.	4.00
D. S. Purbhoodas & Co. 1104, Stock Exchange Towers, Dalal Street, Bombay 400 023.	5.00		Dhirajlal Maganlal Sons 1103, Stock Exchange Towers, Dalal Street, Bombay 400 023.	3.00
Jashvantlal Chhaganlal & Co. Bhupen Chambers, Dalal Street, Bombay 400 023.	5.00		L. K. Panday Maharashtra Bank Bldg., 45/47, Apollo Street, Bombay 400 001.	3.00
Prabhudas Lilladher 216, Stock Exchange Plaza, Dalal Street, Bombay 400 023.	5.00		Chimanlal Maneklal 11, Rajabhadur Mansion, 1st Floor, 45, Tamarind Street, Fort, Bombay 400 023.	2.00

Bank of India  
Joda,  
Dist. Keonjhar,  
Orissa 758 034.

**BANKERS TO THE ISSUE**

American Express International Banking Corporation,  
D. N. Road,  
Bombay 400 001.

Allahabad Bank,  
Bombay Samachar Marg,  
Bombay 400 023.

Bank of India,  
70/80, Mahatma Gandhi Road,  
Bombay 400 023.

Bank of Baroda,  
Stock Exchange Towers,  
Dalal Street,  
Bombay 400 023.

Central Bank of India,  
Mahatma Gandhi Road,  
Bombay 400 023.

The Chartered Bank,  
Mahatma Gandhi Road,  
Bombay 400 023.

Citi Bank N.A.,  
Dr. D. N. Road,  
Bombay 400 001.

Canara Bank,  
Calcut House,  
Tamrind Lane,  
Bombay 400 023.

Grindlays Bank p.l.c.,  
270, Dr. D. N. Road,  
Bombay 400 001.

Indian Bank,  
210, Mittal Towers,  
Nariman Point,  
Bombay 400 021.

Indian Overseas Bank,  
Elphinstone Building,  
2/10, Veer Nariman Road,  
Fort, Bombay 400 001.

Punjab National Bank,  
PNB House,  
Sir P. M. Road,  
Bombay 400 001.

State Bank of India,  
Bombay Samachar Marg,  
Bombay 400 023.

**LEGAL ADVISER**

S. R. Vakil,  
Bombay House,  
24, Homi Mody Street, Fort,  
Bombay-400 023.

**REGISTRARS TO THE ISSUE**

Tata Central Share Department,  
(Division of TATA SERVICES LTD.),  
Army & Navy Building,  
148, Mahatma Gandhi Road,  
Bombay-400 023.

**MANAGERS TO THE ISSUE**

STATE BANK OF INDIA,  
Merchant Banking Division,  
Central Office, Madame Cama Road,  
Bombay-400 021.

J. M. FINANCIAL & INVESTMENT  
CONSULTANCY SERVICES PVT. LTD.,  
Merchant Banking Division,  
141, Maker Chambers III, 13th Floor,  
Nariman Point,  
Bombay-400 021.

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
Chimanlal J. Dalal & Co. Bhupen Chambers, 9, Dalal Street, Bombay 400 023.	2.00
Dalal & Broacha 507, Maker Chamber No. 5, 221, Nariman Point, Bombay 400 021.	2.00
Hiralal Lilladher 209, Stock Exchange Plaza, 2nd Floor, Dalal Street, Bombay 400 023.	2.00
Jaswantlal Chhotalal & Co. Bhupen Chambers, Ground Floor, Dalal Street, Bombay 400 023.	2.00
Narandas & Sons Union Bank Bldg., Dalal Street, Bombay 400 023.	2.00
J. G. Shah 821, 8th Floor, Stock Exchange Towers, Dalal Street, Fort, Bombay 400 023.	1.00
Kantilal Madhavdas & Co. 105, Stock Exchange Plaza, Dalal Street, Fort, Bombay 400 023.	1.00
A. C. Kamdar 32, Stock Exchange Towers, 4th Floor, (East Wing), Dalal Street, Bombay 400 023.	0.50
Bhagwandas Gordhandas 917, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Bhupendra M. Bheda 501, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Bhupendra Talakchand C/o Ranchhoddas Sheshkaran, 30, Stock Exchange Tower, 5th Floor, Bombay 400 023.	0.50
Hiralal C. Doshi Table No. 34, 4th Floor, (E-Wing), Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
H. T. Nanavati 108, Stock Exchange Plaza, Dalal Street, Bombay 400 023.	0.50
Ishwarlal Maganlal & Sons 210, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Jagdish S. Dalal 38, Bhupen Chambers, 9, Dalal Street, Bombay 400 023.	0.50
Jamnadas Khushaldas & Co. T-37, 4th Floor, East Wing, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Jayantilal N. Patel Room No. 605, 6th Floor, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Jayantilal H. Patel 203, Veena Chambers, Dalal Street, Bombay 400 023.	0.50
K. R. Choksey & Co. 727, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Kantilal Chhanganlal 4th Floor, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
Lewis & Jones Bank of Baroda Bldg. Bombay Samachar Marg, Fort, Bombay 400 001.	0.50
Mehta Vakil & Company Room No. 504, 5th Floor, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Mukund M. Shah 905, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Narendra M. Dalal Room No. 103, 1st Floor, Stock Exchange Plaza, Dalal Street, Bombay 400 023.	0.50
N. M. Parikh 120, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
N. N. Khandwala & Co. Khandwala Building, Daftary Road, Malad (East), Bombay 400 097.	0.50
Parag S. Parikh 87, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
P. R. Subramanyam & Sons 1007, Jeejeebhoy Towers, Dalal Street, Bombay 400 023.	0.50
Ramniklal N. Shah 4th Floor, E-Wing, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Ramniklal R. Parikh Table No. 44, 4th Floor, E-Wing, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Sanat M. Dalal 1211, Stock Exchange Towers, 12th Floor, Dalal Street, Bombay 400 023.	0.50
Suresh F. Gundaria 87, Stock Exchange, Bombay 400 023.	0.50
T. R. Parekh & Son 4th Floor, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Vrajilal Dhanki 1110, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Vadilal R. Mehta Table No. 3, 5th Floor, (E-Wing), Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Vidyut Devendrakumar 7, East Wing, 4th Floor, Stock Exchange Towers, Dalal Street, Bombay 400 023.	0.50
Vithaldas Ramji Marthak 95, Stock Exchange Old Bldg., Apollo Street, Bombay 400 023.	0.50
<b>CALCUTTA</b>	
Varjivan C. Kampani 16, India Exchange Place, Calcutta 700 001.	5.00
G. M. Bosu 7, Lyons Range Calcutta 700 001.	2.00
Manoj Dhupelia & Company Nilhat House, 6th Floor, 11, R. N. Mukherjee Road, Calcutta 700 001.	2.00
Place, Siddons & Gough P. Ltd. 6, Lyons Range, Calcutta 700 001.	2.00

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
Bairangalal M. Prasad 16, India Exchange Place, Calcutta 700 001.	1.00
Brijnath Khandelwal & Co. 13, India Exchange Place, Calcutta 700 001.	1.00
Bimal Kumar Ghosh 7, Lyons Range, Calcutta 700 001.	1.00
C. Mackertich 7, Lyons Range, Calcutta 700 001.	1.00
Khandelwal Brothers Wardley House, 25, Swallow Lane, Calcutta 700 001.	1.00
Stewart & Company 14, India Exchange Place, Calcutta 700 001.	0.50
<b>NEW DELHI</b>	
Amritlal Bajaj & Co. 606, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi 110 001.	5.00
B. D. Agarwal & Company 12/3, Asaf Ali Road, New Delhi 110 002.	5.00
J. C. Mehta & Company 12/3, Asaf Ali Road, New Delhi 110 002.	5.00
Jalan & Company Stock Exchange Building, Asaf Ali Road, New Delhi 110 002.	5.00
R. K. Chugh & Company 6 & 54 Stock Exchange Bldg. Asaf Ali Road, New Delhi 110 001.	5.00
Vinod Kumar & Co. A-6, Connaught Place, New Delhi 110 001.	5.00
Beharilal & Company Stock Exchange Building, Asaf Ali Road, New Delhi 110 002.	3.00
Bharat Bhushan & Co. H-45, Connaught Place, New Delhi 110 001.	2.00
R. K. Relan & Company United India Bldg., F. Block, Connaught Place, New Delhi 110 001.	1.00
Dev Saigal & Company 30, Netaji Subhash Road, New Delhi 110 002.	1.00
Surinder Rode & Company 1st Floor, 3-E/12, Jhandewalan Extension, Link Road, New Delhi 110 055.	1.00
Virendra Saigal & Company 40, Stock Exchange Bldg. Asaf Ali Road, New Delhi 110 002.	1.00
L. R. Munjal & Co. 46, Delhi Stock Exchange Bldg., Asaf Ali Road, New Delhi 110 002.	0.50
Harbans Singh Metha & Co. 33, Regal Bldg. Sansad Marg, P.B. No. 300, Parliament Street, New Delhi 110 001.	0.50
Roshan Lal & Co. 42, Delhi Stock Exchange Bldg. Asaf Ali Road, New Delhi 110 002.	0.50
Singhal & Company 310, Competent House, F Block, Middle Circle, Connaught Place, New Delhi 110 001.	0.50
Shorewala & Company 5, Counter No. 21, Delhi Stock Exchange, Asaf Ali Road, New Delhi 110 002.	0.50

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
<b>AHMEDABAD</b>	
Champaklal B. Chokshi Near Share Bazar, Manek Chowk, Ahmedabad 380 001.	4.00
Aruna Kampani Mansukhlal Bhailal Bldg., Mahurat Pole, Manek Chowk, Ahmedabad 380 001.	3.00
Rajesh N. Jhaveri Stock Exchange Bldg., Marek Chowk, Ahmedabad 380 001.	3.00
Chimanlal Lalbhai 2286, Manek Chowk, Ahmedabad 380 001.	2.00
Gordhandas N. Gupta Anandji Kalyanji Bldg. Opp: Dhanasutar's Pole, 2nd Floor, Relief Road, Ahmedabad 380 001.	0.50
Nareshchandra L. Parikh Bullion Hall, Stock Exchange Building, Manek Chowk, Ahmedabad 380 001.	0.50
Chinubhai Chimanlal Dalal Ratan Pole, Fatebhai Haveli, Manek Chowk, Ahmedabad 380 001.	0.50
Laxminarayan Nathulal Gupta 2nd Floor, Stock Exchange Bldg., Manek Chowk, Ahmedabad 380 001.	0.50
<b>BANGALORE</b>	
Lokkur & Company P. B. No. 631, Kempegowda Road, Bangalore 560 009.	0.50
L. K. S. Murthy & Co. Devata Place, 406, Residency Road, Bangalore 560 048.	0.50
Satya Prakash & Co., 3rd Floor, Indian Bank Bldg., Kempegowda Road, Bangalore 560 009.	0.50
Vijai & Company Vijay Building, 9, Eleventh Main Road, Malleswaram, Bangalore 560 003.	0.50
Nanjappaiah Jahgirdar 205, K. Kamaraj Road, Bangalore 560 042.	0.50
Jahgirdar & Company 21, 2nd Main Road, Seshadripuram, Bangalore 560 020.	0.50
Bhagya & Company 8/4, National High School Road, Bangalore 560 004.	0.50
<b>HYDERABAD</b>	
P. B. Afzulpurkar 4-5-195, Sultan Bazar, Hyderabad 500 001.	1.00
Laxminarayan Rathi 4-5-173, Sultan Bazar, Hyderabad 500 001.	1.00
Bhagwandas Jeju 20-4-1183, Lad Bazar, Hyderabad 500 002.	0.50
<b>MADRAS</b>	
Madan & Company Deccan House, 7, Ramanuja Iyer Street, Madras 600 070.	2.00
V. S. Krishnaswamy & Co. 45, Armenian Street, Madras 600 001.	0.50
Venkataraman & Co. 53, Dr. Rangachari Road, Mylapore, Madras 600 004.	0.50

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
Krishnamoorthy & Co. 153, Linghi Chetty Street, Madras 600 001.	0.50
Paterson & Company Vanguard House, 3rd Floor, 48, Second Line Beach, Madras 600 001.	0.50
Subramaniam & Company 49, Second Line Beach, Ground Floor, Madras 600 001.	0.50
<b>INDORE</b>	
Pushkarlal Ghudawala 44, Bada Sarafa, Indore 452 002.	0.50
Santosh & Company 29, Dhenu Market, S.G.S.I.T.S. Road, Indore 452 003.	0.50
D. S. Sancheti & Co. 20/11, Yeshwant Niwas Road, Indore 452 003.	0.50
<b>COCHIN</b>	
A. Aaron & Company Congress House, Hospital Road, Ernakulam, Cochin 682 011.	0.50
<b>PUNE</b>	
Ravindra A. Patanker 436, Narayan Peth, Pune 411 030.	1.00
Yogesh J. Shah 60B, Sadashiv Peth, Phadtare Chowk, Pune 411 030.	1.00
Arwind M. Shah 571, Raviwar Peth, Pune 411 002.	1.00
Adolf Pinto Thackers House, General Thimmaya Road, Pune 411 001.	0.50
A. J. Divan C/o. Mr. K. S. Suryanarayan 517, A Rasta Peth, Pune 411 011.	0.50
K. C. Shah 204, Nana Peth, Hind Mata Chowk, Pune 411 002.	0.50
K. D. Chuttar 7, Bank of Baroda Colony, Pune 411 016.	0.50
<b>KANPUR</b>	
Atma Ram Kejriwal Vishwambhar House, 25/32-A Karachi Khanna, Kanpur 208 001.	0.50
Ganganarain Kapoor & Sons Chowk, Lucknow 226 003.	0.50
Sanjeev Anand & Co. Cabin No. 4, Merchant Chambers' Premises, 14/76 Civil Lines, Kanpur 208 001.	0.50
Nirnav Bros. 14/76, Civil Lines, Kanpur	0.50
A. K. Johari & Co. Makbara Compound, Opp. Halwasia Market, Lucknow 226 001.	0.50
<b>LUDHIANA</b>	
Ashwani Kumar Aggarwal & Co. Stock Exchange Building, Near Clock Tower, Ludhiana 141 008.	0.50

Names and Addresses of Underwriters	Amount underwritten (Rs. in lacs)
B. L. Bhalla & Co. Room No. 2, Stock Exchange Bldg., Lajpat Rai Market, Ludhiana 141 001.	0.50
Sharda & Co. 19-A, Udham Singh Nagar, Ludhiana.	0.50
Sujata & Co. Lajpatrai Market, Clock Tower, Ludhiana 141 001.	0.50
Total ..	588.00

The abovementioned agreements of underwriting have been accepted by the Company on 21-5-1984 and in the opinion of the Company the resources of the abovementioned underwriters are sufficient to discharge their respective underwriting obligations.

#### CONSENTS

Consents in writing of the above mentioned Technical Consultants, Auditors, Bankers to the Company, Bankers to the Issue, Legal Advisors, Registrars to the Issue, Managers to the issue, Underwriters to the issue and Brokers to the Issue to act in their respective capacities have been obtained and filed with the Registrar of Companies, Orissa, Cuttack and none of such consents have been withdrawn upto the time of filing a copy of this Prospectus with the Registrar of Companies for registration.

M/s. B. Mohanty & Co. and M/s. S. B. Billimoria & Co., the Auditors of the Company have also given their written consent to the inclusion of their Report in the form and context in which it appears later in this Prospectus and such consents have not been withdrawn upto the time of filing a copy of this Prospectus with the Registrar of Companies as aforesaid.

#### BRIEF HISTORY OF THE COMPANY

The Company (IPITATA) has been promoted jointly by the Industrial Promotion and Investment Corporation of Orissa Ltd. (IPICOL) and The Tata Iron & Steel Co. Ltd. (TATA STEEL) to set up in the joint sector a plant at Balaipada, in the Keonjhar District of Orissa, for the manufacture of sponge iron with an installed capacity of 90,000 tonnes per annum. The noteworthy feature of this project is that it would employ the TISCO (The Tata Iron and Steel Company Limited.) Direct Reduction (TDR) process for sponge iron developed by TATA STEEL in a 10-12 tonnes per day pilot plant which has been in operation since the year 1975. The TDR process is 100% non-coking coal based and would be utilising the abundant reserves of non-coking coal available in Eastern India.

The Company was incorporated on 31st July, 1982 and obtained a certificate of commencement of business on 1st October, 1982.

#### PROMOTERS

As mentioned earlier, the Company has been promoted by IPICOL and TATA STEEL. IPICOL is a wholly-owned Corporation of the Government of Orissa and was set up in 1973 with the object of promoting and financing industries in the State of Orissa. It provides a complete range of services to entrepreneurs including project identification, location guidance, arrangement of land and infrastructure, financial assistance, etc. IPICOL has been instrumental in promoting a number of projects in the joint/private sectors for the manufacture of calcium carbide, caustic soda, ferro-vanadium, fibre glass, synthetic marble, mini-paper, industrial gases, steel castings and forgings, sponge iron, high tensile fasteners, etc. Till December 31, 1983, IPICOL has contributed about Rs. 7.70 crores by way of equity participation in its various ventures.

TATA STEEL is one of the premier industrial enterprises in the country with a consistent record of excellent production performance and capacity utilisation. The Company's R & D Division, set up as early as 1925, has been responsible for several new steel products and process developments. One of the major developments is the technology for manufacturing sponge iron which is used as a substitute for steel scrap for making high grade steel, especially in electric arc furnaces. It is currently in short supply and is being partly imported. It enables the manufacture of steel using non-coking coal which is abundantly available in the country as against the conventional process used in the integrated plants which requires scarce coking coal. In order to utilise this abundantly available non-coking coal resources, TATA STEEL has developed a process for manufacture of sponge iron which ranks as one of the most extensive research investigations in the history of the Indian iron and steel industry in India. This process, called the TISCO Direct Reduction process of sponge iron manufacture, has been developed in a pilot plant of 10-12 tonnes per day capacity which has been in operation since early 1975 at Jamshedpur. The TDR technology developed by TATA STEEL will be used by IPITATA in the manufacture of sponge iron.

As know how fees for the TDR process, TATA STEEL has agreed to a royalty of Rs. 10 per tonne of sponge iron for the first 8 lacs tonnes of production without any lumpsum know how charges before the start of the plant - this is a unique feature of the technical agreement between IPITATA and TATA STEEL.

It is worth mentioning that TATA STEEL will be participating for the first time in its corporate history in an outside venture as a promoter-cum-technology supplier.

Under the joint sector agreement between TATA STEEL and IPICOL, IPICOL will be participating in the equity capital of the Company to the extent of



26% of the equity i.e. Rs. 312 lacs while TATA STEEL will contribute to equity capital of the Company to the extent of 25% of the Equity Capital i.e. Rs. 300 lacs.

#### FINANCIAL HIGHLIGHTS OF TATA STEEL

The financial highlights of TATA STEEL, one of the promoters, for the last 5 years are given below:

	(Rs. in crores)				
	1978-79	1979-80	1980-81	1981-82	1982-83
Sales and Other Income	380.85	454.94	520.86	704.69	798.16
Gross Profit	45.02	47.90	75.76	104.86	73.29
Profit After Taxes	17.55	15.93	26.46	47.65	44.87
Gross Block	471.11	499.70	550.48	650.14	789.76
Ordinary Capital	51.44	51.44	51.44	72.02*	72.02
Reserve and Surplus	80.27	88.11	106.01	120.60*	152.80
PER ORDINARY SHARE OF Rs. 100					
i) Net Worth (Rs.)	256.07	271.32	306.12	267.48*	312.19
ii) Earnings (Rs.)	32.46	29.32	49.79	64.99*	61.12
iii) Dividend (%)	12.00	13.50	15.00	17.00*	17.00

\*After Issue of Bonus Shares in the ratio of 2:5.

#### LOCATION

The Company's plant is being set up at Bilaipada, in Keonjhar District in the State of Orissa. The site is close to iron ore reserves and coal is available from the Raniganj area. The Company has already taken possession of about 200 acres of land out of the total land requirement of 300 acres.

#### RAW MATERIALS

The Company's requirement of high-grade sized iron ore (160,000 tonnes per annum) is proposed to be obtained from mines belonging to the Orissa Mining Corporation Ltd. and TATA STEEL. Long-term contracts are being entered into by the Company for the supply of iron ore. Similarly, the Company has identified 4 sources of non-coking coal from the Eastern and Central coalfields based on pilot plant tests and trials. A small quantity of dolomite flux is also required in TDR process and its procurement has been finalised. In view of the long-term arrangements contemplated for the supply of iron ore available within a radius of 25 to 30 kms. from the plant site, and non-coking coal from the Raniganj deposit of Coal India Limited, located at a distance of 250 kms from the site, the Company will not have any difficulty in procurement of raw materials. Facilities for unloading these raw materials at a nearby siding, are also being finalised.

#### PLANT AND MACHINERY

Since the TDR process for manufacture of sponge iron has been developed indigenously by TATA STEEL, arrangements for procuring major equipment comprising a large rotary kiln and a rotary cooler as well as a post combustion chamber have been made with TATA STEEL. Fabrication of some of the major items has already reached an advance stage. Orders for other items of equipment comprising the material handling system, weighing facility, water treatment system, fuel oil and compressed air system, workshop facilities and electrical items have been finalised with reputed indigenous manufacturers/suppliers like Larsen & Toubro, Tata-Robins-Fraser, Siemens, ACC, NGEF, BHEL and others. Only a few items like special air blowers, lubrication system, magnetic balance, certain precision laboratory equipment together comprising less than 1% of the project cost, are proposed to be imported from the USA, UK and West Germany- necessary action for import has also been initiated.

#### TECHNICAL CONSULTANTS

TATA STEEL has been appointed as the technical consultants not only for know-how supply but also for the basic engineering under a technical collaboration agreement between the Company and TATA STEEL. Under this agreement, TATA STEEL will provide technical consultancy comprising design/project engineering, project management, project implementation, etc. as well as the technical know-how for the TDR process. The charges for the know-how, normally charged by the other coal-based direct reduction know-how suppliers in West Germany, USA and the UK on a lump sum basis, has in this case been linked to royalty on per tonne production of the Company in the first 10 years of production. TATA STEEL will also provide complete training facilities to the employees of the Company for running the plant and have guaranteed an annual output of acceptable quality of sponge iron from the Company.

#### POWER

The maximum demand for power is around 2,500 KVA. The Orissa State Electricity Board has already agreed to supply 2,500 KVA of Power. The Company also proposes to install a suitable Diesel Generating set to avoid any damage to core equipment, like the rotary kiln, in case of sudden power failure for unforeseen reasons. Permission for the same has also been obtained.

#### WATER

The total requirement of water for the plant and adjoining township is proposed to be obtained from Kundra Nala, a perennial stream flowing along the southern boundary of the plant site at Bilaipada. Adequate pumping and filtering arrangements are being made to meet the total water requirements which will be around 200 cubic m/hour. The water will be suitably treated

within the plant for process/township use, arrangements for which are already under construction.

#### EFFLUENTS

Some dust and unburnt gases are the only potentially harmful effluents which will be generated during plant operations. Necessary equipment for dust suppression and gas cleaning are being installed. All the existing regulations in Orissa regarding solid, gas and liquid emissions are being adhered to. Ancillary industries will be encouraged to be set up near the plant site to utilise some of the Company's waste products like coal fines, sponge iron fines etc. Permission from the concerned authorities for effluent disposal has been obtained.

#### BUSINESS PROSPECTS

As stated above sponge iron which is ideally used in electric arc furnaces in the mini steel industry as a substitute for steel scrap, is presently being obtained by mini steel plants from integrated steel plants or from imports. Due to the present import restrictions on import of scrap, mini steel plants are finding it increasingly difficult to procure large quantities of steel scrap at economic prices. It is estimated that by 1985-86, the steel industry will have a demand for over 3 million tonnes of scrap per annum whereas the total availability is estimated at only 2.5 million tonnes leaving a large gap of over 0.5 million tonnes. Sponge iron is an ideal substitute material to bridge this demand gap. Though India has at present a capacity to produce 0.2 million tonnes per annum of sponge iron, it is based on imported technology utilising fuel oil along with coal in some cases. The TISCO Direct Reduction process is 100% non-coking coal based. A large number of indigenous raw materials have been tested in TATA STEEL'S pilot plant in the last 9 years, suitable ones identified and process parameters for the same worked out, thus eliminating the time required to adapt foreign processes to local conditions. **TATA STEEL has also given an undertaking to purchase 50% of the Company's produce at ruling market price thereby making the marketing of the Company's product relatively simpler.** The Company is, therefore, not expected to have any difficulty in marketing its entire product particularly to the arc furnace/foundry industry in Eastern India as well as to integrated steel plants in this region.

#### MANAGEMENT

The Company is being managed by the Board of Directors comprising industrialists, and persons with extensive technological and administrative experience. The day to day management of the Company is being looked after by Dr. Amit Chatterjee, a qualified and experienced steel technologist, as the Managing Director of the Company under the overall control and direction of the Board. Dr. Amit Chatterjee will be assisted by a team of professionally qualified and experienced technical, financial and administrative personnel which include some of the senior engineers from TATA STEEL, the technical consultants.

#### COST OF THE PROJECT AND SOURCES OF FINANCING

The cost of the project is estimated as under:

	(Rs. in lacs)
Land and Site development	77.24
Building and other civil works	494.45
Plant and Machinery	1246.08
Basic/Detailed Engineering, Start up and Training Fees	120.00
Miscellaneous Fixed Assets	566.68
Preliminary and Issue expenses	59.00
Pre-operative expenses	451.55
Provision for contingencies	391.00
Margin money for working capital	94.00
<b>TOTAL</b>	<b>3500.00</b>

The cost of project will be financed as under:

	(Rs. in lacs)
<b>Equity Share Capital:</b>	
IPICOL	312.00
TATA STEEL	300.00
Public Issue	588.00
<b>Term Loan from All India Financial Institutions and Banks:</b>	
IDBI	800.00
IFCI	300.00
ICICI	300.00
LIC	200.00
GIC and its subsidiaries	100.00
State Bank of India	137.00
Punjab National Bank	110.00
Canara Bank	100.00
Allahabad Bank	100.00
Indian Overseas Bank	50.00
<b>Other Sources</b>	
Unsecured Loan from Tata Steel	88.00
Central Subsidy	15.00
<b>TOTAL</b>	<b>3500.00</b>

## LOAN ARRANGEMENTS

IDBI, IFCI, ICICI, LIC, GIC and its subsidiaries (hereinafter referred to collectively as "Financial Institutions") State Bank of India (SBI), Canara Bank, Allahabad Bank, Indian Overseas Bank and Punjab National Bank, have sanctioned term loans aggregating Rs. 2,197 lacs on the following terms and conditions:

Name of the Institution	Amount of Loan (Rs. in lacs)			Repayment Schedule	Rate of Interest	Commitment Charges
	On Normal Terms	On Concessional Terms	Total			
IDBI	686.00	114.00	800.00	Repayable in 10 years including a moratorium of 1 year by 18 half yearly instalments commencing from 20th June, 1987 and ending 20th December, 1995.	The concessional lending rate of IDBI as applicable to units in notified Backward Area for a portion of the loan and the normal lending rate of IDBI for the balance amount prevailing on the date of coming into force of the loan agreement. The present concessional and normal lending rates are 12.5% p.a. and 14% p.a. respectively.	1% and ½% per annum on the undrawn amount of the normal loan and concessional loan respectively which shall accrue from 181st day from the date of Letters of Intent of the Institutions as mentioned elsewhere in this Prospectus or the date of execution of loan agreement whichever is earlier, for a period of 365 days and thereafter ½% and ¼% per annum of the normal loan and concessional loan respectively payable half-yearly to the Financial Institutions.
IFCI	257.00	43.00	300.00	Repayable in 10 years including a moratorium of 1 year by 18 half yearly instalments commencing from 20th May, 1987 and ending 20th November, 1995.	same as of IDBI	same as of IDBI
ICICI	257.00	43.00	300.00	Repayable in 10 years including a moratorium of 1 year by 18 half yearly instalments commencing from 15th February, 1987 to 15th August, 1995.	same as of IDBI	same as of IDBI
LIC	200.00	—	200.00	Repayable in 10 years including a moratorium of 1 year by 18 half yearly instalments.	Interest at such rate as may be prevailing at the time of execution of Loan Agreement subject to a minimum of 15% p.a. payable half-yearly. The gross rate of interest will be subject to a rebate of 1% for prompt payment of instalments of the loan, commitment charges and interest on due dates. In case of default of regular payment charges on due dates, compound interest at the gross rate will become payable on the moneys due for the period of default.	1% and ½% per annum on the undrawn amount of the loan and shall accrue from 181st day from the date of the letter of intent and from 366th day from the date of the letter of intent, respectively.
GIC AND ITS SUBSIDIARIES	100.00	—	100.00	Repayable in 10 years including a moratorium of 1 year by 18 half yearly instalments.	same as of LIC	same as of LIC
SBI	137.00	—	137.00	As may be stipulated by IDBI in consultation with other financial institutions	15% p.a.	—
Punjab National Bank	110.00	—	110.00	—do—	15% p.a.	—
Canara Bank	100.00	—	100.00	—do—	15% p.a.	—
Allahabad Bank	100.00	—	100.00	—do—	15% p.a.	—
Indian Overseas Bank	50.00	—	50.00	—do—	15% p.a.	—

## SECURITY

The term loans will be secured by a first charge on all the movable and immovable assets of the Company, present and future, in such form as may be required by Financial Institutions (subject to prior charge on specified movables created or to be created in favour of the Company's bankers by way of security for bank borrowings for working capital), ranking **pari passu** with the charges created/to be created in favour of the participating financial institutions.

## CONVERSION OF LOAN INTO EQUITY

The Financial Institutions namely, IDBI, IFCI, ICICI, LIC, GIC and its subsidiaries shall have the option to convert a portion, not exceeding 20% of their respective term loans into Equity Shares of the Company at par. The option may be exercised on one or more occasions during the period from 1st July, 1992 to 30th June, 1994.

## OTHER IMPORTANT TERMS AND CONDITIONS OF TERM LOANS/ UNDERWRITING OF THE FINANCIAL INSTITUTIONS

- Before seeking disbursement of any assistance from Financial Institutions, the Company shall—
  - enter into a formal agreement with TISCO for obtaining technical know-how and detailed engineering services for the project to the satisfaction of Financial Institutions with suitable stipulations for payment of compensation in the event of any default in meeting the guaranteed output and consumption norms;
  - obtain an undertaking from TISCO to purchase upto 50% of the Company's production of sponge iron at ruling market price;
  - ensure that the promoters' equity contribution of Rs. 612 lakhs is subscribed for and paid up in cash in full by IPICOL (Rs. 312 lakhs) and TISCO (Rs. 300 lakhs);

- ensure that in addition to the equity capital of Rs. 612 lakhs to be brought in by the promoters, TISCO brings in unsecured loan of Rs. 88 lakhs on terms acceptable to Financial Institutions to make up the minimum promoters' contribution of 20% of the project cost, as stipulated by Government in the MRTP clearance;
  - get the letter of intent revalidated and transferred in its name.
- The unsecured loan of Rs. 88 lakhs to be brought in by TISCO shall not bear any interest until the Company starts paying dividend on its equity and the maximum interest payable thereafter shall be the rate of dividend for the year or the normal lending rate of Financial Institutions whichever is lower. The interest on the unsecured loan shall be paid only after interest and loan instalments due to the institutions, are paid and after obtaining prior approval of Financial Institutions.
  - The Company shall broad base its Board and appoint a Finance Director to the satisfaction of Financial Institutions.
  - The Company shall constitute a Management Committee to look after all important matters relating to the implementation of the project and its operations thereafter. The composition and the functions of the Management Committee shall be subject to the approval of Financial Institutions.
  - The Company shall agree to vest in the Institutions the option to convert 20% of their rupee loans into Equity Shares at par during the period July 1, 1992 to June 30, 1994.
  - The Company shall obtain necessary approvals for import of equipment as envisaged in the project.
  - The Company shall get itself registered with the appropriate authority for availing of central subsidy.
  - The Company shall appoint senior technical, financial and other personnel to the satisfaction of Financial Institutions.

9. The Company shall not avail of, without the prior approval of Financial Institutions, bridging loans/deposits or other finance from any other sources outside the scope of the financing pattern agreed to by Financial Institutions for meeting the cost of the project.
10. The Company shall constitute proper management information and reporting system to the satisfaction of the institutions.
11. So long as any portion of the loan from Financial Institutions remains outstanding, Financial Institutions shall have the right to nominate one director each on the Company's board. Financial Institutions shall have the liberty and discretion to appoint its directors immediately after the acceptance of the letter of intent by the Company but such appointment shall not be construed as any commitment on the part of Financial Institutions to disburse financial assistance unless Financial Institutions are fully satisfied that the Company has complied with all the stipulated terms and conditions precedent to such disbursement. The nominee directors of Financial Institutions shall have the right to attend all the meetings of the committee(s) constituted/to be constituted by the Company.
12. The basic engineering and know-how fees payable to TISCO @ Rs. 10/- per tonne on the first 800,000 tonnes of production shall be subordinate to the Company's commitment to Financial Institutions by way of interest on term loan and instalments of principal.
13. The Company undertakes that, during the currency of the Financial Institutions loan, it shall not, without obtaining the prior consent in writing of Financial Institutions, declare any dividend on its share capital, if it fails to meet its obligations to pay interest and/or instalment or instalments and/or other moneys payable to Financial Institutions, so long as it is in such default.
14. The Company does not undertake any new project or expansion or make any investment without the prior approval of financial Institutions during the currency of the Financial Institutions loan and/or so long as Financial Institutions hold shares of the Company as a result of the underwriting obligation.
15. The Company shall satisfy IDBI with regard to the arrangements made for obtaining requisite quantity of non-cooking coal for the project.
16. The Company shall enter into an agreement with The Orissa State Electricity Board for the supply of required power, to the satisfaction of IDBI.
17. The Company shall get its authorised share capital suitably enhanced to provide for issue of equity share capital of Rs. 1200 lakhs and conversion of 20% of rupee term loan from the institutions.
18. The Company shall make arrangements to the satisfaction of IDBI for raising adequate working capital finance required for the project from commercial banks.
19. The Company and its promoters, viz. IPICOL and TISCO shall give a joint and several undertaking to IDBI in such form as may be required by IDBI to procure at the appropriate time and on terms acceptable to IDBI, funds to meet overrun/shortfall, if any, in financing the capital cost of the project/ or working capital and also to finance the cash losses, if any, that may be incurred during the currency of the loan without having recourse to IDBI.
20. The transactions relating to the supply of iron ore between TISCO and the Company shall be on commercial competitive basis to the satisfaction of the Institutions and
21. The Company shall agree to a review of the project, including its cost and other operational aspects within a period of 24 months from the date of sanction of assistance. In the event of there being any overrun or initial cash losses or need for deployment of additional resources for scaling up of the plant from 12 TPD to 300 TPD, the promoters shall arrange resources for the same without seeking additional assistance from the Institutions on terms to be approved by IDBI.

#### TAX BENEFITS

The Directors of the Company are advised that under the prevailing laws, the following tax benefits are available to the Company and its members.

##### 1. To the Company

- (a) As the Company's industrial undertaking is situated in a backward area as specified in the Eighth Schedule to the Income-Tax Act, 1961, the Company will be entitled, in accordance with and subject to the provisions of Section 80 HH of the said Act, to a deduction of 20% of its profits and gains from the industrial undertaking for each of the 10 successive assessment years beginning with the assessment year relevant to the previous year in which production is commenced.
- (b) A deduction under Section 80-I of the Income-Tax Act, 1961 equal to 25% of the profits and gains derived from the industrial undertaking for a period of eight years from the assessment year relevant to the previous year in which the Company begins to manufacture.
- (c) In accordance with and subject to the provisions of Section 32A of the Income-tax Act, 1961, the Company will be entitled to deduction, from its profits and gains, of investment allowance at 25% of the actual cost of new machinery and plant installed in the relevant previous year of each assessment.
- (d) In accordance with and subject to the provisions of Section 32(ii)(ia) of the Income-tax Act, 1961, the Company will be eligible to claim Additional Depreciation besides normal depreciation in respect of its new machinery or plant of an amount equal to 50% of the normal Depreciation allowance in the year of installation or if the machinery or plant is first put to use in the immediately succeeding previous year, then in respect of that previous year.
- (e) In accordance with and subject to the provisions of Section 35D of the Income-tax Act, 1961 the Company will be entitled to a

deduction for each of the ten successive previous years beginning with the previous year in which the business commences, of an amount equal to one-tenth of such expenditure as are specified in sub-section (2) of that Section.

- (f) In accordance with and subject to the provisions of Section 35 of the Income-tax Act, 1961 the Company will be entitled to deduction in respect of expenditure incurred on scientific research related to the business including capital expenditure other than land.
- (g) The deductions mentioned in sub-paragraphs (a), (b) and (c) are subject to the restrictions imposed under Section 80 VVA of the Income-Tax Act, 1961.

#### 2. To the Members

- (a) A shareholder being an individual; Hindu Undivided Family or an Association referred to in Section 80 CC of the Income-Tax Act, 1961 will be eligible to a deduction in the computation of Taxable Income of 50% of the amount invested in the shares of the Company. The maximum investment in a year qualifying for this deduction will, however, be limited to Rs. 20,000/-.

The Company has obtained approval from Central Government vide letter No. S 13(22)-CC(ii)/84-1777 dated 9th May, 1984 certifying the Issue of 58,80,000 Equity Shares of Rs. 10/- each for a total amount of Rs. 588 lacs as "Eligible Issue of Capital" for the purposes of Section 80 CC of the Income-Tax Act, 1961, to the extent the Issue is made to the classes of assessee specified in the Section 80 CC(1) and (4) of the Income-Tax Act, 1961.

- (b) In accordance with and subject to the provisions of Section 80 M of the Income-tax Act, 1961 members of the Company who are domestic companies will be entitled to a deduction of 60% of the income by way of dividends from the Company which is included in the gross total income of such members.
- (c) In accordance with and subject to the provisions of Section 80 L of the Income-tax Act, 1961 dividends from the Company included in the gross total income of such assessee as are mentioned in the Section, including individuals and Hindu Undivided Families, will qualify with other items of income as specified therein, for deduction under that Section upto a limit of Rs. 7,000/- in the aggregate for each assessment.
- (d) In accordance with and subject to the provisions of Sections 5(1)(XXIII), 5(1A) and 5(3) of the Wealth Tax Act, 1957, the value of the share in the Company together with value of other assets mentioned in Section 5(1A), upto a limit of Rs. 2,65,000/- in the aggregate will be excluded from the net wealth of assessee who are individuals or Hindu Undivided Families.
- (e) Under Section 5(1)(xxa) of the Wealth-Tax Act, 1957 members of the Company will not have to pay wealth-tax for a period of 5 years on the value of Shares in the Company provided they are held for a minimum period referred to in Section 5(3) of the Wealth-Tax Act, 1957. In the case of members of the Company who are individuals or Hindu Undivided Families, this concession is in addition to the exemption limit of Rs. 2,65,000 applicable to other shares and assets referred to in Section 5(1A) of the Wealth-Tax Act, 1957.
- (f) In accordance with and subject to the provisions of Rule 1(VIII) of the First Schedule to the Companies (Profits) Sur Tax Act, 1964 dividends from the Company received by members who are themselves companies will be excluded in their cases for the determination of chargeable profits for the purpose of levy of Sur Tax under the said Act.
- (g) Members of the Company being persons of Indian origin, who are presently working in a foreign country and who have returned to India with the intention of permanently residing in India will be entitled to total exemption from Wealth-tax under Section 5(1)(xxiii) of the Wealth-Tax Act, 1957 for a period of 7 successive assessment years, commencing with the assessment year next following the date on which such persons return to India on the value of the assets (including the shares of the Company) acquired by them, out of the monies brought into India.

#### BACKWARD AREA CONCESSIONS

The project of the Company being located in a notified backward area, the Company apart from the concession under Section 80 HH of the Income-Tax Act, 1961, referred to above, will be entitled to a cash incentive of 15% of the fixed assets subject to a maximum of Rs. 15 lacs as financial incentive by the Government of India.

#### SPECIAL BENEFITS

The Company will be eligible to certain special benefits allowed by the Government of Orissa in accordance with its industrial policy which include.

- (a) exemption from payment of Octroi on raw materials used for a period of 5 years from the date the Company goes into production and also on machinery and spare parts and
- (b) interest free sales tax loan for 6 years limited to 10% of gross fixed assets each year repayable after 15 years of each year's drawal.

#### SCHEDULE OF IMPLEMENTATION

Considerable progress has been made on the site development and civil construction work. Orders for over Rs. 10 crores worth of equipment have already been placed including the rotary kiln and cooler which constitute the core of the plant and machinery for the project. The equipment erection is scheduled to start from August 1984 and will be completed by September, 1985.

## AUDITORS' REPORT

B. MOHANTY & COMPANY  
Link Road,  
Cuttack.

S. B. BILLIMORIA & CO.,  
113, Mahatma Gandhi Road,  
Fort, Bombay 400 023.

The Directors,  
IPITATA SPONGE IRON LIMITED,  
Joda, Dist. Keonjhar,  
Orissa.

Dear Sirs,

We have examined the books and accounts of IPITATA SPONGE IRON LIMITED for the period from 31st July, 1982 (the date of its incorporation) to 30th June, 1983, the last date to which the accounts of the Company have been made up, audited by B. Mohanty & Company and adopted by the members. The relevant accounts and statements for the period audited as aforesaid have been accepted by S. B. Billimoria & Co. We have also examined and found correct the accounts of the Company for the period of nine months ended 31st March, 1984.

In accordance with the provisions of clause 24 of Part II of Schedule II to the Companies Act, 1956 we report as follows:

### I. PROFIT AND LOSS

The Company is in construction stage and has not carried out any manufacturing or trading activities since its incorporation. The net expenditure incurred during the period from 31st July, 1982 (the date of its incorporation) to 30th June, 1983 the last date to which the accounts of the Company have been made up, audited and adopted by the members and for the period of nine months ended 31st March, 1984, the last date to which the accounts of the Company have been made up, is as set out below. The expenditure has been taken to Profit and Loss Account and transferred to expenditure during construction pending allocation to fixed Assets. The figures have been arrived at after making such regroupings as are, in our opinion, appropriate.

	31st July, 1982 to 30th June, 1983	1st July, 1983 to 31st March, 1984
	Rupees	Rupees
<b>EXPENDITURE</b>		
Administrative, Office & other expenses	4,33,777	10,71,647
Commitment charges to Financial Institutions	—	3,09,365
Depreciation	19,373	19,457
	4,53,150	14,00,469
Less: Interest on Term Deposits with Bank	20,500	90,698
<b>NET EXPENDITURE TRANSFERRED TO EXPENDITURE DURING CONSTRUCTION</b>	4,32,650	13,09,771

### II. ASSETS AND LIABILITIES

The Assets and Liabilities of the Company as at 30th June, 1983, the last date to which the accounts of the Company have been made up, audited and adopted by the members, are set out below. Also set out below are the Assets and Liabilities as at 31st March, 1984, the last date to which the accounts of the Company have been made up. The Assets and Liabilities have been arrived at after making such regrouping as are, in our opinion, appropriate.

	As at 30th June, 1983		As at 31st March, 1984	
	Rupees	Rupees	Rupees	Rupees
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Gross Block (at cost)	17,46,164		18,93,343	
Less: Depreciation	19,373		38,830	
Net Block		17,26,791		18,54,513
Capital work-in-progress				
Site Development (at cost)	1,12,791		1,80,294	
Work-in-Progress (at cost)	—		36,94,744	
Construction Materials (at cost)	—		1,09,609	
Advance for Capital Expenditure (Unsecured—Considered good)				
For purchase of land	—		9,48,661	
Others	4,32,820		20,10,694	
Expenditure during Construction	4,32,650		17,42,421	
		9,78,261		86,86,423
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Cash and Bank Balance:				
Cash in hand	3,542		849	
Balance with Scheduled Banks	—		—	
On Current Accounts	6,69,854		6,15,271	
On Term Deposits	36,79,500		17,59,750	
		43,52,896		23,75,870
Loans and Advances: (Unsecured—Considered good)				
Interest accrued on Deposits with Bank	20,500		15,868	
Advances	2,008		20,941	
Deposits	18,000		51,396	
		40,508		88,205
<b>TOTAL ASSETS</b>		70,98,456		1,30,05,011
<b>LESS LIABILITIES</b>				
Current Liabilities:				
For Capital Expenditure	—		12,11,861	
For Expenses	95,395		4,82,323	
Other Liabilities	—		2,05,913	
		95,395		19,00,097
<b>NET ASSETS</b>		70,03,061		1,11,04,914
<b>REPRESENTED BY:</b>				
70 Equity Shares of Rs. 10 each paid-up (subscribed by the Signatories of the Memorandum of Association of the Company)		700		700
Advances from Promoters against allotment of Equity Shares: The Industrial Promotion and Investment Corporation of Orissa Limited.	34,99,700		35,16,189	
The Tata Iron and Steel Company Limited	36,59,950		77,45,314	
		71,59,650		1,12,61,503
		71,60,350		1,12,62,203
Less: Preliminary Expenses		1,57,289		1,57,289
		70,03,061		1,11,04,914

### Notes:—

- (1) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for—Rs. 8,56,69,782 (as at 30th June, 1983—Rs. 12,79,121).
- (2) Land as at 31st March, 1984 Rs. 14,10,265 represents cost of 177.52 acres taken possession of by the Company, of which execution of title deed in favour of the Company is pending in respect of 63.54 acres.
- (3) Balance on Term Deposits with Bank as at 31st March, 1984 includes Rs. 2,59,750 under lien to Bank by way of margin against letters of guarantee.
- (4) No provision has been made in the accounts for accrued liability in respect of gratuity to employees—amount not determined.
- (5) The Accounts include Managerial Remuneration to Managing Director Rs. 55,957 (1st November, 1982 to 30th June, 1983) and Rs. 66,165 (1st July, 1983 to 31st March, 1984) inclusive of estimated money value of perquisites—Rs. 17,407 and Rs. 25,779 respectively. The appointment of, and the terms of remuneration for the Managing Director with effect from 1st November, 1982 are subject to the approval of the Central Government.

### III. DIVIDENDS

No dividend has been declared by the Company so far.

Yours faithfully,  
For B. Mohanty & Company  
Chartered Accountants  
Cuttack, 24th April, 1984.

For S. B. Billimoria & Co.,  
Chartered Accountants  
Partner  
Jamshedpur, 25th April, 1984.

## OTHER STATUTORY AND GENERAL INFORMATION

The main objects of the Company as stated in the Memorandum of Association *inter alia* are:

To manufacture, produce, buy, sell, exchange, work, alter, improve, import, export and otherwise deal in sponge iron and its products, steel and steel billets, metal and metallised products including steel, ferrous and non-ferrous alloys, rolled products both hot rolled and cold rolled, sheet metal (ferrous and non-ferrous) wire, wire mesh, wire cloth and to carry on trade or business of rolling mill and foundries.

To manufacture, assemble, fabricate, sell, buy, exchange, install, work, alter, improve, import or export and otherwise deal in plant, machinery, wagons, rolling stock, apparatus, tools, utensils, substances, materials and chemicals.

To carry on the business of miners, metallurgists, builders, contractors, engineers, iron founders, manufacturers of implements and machinery, tool makers, brass founders, metal workers, boiler makers, millwrights, machinists, smiths, wood workers, builders, painters, printers and timber merchants.

### SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION

Name, Occupation, Address and Father's Name of Subscribers	No. of Equity Shares taken by each Subscriber
1. <b>L. I. PARIJA</b> S/o. Late Dr. P. Parija, Secretary, Industries Department, Govt. of Orissa, Bhubaneswar, Orissa. Government Service	10 (TEN)
2. <b>DR. H. P. MISHRA</b> S/o. Late Ch. Niladrinath Misra, Chairman, IPICOL, IPICOL House, Bhubaneswar, Orissa. Corporation Service	10 (TEN)
3. <b>V. PATTANAYAK</b> S/o. Dr. G. C. Pattanayak, Managing Director, IPICOL, IPICOL House, Bhubaneswar, Orissa. Government Service	10 (TEN)
4. <b>DR. AMIT CHATTERJEE</b> S/o. Dr. A. B. Chatterjee, 5, Kapali Road, Jamshedpur, Bihar. Service	10 (TEN)
5. <b>N. PATNAIK</b> S/o. Late A. C. Patnaik, 1A, Udyan Marg, Bhubaneswar, Orissa. Service	10 (TEN)
6. <b>I. MISHRA</b> S/o. Late Siddhinath Mishra, 26, Straight Mile Road, Jamshedpur, Bihar. Service	10 (TEN)
7. <b>RAVI MANNATH</b> S/o. T. N. S. Menon, 1A, Udyan Marg, Bhubaneswar, Orissa. Service	10 (TEN)
<b>TOTAL</b>	<u>70 (SEVENTY)</u>

### OBJECTS OF THIS ISSUE

This issue is being made to finance a part of the cost of the project undertaken by the Company as per details given earlier in this Prospectus and also for meeting the expenses of this issue.

### MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors must be raised by this Issue in order to provide for the sums required is Rs. 588 lacs being the face value of 58,80,000 Equity Shares of Rs. 10 each. The Directors will proceed to make allotment of the shares on receipt of Rs. 147.00 lacs being the amount payable on application at the rate of Rs. 2.50 per share in respect of 58,80,000 Equity Shares of Rs. 10/- each offered to the public for subscription in terms of this Prospectus. The subscription of the said amount is assured in view of the underwriting arrangements referred to hereinabove.

### PRELIMINARY AND PREOPERATIVE EXPENSES

An amount of Rs. 19.00 lacs has been incurred by the Company as preliminary and preoperative expenses upto 31st March, 1984.

### EXPENSES OF THE ISSUE

The expenses of the Issue including underwriting commission, brokerage, fees for the Managers and Registrars to the Issue, Stamp duty, printing and publication expenses, registration fees, legal charges, bank charges, advertisement expenses, etc. are estimated at Rs. 50 lacs and will be met from the proceeds of this Issue.

### UNDERWRITING COMMISSION AND BROKERAGE

Underwriting Commission is payable @ 3% to the Underwriters on the nominal value of Equity Shares offered through this Prospectus to the public for subscription for cash at par except that underwriting commission at a concessional rate of 1½% only as applicable to the Projects in the backward areas shall be payable to IDBI, ICICI and IFCI on underwriting assistance collectively provided by them to the extent of Equity Shares of the aggregate value of Rs. 1 crore.

Brokerage will be paid at the rate of 1¼% on the nominal value of Equity Shares on the basis of allotments made against applications bearing the stamps of a member of any recognised Stock Exchange in India in the Brokers column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant applications forms bear their respective stamps in the Broker's column.

### FEES

The Managers and Registrars to the Issue will be paid for their services as mentioned in the letters of appointment issued by the Company, copies of which are kept open for inspection.

### PREVIOUS COMMISSION AND BROKERAGE AND DISCOUNT ON SHARES/DEBENTURES

Save for the underwriting commission and brokerage payable as mentioned above, no sums have been paid or are payable as commission, brokerage or discount for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares in or debentures of the Company since the incorporation of the Company.

### ISSUE AT PREMIUM OR DISCOUNT

No amount has been paid or is payable by way of premium on any shares issued or agreed to be issued since the date of incorporation of the Company. The Company has also not issued any shares at a discount.

### CAPITALISATION OF RESERVES

The Company is a new Company and so, has neither made any capitalisation of reserves nor profits nor revaluation of assets since the date of its incorporation.

### OPTION TO SUBSCRIBE

Except for the option of conversion of part of their respective term loans into Equity Shares as given to IDBI, IFCI and ICICI, LIC, GIC and its subsidiaries as stated in the Prospectus elsewhere, the Company has not entered into, nor does it propose to enter, into any contract or arrangement whereby any option to preferential right of any kind has been or is proposed to be given to any persons to subscribe for any shares of the Company.

### PREVIOUS ISSUE

No previous issues have been made by the Company since its incorporation.

### ISSUE OTHERWISE THAN FOR CASH

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

### PROPERTY

All its property which the Company has acquired or purchased or propose to acquire or purchase or the purchase or acquisition of which has not been completed as on the date of issue of this Prospectus is property.

(a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of the Company, such contracts not being in contemplation of this issue, nor is the issue in consequence of such contract; or

(b) in respect of which the amount of the purchase money is not material.

Except as stated elsewhere in this Prospectus the Company has not purchased any property in which any of its Promoters and/or Directors had or have any direct or indirect interests or in respect of any payment made thereof.

### CLASSES OF SHARES

The Company has only one class of shares. The authorised capital of the Company is divided into only one class of shares viz. Equity Shares. The authorised capital of Rs. 16 crores has been divided into 1,60,00,000 Equity Shares of Rs. 10 each.

### RIGHTS OF SHAREHOLDERS IN RESPECT OF PROFITS

The nature and interest of the Shareholders in the property and profits of the Company are as provided by the Companies Act, 1956. The profits of the Company are divisible amongst the members in proportion to the amount of capital paid up or credited as paid up in the shares held by them.

## VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or any classes of shares:

- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll the voting rights of members shall be as laid down in Section 87 of the Act.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the Register.

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.

## TRANSFER AND TRANSMISSION OF SHARES

The Company shall not register a transfer of shares in, or debentures of the Company, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company alongwith the certificate relating to the shares or debentures or if no such certificate is in existence alongwith the letter of allotment of the shares or debentures.

Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder or debentureholder any person to whom the right to any shares in, or debenture of the Company has been transmitted by operation of law.

The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

The executors or administrators of the holders of succession certificate to the estate of deceased member (not being one or two or more joint holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member and in case of the death of any one or more of the joint registered holders of any share the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him provided nevertheless that in special case it shall be lawful for the Board to dispense with the production of probate or Letter of Administration or succession certificate or other legal representation upon such terms as to indemnity or otherwise as to the Board may seem proper.

Any persons becoming entitled to shares in consequence of the death or bankruptcy of any member or any guardian of an infant or committee of a lunatic upon producing such evidence that he sustains the character in respect of which he proposed to act under this clause or of his title as the Board thinks sufficient, may with the consent of the Board (which they shall not be under any obligation to give) be registered as member in respect of such shares or may subject to regulations as to transfer hereinbefore contained transfer such shares.

## LIEN

The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and the condition that Article 12 thereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause.

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable or,
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

## DIRECTORS

The Articles provide that:

- (a) Until otherwise determined by a General Meeting the number of Directors shall not be less than 6 and not more than 18.
- (b) IPICOL and TISCO shall be represented on the Board of Directors of the Company in proportion of their Equity shareholdings provided that the total number of Directors representing IPICOL may exceed the total number of Directors representing TISCO at the most by one so long as the proportion of the shareholdings remains as mentioned above.

The First Directors of the Company shall be as named below and the same shall comprise of 3 Directors representing IPICOL and 3 representing TISCO of whom one each of IPICOL & TISCO shall be non-rotation Director.

1. Mr. L. I. Parija
2. Dr. H. P. Mishra
3. Mr. V. Patanayak
4. Dr. Amit Chatterjee
5. Mr. N. Patnaik
6. Mr. I. Mishra

As per the Article 111, the Directors are not required to hold any qualification shares.

## NOMINATION OF DIRECTORS

The Board of Directors may by agreement confer the right on any Government, local authorities, financing institutions for assisting or agreeing to assist the Company with finance, privileges, licences and grants to nominate one or more Directors to the Board for such period and on such terms and conditions as the Directors deem fit. Such Directors shall also be called nominated Directors.

## NOMINEE DIRECTORS

Notwithstanding anything to the contrary contained in the Articles so long as any moneys remain owing by the Company to IDBI, IFCI, ICICI, LIC and GIC or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and GIC or any other Financing Company or Body is referred to under this Heads as "the Corporation" continue to hold Debentures in the Company by direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole-time or non-whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board shall have no power to remove from office the Nominee Director/s. The Nominee Director shall not be required to hold any share qualification in the Company nor he/they shall be liable to retirement by rotation of Directors. Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds shares/debentures in the Company as a result of direct subscription, underwriting or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the moneys owing by the Company to the Corporation is paid off on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.

The Nominee Director/s so appointed shall be entitled to receive all notices of and attend all General Meeting and Board Meetings. Provided also that in the event of the Nominee Director/s being appointed as Whole-time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the lenders and have such rights as are usually exercised or available to a Whole-time Director, in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration fees, commission and moneys as may be approved by the lenders.

## DIRECTORS' FEES, REMUNERATION AND EXPENSES

Unless otherwise determine by the Company in general meeting each Director shall be entitled to receive out of the funds of the Company for attending meetings of the Board or a Committee of the Board a fee of Rs. 250/- per meeting of the Board or a Committee of the Board attended by him. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending at Board and Committee Meetings or otherwise incurred in the execution of their duties as Directors.

If any Directors, being willing, shall be called upon to perform extra services or to make any special exertion in going or residing away from Orissa for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, without prejudice to the provisions contained in the foregoing Article the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise in addition to the fee to which he may be entitled.

## ALTERNATE DIRECTOR

The Board may appoint any person to act as Alternate Director to act for a Director during his absence for a period of not less than 3 months from the State in which meetings of the Board are ordinarily held and the Alternate Director so appointed shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed and shall vacate the office if and when the original Director returns to the State. The Alternate Director shall be entitled to notice of the meetings of the Board and to attend and vote there at accordingly, but he shall not be required to hold any qualification share.

## ADDITIONAL DIRECTOR

The Board shall have power to appoint Additional Directors provided that such Additional Directors shall hold the office only upto the date of the next Annual General Meeting of the Company PROVIDED FURTHER that the number of Directors and Additional Directors together shall not exceed the maximum strength fixed for the Board by these Articles.

## MANAGING DIRECTORS AND WHOLE-TIME DIRECTORS

One or more Managing Directors and Whole-time Directors may be appointed by the Board on such terms at such remuneration and upon such conditions including retirement by rotation as it may think fit and any or all of them appointed may be removed or replaced by the Board.

## PRESENT MANAGING DIRECTOR

The Company has appointed Dr. Amit Chatterjee as the Managing Director of the Company by a Resolution passed at a Meeting of the Board of Directors held on 18th November, 1982 for a period of five years with effect from 1st November, 1982.

Necessary applications have already been made to the Central Government for the appointment of the Managing Director on the following terms and conditions:

- (a) **Remuneration:**
- (i) Salary : Rs. 5,000/- per month
  - (ii) Commission : 0.50% of the net profits of the Company for each financial year, subject to a maximum of 20% of the annual salary.
- (b) **Perquisites:**  
The value of perquisites, set out below, shall be limited to Rs. 60,000 per annum.
- (i) Company's contribution towards Provident Fund subject to a ceiling of 10% of the salary.
  - (ii) Company's contribution towards Pension/Superannuation Fund, such contribution together with the contribution towards Provident Fund shall not exceed 25% of the salary as laid down in the Income-tax Rules, 1962.
  - (iii) **Gratuity:**  
Payable in accordance with an approved fund and which does not exceed one-half month's salary for each completed year of service, subject to a ceiling of Rs. 30,000 or 20 months' salary whichever is less.
  - (iv) **Medical Benefits for self and family:**  
Reimbursement of expenses actually incurred, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
  - (v) **Leave Travel Concession:**  
For self, wife and dependant children to and from any place in India, subject to the condition that only actual fares and no hotel expenses etc. will be allowed.
  - (vi) Besides casual and other leave permitted to employees, privilege leave of one month as per rules of the Company on full pay, for every 11 months of service, subject to the condition that leave accumulated but not availed of will not be allowed to be encashed.
  - (vii) A car with driver for the business of the Company.
  - (viii) **Housing:**  
Free furnished residential accommodation with all facilities and amenities, the monetary value of which may be evaluated as per Rule 3 of the Income-tax Rules, 1962.
  - (ix) Personal accident insurance of an amount, the annual premium of which to the Company shall not exceed Rs. 1,000/-.
  - (x) Premium payable under the Group Insurance Scheme of the Company.
  - (xi) Fee for a maximum of two Clubs, subject to the condition that life membership fees are not allowed.

The remuneration mentioned above, including expressly the benefits and amenities aforesaid with the exception of the commission payable on the net profits on the Company shall nevertheless be paid and allowed to the Managing Director as the minimum remuneration for any year in case of the absence or inadequacy of profits for such year.

The Managing Director shall not be entitled to sitting fees for attending meetings of the Board of Directors of the Company or any Committee(s) thereof.

The Managing Director shall not so long as he functions as such become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

The Managing Director shall not be entitled to supplement his earnings with any buying or selling commission.

The appointment may be terminated by either party by giving to the other party six months' notice.

If at any time the Managing Director ceases to be an employee of the Company for any cause whatsoever, he shall cease to be a Managing Director in terms of the appointment.

The extent and scope of the remuneration and the perquisites, including the monetary value thereof may be enhanced, enlarged, widened, altered or varied in accordance with the Central Government's guidelines for the payment of managerial remuneration in force from time to time.

## POWERS OF THE BOARD

Subject to the provisions of the Act the Board shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any acts and things that are required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of the Article and to the provisions of the Act and to such further regulations being not inconsistent with the aforesaid regulations, or provisions as may be prescribed by the Company in general meeting but no such regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

## POWERS OF THE MANAGING DIRECTOR

The Managing Director shall carry out such duties as may be entrusted to him, subject to the supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.

## BORROWING POWERS

Subject to Sections 292, 293 and 370 of the Act, the Board may from time to time at their discretion borrow or secure the payment of any sum or sums of money for the purposes of the Company. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debenture or debenture stock, or any mortgage, charge or other security on the undertaking on the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being, Debentures, Debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Any debentures, debenture stock, bond or other securities may be issued at a discount premium or otherwise with any special privileges as to redemption, surrender, drawing and appointment of Directors and otherwise.

If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

## INTEREST OF PROMOTERS AND DIRECTORS

All the Directors may be deemed to be interested to the extent of the sitting fees and other remuneration payable to them for attending the Board meeting or any Committee(s) thereof. All the Directors will also be deemed to be interested to the extent of reimbursement of travelling, hotel and other expenses, if any, under the provisions of the Articles. All the Directors and promoters may be deemed to be interested in the Company and shares, if any, that may be subscribed for by and allotted to them including their friends, associates, relatives, nominees and the Companies in which they are members and/or Directors.

Dr. Amit Chatterjee may be deemed to be interested to the extent of remuneration payable to him as Managing Director.

Mr. C. S. S. Setty, a nominee Director of IDBI, may be deemed to be interested in all the contracts and the agreements entered into with IDBI.

Mr. S. L. Srivastava, a Director of Tata Robins Fraser Limited, may be deemed to be interested to the extent of the material handling contracts entered into by the Company with Tata Robins Fraser Limited.

## INDEMNITY

Subject to the provisions of the Act, every Director, Manager and other officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors to indemnify them out of the assets of the Company to pay all costs, losses, damages and expenses which any such Director, Manager, Officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such Director, Manager or other officer or servant or in any way in the discharge of his duties including travelling expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities, incurred by him as such Director, Manager, other officer or servant in defending any proceeding whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the Court.

## PAYMENT OR BENEFIT TO PROMOTERS OR OFFICERS

Except as otherwise stated in this Prospectus, no amount or benefit has been paid or allowed to any of the Company's promoters or officers since the incorporation of the Company, nor is intended to be paid or allowed

to such promoters or officers for their service to the Company except in respect of their normal remuneration and reimbursement of the expenses incurred on behalf of the Company.

#### MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

The following contracts mentioned in Para 'A' not being contracts entered into in the ordinary course of business carried on by the Company or entered into by the Company more than two years before the date of this Prospectus which are or may be deemed material have been entered into by the Company. Copies of these contracts along with a copy of this Prospectus which has been delivered to the Registrar of Companies, Orissa at Cuttack for registration and may be inspected at the Registered Office of the Company between 10 a.m. and 1 p.m. on any working day except Saturday until the closure of the subscription list.

#### (A) MATERIAL CONTRACTS

1. Agreement dated 26th February, 1982 entered into between the Industrial Promotion and Investment Corporation of Orissa Limited and The Tata Iron and Steel Company Limited for the formation of the Company.

2. Agreement entered into between the Company and The Tata Iron and Steel Company Limited for supply of engineering services and process know-how for 90,000 TPA sponge iron plant.

3. Letters of State Bank of India dated 23rd June, 1983 and J. M. Financial and Investment Consultancy Pvt. Ltd. dated 29th September, 1983 offering their services as Managers to the Issue and the Company's acceptance thereof.

4. Letter of The Tata Central Share Department, a division of Tata Services Limited, dated 18th May, 1984 offering their services as Registrars to the Issue and the Company's acceptance thereof.

5. Agreement dated 26th August, 1983 entered into between the Government of Orissa and the Company for the acquisition of land at Bilaipada.

6. A letter No. 2262 dated 27th June, 1983 from the Collector of Keonjhar Dist., Orissa for the supply of water from Kundra Nala.

7. Letter No. 4261/Ind dated 31st March, 1983 from the Orissa River Board approving the discharge of effluents etc.

8. Purchase Orders placed by Tata Steel on behalf of the Company, short particulars of which are given below:

Sf. No.	Job Description	Party's Name	Value (excluding taxes) (Rs. in lacs)
a.	Material Handling Equipments	Tata-Robins-Fraser Ltd.	155.75
b.	1,600 KVA Transformer	Bharat Bijlee Ltd.	3.80
c.	Water Treatment Plant	Neo-Parisrutan Ltd.	22.53
d.	415 Power Control Centre	Larsen & Toubro Limited	6.22
e.	Procurement of Kiln & Cooler	Tisco Maintenance Shop	550.00
f.	Mechanical & Electrical Repair Shop	Tarachand & Company; and M. M. Construction	12.26
g.	Removal of excavated earth	M. S. Behera	7.43
h.	Kiln & Cooler Foundation	Suresh Construction	48.74
i.	Construction of Township and Guest House	K. P. Singh	29.32
j.	Compound wall/ Security Barrack, etc.	K. P. Singh	18.34
k.	Weigh-bridge	Avery India Ltd.	3.99
l.	Electronic Weighment Facilities (Belt weighers & weigh feeders)	Protos Engineering Co. (representative of Jenson & Nicholson)	50.04
m.	Purchase of Cement (levy & non levy)	Associated Cement Companies Ltd.	10.60
n.	Electrical items related to Construction	Siemens India Limited	8.95
o.	Instrumentation System (Micro Processor based)	Taylor Instrument Co. (India) Ltd.	21.96
		<b>TOTAL</b>	<b>949.93</b>

9. Application dated 10th February, 1983 made by the Company to the Central Government, seeking their approval to the terms and conditions of appointment of Dr. Amit Chatterjee as the Managing Director of the Company.

10. Exchange of letters between the Company and The Orissa Mining Corporation Limited and Coal India Limited for supply of iron ore and coal respectively.

11. Agreement dated 17th January, 1983 and 25th July, 1983 entered into between the Orissa State Electricity Board and the Company for the supply of construction power and main powers respectively.

12. Letter of intent from the following Financial Institutions sanctioning their term loans to the Company:

- Letter dated June 27, 1983 from IDBI.
- Letter dated July 19, 1983 from IFCI.
- Letter dated July 28, 1983 from ICICI.
- Letter dated October 7, 1983 from LIC.
- Letter dated October 24, 1983 from GIC.
- Letter dated November 12, 1983 from The New India Assurance Company Limited.
- Letter dated November 14, 1983 from The Oriental Fire and General Insurance Company Limited.
- Letter dated November 19, 1983 from United India Insurance Company Limited.
- Letter dated November 17, 1983 from National Insurance Company Limited.

13. Commitment letters from the following Commercial Banks agreeing in principle in respect of their term loans.

- Letter dated April 16, 1984 from SBI.
- Letter dated March 1, 1984 from Canara Bank.
- Letter dated August 22, 1983 from Allahabad Bank.
- Letter dated January 19, 1984 from Indian Overseas Bank.
- Letter dated March 2, 1984 from Punjab National Bank.

14. Letters of underwriting from the underwriters for the respective amount of their underwriting.

#### (B) DOCUMENTS

- Memorandum and Articles of Association of the Company.
- Certificate of incorporation dated 31st July, 1982.
- Certificate for commencement of business dated 1st October, 1982.
- Industrial License No. CIL-463 (83) dated 31st December, 1983 issued by the Government of India for the establishment of this sponge iron project.
- Consent letters from Bankers to the Company, Technical Consultants, Auditors, Bankers to the Issue, Legal Advisors, Registrars to the Issue, Managers to the Issue and Brokers to the Issue.
- Auditors Report dated 24/25th April, 1984 from M/s. B. Mohanty & Co. and M/s. S. B. Billimoria & Co.
- Balance Sheet and Profit and Loss Account for the period ended 30th June, 1983.
- Consent order No. R 174-CCI/83-340 dated 3rd February, 1984 issued by the Controller of Capital Issues approving the present issue of Shares.
- Letter No. S 13(22)-CCI(ii)/84-1777 dated 9th May, 1984 issued by the Controller of Capital Issues indicating the eligibility of this issue of shares for tax benefits under Section 80CC of the Income Tax Act, 1961.
- Resolution passed by the Shareholders under Section 81(1A) of the Companies Act, 1956.
- Powers of attorney issued in favour of Shri Ravi Mannath.

Signed by:

**L. I. PARIJA**  
(By his Constituted attorney Ravi Mannath)

**AMIT CHATTERJEE**  
(By his Constituted attorney Ravi Mannath)

**V. PATTANAYAK**

**N. PATNAIK**

**I. MISHRA**  
(By his Constituted attorney Ravi Mannath)

**V. JHA**

**S. L. SRIVASTAVA**  
(By his Constituted attorney Ravi Mannath)

**N. M. BHUYAN**  
(By his Constituted attorney Ravi Mannath)

**C. S. S. SETTY**  
(By his Constituted attorney Ravi Mannath)

PLACE: Cuttack.  
DATE: 21-5-1984.

Directors