LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a Shareholder(s) of KIC Metaliks Limited ("KIC / Target Company"). If you require any clarifications about the action to be taken, you may consult your stockbroker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was affected.

CASH OFFER

Pursuant to regulations 10 and 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

By

Karni Syntex Private Limited

a private limited company incorporated under the Companies Act, 1956

Registered office: 32, Jawaharlal Nehru Road, 3rd Floor, Room No. 302, Kolkata – 700 071

Ph:+91-33-2288 3355; Fax: +91-33-2288 3354

to the shareholder(s) of

KIC Metaliks Limited

Registered office: 3B, Lal Bazar Street, 4th Floor, Room No. 2, Kolkata – 700 001

Ph:+91-33- 2210 3301 ; Fax: +91-33- 4001 9636

To acquire 11,19,840 fully paid up Equity Shares of Rs. 10/- each representing 20% of the current voting capital of KIC Metaliks Limited **at a price of Rs.28/- (Rupees Twenty Eight only) (the "Offer Price")per fully paid-up Equity Share payable in cash.**

Please Note:

1. This Offer is being made pursuant to and in accordance with regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof (the "SAST Regulations / Regulations").
2. This Offer is neither conditional nor subject to any minimum level of acceptance by shareholders of the Target Company.
3. There are no statutory approvals required to acquire the equity shares that are validly tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer shall not proceed with the Offer in the event any statutory approval is not obtained.
4. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, shall have the option to withdraw their acceptance on or before Monday, December 21, 2009, i.e., 3 (three) working days prior to the date of closure of the Offer i.e. Thursday, December 24, 2009.
5. If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the Offer Price viz., Tuesday, December 15, 2009, you will be informed by way of another Public Announcement in the same newspapers in which the first Public Announcement was published. The Acquirer shall pay such revised price for all shares validly tendered any time during the Offer and accepted under the Offer or if the Offer is withdrawn pursuant to Regulation 27 of the Regulations, the same would be communicated by a Public Announcement in the same newspapers in which the Public Announcement appeared.
6. **This is not a competitive bid.**
7. **If there is a competitive bid(s):**
   a. **The public offers under all the subsisting bids shall close on the same date;**
   b. **As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
8. No competitive bid has been announced till the date of this Letter of Offer.
9. A copy of the Public Announcement and the Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) will also be available on the website of Securities and Exchange Board of India ("SEBI") (http://www.sebi.gov.in)

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Microsec Capital Limited Azimganj House, 2nd Floor, 7 Camac Street, Kolkata- 700 017 Tel.: 91-33- 2282 9330 (5 Lines) Fax: 91-33- 2282 9335 E-mail: mgoenka@microsec.in Website: www.microsec.in **Contact Person Mr. Manav Goenka**	**C. B. Management Services (P) Ltd** P-22, Bondel Road Kolkata – 700 019 Tel.: 91-33-22806692/93/94 Fax: 91-33- 2287 0263 E-mail: cbmsl1@cal2.vsnl.net.in **Contact Person: Mr. P.Basu**
Offer Opens on : Saturday, December 5, 2009	**Offer Closes on:** Thursday, December 24, 2009

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Time Schedule	Revised Time Schedule
Public Announcement Date	Thursday, December 11, 2008	Thursday, December 11, 2008
Specified Date *	Friday, January 09, 2009	Friday, January 09, 2009
Last date for a competitive bid	Thursday, January 01, 2009	Thursday, January 01, 2009
Date by which the Letter of Offer will be despatched to the shareholders of the Target Company	Tuesday, January 20, 2009	Monday, November 30, 2009
Offer Opening Date	Wednesday, February 04, 2009	Saturday, December 05, 2009
Last date for revising the offer price/offer size	Thursday, February 12, 2009	Tuesday, December 15, 2009
Last date for withdrawal by shareholders	Wednesday, February 18, 2009	Monday, December 21, 2009
Offer Closing Date	Monday, February 23, 2009	Thursday, December 24, 2009
Date by which the acceptance/ rejection would be intimated and the corresponding payment for the acquired shares and /or the share certificate for the rejected shares will be despatched	Tuesday, March 10, 2009	Friday, January 08, 2010

** Specified Date is only for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of the Target Company (except the Acquirer and the Sellers) are eligible to participate in the Offer anytime before the closure of the Offer.*

RISK FACTORS

RISK RELATED TO THE TRANSACTION

The transaction between the Acquirer, Sellers and the Target Company is subject to the fulfillment of certain precedent conditions mentioned in the Share Purchase Agreement entered into between them.

RISK RELATED TO THE OFFER

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

a. The Offer involves an offer to acquire 20% of the current Voting Capital of the Target Company. In the case of oversubscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

b. In the event that (a) a statutory and regulatory approval, if applicable, is not received in a timely manner, (b) there is any litigation leading to a "stay" of the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of the Target Company whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed.

c. The Shares tendered in the Offer will lie in trust with the Registrar in credit of designated escrow account until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the equity shares of KIC. Accordingly, the Acquirer makes no assurance with respect to the market price of the shares both during the Offer Period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any shareholder of KIC on whether to participate or not to participate in the Offer.

d. The shareholders who have lodged their shares would not be able to withdraw them after the last date of withdrawal i.e. Monday, December 21, 2009 even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, in the designated escrow account, till such time as the process of acceptance of tendered shares and the payment of consideration is completed.

RISK RELATED TO ASSOCIATION WITH THE ACQUIRER

The Acquirer makes no assurance with respect to the future financial performance of the Target Company.

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1 DEFINITIONS

Acquirer / Karni Syntex Private Limited	A Company incorporated under the Companies Act, 1956 and having its registered office at 32, Jawaharlal Nehru Road, 3rd Floor, Room No. 302, Kolkata – 700 071
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Date of closure of Offer	Thursday, December 24, 2009
DP	Depository Participant
Eligible Person(s) / Eligible Shareholder(s) for the Offer	All shareholders / beneficial owners (registered or otherwise) of the shares of the Target Company except the Acquirer, parties to the SPA, and any persons acting in concert.
Form of Acceptance/FOA	Form of Acceptance cum Acknowledgement
FOW	Form of Withdrawal
KIC Metaliks Limited/ KIC/Target Company	A Company incorporated under the Companies Act, 1956 and having its registered office at 3B, Lal Bazar Street, 4th Floor, Room No. 2, Kolkata – 700 001
Letter of Offer/LOO	This Letter of Offer dated November 24, 2009
Microsec/MCL/Manager to the offer/MB/Merchant Banker	Microsec Capital Limited, the Merchant Banker appointed by the Acquirer pursuant to regulation 13 of the SAST Regulations, having registered office at 53 Syed Amir Ali Avenue, 1st floor, Kolkata – 700 019
NSDL	National Securities Depositories Limited
Offer	Open Offer for acquisition of 11,19,840 equity shares of the Target Company, representing 20% of its current voting capital at the Offer Price payable in cash.
Offer Price	Rs 28/- (Rupees Twenty Eight only) per equity share.
Offer Period	20 (twenty) days period from the date of opening of offer on Saturday, December 5, 2009 to closing of Offer on Thursday, December 24, 2009
Public Announcement/PA	Public Announcement of the Offer made by the Acquirer • In all editions of Business Standard (English) [some on December 11, 2008 and some on December 12, 2008]; • in all editions of Business Standard (Hindi) on December 12, 2008; • in Kolkata edition of Dainik Statesman (Bengali) on December 11, 2008.
Registrar/ Registrar to the Offer/	C.B Management Services (P) Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at P-22, Bondel Road, Kolkata – 700 019
Regulations / SAST Regulations/ Takeover Code	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act 1992
Sellers	Mr. Ravi Kumar Kajaria, Mrs. Anushree Kajaria and Ravi Kumar Kajaria & Sons (HUF)
Share(s)	Fully Paid up equity shares of face value of Rs 10/- each of KIC Metaliks Limited
SPA / Share Purchase Agreement	Share Purchase Agreement dated December 7, 2008 entered between Mr. Ravi Kumar Kajaria, Mrs. Anushree Kajaria and Ravi Kumar Kajaria & Sons (HUF) and Karni Syntex Private Limited (Acquirer)
Specified Date	Date for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer will be sent
Voting Capital /Paid-up capital of Target Company	Equity share capital of KIC Metaliks Limited comprising of 55,99,200 equity shares of Rs. 10 each.

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the Regulations unless specified.

2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF KIC METALIKS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, MICROSEC CAPITAL LIMITED, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 22, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer or in the Public Announcement or in any advertisement or other announcement issued by, or at the instance of the Acquirer and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so entirely at his/her/their own risk.

3 DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 This open offer (the “Offer”) is being made by the Acquirer to the shareholders of the Target Company in compliance with regulations 10 and 12 of the SAST Regulations triggered by an acquisition of more than 15% of the voting rights of the Target Company under the Share Purchase Agreement dated December 07, 2008 more particularly mentioned in Para 3.1.3 below. This Offer is subject to the terms and conditions set out in this Letter of Offer.

3.1.2 As on the date of PA, Mr. Ravi Kumar Kajaria, Mrs. Anushree Kajaria and Ravi Kumar Kajaria & Sons (HUF) (collectively referred to as the “Sellers”) were holding of 26,68,862 fully paid-up equity shares (the ‘Sale Shares’) representing 47.67% of the total current issued, subscribed and fully paid-up equity capital of Target Company. As per the stock exchange filings by KIC for the quarter ending September 30, 2008, the Sellers belong to the Promoter Group of the Target Company. Brief details of the Sellers are shown as below:

Name	**Ravi Kumar Kajaria**	**Anushree Kajaria**	**Ravi Kumar Kajaria & Sons (HUF)**
Address	25E, Shakespeare Sarani, 5th floor, Kolkata 700 017	25E, Shakespeare Sarani, 5th floor, Kolkata 700 017	25E, Shakespeare Sarani, 5th floor, Kolkata 700 017
Fax No.	(033) 2283 6360	(033) 2283 6360	(033) 2283 6360

3.1.3 On December 07, 2008, the Acquirer has entered into a Share Purchase Agreement with the Sellers. The salient features of the SPA are as under:

3.1.3.1 Under the SPA, the Sellers have committed to sell to the Acquirer their collective holding of 26,68,862 fully paid-up equity shares representing 47.67% of the total current issued, subscribed and fully paid-up equity capital of Target Company at a price of Rs. 18/- (Rupees Eighteen only) (the ‘Negotiated Price’) per fully paid-up equity share in cash. The total consideration payable for the Sale Shares is Rs. 4,80,39,516 (Rupees Four Crores Eighty Lacs Thirty Nine Thousand Five Hundred and Sixteen only).

3.1.3.2 Under the SPA, in terms of regulation 22(7) of the SAST Regulations, the Acquirer is entitled to appoint its nominees on the Board of Directors of the Target Company after a period of 21 days from the date of the public announcement.

3.1.3.3 The SPA contains certain non-compete provisions whereby the Sellers have agreed not to engage in business operations or activities similar to the business of the Target Company for a period of 5 (five) years. There is no separate consideration being paid for the non-compete provision.

3.1.3.4 For the period intervening the date of execution of the SPA and date on which the Acquirer's nominees are appointed on the Board of the Target Company, the Sellers have agreed to cause the business of the Target Company to be operated in ordinary course, subject to certain rights of prior consent granted to the Acquirer in relation to specific matters or material aspects.

3.1.4 Apart from consideration mentioned in para 3.1.3.1 above, no other compensation is being paid to the Sellers either directly or indirectly

3.1.5 Pursuant to the signing of SPA, the Acquirer proposes to acquire 11,19,840 Equity shares of Rs.10/- each representing 20% of the total issued, subscribed and fully paid-up equity capital of Target Company from the remaining shareholders (other than the Sellers) at a price of Rs. 28/- (Rupees Twenty Eight Only) per fully paid up Equity Share for cash. The offer is neither conditional nor subjected to any minimum level of acceptance.

3.1.6 The Acquirer, Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the 'SEBI Act') or any other regulation made under the SEBI Act.

3.1.7 The Acquirer does not hold any equity share of the Target Company as on the date of the PA. The Acquirer has not acquired any equity shares of the Target Company during the 12 months period preceding the date of the PA.

3.1.8 As on date of the PA, Microsec Capital Limited, Manager to the Offer does not hold any shares of the Target Company. Further, as required under regulation 24(5A) of the SEBI (SAST) Regulations, they have undertaken not deal in the shares during the period commencing from the date of their appointment in terms of regulation 13 of the SEBI (SAST) Regulations till the expiry of fifteen days from the date of closure of the offer.

3.2 **Details of the Offer**

3.2.1 In accordance with regulation 14(1) of the SAST Regulations the Acquirer has made a public announcement within 4 (four) working days of signing of the SPA. In accordance with regulation 15(1) of the SAST Regulations, the public Announcement has been published in the following newspapers:

Name of the Newspaper	Edition	Date
Business Standard (English)	All Editions	Some editions on December 11, 2008 and some editions on December 12, 2008
Business Standard (Hindi)	All Editions	December 12, 2008
Dainik Statesman (Bengali)	Kolkata - Edition	December 11, 2008

3.2.2 A copy of the Public Announcement for the Open Offer is also available on the SEBI website (www.sebi.gov.in)

3.2.3 The Acquirer is making an offer to acquire 11,19,840 Equity shares of Rs.10/- each representing 20% of the current issued, subscribed and fully paid-up equity capital of Target Company, in terms of regulation 21(1) of the Regulations, at a price of Rs. 28/- (Rupees Twenty Eight Only) per fully paid up Equity Share for cash.

3.2.4 There are no partly paid –up shares of the Target Company.

3.2.5 This is not a competitive bid and there have been no competitive bid(s) as on the date of this letter of offer.

3.2.6 This Offer is neither conditional nor subject to any minimum level of acceptance.

3.2.7 The Acquirer will acquire all the shares that are validly tendered in accordance with the terms of the offer 11,19,840 Equity shares at the offer price.

3.2.8 The equity shares of the Target Company tendered will be acquired by the Acquirer fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof

3.2.9 In the event the equity shares tendered in the offer by the shareholders of KIC are more than the equity shares to be acquired under the offer, the acquisition of equity shares from each shareholder will be on the proportionate basis, irrespective of whether the equity shares are held in physical or dematerialised form.

3.2.10 There are no Persons acting in Concert in relation to this Offer and the equity shares tendered and accepted pursuant to the Offer will be acquired by the Acquirer only.

3.2.11 The Acquirer has not acquired any shares of the Target Company from the date of the PA up to the date of this letter of Offer.

3.3 **Reason for the acquisition / offer**

3.3.1 On completion of the offer (assuming full acceptance in the Offer), the Acquirer may hold, in the aggregate, up to 37,88,702 fully paid-up shares representing 67.67% of the voting capital of the Target Company and will be in control of the Target Company. The Offer is being made in accordance with regulations 10 and 12 of the Regulations as a result of the proposed substantial acquisition of shares accompanied with change in control of the Target Company.

3.3.2 The Acquirer, through KIC, intends to invest in corporate opportunities and also provide extensive insight and support to the development of the existing business of the Target Company. For this purpose, the Acquirer would suitably strengthen the Target Company with the requisite financial and human resources. The Acquirer reserves the right to modify the present structure in a manner which is useful to the larger interests of the Shareholders. Any change in the structure that may be effected will be in accordance with the applicable laws.

3.3.3 The Acquirer has deposited an amount of Rs. 3,15,00,000 (Rupees Three crores and Fifteen Lacs only) in cash in an escrow account, amounting to more than 100% of the maximum consideration. Hence, in accordance and in compliance with regulation 22(7) of the Regulations, the Acquirer is entitled to appoint its nominees on the Board of Directors of the Target Company after a period of 21 days from the date of the public announcement. Accordingly, the Acquirer has appointed Mr. Radhey Shyam Jalan as its nominee on the Board of the Target Company w.e.f. January 16, 2009.

3.3.4 The Acquirer and the Target Company are not in a similar line of business / operations. The Acquirer is in the business of making investments but has promoted certain companies which are engaged or propose to engage in the iron and steel industry. The details of such companies are more particularly given in para 4.14 in this Letter of Offer.

4 BACK GROUND OF THE ACQUIRER

4.1 Karni Syntex Private Limited, the Acquirer, is a private limited company incorporated on December 16, 1993 under the Companies Act, 1956. Its registered office is situated at 32, Jawaharlal Nehru Road, 3rd Floor, Room No. 302, Kolkata – 700 071, Ph: 91-33-2288 3355 Fax No. 91-33-2288 3354. The name of the company has not changed since incorporation.

4.2 Karni Syntex Private Limited has never acquired any shares of the Target Company. Hence the provisions of chapter II of the Regulations do not apply to the Acquirer. However, the Acquirer has provided inter corporate deposits to the Target Company from time to time. The promoters of the Acquirer, namely Mr. Rajeev Maheshwari and Mr. Radhey Shyam Jalan have never acquired any shares of the Target Company.

4.3 As on the date of the PA, the issued, subscribed and paid up share capital of the Acquirer is Rs. 265.12 Lacs comprising of 26,51,245 fully paid up equity shares of Rs. 10/- each.

4.4 The shareholding pattern of the Acquirer as on the date of the Letter of Offer is as shown below:

Sl. No	Shareholder's Category	No. of Shares Held	Percentage of Shares held
1	**Promoters and Promoter Group**		
	Rajeev Maheshwari	169,375	6.39
	Radhey Shyam Jalan	79,250	2.99
	Apex Energy Private Limited	662,225	24.98
	Total of the Promoter Group	**910,850**	**34.36**
2	**FII/Mutual-Funds/FIs/Banks**	-	-
3	**Public**	1,740,395	65.64
	Total Paid Up Capital	**2,651,245**	**100.00**

The Acquirer is a closely held Company and is not listed.

4.5 Being a private limited company, the shares of Acquirer are not listed on any stock exchange and hence provisions of regulation 6, 7(3) and 8(3) of the SAST Regulations are not applicable to the company.

4.6 Since the Acquirer is a private limited company, the provisions of Corporate Governance under Clause 49 of the Listing Agreement are not applicable.

4.7 The Acquirer is a Non Banking Financial Company (Registration no B.05.05888) registered with the Reserve Bank of India and is engaged in the business of investments. Most of the investments made by the Acquirer are in its associate/group companies.

4.8 The promoters of the Acquirer are Mr. Rajeev Maheshwari and Mr. Radhey Shyam Jalan.

4.9 The details of the Board of Directors of the Acquirer are given as below:

Name & Designation	Date of Appointment	Qualification	Experience	Residential Address
Mr. Rajeev Maheshwari	December 5, 2007	B.Tech (IIT, Kharagpur)	Mr. Maheshwari has more than 2 decades of experience in the field of mining and engineering.	Flat No. 4A Golf Residency 74/1A, Uday Shankar Sarani Kolkata – 700 033
Mr. Radhey Shyam Jalan	November 21, 2008	ACA	Mr. Jalan has five years of experience in the field of management and finance	P-108, Lake Town Block – B Kolkata – 700 089
Mr. Sumit Kejriwal	February 27, 2004	B.Com	Mr. Kejriwal has experience of a decade in the field of accounts and finance	BC 82, Kamal Park Aashirwad Appartment Kestopur Kolkata – 700 101

4.10 Excepting Mr. Radhey Shyam Jalan, who has been appointed by the Acquirer as its nominee on the Board of the Target Company, no other Director of the Acquirer is on the Board of the Target Company.

4.11 Brief financial details of Karni Syntex Private Limited for the last four financial years are as below:

Profit & Loss Account

Rs. in Lacs

Particulars	**31-Mar-06**	**31-Mar-07**	**31-Mar-08**	**31-Mar-09**
Income from Operations	0.88	8.31	11.12	37.05
Other Income	-	0.03	-	-
Total Income	**0.88**	**8.34**	**11.12**	**37.05**
Total Expenditure	**0.85**	**7.68**	**7.98**	**10.70**
Profit before Interest, Depreciation and Tax	**0.03**	**0.66**	**3.14**	**26.36**
Depreciation	-	-	-	0.36
Interest	-	-	-	0.24
Profit before Tax	**0.03**	**0.66**	**3.14**	**25.76**
Provision for Tax	0.02	0.03	0.99	7.98
Profit after tax	**0.01**	**0.63**	**2.15**	**17.77**

Balance Sheet Statement

Rs. in Lacs

Particulars	**31-Mar-06**	**31-Mar-07**	**31-Mar-08**	**31-Mar-09**
Sources of funds				
Paid up share capital	181.08	265.12	265.12	265.12
Reserves & Surplus (excluding revaluation reserve)	1427.08	3,023.98	3,025.36	3,043.12
Profit and Loss (Debit)	1.40	0.77	-	-
Net Worth	**1,606.76**	**3,288.33**	**3,290.48**	**3,308.25**
Secured Loan	-	-	-	-
Unsecured Loan	-	-	-	-
Total	**1,606.76**	**3,288.33**	**3,290.48**	**3,308.25**
Uses of funds				**-**
Net Fixed Assets	-	-	98.92	**0.24**
Investments	1539.50	3,113.50	2,285.40	**1,086.00**
Net Current Assets	67.26	174.83	906.16	**2,222.01**
Total	**1,606.76**	**3,288.33**	**3,290.48**	**3,308.25**

Other Financial Data

Particulars	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09
Dividend (%)	-	-	-	-
Earnings per share (Rs)	0.00	0.02	0.08	0.67
Return on Net Worth (%)	0.00	0.02	0.07	0.54%
Book Value per Share (Rs.)	88.73	124.03	124.11	124.78

***(Source:** Audited annual accounts.)*

Note:
i) Earning per share computed as the PAT/Number of Outstanding shares as at the end of the year/period
ii) Return on Networth calculated as PAT/Networth at the end of the year/period
iii) Book value per share computed as the Networth/ Number of Outstanding shares as at the end of the year/period

4.12 **Reasons for fall/rise in the Income and Reserves and Surplus in the past:**

Income from Operation for the year ending March 31, 2007:

The rise in Income for the year ending March 31, 2007 was due to increase in interest received by the Company..

Increase in Reserves and Surplus for the year 2006-07:

During the financial year 2006-07, the Acquirer has issued and allotted 8,40,475 equity shares of Rs. 10/- each at the premium of Rs. 190/- per share resulting in share premium of Rs. 1596.90 Lacs. The increase in Reserves and Surplus was due to increase in the share premium.

Depreciation for the year ending March 31, 2008:

No Depreciation has been charged on the fixed assets as it constitute of land which is a non-depreciable asset.

4.13 **Significant accounting policies:**

The financial statements of Acquirer have been prepared in accordance with the historical cost convention of a going concern on Mercantile Basis. A summary of important accounting policies, which have been consistently applied, has been set out below:

a. **Fixed Assets**: Investments in the fixed assets are stated at cost

b. **Depreciation**: Depreciation has not been charged on the Fixed assets

c. **Investment**: Investments as shown in balance sheet are recorded at cost

d. **Provisions for tax**: provision for tax is made on the estimated taxable income at the rate applicable to the relevant assessment year.

4.14 As per the information provided, the Acquirer does not have any contingent liability in its books of accounts.

4.15 **Companies Promoted by the Acquirer**

The following companies have been promoted by the Acquirer:

1. Bengal Energy Limited
2. Akshara Constructions Private Limited
3. SRG Earth Resources Private Limited

1. Bengal Energy Limited

a. Background of the company

Bengal Energy Limited, was incorporated on May 18, 2007 as a public limited company under the Companies Act, 1956, with its registered office at Om Tower 32, Jawaharlal Nehru Road, Kolkata 700 017. The company is setting up an integrated steel plant.

b. **Financial information of the company**

Rs. in Lacs

Particulars	31-Mar-08	31-Mar-09
Equity capital	1,840.15	2,970.15
Reserves (excluding revaluation reserve)	1,675.01	1,675.01
Preliminary Expenses (not written off)	26.21	31.70
Total income	-	-
Profit after tax	-	-
Earnings per Share (Rs.)	-	-
Book Value per Share (Rs.)	18.96	15.53

*(**Source:** Audited annual accounts)*

Note: As the company was incorporated on May 18, 2007 and as on March 31, 2009 the company has not commenced its commercial production, therefore profit and loss account for the years ended March 31, 2008 and 2009 has not been prepared.

2. **Akshara Constructions Private Limited**

a. **Background of the company**

Akshara Constructions Private Limited was incorporated on May 18, 1995 as a private limited company under the Companies Act, 1956. The registered office of the company is situated at Om Tower 32, Jawaharlal Nehru Road, Kolkata 700 017. The company is engaged in the business of Real estate.

b. **Financial information of the company**

Rs. in Lacs

Particulars	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09
Equity capital	5.00	5.00	42.40	53.20
Reserves (excluding revaluation reserve)	-	-	149.60	193.39
Profit and Loss (Debit)	0.52	0.34	0.20	-
Preliminary Expenses (not written off)	-	-	1.92	1.54
Total income	0.32	0.50	0.45	1.73
Profit after tax	0.08	0.18	0.14	0.79
Earnings per Share (Rs.)	0.15	0.36	0.03	0.15
Book Value per Share (Rs.)	8.96	9.32	44.78	46.06

*(**Source:** Audited annual accounts)*

During the financial year 2007-08, the company has issued and allotted 3,74,000 equity shares of Rs. 10/- each at the premium of Rs. 40/- per share resulting in share premium of Rs. 149.60 Lacs. The increase in Reserves and Surplus was due to increase in the share premium.

3. **SRG Earth Resources Private Limited**

a. **Background of the company**

SRG Earth Resources Private Limited was incorporated on September 09, 2004 as a private limited company under the Companies Act, 1956. Presently, the registered office of the company is situated at Om Tower 32, Jawaharlal Nehru Road, Kolkata 700 017. The company is currently managing certain operations of Jindal Steel and Power Limited on contractual basis.

b. **Financial information of the company**

Rs. in Lacs

Particulars	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09
Equity capital	45.60	49.60	70.70	77.00
Reserves (excluding revaluation reserve)	1.05	63.69	310.22	454.84
Preliminary Expenses (not written off)	0.91	0.68	1.65	1.32
Total income	16.50	696.33	1,138.46	1,875.51
Profit after tax	1.05	26.64	56.63	87.92
Earnings per Share (Rs.)	0.23	5.37	8.01	11.42
Book Value per Share (Rs.)	10.03	22.70	53.64	68.90

*(**Source:** Audited annual accounts)*

During the financial year 2006-07, the company has issued and allotted 40,000 equity shares of Rs. 10/- each at the premium of Rs. 90/- per share resulting in share premium of Rs. 36 Lacs. The increase in Reserves and Surplus was due to share premium and the balance is the profit and loss balance.

During the financial year 2007-08, the company has issued and allotted 211,000 equity shares of Rs. 10/- each at the premium of Rs. 90/- per share resulting in share premium of Rs. 189.90 Lacs. The increase in Reserves and Surplus was due to increase in share premium and the balance is the profit and loss balance.

Other Confirmation

None of the above named companies have become a sick company under the meaning of Sick Industrial Companies Act, 1985 and no winding proceedings have been initiated against any of these companies. Furthermore, no applications have been made in respect of any of the above companies to the Registrar of Companies for striking off their names.

4.16 **Group Companies of the Acquirer**

Apex Energy Resources Limited

a. **Background of the company**

Apex Energy Resources Limited was incorporated on January 30, 2004 as a public limited company under the Companies Act, 1956. Presently, the registered office of the company is situated at Om Tower 32, Jawaharlal Nehru Road, Kolkata 700 017. The company is currently engaged in the business of trading on coal and coke.

b. **Financial information of the company**

Rs. in Lacs

Particulars	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09
Equity capital	397.45	397.45	469.05	499.05
Reserves (excluding revaluation reserve)	10.30	37.69	582.15	1,180.84
Preliminary Expenses (not written off)	2.20	1.47	0.73	-
Total income	23,429.77	32,093.85	57,121.31	110,251.14
Profit after tax	4.65	27.40	258.06	328.71
Earnings per Share (Rs.)	0.12	0.69	5.50	6.59
Book Value per Share (Rs.)	10.20	10.91	22.40	33.66

***(Source:** Audited annual accounts)*

4.17 **Pending Litigations**

The Acquirer has duly complied with all the provisions of the applicable law and there have been no communications from regulatory agencies concerning any non-compliance of applicable laws or deficiencies in financial reporting practices.

There are no legal cases, prosecutions, show cause notices pending against the Acquirer in any Court of law or any other concerned statutory/ regulatory authorities as on date of Letter of Offer.

4.18 Except for the current offer, the Acquirer has not announced or involved in any of any takeover, merger, de-merger or spin off during last 3 (three) years

4.19 **Disclosure under Regulation 16 (ix)**

4.19.1 As on the date of the PA, the Acquirer does not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company or except to the extent required for the purpose of restructuring, rationalizing and / or streamlining of operations, assets, liabilities, investments, businesses or otherwise of the Target Company for commercial reasons or operational efficiencies.

4.19.2 Other than in the ordinary course of business, the Acquirer undertakes that it will not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the business opportunities from time to time.

5 DISCLOSURE IN TERMS OF REGULATION 21(2) OF THE REGULATIONS

- As per clause 40A of the listing agreement with the Stock Exchange the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis.

- As a consequence of the Offer, and assuming full acceptance, the public shareholding in the Target Company will not reduce to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing of the Target Company on a continued basis.

6 BACK GROUND OF THE TARGET COMPANY

6.1 KIC Metaliks Limited is a public limited company having its registered office at 3B, Lal Bazar Street, 4th Floor, Room No. 2, Kolkata – 700 001 Ph:+91-33- 2210 3301 ; Fax: +91-33- 4001 9636

6.2 The Target Company was incorporated as "Prudential Marketing Private Limited" on August 26, 1986. Subsequently the name of the Company was changed to "Kajaria Iron Castings Private Limited" on March 30, 1990. The name of the Company was again changed to "Kajaria Iron Castings Limited" on March 01, 1994. The name of the Company was further changed to "KIC Metaliks Limited" w.e.f September 18, 2003.

6.3 KIC is engaged in the manufacturing of Pig Iron, Iron Castings & Slag Cement. The manufacturing units of the Target Company are located at Durgapur, West Bengal, India

6.4 The total current issued, subscribed and paid-up equity share capital of the Target Company is Rs. 559.92 Lacs consisting of 55,99,200 equity shares of Rs. 10 each. There are no partly paid up Equity Shares in the Target Company. The capital structure of the Target Company is as under:

Paid Up Equity Shares	**No. of Shares / Voting Rights**	**% of shares / voting rights**
Fully Paid up Equity Shares	55,99,200	100%
Partly Paid Up Equity Shares	Nil	Nil
Total paid Up Equity Shares	55,99,200	100%
Total Voting Rights in the Target Company	**55,99,200**	**100%**

6.5 The share capital of KIC has been built up as under:

Date of Allotment	**Number of Shares issued**	**% of shares issued**	**Cumulative Paid-up Capital (Rs. in Lacs)**	**Mode of Allotment**	**Identity of Allottees**	**Status of Compliance***
On Incorporation	200	0.00%	0.02	Preferential Allotment	Mr. Vijay Prakash Goel and Mr. Mahadeo Agarwal (Subscribers to the Memorandum)	Complied
24-Aug-87	24,200	0.43%	2.44	Preferential Allotment	Ravi Kumar Kajaria	Complied
25-Sep-87	7,500	0.13%	3.19	Preferential Allotment	Ravi Kumar Kajaria	Complied
11-Jan-88	18,000	0.32%	4.99	Bonus	Existing Shareholders	Complied
31-Jan-94	1,295,000	23.13%	134.49	Bonus	Existing Shareholders	Complied
10-Aug-94	1,344,900	24.02%	268.98	Bonus	Existing Shareholders	Complied
15-Nov-94	1,010,400	18.05%	370.02	Public Issue	Initial Public Offer	Complied
24-Mar-06	610,000	10.89%	431.02	Preferential Allotment	Flamingo Overseas (P) Ltd.	Complied
20-Oct-06	380,000	6.79%	469.02	Preferential Allotment	Ravi Kumar Kajaria & Sons (HUF)	Complied
18-Jun-07	455,000	8.13%	514.52	Preferential Allotment	Ravi Kumar Kajaria & Sons (HUF)	Complied
4-Apr-08	454,000	8.11%	559.92	Preferential Allotment	Ravi Kumar Kajaria & Sons (HUF)	Complied
Total	**5,599,200**	**100.00%**				

** The status of compliance by the Target Company relating the capital build is with respect to all the applicable provisions of the SEBI (SAST) Regulations, 1997 and the other applicable provisions of SEBI Act, 1992 and other statutory requirements, as applicable.*

6.6 The Target Company does not have any outstanding convertible instruments to be exercised at a later date and neither any shares of the company are partly paid up carrying voting right.

6.7 The shares of the target company are listed on the BSE. The target company has complied with the listing agreement requirements and the trading of company's stock has never been suspended from the exchange. Further no penal / punitive actions have been taken by the stock exchange.

6.8 KIC does not have any unlisted shares on the Stock Exchange.

6.9 As per the information provided, the Target Company has made certain delays in complying with the provisions of Chapter II of SAST Regulations during the period 1998-2001. KIC has received a letter dated May 11, 2007 from BSE wherein the Target Company was directed by the exchange to submit the disclosures required under regulation 6(2), 6(4) and regulation 8(3) of SAST Regulations for the period 1998-2001.

With reference to BSE letter, the Target Company vide its letter dated June 09, 2007 submitted the disclosures for the said years. Henceforth the Target Company has regularly complied with the provisions of Chapter II of the Regulations **(Details of compliances are attached as Annexure – A)**.

The promoters of the Target Company have made certain delays in complying with the provisions of Chapter II of SAST Regulations w.r.t disclosures under regulations 6(1), 6(3), 8(1) and 8(2) of the Regulations. **The details of compliances are attached as Annexure – B.**

In view of the non /delayed compliances of Chapter II of the Takeover Regulations by the Promoters and the Target Company, SEBI may initiate action against the Promoters and the Target Company at a later stage in terms of the Regulations and provisions of SEBI Act.

6.10 There has been no merger, de-merger and spin off in the last three years in the Target Company.

6.11 The Target Company does not have any subsidiary.

6.12 The Board of Target Company as on the date of PA, comprises of 10 (ten) Directors. The details of the Board of Directors of the KIC are as below:

Name & Designation	Date of Appointment	Qualification	Experience	Residential Address
Mr. Ravi Kumar Kajaria Managing Director	August 26, 1986	B.Com	Mr. Kajaria has more than two decades of experience in Iron and Steel.	25E, Shakespeare Sarani, 5th Floor, Kolkata – 700 017
Mr. Anushree Kajaria Non-Executive Director	November 8, 2002	Intermediate	She is wife of Mr. R. K. Kajaria and gives her inputs on the overall management of the company.	25E, Shakespeare Sarani, 5th Floor, Kolkata – 700 017
Mr. Prasanta Kumar Paul Independent Director	November 8, 2002	Metallurgical Engineering	Mr. Paul has experience of more than 5 decade, earlier he was board member of companies like SAIL, MECON, IISCO etc., to name a few	BE-16, Sector - I, 1st Avenue Bidhan Nagar, Salt Lake City, Kolkata - 700 064
Dr. Deoshlok Sharma Independent Director	May 06, 2005	BHMS, DF.HOM (London), FICA (USA)	Mr. Sharma is a consulting physician with experience of over two decades.	Power House Road, Sarbahal Jhamaguda - 768201
Mr. Sankar Lal Mandal Independent Director	November 8, 2005	FCA	Mr. Mandal is a practicing chartered accountant and carries experience of about 3 decades.	29D, Seven Tanks Lane, Kolkata - 700030
Mr. Bishwanath Agrawal Independent Director	July 15, 2008	FCA	Mr. Agrawal is a practicing chartered accountant with experience of more than 15 yrs.	8/1, Hardutt Rai Chamaria Road, Howrah - 711101

Mr. Radhey Shyam Jalan Non-Executive Director	January 16, 2009	ACA	Mr. Jalan has five years of experience in the field of management and finance	P-108, Lake Town, Block – B Kolkata – 700 089
Mr. Pradeep Chandra Sahoo Whole-Time Director	January 16, 2009	B.E., P.G Dip-Business Management	Mr. Sahoo is a Mechanical Engineer with an experience of over 15 years in Business Management.	Flat No.503, Block-3, Avani Regency, No. 1, Dr. Radhagovindanath Sarani, Kolkata-700089
Mr. Suresh Kumar Singhal Independent Director	August 7, 2009	B.E. Mechanical, M.B.A.	Mechanical Engineer with MBA with experience of around 15 years in the field of Project Management, Project Procurement, Contracting & Logistics. Experience in Oil & Petro-chemical industry and steel industry.	A-28, Sector – 53, Noida – 201301, Uttar Pradesh
Mr. Thekken Narayanan Gunaseelan Independent Director	August 7, 2009	B.Tech (Mining Engineering)/ Mine Manager's Certificate Holder	Mr.Gunaseelan is a mining engineer and was associated with Tata Steel, Mines & Ferro Alloys Division for over 10 years. He specializes in Mine planning and project feasibility studies.	Flat 6I, Tower-II, City High Apartments, 85 Prince Anwar Shah Road, Kolkata-700033

6.13 Excepting Mr. Radhey Shyam Jalan, who has been appointed by the Acquirer as its nominee on the Board of the Target Company, no other Director of the Target Company is a representative of the Acquirer.

6.14 Brief financial details of KIC Metaliks Limited for the last four financial years are as below:

Profit & Loss Account

Rs. in Lacs

Particulars	**31-Mar-06**	**31-Mar-07**	**31-Mar-08**	**31-Mar-09**
Income from Operations	11,404.83	15,304.40	18,357.60	9,762.17
Other Income	112.94	91.29	704.98	124.56
Total Income	**11,517.77**	**15,395.69**	**19,062.58**	**9,886.73**
Total Expenditure	**10,356.16**	**14,382.38**	**18,771.04**	12,047.19
Profit before Interest, Depreciation and Tax	**1,161.61**	**1,013.31**	**291.54**	**(2,160.46)**
Depreciation	294.72	302.25	376.71	375.50
Interest	248.40	230.70	383.00	**692.11**
Profit before Tax	**618.49**	**480.36**	**(468.17)**	**(3,228.07)**
Provision for Tax	(57.80)	(106.08)	140.22	114.74
Profit after tax	**560.69**	**374.28**	**(327.95)**	**(3,113.33)**

Balance Sheet Statement

Rs. in Lacs

Particulars	**31-Mar-06**	**31-Mar-07**	**31-Mar-08**	**31-Mar-09**
Sources of funds				
Paid up share capital	431.02	469.02	514.52	559.92
Reserves & Surplus (excluding revaluation reserve)	2,885.98	3,430.82	3,305.30	390.35
Net Worth	**3,317.00**	**3,899.84**	**3,819.82**	**950.27**
Advance against share capital	984.80	444.63	326.89	-
Share Application Money	**-**	50.00	24.97	-
Secured Loan	1,599.92	2,586.42	4,240.64	3,660.95
Unsecured Loan	31.71	279.61	391.76	1,985.21
Deferred payment Credit	119.64	189.40	135.81	64.69
Total	**6,053.07**	**7,449.90**	**8,939.89**	**6,661.12**

Uses of funds				
Net Fixed Assets	4,338.35	5,563.43	5,548.65	5,158.15
Investments	25.00	25.00	-	-
Net Current Assets	1,844.15	2,119.25	3,507.18	1,502.97
Deferred tax Liability	207.41	257.78	115.94	-
Deferred revenue expenses	52.98	-	-	-
Total	**6,053.07**	**7,449.90**	**8,939.89**	**6,661.12**

Other Financial Data

Particulars	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-09
Dividend (%)	-	-	-	-
Earnings per share (Rs)	13.01	7.98	(6.37)	(55.60)
Return on Net Worth (%)	16.90	9.60	-	-
Book Value per Share (Rs.)	76.96	83.15	74.24	16.97

(Source: *Audited annual accounts.)*

Note:

i) Earning per share computed as the PAT/Number of Outstanding shares as at the end of the year/period

ii) Return on Networth calculated as PAT/Networth at the end of the year/period

iii) Book value per share computed as the Networth/ Number of Outstanding shares as at the end of the year/period

6.15 **Reasons for fall / rise in the total income and PAT in the past:**

During the year 2007-08, the Company sold 93949.520 MT of pig iron as companred to 89953.590 MT in the year 2006-07. The export of castings was 7338 MT as compared to 7945 MT in the year 2006-07. The Company has sold 7674 MT of cement as compared to 7952 MT in the year 2006-07. The Company has made a loss of Rs. 327.95 Lacs in 2007-08 as compared to a profit of Rs. 374.28 Lacs in the financial year 2006-07 owing to unprecedented increase in the prices of raw materials.

During the FY 2008-09 all steel manufacturers who have predominant capacities of pig iron have suffered huge losses. The iron and steel industry world-wide has suffered huge losses during the last year due to unprecedented rise in raw material prices and a sharp fall in the demand and selling prices caused by a recession in most parts of the world. The plant of the Target Company was shut from a period from 27th April 2008 to 14th December 2008. The losses during this period were on account of fixed costs like electricity, salaries, payment to contractors and interest costs and also due to diminution in the value of inventories. Moreover, substantial cost had to be incurred for reheating of the blast furnace and resuming production.

Increase in Reserves of Target Company:

During the financial year 2005-06, the Target Company has issued 6,10,000 equity shares to Flamingo Overseas Pvt Limited of Rs. 10/- each at the premium of Rs. 70/- per share. Further during the year 2006-07, 3,80,000 equity shares of Rs. 10/- each were issue to promoters on preferential basis at premium of Rs. 45/-. Again during the FY 2007-08 and FY 2008-09 4,55,000 and 4,54,000 equity shares of Rs. 10/- each were allotted to promoters at a premium of Rs. 45/- against exercise of warrants which were issued earlier on the preferential basis. The increase in Reserves and Surplus was due to increase in the share premium.

Decrease in Net Worth of the Target Company during 2008-09:

During the financial year 2008-09, the Target Company has incurred a loss of Rs. 3113.33 Lacs. This has led a reduction in the net worth of the Target Company from 3,819.82 Lacs as on March 31, 2008 to Rs. 950.27 Lacs as on March 31, 2009.

6.16 The contingent liabilities of the Target Company as on March 31, 2009 are as under:

Particulars	Amount in Rs. Lacs
Excise Duty matters	209.70
Jharkhand Entry tax matters	81.75
Durgapur Projects Limited electricity matters	97.94
Total	**389.39**

Further, interest and penalties may accrue on the above amounts as and when these liabilities materialize.

6.17 SEBI is in receipt of a complaint alleging that the Target Company in connivance with Flamingo Overseas Private Limited orchestrated a circular transaction on February 25, 2005. The Compliant is under the examination of SEBI.

6.18 As on the date of this letter of offer, shareholding in the Target Company before and after the Offer (assuming full acceptances in the Offer) is given in the table below:

Shareholder Category	**Shareholding & voting rights prior to the agreement/ acquisition and offer**		**Shares /voting rights agreed to be acquired which triggered off the Regulations**		**Shares/voting rights to be acquired in open offer (Assuming full acceptances)**		**Share holding / voting rights after the acquisition and offer.**	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group								
1.Parties to agreement, if any	26,68,862	47.67	-	-	-	-	-	-
2.Promoters other than (a) above	-	-	-	-	-	-	-	-
Total 1(a+b)	**26,68,862**	**47.67**	-	-	-	-	-	-
(2) Acquirer								
Acquirer	-	-	26,68,862	47.67	11,19,840	20.00	37,88,702	67.67
Total 2	-	-	**26,68,862**	**47.67**	**11,19,840**	**20.00**	**37,88,702**	**67.67**
(3) Parties to agreement other than(1)& (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, acquirers & PACs)								
a) Punjab National Bank	1,72,160	3.07					This will depend on the response within each category of (4)	
b) Others	27,58,178	49.26						
Total (4)(a+b)	**29,30,338**	**52.33**					**18,10,498**	**32.33**
GRAND TOTAL (1+2+3+4)	**55,99,200**	**100.00**	**26,68,862**	**47.67**	**11,19,840**	**20.00**	**55,99,200**	**100.00**

6.19 As on September 30, 2009, there are 3692 shareholders in the public category holding 29,30,338 shares of the Target Company.

6.20 The Acquirer has not acquired any share of the Target Company from the date of PA till the date of this letter of offer

6.21 Details about the numbers of shares held and percentage holding of promoters and promoter group in the Target Company as at March 31 of every year since 1997 are given below:

<table>
<tr><th>Date</th><th>Shareholding</th><th>% age holding</th><th>Remark</th></tr>
<tr><td>31.03.1997</td><td>2706600</td><td>73.15%</td><td></td></tr>
<tr><td>31.03.1998</td><td>2706600</td><td>73.15%</td><td></td></tr>
<tr><td>31.03.1999</td><td>2706600</td><td>73.15%</td><td></td></tr>
<tr><td>31.03.2000</td><td>2706600</td><td>73.15%</td><td></td></tr>
<tr><td>31.03.2001</td><td>2706600</td><td>73.15%</td><td></td></tr>
<tr><td>31.03.2002</td><td>2716200</td><td>73.41%</td><td>Mr. M.P. Jhunjhunwala who was a director on the Board of Directors of the company had acquired 9600 shares and his holding was shown as PAC.</td></tr>
<tr><td>31.03.2003</td><td>2706600</td><td>73.15%</td><td>Mr. M.P. Jhunjhunwala resigned as a director on the Board of Directors of the company during the year on 18/10/2002 and his shareholding was removed from PAC.</td></tr>
<tr><td>31.03.2004</td><td>2703100</td><td>73.05%</td><td>Ravi Kumar Kajaria sold 8,200 shares on October 10, 2003 in open market.

Anushree Kajaria purchased 13,400 shares in FY 2003-2004. Details of which are given below:
<table>
<tr><th>Date</th><th>No. of Shares</th><th>From</th></tr>
<tr><td>December 26, 2003</td><td>4.700</td><td>Open market</td></tr>
<tr><td>January 30, 2004</td><td>7,700</td><td>Inter se transfer from O P Kajaria (PACs)</td></tr>
<tr><td>January 30, 2004</td><td>1,000</td><td>Inter se transfer from Malti Devi Kajaria (PACs)</td></tr>
</table></td></tr>
<tr><td>31.03.2005</td><td>2647579</td><td>71.55%</td><td>Akhilesh Kajaria sold 48,500 shares on October 8, 2004 in open market & Anushree Kajaria sold 7,021 shares on March 18, 2005 in open market.</td></tr>
<tr><td>31.03.2006</td><td>1669962</td><td>38.74%</td><td>Sale of 9,77,617 shares by Ravi Kumar Kajaria & Sons (HUF) in open market on various dates as given below:
<table>
<tr><th>Date</th><th>No. of Shares</th></tr>
<tr><td>02.06.2005</td><td>125,000</td></tr>
<tr><td>03.06.2005</td><td>75,000</td></tr>
<tr><td>From 13.06.2005 to 15.06.2005</td><td>127,417</td></tr>
<tr><td>27.06.2005</td><td>100,200</td></tr>
<tr><td>From 11.08.2005 to 19.08.2005</td><td>300,000</td></tr>
<tr><td>12.09.2005</td><td>157,718</td></tr>
<tr><td>15.09.2005</td><td>63,091</td></tr>
<tr><td>23.09.2005</td><td>29,191</td></tr>
<tr><td>Total</td><td>977,617</td></tr>
</table></td></tr>
<tr><td>31.03.2007</td><td>2049962</td><td>43.71%</td><td>3,80,000 equity shares allotted to Ravi Kumar Kajaria & Sons (HUF) on October 20, 2006 on a preferential basis.</td></tr>
<tr><td>31.03.2008</td><td>2214862</td><td>43.05%</td><td>4,55,000 equity shares allotted to Ravi Kumar Kajaria & Sons (HUF) on June 18, 2007 against exercise of warrant which were earlier allotted on preferential basis.

Sale of 2,90,100 shares by Ravi Kumar Kajaria & Sons (HUF) in open market on various dates as given below:
<table>
<tr><th>Date</th><th>No. of Shares</th></tr>
<tr><td>14.08.2007</td><td>20,000</td></tr>
<tr><td>16.08.2007</td><td>120,000</td></tr>
<tr><td>10.09.2007</td><td>150,100</td></tr>
<tr><td>Total</td><td>290,100</td></tr>
</table></td></tr>
<tr><td>As on date of PA</td><td>2668862</td><td>47.67%</td><td>4,54,000 equity shares allotted to Ravi Kumar Kajaria & Sons (HUF) on April 04, 2008 against exercise of warrant which were earlier allotted on preferential basis.</td></tr>
</table>

During the period 2005-2009 the promoters of the Target Company had made certain transaction aggregating two percent and above, but no disclosure were made by them under regulation 7(1A) of the SAST Regulations. Apart from that there have been no violations of regulation 11 of the SAST Regulations in any of the years.

Details of the above transactions made by the erstwhile promoters and promoter group are given here-in below:

Particulars	**Date**	**Purchased / Allotted**	**Sold**	**Balance**	**% of Promoter Holding in the Target Company**	**Change in % of Holding**	**Remarks**
Opening Balance As on	1-Apr-01			2706600	73.15%		
M P Jhunjhunwala	31-Mar-02	9600		2716200	73.41%	0.26%	
M P Jhunjhunwala	31-Mar-03		9600	2706600	73.15%	-0.26%	
R.K. Kajaria	10-Oct-03		8200	2698400	72.93%	-0.22%	
Anushree Kajaria	26-Dec-03	4700		2703100	73.05%	0.13%	
Anushree Kajaria	30-Jan-04	7700		2710800	73.26%	0.21%	Inter se Transfer
O.P.Kajaria	30-Jan-04		7700	2703100	73.05%	-0.21%	Inter se Transfer
Anushree Kajaria	30-Jan-04	1000		2704100	73.08%	0.03%	Inter se Transfer
Malti Devi Kajaria	30-Jan-04		1000	2703100	73.05%	-0.03%	Inter se Transfer
R.K. Kajaria	8-Oct-04	47000		2750100	74.32%	1.27%	
Akhilesh Kajaria	8-Oct-04		48500	2701600	73.01%	-1.31%	
R.K. Kajaria	25-Feb-05		16500	2685100	72.57%	-0.45%	
R.K. Kajaria	18-Mar-05		30500	2654600	71.74%	-0.82%	Disclosure Under 7 (1A) not made by seller
Anushree Kajaria	18-Mar-05		7021	2647579	71.55%	-0.19%	
R.K. Kajaria & Sons (HUF)	2-Jun-05		125000	2522579	68.17%	-3.38%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	3-Jun-05		75000	2447579	66.15%	-2.03%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	13-Jun-05		127417	2320162	62.70%	-3.44%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	27-Jun-05		100200	2219962	60.00%	-2.71%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	11-Aug-05		300000	1919962	51.89%	-8.11%	Disclosure Under 7 (1A) not made by seller

R.K. Kajaria & Sons (HUF)	12-Sep-05		157718	1762244	47.63%	-4.26%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	15-Sep-05		63091	1699153	45.92%	-1.71%	
R.K. Kajaria & Sons (HUF)	23-Sep-05		29191	1669962	45.13%	-0.79%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	20-Oct-06	380000		2049962	43.71%	-1.42%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	18-Jun-07	455000		2504962	48.69%	4.98%	
R.K. Kajaria & Sons (HUF)	14-Aug-07		20000	2484962	48.30%	-0.39%	
R.K. Kajaria & Sons (HUF)	16-Aug-07		120000	2364962	45.96%	-2.33%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	10-Sep-07		150100	2214862	43.05%	-2.92%	Disclosure Under 7 (1A) not made by seller
R.K. Kajaria & Sons (HUF)	4-Apr-08	454000		2668862	47.67%	4.62%	

6.22 The Target Company has complied with all the requirement of Corporate Governance under clause 49 of the Listing agreement entered into with the stock exchange.

6.23 **Pending Litigation matters**

a. Tax matters in which the Target Company is involved:

S.l No.	Notice No.	Issued by	Amount Involved (Rs.)
1	V-25,72,73(4)138/KIC/DGP-IV/05/4127 dated July 24, 2008	Office of Assistant Commissioner of Central Excise	Rs. 69, 793/-
2	V(15) 154/Adj/CE/Bol/07/1833 dated October 16, 2007	Office of Commissioner of Central Excise	Rs. 40, 16, 046/- and Rs. 80, 320/- + interest and penalty thereon.
3	II(8) 9 /AE/CE/Bol/2003/3573 dated June 08, 2004	Office of Commissioner of Central Excise, Bolpur	Rs. 19, 54, 294/- + interest and penalty thereon
4	37/Addl. Comm/Bol/57/06 dated September 01,2006 vide letter dated August 04, 2006	Office of Commissioner of Central Excise, Bolpur	Rs. 30, 08, 497/- and Rs. 60, 172/-
5	360/KZU/KOL/Gr.C/KICML/06/7348	Director General of Central Excise, Kolkata	Rs. 1,17,81,251/- plus interest and penalty thereon

b. **Civil Suits filed against the Target Company:**

One STP Limited (Plaintiff) filed a civil suit being C.S. No. 213 of 1999 before the Hon'ble High Court at Calcutta against the Company (Defendant) inter alia, praying for decree for sum of Rs. 68,56,744/-, decree for a further sum of Rs. 29,48,808/- on account of claim for compensation for loss of expected profit, decree for enquiry into the claim amounts, loss of profit suffered by the Plaintiff and a decree for sum found due upon such enquiry, for interim interest and interest upon judgment, for injunction, for attachment, Receiver and costs. The dispute relates to civil and construction work for setting up a Mini Blast Furnace at the Defendant's factory at Durgapur by the Plaintiff. Certain applications were filed in this civil suit and the Hon'ble has directed for Affidavits therein. Matter is pending.

Other than those mentioned above, there are no other litigations pending against the Target Company.

6.24 **Compliance Officer**

Ms. Ruchika Dhanuka
KIC Metaliks Limited
3B, Lal Bazar Street, 4th Floor,
Room No. 2,
Kolkata – 700 001
Ph: +91-33- 2210 3301
Fax: +91-33- 4001 9636

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of offer price

7.1.1 The equity shares of KIC are currently listed on Bombay Stock Exchange Limited ('BSE'). Based on the information available, the equity shares of the Target Company are frequently traded on the exchange within the meaning of explanation (i) to regulation 20(5) of the SAST Regulations.

7.1.2 The Acquirer has made a public announcement on December 11, 2008. The annualized trading turnover based on the trading volume in the shares of the target company on BSE during June 01, 2008 to November 30, 2008 (being 6 calendar month prior to the month of PA) is as under:

Name of Stock Exchange	Total no. of shares traded during the 6 calendar month prior to the month in which PA was made	Total No. of shares listed	Annualized Trading turnover (in terms of % to total listed share)
BSE	560412	55,99,200	20.02%

(Source: BSE website)

7.1.3 Based on the parameters set out in the Regulations for frequently traded stocks, as per the date of the PA, the Offer Price is justified in view of Regulation 20(4) of SAST Regulations as it is in excess of the higher of the following:

Particulars	Price (in Rs. per Share)
The Negotiated Price	18.00
Highest Price paid by the Acquirer for any acquisition (including by way of allotment in a public or rights or Preferential issue) during the 26 week period prior to the date of the Public Announcement	Nil
Average of the weekly high and low of closing prices of the equity shares of the Target Company on BSE during the 26 weeks period preceding the date of the Public Announcement	27.83
Average of the daily high and low prices of the equity shares of the Target Company on BSE during the 2 weeks preceding the date of the Public Announcement	17.13

7.1.4 **The price and volume data of the Target Company on BSE**

For 26 week period prior to the date of the PA i.e. December 11, 2008 is as under:

Week No.	Week ending	Week High (Rs.)	Week Low (Rs.)	Average (Rs.)	Total Volume
1.	June 20, 2008	44.75	41.55	43.15	17885
2.	June 27, 2008	40.90	37.50	39.18	9077
3.	July 04, 2008	36.20	32.50	34.35	13564
4.	July 11, 2008	40.00	36.00	38.00	76788
5.	July 18, 2008	40.00	29.65	34.83	95736
6.	July 25, 2008	34.95	31.05	33.00	44346
7.	August 01, 2008	36.30	33.50	34.90	9754
8.	August 08, 2008	39.90	37.60	38.75	27195
9.	August 14, 2008	39.95	37.15	38.55	15833
10.	August 22, 2008	38.00	35.70	36.85	17241
11.	August 29, 2008	34.15	33.00	33.58	28184
12.	September 05, 2008	33.90	33.50	33.70	29952

13.	September 12, 2008	33.50	33.00	33.25	14683
14.	September 19, 2008	28.25	25.10	26.68	18945
15.	September 26, 2008	26.75	25.85	26.30	14459
16.	October 03, 2008	25.00	24.45	24.73	22587
17.	October 10, 2008	23.00	17.30	20.15	6747
18.	October 17, 2008	20.70	18.10	19.40	5831
19.	October 24, 2008	23.00	16.85	19.93	6227
20.	October 31, 2008	18.50	16.40	17.45	3587
21.	November 07, 2008	17.20	14.65	15.93	6801
22.	November 14, 2008	14.55	13.95	14.25	6346
23.	November 21, 2008	16.00	13.00	14.50	22270
24.	November 28, 2008	16.00	15.35	15.68	22633
25.	December 05, 2008	18.95	16.00	17.48	52352
26.	December 10, 2008	19.25	18.80	19.03	5459
	26 Weeks Average			**27.83**	

For 2 weeks preceding the date of PA i.e. December 11, 2008 is as under:

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1.	December 10, 2008	18.80	18.00	18.40	2098
2.	December 08, 2008	16.80	20.00	18.40	3361
3.	December 05, 2008	21.00	15.70	18.35	7757
4.	December 04, 2008	19.00	15.50	17.25	17852
5.	December 03, 2008	17.85	15.95	16.90	17990
6.	December 02, 2008	16.90	15.00	15.95	2353
7.	December 01, 2008	16.00	15.75	15.88	6400
8.	November 28, 2008	16.30	15.55	15.93	2700
	2 Weeks Average			**17.13**	

7.1.5 In the opinion of the Manager to the Offer and the Acquirer, the Offer Price of Rs. 28/- per fully paid-up equity share is justified in terms of Regulations 20(4) and 20(11) of SEBI (SAST) Regulations.

7.1.6 **Justification of the Negotiated price**

On the basis of the explanations provided by the Acquirer, the Manager to the Offer has, vide their letters dated May 30, 2009 and August 20, 2009 to SEBI, provided the following justifications for the negotiated price of Rs. 18 per share:

As per the terms of the SPA, the Acquirer has taken over the following liabilities:

Particulars as on November 30, 2008	Amt (Rs. in Lacs)
Secured Loans	3701.60
Unsecured Loans	1555.80
Contingent Liabilities as certified by the Sellers (not reflected in the balance sheet)	1433.62
Total	**6691.02**

The negotiated price of Rs. 18 per share is justified in view of the following:

Particulars as on November 30, 2008	Amt (Rs. in Lacs)
Share Capital	559.92
Reserves & Surplus	2006.60
Net Worth	**2566.52**
Less: Contingent Liabilities as certified by the Seller and taken over by the Acquirer	1433.62
Adjusted Net Worth for determining the negotiated price	**1132.90**
No. of Shares outstanding	5599200
Adjusted Book Value per share (Rs.)	**20.23**

(Rs. in Lacs)

Particulars as on November 30, 2008	**Amount**	**Amount**
Net Block of Fixed Assets	5314.30	
Net Current Assets	2708.99	
Total Net Assets		**8023.29**
Secured Loans	3701.60	
Unsecured Loans	1555.80	
Deferred Tax Liabilities	115.94	
Deferred Payment Credit	83.42	
Less: Total Liabilities as per Balance Sheet		**5456.76**
Less: Contingent Liabilities as certified by the Seller and taken over by the Acquirer		**1433.62**
Net Worth		**1132.90**
No. of Shares outstanding	5599200	
Adjusted Book Value per share (Rs.)	**20.23**	

Moreover, the plant of the Target Company was also shut at the time of signing of the SPA and there were huge costs involved for restarting the production. There was also an uncertainty with respect to interest and penalty on the contingent liabilities being taken over by the Acquirer. The negotiated price of Rs. 18 per share was mutually decided by the Acquirer and the Sellers after considering the above and the then prevailing market conditions.

7.1.7 The SPA contains certain non-compete provisions whereby the Sellers have agreed not to engage in business operations or activities similar to the business of the Target Company for a period of 5 (five) years. There is no separate consideration being paid for the non-compete provision.

7.1.8 If the Acquirer acquires any shares of the Target Company after the date of the PA and up to 7 working days prior to the closure of the offer at a price higher than the offer price, then the highest price paid for such acquisition shall be payable for all the valid applications received under the offer. Further, the Acquirer shall not acquire any shares of the Target Company during the last seven working days prior to the closure of the offer, except those accepted in the offer.

7.2 **Financial Arrangements:**

7.2.1 The maximum consideration payable by the Acquirer assuming full acceptance in the Offer would be Rs. 3,13,55,520 (Rupees Three crores Thirteen Lacs Fifty Five thousand Five hundred and Twenty only) ("**Maximum Consideration**"). The Acquirer has made firm financial arrangements for the Offer by way of a cash deposit in excess of the maximum consideration as detailed in para 7.2.2 below. Mr. O. P. Khajanchi, Membership no. 065549, proprietor of O. P. Khajanchi & Co, Chartered Accountants (134/1 MG Road, Kolkata- 700007, Ph: 91-33- 2270 0155) **("Chartered Accountants")** has confirmed vide their letter dated November 23, 2009 that the Acquirer has adequate financial resources available for meeting its obligations under the Regulations for a value up to the Maximum Consideration.

7.2.2 In accordance with regulation 28 of the Regulations, an escrow account has been created in the form of cash deposit for an amount of Rs. 3,15,00,000 (Rupees Three crores Fifteen Lacs only) **("Cash Deposit")** placed with HDFC Bank Limited, Central Plaza Branch, 2/6 Sarat Bose Road, Kolkata- 700 020 **('Escrow Bank')** for the performance of the Acquirer's obligations under the Regulations. The cash deposit is in excess of 100% of the maximum consideration payable under the offer. The Manager to the Offer is empowered to realize the value of the aforesaid escrow account and instruct the escrow bank to issue cheques/demand drafts in terms of the SAST Regulations.

7.2.3 On the basis of the aforesaid financial arrangements and based on the confirmations received from the escrow bank and the chartered accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this offer in full.

8 TERMS AND CONDITIONS OF THE OFFER

8.1 All owners of equity shares, except the Acquirer and Sellers, registered or unregistered, are eligible to participate in the Offer anytime before closure of the Offer.

8.2 The Letter of Offer, specifying the detailed terms and conditions, together with the Form of Acceptance-cum-Acknowledgement ('Form of Acceptance'), Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) will be mailed to the shareholders of KIC whose names appear on the register of members of KIC and to the beneficial owners of the equity shares of KIC whose names appear as beneficiaries on the records of the respective Depositories, at the close of business hours on Friday, January 09, 2009 (the 'Specified Date'). Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the open offer in any manner whatsoever. A copy of the Letter of Offer (including Form of Acceptance) will be available on SEBI's website www.sebi.gov.in during the period the Offer is open and may also be downloaded from the site.

8.3 There shall be no discrimination in acceptance of locked-in and non-locked in shares. However, the equity shares of the Target Company tendered will be acquired by the Acquirer fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

8.4 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of the Offer.

8.5 The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.6 The Acquirer is permitted to revise the Offer Price of shares / No. of equity shares upwards, such upward revision will be made in accordance with regulation 26 of the Regulations, not later than December 15, 2009, which is 7 (Seven) working days prior to the date of closure of the Offer. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted the Offer and submitted their equity shares at any time during the offer period to the extent that their shares have been verified and accepted by the Acquirer. The same would be informed by way of Public Announcement in the same newspapers where original Public Announcement was published.

8.7 The Acquirer and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the 'SEBI Act') or any other regulation made under the SEBI Act.

8.8 Statutory approvals and other approvals required for the offer

8.8.1 As on the date of the PA, to the best of the knowledge of the Acquirer, there are no statutory approvals required to acquire the equity shares that are validly tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer shall not proceed with the Offer in the event any statutory approval indicated herein is not obtained in terms of regulation 27 of the Regulations.

8.8.2 It may be noted that in case of non-receipt of any statutory approval within time, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the shareholders under the Offer provided that the Acquirer agrees to pay interest for the delay, in accordance with Regulation 22(12) of the SAST Regulations.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 The Letter of Offer, specifying the detailed terms and conditions, together with the Form of Acceptance-cum-Acknowledgement ('Form of Acceptance'), Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) will be mailed to the shareholders of KIC whose names appear on the register of members of KIC and to the beneficial owners of the equity shares of KIC whose names appear as beneficiaries on the records of the respective Depositories, at the close of business hours on Friday, January 09, 2009 (the 'Specified Date').

9.2 Shareholders of the Target Company who wish to avail of and accept the offer shall send/ deliver the Form of Acceptance along with all the revelant documents to the Registrar to the offer **C B Management Services (P) Limited** at P-22, Bondel Road, Kolkata- 700 019 whether by hand delivery on weekdays (Monday to Friday between 10 a.m to 5 p.m) or by registered post, so as to reach on or before the closure of the Offer, i.e. December 24, 2009 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance.

9.3 Shareholders who hold equity shares of KIC in physical form and wish to tender their equity shares pursuant to the Offer will be required to submit the Form of Acceptance, Original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer, so as to reach on or before the closure of the Offer, i.e. December 24, 2009.

9.4 The Registrar to the Offer, C B Management Services (P) Limited has opened a special depository account with LKP Securities Limited. Beneficial owners and shareholders holding equity shares of KIC in the dematerialised form, will be required to send their Form of Acceptance to the Registrar to the Offer on or before the closure of the Offer, along with a photocopy or counterfoil of the delivery instruction in 'Off-market' mode, duly acknowledged by the Depository Participant ('DP'), in favour of 'CBMS (P)L Escrow A/c KIC Metaliks Open Offer' and filled in with the details given below:

Name of the special depository account	CBMS(P)L Escrow A/c KIC Metaliks Open Offer
Depository	Central Depository Services (India) Limited (CDSL)
DP Name	LKP Securities Limited
DP ID	12030000
Client ID	00410190
ISIN	INE434C01019
Market	Off Market

Forms of Acceptance of dematerialized equity shares not credited to the above special depository account on or before the closure of Offer are liable to be rejected. Beneficial owners are therefore requested to tender the delivery instructions at least two working days prior to the date of closing of the Offer. Shareholders having their beneficiary account in National Securities Depository Limited (NSDL) have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with CDSL.

9.5 Unregistered owners or shareholders who have not received the Letter of Offer may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, folio number, distinctive numbers, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, or in the case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in 'off-market' mode or counterfoil of the delivery instruction in the 'off-market' mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer. No Indemnity is required from the unregistered owners.

9.6 Shareholders of KIC who have sent their equity shares for transfer should submit Form of Acceptance duly completed and signed, copy of the letter sent to KIC (for transfer of said shares) and acknowledgement received thereon and valid share transfer form. Shareholders who have sent their physical shares for dematerialisation should submit their form of acceptance as applicable along with the copy of the demat request form (DRF) duly acknowledged by their DP. However, they have to ensure that the corresponding credit of the dematerialized shares is received in the escrow depository account on or before closure of the Offer.

9.7 **THE SHARES AND THE OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRER OR THE TARGET COMPANY OR THE MANAGER TO THE OFFER**

9.8 The Registrar to the Offer will hold in trust the equity shares and Share Certificate(s), equity shares lying in credit of the special depository account, Form of Acceptance and the transfer deed(s) on behalf of the shareholders of KIC who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares / share certificates are dispatched/ returned.

9.9 **Mode of making payment**

The payment of consideration, if any, would be done through any of the following modes:

a) Electronic Clearing System (ECS) – Payment of consideration would be done through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, odhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non- MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of considerations would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of consideration through ECS is mandatory for shareholders having a bank account at any of the abovementioned 68 centers, except where the applicant, being eligible, opts to receive payment through direct credit or RTGS.

b) Direct Credit – Shareholders having bank accounts with the Escrow Banker(s), in this case being, HDFC Bank Limited, shall be eligible to receive considerations through direct credit. Charges, if any, levied by the Escrow Bank(s) for the same would be borne by the Acquirer.

c) RTGS – Shareholders having a bank account at any of the abovementioned 68 centres and whose consideration amount exceeds Rs. One Lac, have the option to receive payment through RTGS. Such eligible shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the Escrow Bank(s) for the same would be borne by the Acquirer. Charges, if any, levied by the shareholders's bank receiving the credit would be borne by the shareholder.

d) National Electronic Fund Transfer (NEFT) – Payment of consideration shall be undertaken through NEFT wherever the shareholders' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the shareholders through this method. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.

e) For all other shareholders, including those who have not updated their bank particulars with the MICR code, the payments will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for payments of Rs. 1,500 and above. Such payments will be made by cheques, pay orders or demand drafts drawn on HDFC Bank Limited and payable at par.

9.10 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the Shareholder's / unregistered owner's sole risk to the sole / first Shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective depository participants when transferred by the Registrar to the Offer.

9.11 In accordance with the regulation 22(5A) of the Regulations, shareholders who have tendered the requisite documents in terms of the Public Announcement and Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer on or before Monday, December 21, 2009.

- The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed herewith.
- The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal.

- Shareholders should enclose the following: -

  For Equity Shares held in demat form beneficial owners should enclose:

  - Duly signed and completed Form of Withdrawal.
  - Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
  - Photocopy of the delivery instruction slip in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP.

  For Equity Shares held in physical form Registered shareholders should enclose:

  - Duly signed and completed Form of Withdrawal.
  - Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
  - In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with KIC and duly witnessed at the appropriate place.

  Unregistered owners should enclose:

  - Duly signed and completed Form of Withdrawal.
  - Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
  - The withdrawal of Equity Shares will be available only for the Share certificates/ Equity Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account.
  - The intimation of returned Equity Shares to the shareholders will be sent at the address as per the records of KIC/ Depository as the case may be.
  - The Form of Withdrawal along with enclosure should be sent to the Registrar to the Offer only.
  - In case of partial withdrawal of Equity Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from KIC. The facility of partial withdrawal is available only to Registered shareholders.
  - Shareholders holding Equity Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
  - In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
  - In case of physical Equity Shares: name, address, Distinctive Nos., Certificate Numbers., Folio Number, number of Equity Shares tendered
  - In case of dematerialized Equity Shares: name, address, number of Equity Shares tendered, DP name, DP ID, beneficiary account number and a photocopy of delivery instructions slip in "off market" mode or counterfoil of the delivery instruction slip in "off market" mode, duly acknowledged by the DP, in favour of the Special Depository Escrow Account.

9.12 Any shares that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the Shareholder(s) of the Target Company may be precluded from transferring the Shares during pendency of the said litigation are liable to be rejected unless directions / orders regarding the free transferability of such shares are received

9.13 While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company and a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961,indicating the rate at which the tax is to be deducted by the Acquirer before remitting the consideration. In case the previous RBI approvals are not submitted, the Acquirer reserve the right to reject such shares tendered. In case the aforesaid No Objection Certificate/ Tax Clearance Certificate is not submitted, the Acquirer will deduct tax at the currently prevailing rate as advised by their tax advisors on the entire consideration amount payable to such NRI / OCB /Non-domestic companies / other persons who are not resident in India.

9.14 In case the number of shares tendered by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportionate basis as per regulation 21(6) of the Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in nonmarketable lots. Provided that acquisition of equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.

9.15 Schedule of the major activities of the open offer are as under:

Activity	**Original Time Schedule**	**Revised Time Schedule**
Public Announcement Date	Thursday, December 11, 2008	Thursday, December 11, 2008
Specified Date *	Friday, January 09, 2009	Friday, January 09, 2009
Last date for a competitive bid	Thursday, January 01, 2009	Thursday, January 01, 2009
Date by which the Letter of Offer will be despatched to the shareholders of the Target Company	Tuesday, January 20, 2009	Monday, November 30, 2009
Offer Opening Date	Wednesday, February 04, 2009	Saturday, December 05, 2009
Last date for revising the offer price/offer size	Thursday, February 12, 2009	Tuesday, December 15, 2009
Last date for withdrawal by shareholders	Wednesday, February 18, 2009	Monday, December 21, 2009
Offer Closing Date	Monday, February 23, 2009	Thursday, December 24, 2009
Date by which the acceptance/ rejection would be intimated and the corresponding payment for the acquired shares and /or the share certificate for the rejected shares will be despatched	Tuesday, March 10, 2009	Friday, January 08, 2010

** Specified Date is only for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of the Target Company (except the Acquirer and the Sellers) are eligible to participate in the Offer anytime before the closure of the Offer.*

9.16 Financial data contained in this Letter of Offer has been rounded off to the nearest Lac except wherein stated.

10 DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at Azimganj House, 2nd Floor 7, Camac Street, Kolkata 700 017 from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

a) Certificate of Incorporation, Memorandum and Articles of Association of the Target Company.

b) Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer.

c) Certificate of Net worth dated November 23, 2009 of Karni Syntex Private Limited from the statutory auditor Mr. O. P. Khajanchi, Membership no. 065549, proprietor of O. P. Khajanchi & Co, Chartered Accountants having office at 134/1 MG Road, Kolkata- 700007 confirming that the Acquirer has adequate financial resources available for meeting its obligations under the Regulations for a value up to the Maximum Consideration.

d) Audited Reports of KIC Metaliks Limited for the year ended March 31, 2006, 2007, 2008 and 2009

e) Audited Reports of Acquirer for the year ended March 31, 2006, 2007 2008 and 2009

f) Copy of the SPA dated December 7, 2008 which triggered the Open Offer.

g) Published copy of the Public Announcement

h) Copy of letter from HDFC Bank Limited confirming the cash deposit in the escrow account for an amount in excess of the maximum Consideration.

i) Copy of Agreement dated December 10, 2008 entered into between with C. B. Management Services Private Limited and LKP Securities Limited for opening the special depository account for the purpose of the offer.

11 DECLARATION BY THE ACQUIRER

The Acquirer and its Directors accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance and Form of Withdrawal. The Acquirer shall be responsible for ensuring compliance with the SEBI (SAST) Regulations and for its obligations laid down in the SEBI (SAST) Regulations.

All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Mr. Radhey Shyam Jalan is authorized to sign the Letter of Offer

On the behalf of Karni Syntex Private Limited

Radhey Shyam Jalan
Director

Date: November 24, 2009
Place: Kolkata

Encl.:

1) Form of Acceptance-cum-Acknowledgement
2) Form of Withdrawal
3) Transfer Deed for shareholders holding Equity Shares in Physical Form

Annexure – A

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS

Sl. No.	Regulation / Sub-regulation	Due Date for compliance as mentioned in the Regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3
1	**2**	**3**	**4**	**5**
1	6(2)	20-May-97	9-Feb-98	265
2	6(4)	20-May-97	9-Feb-98	265
3	8(3)	30-Apr-97	9-Jun-07	3692
4	8(3)	30-Apr-98	9-Jun-07	3327
5	8(3)	30-Apr-99	9-Jun-07	2962
6	8(3)	30-Apr-00	9-Jun-07	2596
7	8(3)	30-Apr-01	9-Jun-07	2231
8	8(3)	30-Apr-02	19-Apr-02	-
9	8(3)	30-Apr-03	21-Apr-03	-
10	8(3)	30-Apr-04	9-Apr-04	-
11	8(3)	30-Apr-05	11-Apr-05	-
12	8(3)	30-Apr-06	25-Apr-06	-
13	8(3)	30-Apr-07	10-Apr-07	-
14	8(3)	30-Apr-08	23-Apr-08	-
15	8(3)	30-Apr-09	25-Apr-09	-
16	7(3)	Within 7 days of receipt of information under regulations 7(1) and 7(1A)	------	As the Company did not receive any information under regulations 7(1) and 7(1A), no disclosures were made by the Target Company under regulation 7(3)

Annexure – B

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS

Sl. No.	Regulation/Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4-Col. 3	Remarks
1	2	3	4	5	6
1.	6(1)	20-Apr-97	6-Feb-98	292	
2.	6(3)	20-Apr-97	6-Feb-98	292	
3.	8(1)	21-Apr-98	9-Jun-07	3336	
4.	8(2)	21-Apr-98	9-Jun-07	3336	
5.	8(1)	21-Apr-99	9-Jun-07	2971	
6.	8(2)	21-Apr-99	9-Jun-07	2971	
7.	8(1)	21-Apr-00	9-Jun-07	2605	
8.	8(2)	21-Apr-00	9-Jun-07	2605	
9.	8(1)	21-Apr-01	9-Jun-07	2240	
10.	8(2)	21-Apr-01	9-Jun-07	2240	
11.	8(1)	21-Apr-02	19-Apr-02	---	
12.	8(2)	21-Apr-02	19-Apr-02	---	
13.	8(1)	21-Apr-03	21-Apr-03	---	
14.	8(2)	21-Apr-03	21-Apr-03	---	
15.	8(1)	21-Apr-04	9-Apr-04	---	
16.	8(2)	21-Apr-04	9-Apr-04	---	
17.	8(1)	21-Apr-05	9-Apr-05	---	
18.	8(2)	21-Apr-05	9-Apr-05	---	
19.	8(1)	21-Apr-06	20-Apr-06	---	
20.	8(2)	21-Apr-06	20-Apr-06	---	
21.	8(1)	21-Apr-07	9-Apr-07	---	
22.	8(2)	21-Apr-07	9-Apr-07	---	
23.	8(1)	21-Apr-08	20-Apr-08	---	
24.	8(2)	21-Apr-08	20-Apr-08	---	
25.	8(1)	21-Apr-09	20-Apr-09	---	
26.	8(2)	21-Apr-09	20-Apr-09	---	
27.	8A(1)	06-Feb-09	NA	__	Nil Shares of the promoters have been pledged

The promoters of the Target Company have made transactions aggregating two percent and above, but no disclosure were made by them under regulation 7(1A) of the SAST Regulations. The details of such non compliances are as under:

Sl. No.	Regulation / Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3*
1	2	3	4	5
1.	7 (1A)	4-Jun-05	---	1,634
2.	7 (1A)	5-Jun-05	---	1,633
3.	7 (1A)	15-Jun-05	---	1,623
4.	7 (1A)	29-Jun-05	---	1,609
5.	7 (1A)	13-Aug-05	---	1,564
6.	7 (1A)	14-Sep-05	---	1,532
7.	7 (1A)	25-Sep-05	---	1,521
8.	7 (1A)	22-Oct-06	---	1,129
9.	7 (1A)	20-Jun-07	---	886
10.	7 (1A)	18-Aug-07	---	829
11.	7 (1A)	12-Sep-07	---	804
12.	7 (1A)	06-Apr-08	---	597

* Calculated till November 24, 2009, the date of the Letter of offer