LETTER OF OFFER

This Document is important and requires your immediate attention

This Letter of Offer is sent to you as a Shareholder(s) (as defined hereinafter) of Orissa Sponge Iron & Steel Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer (as defined hereinafter) / Registrar to the Offer. In case you have recently sold your Shares (as defined hereinafter) in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-acknowledgement and Form of Withdrawal and transfer deed to the member of the stock exchange through whom the said sale was effected.

Cash Offer

BY

BHUSHAN ENERGY LIMITED ("**ACQUIRER**") Regd. Office: F – Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110019, India. Tel: +91-11-42295555; Fax: +91-11-26478750 & **MR. BRIJ BHUSHAN SINGAL ("PERSON ACTING IN CONCERT"/ "PAC")** Residence Address: W-29, Greater Kailash, Part – II, New Delhi – 110048, India. Tel: +91-11-29213819; Fax: +91-11-41637374 & **MR. NEERAJ SINGAL ("PERSON ACTING IN CONCERT"/ "PAC")** Residence Address: W-29, Greater Kailash, Part – II, New Delhi – 110048, India. Tel: +91-11-29213819; Fax: +91-11-41637374 & **BNS STEEL TRADING PRIVATE LIMITED ("PERSON ACTING IN CONCERT"/ "PAC")** Registered Office: 315, 3rd Floor, E-Block, International Trade Tower, Nehru Place, New Delhi – 110019, India. Tel: +91-11-42295555; Fax: +91-11-41608970 & **BBN TRANSPORTATION PRIVATE LIMITED ("PERSON ACTING IN CONCERT"/ "PAC")** Registered Office: 315, 3rd Floor, E-Block, International Trade Tower, Nehru Place, New Delhi – 110019, India. Tel: +91-11-42295555; Fax: +91-11-41608970 & **BNR INFOTECH PRIVATE LIMITED ("PERSON ACTING IN CONCERT"/ "PAC")** Registered Office: 315, 3rd Floor, E-Block, International Trade Tower, Nehru Place, New Delhi – 110019, India. Tel: +91-11-42295555; Fax: +91-11-41608970 & **BNR CONSULTANCY SERVICES PRIVATE LIMITED ("PERSON ACTING IN CONCERT"/ "PAC")** Registered Office: Flat No. 111, Lotus Building, Bhushan Garden, Village – Savroli & Nifan, Taluka – Khalapur (near Khopoli), Dist. – Raigad, Maharashtra – 410202, India. Tel: +91-2192-274146; Fax: +91-2192-274265 & **BHUSHAN STEEL LIMITED ("PERSON ACTING IN CONCERT"/ "PAC")** Registered Office: F – Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110019, India. Tel: +91-11-39194000; Fax: +91-11-46518611

TO ACQUIRE

upto 61,00,000 fully paid up equity shares of the face value of Rs.10/- each, representing 20% of the Diluted Capital (as defined hereinafter) of the Target Company (as defined hereinafter), at an Offer Price (as defined hereinafter) of Rs. 360/- (refer to Note 7 below) per Share (as defined hereinafter) payable in cash, of

Orissa Sponge Iron & Steel Limited

("the Company" / "OSIL" / the "Target Company")

Registered Office: OSIL House, Gangadhar Meher Marg, Bhubaneshwar, 751024, Orissa, India. Tel: +91-674-2725850; Fax: +91-674-2725855

Notes:

1. This Offer is being made pursuant to Regulations 10 & 12 of the Takeover Regulations (as defined hereinafter) for the purpose of substantial acquisition of Shares and voting rights of the Target Company. As on March 31, 2012 the Promoters (as defined herein below) together with Mounteverest (as defined hereinafter), which has made a competing bid along with certain Promoter entities pursuant to the Second Public Announcement, held 60.19% of the issued and paid up share capital of the Target Company. Consequently, in the event the Promoters and Mounteverest tender their Shares in this Offer, it may result in the Acquirer acquiring control over the Target Company.
2. This Offer is not conditional and is not subject to any minimum level of acceptance and the Acquirer will acquire the Shares of the Target Company that are tendered in valid form in terms of this Offer up to a maximum of 61,00,000 Shares.
3. In terms of Regulation 25(1) & (3) of the Takeover Regulations (as defined hereinafter) and directions issued by SEBI (as defined hereinafter), this Offer is a competitive bid. Centrum Capital Limited issued a public announcement dated February 6, 2009 published on February 7, 2009, on behalf of Bhushan Power & Steel Limited along with Titanic Steel Industries Limited and Olympian Steel Industries Limited for acquisition of 26% of the issued equity capital of the Target Company as set forth in such public announcement. ICICI Securities Limited issued a public announcement dated February 24, 2009 and published on February 25, 2009, on behalf of Mounteverest Trading and Investment Limited along with Torsteel Research Foundation in India, TRFI Investment Private Limited and Monnet Ispat and Energy Limited for acquisition of 20% of the Emerging Voting Capital (as defined therein) of the Target Company (Please refer to paragraph 2.2.3 of this Letter of Offer for further details).
4. As on the date of this Letter of Offer, there are no statutory approvals that are required by the Acquirer and/or PACs to implement the Offer. If any statutory approvals are subsequently required, before the date of closure of the Offer, i.e. Tuesday, July 17, 2012, the Offer would be subject to such statutory approvals. NRI Shareholders who acquired Shares under the PIS Scheme (as defined hereinafter) and OCB (as defined hereinafter) Shareholders, if any, must obtain all requisite approvals required by them to tender their Shares in the Offer and submit such approvals along with the Form of Acceptance-cum-acknowledgement. If such approvals are not obtained and submitted, the Acquirer will not acquire the Shares tendered in the Offer by such NRI or OCB Shareholders. Further, if Non Resident Shareholders had required any approval (specific or general) from the RBI, the FIPB or any other regulatory body for the acquisition of the Shares held by them in the Target Company, they will be required to submit such previous approvals along with the Form of Acceptance-cum-acknowledgement and other documents required to be tendered to accept this Offer. In addition, Non Resident Shareholders must obtain and submit along with the Form of Acceptance-cum-acknowledgement all requisite approvals required by them to tender their Shares in the Offer, where such approval is required pursuant to the terms of the previous approvals obtained by them from the RBI, FIPB or any regulatory body for the acquisition of Shares held by them. In the event all the abovementioned approvals are not submitted, the Acquirer and PACs reserve the right to reject such Shares tendered by such Non Resident Shareholders in the Offer.
5. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the PA (as defined hereinafter) and this Letter of Offer, can withdraw the same upto three working days prior to the date of the closure of the Offer i.e. upto Thursday, July 12, 2012.
6. The Acquirer is permitted to revise the Offer Price and number of Shares to be acquired, upwards any time up to seven working days prior to the date of closure of the Offer i.e. upto Friday, July 7, 2012. The Acquirer has acquired Shares of the Target Company, through open market purchases, at prices higher than the offer price as mentioned in the PA (as defined hereinafter), the highest price paid till the date of this Letter of Offer being Rs. 359.95 per Share (refer to paragraph 2.1.5 of this Letter of Offer for details). In accordance with Regulation 20(7) and 22(17) of the Takeover Regulations, details of such acquisitions have been disclosed to the stock exchanges where Shares of the Target Company are listed and to the Manager to the Offer. Furthermore, the Offer Price will be revised upwards to be equal to or higher than the highest price paid for such acquisitions. The final Offer Price will be announced by the Acquirer through a public announcement in the newspapers where the PA was published, in accordance with Regulation 26 of the Takeover Regulations. The last date for any revision to the Offer Price or number of Shares proposed to be acquired is upto Friday, July 6, 2012. Such revised price would be payable by the Acquirer for all the Shares tendered at anytime during the Offer.
7. **This is a competitive bid. The public offers under all the subsisting bids shall close on the same date.**
   As the Offer Price cannot be revised during seven working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.
8. A copy of the PA, and this Letter of Offer (including Form of Acceptance-cum-acknowledgement which includes Form of Withdrawal) are also available on SEBI's website at www.sebi.gov.in.
9. The PA was made on February 28, 2009. The Offer was delayed due to interim injunctions imposed by the Hon'ble Orissa High Court (as defined hereinafter) in legal proceedings relating to the Offer. This Offer is now being made in accordance with the order of the Hon'ble Supreme Court of India dated March 26, 2012 pursuant to Interim Application No. 2 of 2012 in Special Leave Petition (C) No. 14740 of 2011 relating to non-conversion of 35,00,000 warrants of the Target Company held by the Acquirer. Pursuant to the final order of the Hon'ble Supreme Court of India dated May 7, 2012, the issues relating to non-conversion of the 35,00,000 warrants held by the Acquirer is now pending adjudication with SEBI. For further details in relation to the legal proceeding, please refer to paragraph 2.4 of this Letter of Offer.

MANAGER TO THE OFFER		REGISTRAR TO THE OFFER	
	IDFC Capital Limited Naman Chambers, C-32, G-Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051 Tel : +91 22 6622 2600 Fax: +91 22 2622 6501 Contact Person: Mr. Venkatraghavan S. Email: bel.osil@idfc.com		**RCMC Share Registry Private Limited** B-106, Sector 2, Noida, Delhi NCR Tel: +91-120-4015880 Fax: +91-120-2444346 Contact Person: Mr. Ramdev Tyagi Email: sectshares@rcmcdelhi.com

Offer Opens: June 28, 2012	Offer Closes: July 17, 2012

Schedule of the Activities

Activity	Day / Date (Original)	Day / Date (Revised)
Date of First Public Announcement	Saturday, February 7, 2009	Saturday, February 7, 2009
Date of Second Public Announcement	Wednesday, February 25, 2009	Wednesday, February 25, 2009
Last date for competitive bid as per First Public Announcement	Saturday, February 28, 2009	Saturday, February 28, 2009
Date of PA	Saturday, February 28, 2009	Saturday, February 28, 2009
Specified Date (for the purpose of determining the names of shareholders to whom the letter of offer would be sent)	Monday, March 2, 2009	Monday, March 2, 2009
Date by which Letter of Offer will be posted to shareholders	Thursday, April 9, 2009	Saturday, June 23, 2012
Date of opening of the Offer	Friday, April 24, 2009	Thursday, June 28, 2012
Last date for revising the Offer Price/ number of Shares	Monday, May 4, 2009	Friday, July 6, 2012
Last date for shareholders for withdrawing their acceptance tendered in the Offer	Friday, May 8, 2009	Thursday, July 12, 2012
Date of closure of the Offer	Wednesday, May 13, 2009	Tuesday, July 17, 2012
Date by which acceptance/ rejection under the Offer would be intimated and the corresponding payment for the acquired Shares and/ or the unaccepted Shares/ share certificates will be dispatched/ credited	Thursday, May 28, 2009	Wednesday, August 1, 2012

Risk factors (a) relating to the transaction, (b) relating to the Offer and (c) involved in associating with the Acquirer and the likely adverse effect of these risk factors on the Shareholders

1. While, as of the date of this Letter of Offer, no statutory approvals are required by the Acquirer and/or the PACs to implement the Offer, if any statutory approvals are required by the Acquirer and/or the PACs at a later date before the closure of the Offer, the Offer will be subject to such statutory approval(s). In terms of Regulation 27(1)(b) of the Takeover Regulations, the Acquirer will have a right not to proceed with the Offer in the event the approvals indicated above are refused. In case of delay due to non-receipt of statutory approval(s), as per Regulation 22(12) of the Takeover Regulations, SEBI may, if satisfied,

that non-receipt of approvals was not due to any wilful default or neglect on the part of the Acquirer / PACs, or failure on the part of the Acquirer/ PACs to diligently pursue the applications for such approvals grant an extension of time for the purpose of completion of the Offer subject to the Acquirer / PACs agreeing to pay interest to the eligible Shareholders for delay beyond 15 days as may be specified by SEBI from time to time. For further details please refer to paragraph 6.18.1 of this Letter of Offer.

2. NRI Shareholders who acquired Shares under the PIS Scheme and OCB Shareholders, if any, must obtain all requisite approvals required by them to tender their Shares in the Offer and submit such approvals along with the Form of Acceptance-cum-acknowledgement. If such approvals are not obtained and submitted, the Acquirer will not acquire the Shares tendered in the Offer by such Shareholders. Further, if Non Resident Shareholders had required any approval (specific or general) from the RBI, the FIPB or any other regulatory body for the acquisition of the Shares held by them in the Target Company, they will be required to submit such previous approvals along with the Form of Acceptance-cum-acknowledgement and other documents required to be tendered to accept this Offer. In addition, Non Resident Shareholders must obtain and submit along with the Form of Acceptance-cum-acknowledgement all requisite approvals required by them to tender their Shares in the Offer, where such approval is required pursuant to the terms of the previous approvals obtained by them from the RBI, the FIPB or any other regulatory body for the acquisition of Shares held by them. In the event all the abovementioned approvals are not submitted, the Acquirer and PACs reserve the right to reject such Shares tendered by such Non Resident Shareholders in the Offer.

3. The First Public Announcement dated February 6, 2009 was published on February 7, 2009, while the Second Public Announcement dated February 24, 2009 was published on February 25, 2009. Thereafter, the Manager on behalf of the Acquirer and PACs made the PA dated February 27, 2009, which was published on February 28, 2009. The First Corrigendum to the PA was published by the Manager on behalf of the Acquirer and PACs on April 30, 2012, wherein Shareholders were advised that the revised schedule of activities in relation to the Offer will be published in the same newspapers in which the PA was published once comments from SEBI on the draft Letter of Offer were received. A Second Corrigendum to the PA advising Shareholders about the revised schedule of activities would be published by the Manager on behalf of the Acquirer and PACs on or around June 25, 2012. The First Corrigendum and the Second Corrigendum has been/ would be published in the same newspapers in which the PA was published. The Offer was delayed due to certain legal proceedings in relation to the Offer. Please see paragraph 2.4 of this Letter of Offer for details of such legal proceedings. In the event that either (a) the pending legal proceedings or any other litigation leads to a stay on the Offer or (b) SEBI instructs the Acquirer / PAC not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer or the Offer may be stalled. Consequently, the payment of consideration to the Shareholders of the Target Company whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirer / PAC may be delayed.

4. Further, the Shareholders should note that after the last date of withdrawal i.e. Thursday, July 12, 2012, the Shareholders who have lodged their acceptances would not be able to withdraw them 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, till such time the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.

5. The Shares tendered in the Offer will be held in trust for the Acquirer, by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade in such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirer / PAC makes no assurance with respect to the market price of the Shares that would prevail both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

6. In the event that the Shares tendered in the Offer by the Shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the Takeover Regulations i.e. on a proportionate basis, in consultation with the Manager to the Offer, to be decided in a fair and equitable manner and does not result in non-marketable lots, irrespective of whether the Shares are held in physical or dematerialized form.

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

8. The Acquirer, PACs and the Manager to the Offer accept no responsibility for statements made otherwise than in the PA, the First Corrigendum and the Second Corrigendum and this Letter of Offer, or in the advertisement or any materials issued by or at the instance of the Acquirer and the PACs, and any person placing reliance on any other source of information would be doing so at its own risk.

The indicative risk factors set forth above are in relation to the Offer and not in relation to the present or future business or operations of the Target Company or any 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 or in associating with the Acquirer/ PAC. The Shareholders of the Target Company are advised to consult their stock broker or investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

Table of Contents:

DEFINITIONS

The Acquirer / BEL	Bhushan Energy Limited.
BhSE	Bhubaneshwar Stock Exchange Association Limited.
Brij Bhushan Group	Group of companies directly or indirectly promoted by Mr. Brij Bhushan Singal or by his associates.
BSL	Bhushan Steel Limited.
BSE	The BSE Limited.
CDSL	Central Depository Services (India) Limited.
CSE	The Calcutta Stock Exchange Association Limited.
DP	Depository Participant.
Depositories	NSDL and CDSL.
Depository Escrow Account	Has the meaning set out in paragraph 7.5 of this Letter of Offer.
Diluted Capital	The total voting capital of the Target Company is 270,00,000 Shares which have been issued, subscribed and paid-up and the Acquirer Warrants (as defined below). The Acquirer holds a total of 35,00,000 warrants of the Target Company as given below ("**Acquirer Warrants**"): a. 15,00,000 warrants entitling the holder of each warrant to subscribe to one Share against each warrant at a price of Rs. 101 per Share (including premium of Rs. 91 per Share) within 18 months from the date of issue, i.e., until June 19, 2009, convertible into 4.92% of the Diluted Capital of the Target Company; b. 20,00,000 warrants entitling the holder of each warrant to subscribe to one Share against each warrant at a price of Rs. 225 per Share (including premium of Rs. 215 per Share) within 18 months from the date of issue, i.e., until June 19, 2009, convertible into 6.56% of the Diluted Capital of the Target Company. The Acquirer Warrants are registered by the Target Company in the name of the Acquirer and have not yet been converted into Shares of the Target Company. The Acquirer exercised its right to convert the Acquirer Warrants by tendering to the Target Company the original warrants accompanied with a demand draft for the requisite consideration within the stipulated time period (i.e. prior to June 19, 2009) as recorded by the Company Law Board in its order dated May 26, 2009. The Target Company did not convert the Acquirer Warrants into Shares in the name of the Acquirer. Aggrieved by the refusal on the part of the Target Company to convert such Acquirer Warrants, the Acquirer filed an application in the on-going legal proceedings against the Target Company before the Company Law Board. Please refer to paragraph 2.4 of this Letter of Offer for details pertaining to the refusal of conversion of the Acquirer Warrants into Shares by the Target Company and pending litigation in relation thereto.

EPS	Earnings Per Share
Escrow Account	Has the meaning set out in paragraph 5.2.3 of this Letter of Offer.
Escrow Agent	IndusInd Bank Limited, a banking company having a branch office at M-56, Greater Kailash Part -2, New Delhi -110048.
Escrow Agreement	Has the meaning set out in paragraph 5.2.3 of this Letter of Offer
Escrow Amount	Has the meaning set out in paragraph 5.2.3 of this Letter of Offer
FEMA	Foreign Exchange Management Act, 1999, as amended.
FIPB	Foreign Investment Promotion Board constituted by the Government of India
First Corrigendum	The corrigendum to the PA published by the Manager on behalf of the Acquirer and PACs on April 30, 2012, wherein Shareholders were advised that the revised schedule of activities in relation to the Offer will be published in the same newspapers in which the PA was published once comments from SEBI on the draft Letter of Offer were received. The First Corrigendum along with and the Second Corrigendum, has collectively been referred to as "Corrigenda" in this Letter of Offer.
First Public Announcement	Public announcement dated February 6, 2009 published on February 7, 2009, issued by Centrum Capital Limited, on behalf of Bhushan Power & Steel Limited along with Titanic Steel Industries Limited and Olympian Steel Industries Limited pursuant to Regulation 10 and 12 of the Takeover Regulations, to all the equity shareholders of the Target Company to acquire from them up to 52,00,000 fully paid-up equity shares of the Target Company of face value Rs. 10 each (representing 26% of the issued equity capital of the Target Company as set forth in such public announcement) at a price of Rs. 300 per fully paid-up equity share payable in cash in terms of Regulation 20 and 21 of the Regulations. (Refer to paragraph 2.2.3 of this Letter of Offer for further details).
FIIs	Foreign Institutional Investors.
Income Tax Act	Income Tax Act, 1961, as amended.
LOF/ Letter of Offer	This letter of offer dated June 21, 2012.
Manager to the Offer/ IDFC	IDFC Capital Limited, having its registered office at Naman Chambers, C-32, G-Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051.
Mounteverest	Mounteverest Trading and Investment Limited
Non-Resident Shareholders	The Shareholders of the Target Company who/ which are 'persons resident outside India', as defined in the FEMA.
NRI	Non Resident India, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
Offer	Offer to acquire upto 61,00,000 Shares representing 20% of the Diluted Capital of the Target Company.

Offer Price	Rs. 360/- (Rupees three hundred and sixty only) per fully paid up Share or as revised by the Acquirer as per Regulation 26 of the Takeover Regulations or as applicable under Regulation 20(7) and 22(17) of the Takeover Regulations. (Please refer to paragraph 2.2.11, 2.2.12 and 2.2.13 of this Letter of Offer for details in relation to the Offer Price).
OCB	Overseas Corporate Body, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000
PACs / Persons Acting in Concert	Mr. Brij Bhushan Singal, Mr. Neeraj Singal, BNS Steel Trading Private Limited ("BSTPL"), BBN Transportation Private Limited ("BTPL"), BNR Infotech Private Limited ("BIPL"), BNR Consultancy Services Private Limited ("BCSPL"), Bhushan Steel Limited ("BSL").
PAT	Profit After Tax.
PNR Securities	PNR Securities Limited.
Promoters	Promoters of the Target Company
PA	Public announcement dated February 27, 2009 and published on February 28, 2009, issued by the Manager to the Offer on behalf of the Acquirer along with the PACs to the Shareholders in compliance with Regulations 10 & 12 of Chapter III of the Takeover Regulations, to acquire on a voluntary basis, up to 61,00,000 Shares, representing 20% of the Diluted Capital of the Target Company at an Offer Price of Rs. 330 Share payable in cash.
PAN	Permanent Account Number.
PIS	Portfolio Investment Scheme set out in the master circular issued by the RBI, from time to time, in respect of foreign investment in India
RBI	Reserve Bank of India.
Registrar / Registrar to the Offer	RCMC Share Registry Private Limited.
Regulations/ Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
Second Corrigendum	The corrigendum to the PA to be published by the Manager on behalf of the Acquirer and PACs on or around June 25, 2012, wherein Shareholders would be advised about the revised schedule of activities in relation to the Offer as mentioned in this Letter of Offer, pursuant to observations received from SEBI on the draft Letter of Offer vide letter dated June 13, 2012. The First Corrigendum along with and the Second Corrigendum, has collectively been referred to as "Corrigenda" in this Letter of Offer.
Second Public Announcement	Public announcement dated February 24, 2009 and published on February 25, 2009, issued by ICICI Securities Limited on behalf of Mounteverest Trading and Investment Limited along with Torsteel Research Foundation in India, TRFI Investment Private Limited and Monnet Ispat and Energy Limited to the public equity shareholders

	of the Target Company pursuant to and in compliance with Regulations 10, 11(1), 12, 25(1) and 25 (3) and other applicable provisions of the Takeover Regulations to acquire upto 61,00,000 equity shares of Rs. 10 each representing in the aggregate 20% of the Emerging Voting Capital of the Target Company (defined in the Second Public Announcement as the aggregate of the 200,00,000 issued equity shares of the Target Company and 105,00,000 equity shares that may be issued upon conversion of the warrants of the Target Company, i.e. 305,00,000 equity shares of the Target Company) at a price of Rs. 310 per equity share payable in cash (refer to paragraph 2.2.3 of this Letter of Offer for further details).
Shares	Fully paid up equity shares of Rs. 10/- (Rupees Ten only) each of the Target Company.
Shareholders	All owners (registered or un registered) of the Shares.
Specified Date	Monday, March 2, 2009
Supreme Court Order	Has the meaning given to it in paragraph 2.4.2 of the Letter of Offer
Target Company/ Company/ OSIL	Orissa Sponge Iron & Steel Limited.

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 DRAFT LETTER OF OFFER WAS SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ORISSA SPONGE IRON & STEEL LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE COMPANY WHOSE 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 ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IDFC CAPITAL LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER IDFC CAPITAL LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 13, 2009 TO SEBI IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDEMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1 This Offer is being made pursuant to Regulations 10 & 12 of the Takeover Regulations for the purpose of substantial acquisition of Shares and voting rights of the Target Company. As on March 31, 2012 the Promoters together with Mounteverest, which has made a competing bid along with certain Promoter entities pursuant to the Second Public Announcement, held 60.19%. of the issued and paid up share capital of the Target Company. Consequently, in the event the Promoters and Mounteverest tender their Shares in this Offer, it may result in the Acquirer acquiring control over the Target Company.

2.1.2 This Offer was initiated as a voluntary offer and was not triggered by any agreement of the Acquirer or any PACs with any person for the purpose of the acquisition of Shares in the Target Company. The Offer was delayed as a result of certain legal proceedings (please see paragraph 2.4 of this Letter of Offer for further details relating to such legal proceedings). The Acquirer and the PACs are proceeding with this Offer in accordance with the Supreme Court Order. The Offer is not as a result of global acquisition resulting in indirect acquisition of Shares, voting rights or control of the Target Company. Shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer upon closure of the Offer. The PACs will not acquire any Shares under this Offer.

2.1.3 As on the date of the PA the Acquirer and the PACs held 29,68,590 Shares of the Target Company constituting 14.84% of the aggregate issued and paid up equity share capital of the Target Company, as given below:

S.No.	Name	Shareholding	
		No. of Shares	**%**
	Acquirer		
1	BEL	19,00,000	9.50%
	PACs		
1	Mr. Brij Bhushan Singal	2,67,705	1.34%
2	Mr. Neeraj Singal	2,34,699	1.17%
3	BNS Steel Trading Private Limited	1,10,002	0.55%
4	BBN Transportation Private Limited	2,93,398	1.47%
5	BNR Infotech Private Limited	88,230	0.44%
6	BNR Consultancy Services Private Limited	74,556	0.37%
7	Bhushan Steel Limited	Nil	Nil
	Total holding of Acquirer and PACs	**29,68,590**	**14.84%**

As on the date of this Letter of Offer, the Acquirer and the PACs hold 46,15,666 Shares of the Target Company constituting 17.10% of the aggregate issued and paid up equity share capital of the Target Company, as given below:

S.No.	Name	Shareholding	
		No. of Shares	**%**
	Acquirer		
1	BEL	35,47,076	13.14%
	PACs		
1	Mr. Brij Bhushan Singal	2,67,705	0.99%
2	Mr. Neeraj Singal	2,34,699	0.87%
3	BNS Steel Trading Private Limited	1,10,002	0.41%
4	BBN Transportation Private Limited	2,93,398	1.09%

5	BNR Infotech Private Limited	88,230	0.33%
6	BNR Consultancy Services Private Limited	74,556	0.28%
7	Bhushan Steel Limited	Nil	Nil
	Total holding of Acquirer and PACs	**46,15,666**	**17.10%**

2.1.4 In addition to the Shares held by the Acquirer and the PACs as above, the Acquirer holds the Acquirer Warrants as given below:

a. 15,00,000 warrants entitling the holder of each warrant to subscribe to one Share against each warrant at a price of Rs. 101 per Share (including premium of Rs. 91 per Share) within 18 months from the date of issue, i.e., until June 19, 2009, convertible into 4.92% of the Diluted Capital of the Target Company;

b. 20,00,000 warrants entitling the holder of each warrant to subscribe to one Share against each warrant at a price of Rs. 225 per Share (including premium of Rs. 215 per Share) within 18 months from the date of issue, i.e., until June 19, 2009, convertible into 6.56% of the Diluted Capital of the Target Company.

The Acquirer Warrants are registered by the Target Company in the name of the Acquirer and have not yet been converted into Shares of the Target Company. The Acquirer exercised its right to convert the Acquirer Warrants by tendering to the Target Company the original warrants accompanied with a demand draft for the requisite consideration within the stipulated time period (i.e. prior to June 19, 2009) as recorded by the Company Law Board in its order dated May 26, 2009. The Target Company did not convert the Acquirer Warrants into Shares in the name of the Acquirer. Aggrieved by the refusal on the part of the Target Company to convert such Acquirer Warrants, the Acquirer filed an application in the on-going legal proceedings against the Target Company before the Company Law Board. Please refer to paragraph 2.4 of this Letter of Offer for details pertaining to the refusal of conversion of the Acquirer Warrants into Shares by the Target Company and pending litigation in relation thereto.

2.1.5 Following are the details of the acquisition made by the Acquirer after the PA:

Purchased By	**Date**	**No. of Shares**	**Price**	**Mode**
Acquirer	March 3, 2009	8,17,000	342.85	Open market purchase
Acquirer	March 4, 2009	1,30,000	359.95	Open market purchase
Acquirer	May 4, 2009	1,00,000	329.32	Open market purchase
Acquirer	May 5, 2009	1,07,000	328.02	Open market purchase
Acquirer	May 6, 2009	1,03,996	332.73	Open market purchase

Acquirer	May 12, 2009	43,000	346.12	Open market purchase
Acquirer	May 19, 2009	52,810	346.29	Open market purchase
Acquirer	May 20, 2009	62,500	343.47	Open market purchase
Acquirer	May 21, 2009	60,000	346.00	Open market purchase
Acquirer	June 2, 2009	37,025	348.01	Open market purchase
Acquirer	June 3, 2009	20,000	351.50	Open market purchase
Acquirer	June 11, 2009	20,100	352.50	Open market purchase
Acquirer	June 12, 2009	20,325	352.00	Open market purchase
Acquirer	June 15, 2009	24,817	350.11	Open market purchase
Acquirer	June 25, 2009	21,000	351.93	Open market purchase
Acquirer	July 1, 2009	12,000	352.71	Open market purchase
Acquirer	July 2, 2009	15,503	352.81	Open market purchase
Total		**16,47,076**		

No Shares were acquired by any PAC after the date of the PA.

As on the date of this Letter of Offer, the shareholding of the Acquirer together with the PACs, including the Shares acquired after the PA is 17.10% of the issued and paid-up Share capital of Rs. 2,700 lakhs of the Target Company (please refer to paragraph 2.2.5 of this Letter of Offer for details). In the event the Acquirer Warrants are converted before the opening of the Offer the Acquirer and PACs will hold 26.61% of the Diluted Capital of the Target Company, and the Promoters along with Mounteverest will hold 53.29% of the Diluted Capital of the Target Company.

Presently, there are certain legal proceedings to which the Acquirer is a party in relation to (i) the conversion by the Promoters and their affiliates of 11,88,196 warrants of the Target Company into Shares, (ii) purchase of 12,00,000 Shares by certain Promoters, and (iii) non-conversion of Acquirer Warrants held by the Acquirer. As of the date of this Letter of Offer legal proceedings mentioned in (i) and (ii) herein are pending before the Hon'ble Supreme Court of India and legal proceedings mentioned in (iii) herein are pending before SEBI. In addition, the Acquirer was party to certain legal proceedings filed by Mr. Pruthwiraj Patnaik. After protracted litigation before various fora, this legal proceeding was disposed off in favour of the Acquirer. For details in relation to these proceedings, please refer to paragraph 2.4 of this Letter of Offer.

2.1.6 The Acquirer and PACs intend to acquire substantial Shares and voting rights in the Target Company. In the event the Promoters and Mounteverest tender their Shares in this

Offer, it may result in the Acquirer acquiring control over the Target Company. Consequently, this Offer is being made in compliance with Regulation 10 and 12 of the Takeover Regulations. The Acquirer and/ or the PACs may acquire additional Shares of the Target Company, including from the open market, through negotiation or otherwise, in accordance with the Takeover Regulations up to 7 working days prior to closure of the Offer. Furthermore, the Acquirer is the registered owner of the Acquirer Warrants (i.e. 35,00,000 warrants of the Target Company) which have not yet been converted into Shares by the Target Company. Please refer to paragraph 2.4 of this Letter of Offer in relation to the status of pending litigation in this regard.

2.1.7 The Acquirer and PACs have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act. To the best of our knowledge, through information available in the public domain, the Target Company has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

2.1.8 The Acquirer and the PACs do not have any representation on the board of directors of the Target Company, as on the date of this Letter of Offer. In the event the Acquirer and the PACs acquire majority shareholding in the Target Company, then in accordance with the provisions of applicable law, the Acquirer may appoint directors on the board of directors of the Target Company. The Acquirer and PACs, as of the date of this Letter of Offer, have not identified any person to be nominated to the board directors of the Target Company.

2.2. Details of the proposed offer

2.2.1 The PA was published in the newspapers in terms of Regulation 15(1) of the Takeover Regulations on February 28, 2009 and the details of the same are as follows:

Language	**Name of Newspaper**	**Editions**
English	Business Standard	All Editions
Hindi	Business Standard	All Editions
Oriya*	Samwad, Dharitri	Bhubaneshwar
Marathi*	Navkal	Mumbai

** Registered office of the Target Company is situated in Bhubaneshwar and the Shares of the Target Company were most frequently traded on BSE, Mumbai during the six calendar months prior to the month in which the PA was made.*

The First Corrigendum to the PA published on April 30, 2012 and the Second Corrigendum to the PA to be published on or around June 25, 2012, has been/ will be published in the same newspapers in which the PA was published.

Copy of the PA and the Corrigenda thereto, can be referred by Shareholders on the SEBI website at www.sebi.gov.in.

2.2.2 The Offer was initiated as a voluntary offer by the Acquirer along with PACs to acquire up to 61,00,000 Shares, representing 20% of the Diluted Capital of the Target Company, in compliance with Regulation 10 and 12 of Chapter III of the Takeover Regulations, at an offer rice of Rs. 330 per Share payable in cash. The Offer was delayed as a result of certain legal proceedings (please see paragraph 2.4 of this Letter of Offer for details relating to such legal proceedings). The Acquirer and the PACs are proceeding with this Offer in accordance with the Supreme Court Order. To the best of our knowledge, and through information available in the public domain, there are no partly paid-up equity shares of the Target Company outstanding as on the date of this Letter of Offer.

2.2.3 In terms of Regulation 25(1) & (3) of the Takeover Regulations, this Offer is a competitive bid. Centrum Capital Limited issued the First Public Announcement published on February 7, 2009 (including in Business Standard newspaper) on behalf of Bhushan Power & Steel Limited along with Titanic Steel Industries Limited and Olympian Steel Industries Limited to all the equity shareholders of the Target Company to acquire from them up to 52,00,000 fully paid-up equity shares of the Target Company of face value Rs. 10 each (representing 26% of the issued equity capital of the Target Company as set forth in the First Public Announcement) at a price of Rs. 300 per fully paid-up equity share payable in cash pursuant to Regulation 10 and 12 of the Regulations. The opening date of the offer as per the First Public Announcement was April 3, 2009. Furthermore, ICICI Securities Limited issued the Second Public Announcement published on February 25, 2009 (including in The Economic Times newspaper) on behalf of Mounteverest along with Torsteel Research Foundation in India, TRFI Investment Private Limited and Monnet Ispat & Energy Limited to the public equity shareholders of the Target Company to acquire from them up to 61,00,000 equity shares of the Target Company of face value Rs. 10 each (representing 20% of the Emerging Voting Capital (as defined therein) of the Target Company) at a price of Rs. 310 per equity share payable in cash pursuant to and in compliance with Regulation 10, 11(1), 12, 25(1) and 25(3) and other applicable provisions of the Regulations. The opening date of the offer as per the Second Public Announcement was April 4, 2009. For further details on the said offers, please refer to the aforementioned public announcements available on SEBI's website (www.sebi.gov.in).

2.2.4 All Shares tendered and accepted under the Offer will be acquired by Acquirer subject to the terms and conditions set out in the PA and in this Letter of Offer sent to the Shareholders. The PACs will not acquire any Shares under this Offer.

2.2.5 The issued, subscribed and paid up share capital of the Target Company is Rs. 2,700.00 lakh, as on the date of this Letter of Offer, consisting of 270,00,000 Shares of Rs. 10 each *(Source: BSE website as accessed on Friday, June 15, 2012)*. As per the shareholding pattern of the Target Company as of March 31, 2012 (available on the BSE website), there are no outstanding warrants / convertible instruments, which have been issued by the Target Company. However, the Acquirer holds the Acquirer Warrants, which have not been converted into Shares and are subject to certain legal proceedings. Please refer to paragraph 2.4 of this Letter of Offer for further details in relation to this.

Therefore, as of the date of this Letter of Offer, while determining twenty per cent (20%) of the voting capital of the Target Company for the purpose of calculating the minimum size of the Offer in terms of Regulation 21(5) of the Takeover Regulations, the total voting capital is considered to be 305,00,000 Shares (i.e. the Diluted Capital), which consists of 270,00,000 Shares which have been issued, subscribed and paid-up, and the

Acquirer Warrants (i.e. 35,00,000 warrants registered in the name of the Acquirer which are yet to be converted by the Target Company; please refer to paragraph 2.4 for legal proceedings in relation to the non-conversion of the Acquirer Warrants).

2.2.6 This Offer is not conditional or is not subject to any minimum level of acceptance and the Acquirer will acquire the Shares of the Target Company that are tendered in valid form in terms of this Offer up to a maximum of 61,00,000 Shares.

2.2.7 In the event the Shares tendered in the Offer by the shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per provisions of Regulation 21(6) of the Regulations on a proportionate basis, in consultation with the Manager to the Offer, to be decided in a fair and equitable manner and does not result in non-marketable lots, irrespective of whether the Shares are held in physical or dematerialized form.

2.2.8 The Offer is not as a result of global acquisition resulting in indirect acquisition of Shares, voting rights or control of the Target Company.

2.2.9 Mr. Brij Bhushan Singal, Mr. Neeraj Singal, BSTPL, BTPL, BIPL, BCSPL and BSL are persons acting in concert with the Acquirer within the meaning of Regulation 2(1)(e)(1) of the Takeover Regulations. Due to the operation of Regulation 2(1)(e)(2) of the Takeover Regulations, the following persons are deemed to be acting in concert with the Acquirer and the PACs:

Corporate Entities	
1.	Aayushi Credit & Capital Services Ltd
2.	Adamine Construction Private Ltd
3.	BBN Transportation Private Ltd
4.	Bhushan Aviation Private Ltd
5.	Bhushan Buildwell Private Ltd
6.	Bhushan Consumer Electronics Private Ltd
7.	Bhushan Energy Trading Private Ltd
8.	Bhushan Exports Private Ltd
9.	Bhushan General Traders Private Ltd
10	Bhushan Infrastructure Private Ltd
11.	Bhushan Natural Resources Private Ltd
12.	Bhushan Placement Services Private Ltd
13.	Bhushan Steel Australia PTY Ltd
14.	Bhushan Finance Private Ltd.

Corporate Entities	
15.	Bhushan Steel Ltd
16.	BNR Consultancy Services Private Ltd
17.	BNR Infotech Private Ltd
18	BNS Placement Services Private Ltd
19.	BNS Steel Trading Private Ltd
20.	Bohea Properties Private Ltd
21.	Dhenkanal Finvest Ltd
22.	Goldstar Cement Private Ltd
23.	IDFC Capital Limited
24.	IDFC Securities Ltd
25.	KBN Infrastructure Private Ltd
26.	Kishori Lal Shanti Devi Charitable Foundation
27.	Meramandali Finvest Ltd
28.	Noraza Estate & Investment Private Ltd
29.	NRA Cement Pvt Ltd
30.	NRA Iron & Steel Private Ltd
31.	Nucleus Steel Pvt Ltd
32.	Robust Transporatation Pvt Ltd
33.	Sriraj Investment & Finance Ltd
34.	SRN Mineral & Minnig Private Ltd
35.	Starlight Consumer Electronics Private Ltd
36.	Superstar Agency Private Ltd
37.	Track Casting (India) Private Ltd
38.	Tremendous Mining and Mineral Private Ltd
39.	UNA Power Private Ltd
40.	UNA Steel Private Ltd
41.	Vistrat Realestate Private Ltd
42.	Bhushan Steel Bengal Ltd.

Corporate Entities	
43.	Bhushan Steel Madhya Bharat Ltd.
44.	Bhushan Steel (Orissa) Ltd.
45.	Bhushan Steel (South) Ltd.
46.	Bhushan Capital & Credit Services Private Ltd.
47.	Jawahar Credit & holding Private Ltd.
48.	Marsh Capital Services Private Ltd.
49.	Perpetual Securities Private Ltd.
50.	Paragon Securities Private Ltd.
51.	Parakeet Finvest Private Ltd.
52.	Sukhna Steel Private Ltd.
53.	Classic Transportation Private Ltd.
54.	Pittie Strips Private Ltd.
55.	Casper Consumer Electronics Private Ltd.
56.	Coalition Agency Private Ltd.
57.	Drastic Consultancy Services Private Ltd.
58.	Feeder Iron and Steel Private Ltd.
59.	Gleaming Exports Private Ltd.
60.	Glossy Infotech Private Ltd.
61.	Hamlet Power Private Ltd.
62.	Luminous Cement Private Ltd.
63.	Mutual Placement Services Private Ltd.
64.	Vertex Aluminium Private Ltd.
65.	Wellington Transportation Private Ltd.
66.	Zip Minerals and Mining Private Ltd.

Individuals	
1.	Mr. Brij Bhushan Singal
2.	Mr. Neeraj Singal

Individuals	
3.	Mrs. Ritu Singal
4.	Mr. Nittin Johari
5.	Mr. Anil Ahuja
6.	Mr. Mohan Lal
7.	Mr. MV Surya Narayana
8.	Mr. P. K. Aggarwal
9.	Mr. Rahul Sengupta
10.	Ms. Sunita Sharma
11.	Mr. V. K. Mehrotra
12.	Mr. B. B. Tandon

However, other than the persons disclosed as PACs in this Letter of Offer, there are no other persons that are acting in concert with the Acquirer for the purposes of the Offer. Further, other than the persons disclosed as PACs in this Letter of Offer, none of the persons listed above hold any shares in the Target Company.

SEBI has in its adjudication order no. SM/AO-01/2010 dated January 18, 2010, held that BNS Tour and Travel Private Limited is a person acting in concert with the Acquirer. The Acquirer preferred an appeal against such adjudication order of the SEBI before the Securities Appellate Tribunal. The Acquirer contended that BNS Tour and Travel Private Limited was not a person acting in concert with the Acquirer. The Securities Appellate Tribunal in its order dated December 28, 2010 agreed with the contention of the Acquirer and overruled the finding of the SEBI. Consequently, in this Letter of Offer BNS Tour and Travel Private Limited has not been disclosed as a person deemed to be acting in concert with the Acquirer for the purposes of Regulation 2(1)(e)(2) of the Takeover Regulations.

2.2.10 The Manager to the Offer did not hold any Shares of the Target Company as on the date of the PA, and does not hold any Shares of the Target Company as on the date of this Letter of Offer.

2.2.11 The Acquirer and the PACs acquired a total of 21,24,748 Shares of the Target Company during the 12 month period prior to the date of PA. The highest price and weighted average price paid by the Acquirer and/ or the PACs for acquisition of Shares of the Target Company during the twelve months preceding the date of PA was Rs. 472.71 per Share and Rs.134.37 per Share, respectively. As on the date of the PA, the Acquirer and the PACs held 29,68,590 Shares which was 9.73% of the Diluted Capital of the Target Company. In addition, the Acquirer acquired Shares of the Target Company after the date of the PA and upto the date of this Letter of Offer, as detailed in paragraph 2.1.5 of this Letter of Offer. As of the date of this Letter of Offer, the Acquirer and PACs hold a total of 46,15,666 Shares of the Target Company representing 17.10% of the issued and paid up capital of the Target Company. In the event the Acquirer Warrants are converted before the opening of the Offer, the Acquirer and the PACs will hold a total of 81,15,666 Shares of the Target Company representing 26.61% of the Diluted Capital of the Target Company, and the Promoters along with Mounteverest will hold 53.29% of the Diluted Capital of the Target Company.

The Acquirer and/or the PACs may purchase additional Shares of the Target Company from the open market or through negotiation or otherwise, after the date of this Letter of Offer in accordance with Regulation 20(7) of Takeover Regulations and the details of such purchases will be disclosed by the Acquirer and/or the PACs to the BSE, CSE and the BhSE where the Shares of the Target Company are listed and to the Manager to the Offer in terms of Regulation 22(17) of Takeover Regulations. In terms of Regulation 20(7) of the Takeover Regulations, where the Acquirer and/ or PACs have acquired Shares in the open market or through negotiation or otherwise, after the date of the PA, at a price higher than the Offer Price, then the highest price paid for such acquisition is required to be paid by the Acquirer for all acceptances received under the Offer.

2.2.12 In accordance with Regulation 26 of the Takeover Regulations, the upward revision in the Offer Price by the Acquirer would be announced at any time up to seven working days prior to the date of closure of the Offer i.e. Tuesday, July 17, 2012, in the newspapers in which the PA and Corrigenda have been published and the revised Offer Price would be payable by the Acquirer for all Shares tendered at anytime during the Offer and accepted under the Offer.

2.2.13 As the Offer Price cannot be revised during seven working days prior to the date of closure of this Offer, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

2.3. **Object of the acquisition/ Offer**

2.3.1. The acquisition of Shares pursuant to the Offer may enable the Acquirer (taken together with the shareholding of the PACs in the Target Company) to acquire substantial shareholding in the Target Company. The Acquirer and/ or PACs have considerable interests in the Indian steel and power industry and are presently producers of power and manufacturers of primary and secondary steel. The acquisition will result in synergies between the Acquirer and/or PACs and the Target Company, including the sharing of best practices in manufacturing and quality assurance systems and processes, enhanced human capital and managerial talent, and potential financial/ operational synergies.

2.3.2. The Acquirer does not have any plan to dispose off or otherwise encumber any asset of the Target Company in the next two years except in the ordinary course of business of the Target Company. However, the Acquirer undertakes that it shall 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 and in accordance with and subject to applicable laws, permissions, consents, if any.

2.4 **Legal Proceedings in relation to the Offer**

2.4.1 Writ Petition (C) no. 4143 of 2009 before the Hon’ble High Court of Orissa.

On March 17, 2009, Mr. Pruthwiraj Patnaik ("**Mr. Patnaik**") holding 60 Shares, filed a writ petition bearing Writ Petition (c) No. 4143 of 2009 before the Hon'ble High Court of Orissa at Cuttack ("**Orissa High Court**"), alleging, *inter alia*, that the Acquirer and the PACs, had acquired the Shares of the Target Company and intended to acquire control over the Target Company in a hostile manner, indirectly through their affiliates in violation of the Takeover Regulations. Mr. Patnaik prayed that the Acquirer and the PACs should not be allowed to acquire any further Shares till the matter has been decided.

Consequently, Orissa High Court passed an interim order dated March 18, 2009 stating that the Regional Manager of SEBI should investigate the matter and also stay the Offer process till the matter had been dealt with. Aggrieved by the said order of the Orissa High Court, the Acquirer and the PACs filed a special leave to appeal (civil) no. 7880-7881 of 2009 before the Hon'ble Supreme Court of India ("**Supreme Court**"). The Supreme Court in its order dated April 13, 2009 held that the Orissa High Court should not have entertained the matter and directed Mr. Patnaik to approach SEBI to seek appropriate relief.

SEBI *vide* its order dated April 15, 2009 held that Mr. Patnaik had not made out a case which warranted an immediate interim relief. However, SEBI commenced investigation to determine if there were any other persons who may be acting in concert with the Acquirer and the PACs for the purposes of the Offer. Thereafter, Mr. Patnaik approached the Supreme Court vide interim application no. 7-8 of 2009 in special leave to appeal (civil) no. 7880-7881 of 2009 against the order of the SEBI with respect to the interim relief prayed for, and upon direction dated April 24, 2009 issued by the Supreme Court, Mr. Patnaik appealed to Securities Appellate Tribunal ("**SAT**") appeal No. 56 of 2009 and SAT vide its order dated April 29, 2009 rejected the application for interim directions. As SAT did not grant the interim relief sought by Mr. Patnaik, he once again approached the Supreme Court vide civil appeal No. 3614 of 2009, which was dismissed by the Supreme Court vide its order dated May 18, 2009. The appeal No. 56 of 2009 was dismissed as withdrawn vide order of SAT dated September 25, 2009.

SEBI vide its adjudication order no. SM/AO-01/2010 dated January 18, 2010, held that BNS Tour and Travel Private Limited is a person acting in concert with the Acquirer. The Acquirer preferred an appeal in appeal no. 65 of 2010 against such adjudication order of the SEBI before the SAT. The Acquirer contended that BNS Tour and Travel Private Limited was not a person acting in concert with the Acquirer. The SAT in its order dated December 28, 2010 agreed with the contention of the Acquirer and overruled the finding of the SEBI.

Whilst the appeal was pending before SAT, upon an application filed by the Acquirer and the PACs before the Orissa High Court, the writ petition no. 4143 of 2009 filed by Mr. Patnaik was dismissed by the Orissa High Court vide its order dated September 14, 2010.

2.4.2 Non Conversion of Warrants and connected matters (CLB Litigation)

The Acquirer along with BNS Steel Trading Private Limited ("**BNS**") and BBN Transportation Private Limited ("**BBN**") (who are PACs of the Acquirer for purposes of this Offer), filed company petition no. 05 of 2009 before the Principal Bench, Company Law Board, New Delhi ("**CLB**") under Section 397 and 398 of the Companies Act, 1956 (the "**Act**"). In the petition, *inter alia*, the following issues were contended by the Acquirer and certain PACs:

(a) the Target Company was involved in mismanagement and had indirectly provided financial assistance to the Promoters of the Target Company in relation to acquisition of certain Shares, including to (i) purchase 12,00,000 Shares by certain Promoters; and (ii) convert 11,88,196 warrants by Promoters and their affiliates into Shares, in violation of Section 77 of the Act (such shares "**Tainted Shares**"); and

(b) refusal by the Target Company to convert the Acquirer Warrants into Shares in the name of the Acquirer. (The Acquirer had exercised its right to convert the Acquirer Warrants by tendering to the Target Company the original warrants accompanied with a demand draft for the requisite consideration within the stipulated time period (i.e. prior to June 19, 2009) as recorded by the Company Law Board in its order dated May 26, 2009. The Target Company did not convert the Acquirer Warrants into Shares in the name of the Acquirer.)

The CLB *vide* its order dated October 06, 2009 rejected the Acquirer's contentions in relation to the Tainted Shares. However, the CLB in its said order directed the Target Company to convert the Acquirer Warrants and issue Shares against the same in the name of the Acquirer.

Against the order of the CLB dated October 6, 2009, the Target Company (Co. Pet. No. 39 of 2009) and the Acquirer (Co. Pet. No. 40 and 41 of 2009) along with BNS and BBN filed cross-appeals before the Orissa High Court. The Orissa High Court, *vide* its order dated February 22, 2011 dismissed the appeals filed by the Acquirer, BNS and BBN. However, the appeal filed by the Target Company against the order of the CLB, directing it to convert the Acquirer Warrants into Shares was allowed in favour of the Target Company for the reason that warrants are in the form of *option contract*, which is to be dealt in a civil suit and not to be adjudicated under Section 397 and 398 of the Act.

The Acquirer filed a special leave to appeal ("**SLP**") against the non-conversion of Acquirer Warrants before the Supreme Court being SLP (civil) No. 14740 of 2011 and BNS and BBN also filed a SLP being SLP (civil) No. 15034-35 of 2011 against mismanagement in the affairs of the Target Company and cancellation of Tainted Shares in light of violation of Section 77 of the Act.

The Supreme Court of India admitted the SLP filed by BNS and BBN vide its order dated August 01, 2011. The next date of hearing for the same has not yet been fixed.

The Supreme Court *vide* its order dated July 18, 2011 in the SLP filed by Acquirer, granted liberty to the Acquirer to withdraw the SLP filed by the Acquirer. However, at the time the matter was listed before the Supreme Court, for withdrawal, the Supreme Court *vide* its order dated March 26, 2012 ("**Supreme Court Order**") directed the Acquirer to withdraw the Writ Petition no. 20526 of 2010 filed before the High Court of Orissa (details of which are provided herein below) by BNR Infotech Private Limited to prove its *bona-fide* and make the Offer within 15 days of such withdrawal, and thereafter, appear before the Supreme Court for further directions in the said SLP. Accordingly, in compliance with the Supreme Court Order, Writ Petition no. 20526 of 2010 was withdrawn by BNR Infotech Private Ltd. and the draft Letter of Offer was filed with the

SEBI by the Acquirer and the PACs. The Hon'ble Supreme Court vide its final order dated May 7, 2012 disposed off Interim Application No. 2 of 2012 in SLP (C) No. 14740 of 2011 (which was filed by the Acquirer to seek liberty to approach appropriate authority for adjudication of dispute in relation to the Acquirer Warrants) without expressing any opinion on the merits of the matter and directed SEBI to decide the issue as to whether conversion of 35,00,000 warrants in favor of the Acquirer could result in transfer of management of the Target Company to the Acquirer. The Hon'ble Supreme Court in its order further clarified that the SEBI will decide the matter uninfluenced by the observations made by the Orissa High Court in its order dated February 22, 2011.

The Acquirer has made an application dated May 3, 2012 before the SEBI for adjudication of Acquirer Warrants dispute. The issue of the Acquirer Warrants is currently pending before the SEBI for further adjudication.

2.4.3 **Writ Petition (C) no. 13821 of 2010 ("Writ Petition 1") and Writ Petition (C) no. 20526 of 2010 ("Writ Petition 2") before the Hon'ble High Court of Orissa.**

During the pendency of the legal proceedings in relation to the Acquirer Warrants, the Acquirer filed the draft letter of offer dated March 13, 2009 with SEBI, pursuant to the PA. SEBI vide its letter dated March 9, 2010 ("**SEBI Letter 1**") issued its comments on the draft letter of offer, instructing the Acquirer to proceed with the Offer and also instructed the Manager to comply with all orders / judgments of any governmental / regulatory authority / tribunal / Company Law Board / court that are relevant for the Offer. The Manager to the Offer vide its letter dated March 18, 2010 appraised SEBI with regards to the pending litigation with respect to Tainted Shares, the Acquirer Warrants (as described above) as well as the litigation initiated by Mr. Patnaik and the stay in respect of acquisition of Shares. SEBI replied vide its letter dated March 31, 2010 ("**SEBI Letter 2**") granting the Acquirer four weeks to implement the Offer and imposed a condition that a penalty of 10% would be levied for the period of delay.

The Acquirer and the Manager to the Offer clarified the status of pending litigation to SEBI and SEBI vide its letter dated June 18, 2010 ("**SEBI Letter 3**") directed the Acquirer to implement the Offer. Thereafter, the Acquirer reiterated its position with respect to deferment of the Offer process due to pending legal proceedings, as detailed above, vide letters dated July 15, 2010 and August 3, 2010. Subsequently, the Orissa High Court vide its order dated October 6, 2010, pursuant to a Writ Petition 1 filed before it, quashed the abovementioned letters issued by SEBI and directed SEBI to reconsider the representations made by the Acquirer.

In light of the above order, SEBI issued another letter dated November 4, 2010 ("**November 4 Letter**"), which, *inter alia,* instructed the Acquirer to implement the Offer within 15 days of the receipt of the November 4 Letter incorporating the observations issued in SEBI Letter 1, with certain conditions imposed therein. The Acquirer responded to SEBI *vide* its letter dated November 17, 2010, appraising SEBI about the pending litigations.

Subsequently, the Orissa High Court, pursuant to Writ Petition 2, passed an interim stay order on December 6, 2010 staying the operation of the November 4 Letter till the next date of hearing, which was extended to January 13, 2011. The interim stay order granted by the Orissa High Court was vacated on March 30, 2012 pursuant to the memo of withdrawal filed by the Acquirer and the PACs, in terms of the Supreme Court Order.

In terms of the Supreme Court Order (please refer to paragraph 2.4.2 of this Letter of Offer above for details) the Acquirer was directed make with the Offer within 15 days of such withdrawal, in terms of the directions as issued in November 4 Letter.

In light of the Supreme Court Order, the Acquirer and the PACs have proceeded with the Offer.

3. BACKGROUND OF THE ACQUIRER and PACs

3.1. Bhushan Energy Limited ("Acquirer")

3.1.1 BEL was incorporated on September 14, 2005 under the Companies Act 1956 as a private limited company. BEL was subsequently converted into a public limited company on December 19, 2006. BEL has its registered office at F – Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110019, India; Tel: +91-11-42295555, Fax: +91-11-26478750.

3.1.2 BEL is part of the Brij Bhushan Group. Mr. Brij Bhushan Singal and Mr. Neeraj Singal are the promoters and persons having control over BEL and are also directors on the board of directors of BEL.

3.1.3 BEL has not entered into any agreement with any PACs with regard to the Offer / any acquisition of any Shares. All Shares tendered and accepted under the Offer will be acquired by the Acquirer, and the PACs will not acquire any Shares under the Offer.

3.1.4 BEL is engaged in the business of generation, transmission and distribution of power and has set up a 300 MW (2 x 150 MW) power plant at village Meramandali, District Dhenkanal, Orissa.

3.1.5 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by BEL within the time specified in the Takeover Regulations.

3.1.6 The shareholding pattern of BEL as on the date of the PA was:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	Promoters / Person in Control			
	(i)	Mr. Brij Bhushan Singal	200,03,500	28.08
	(ii)	Mr. Neeraj Singal	190,03,500	26.68
	(iii)	Smt. Ritu Singal	10,00,000	1.40
	(iv)	Smt. Uma Singal	2,000	0.00
	(v)	Brij Bhushan Singal (HUF)	500	0.00

	(vi)	Neeraj Singal (HUF)	500	0.00
	(vii)	Bhushan Consumer Electronics Private Limited	312,20,000	43.83
2	FII/ Mutual Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**712,30,000**	**100**

The shareholding pattern of BEL as on the date of this Letter of Offer is:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	Promoters / Person in Control			
	(i)	Mr. Brij Bhushan Singal	200,03,500	19.56
	(ii)	Mr. Neeraj Singal	190,03,500	18.77
	(iii)	Smt. Ritu Singal	10,00,000	0.99
	(iv)	Smt. Uma Singal	2,000	0.00
	(v)	Brij Bhushan Singal (HUF)	500	0.00
	(vi)	Neeraj Singal (HUF)	500	0.00
	(vii)	Bhushan Consumer Electronics Private Limited	312,20,000	30.84
	(vii)	Bhushan Steel Limited	300,00,000	29.64
2	FII/ Mutual Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**1012,30,000**	**100**

3.1.7 Details of the experience, qualifications, date of appointment of the board of directors of BEL.

Name	Title	Date of Appointment	Qualification	University	Experience (years)	Residential Address	D.I.N
Mr. Brij Bhushan Singal	Chairman	14.09.2005	LLB	Delhi University	50	W-29, Greater Kailash Part-II, New Delhi	00083406

						– 110048	
Mr. Neeraj Singal	Vice Chairman & Managing Director	14.09.2005	Graduate	Punjab University	24	W-29, Greater Kailash Part-II, New Delhi -110048	00078057
Mr. Shankar Batra	Director	20.11.2006	ICWA,CS	Institute of Cost Accountants of India	28	D-144, 3rd Floor, Anand Vihar, Delhi-110092	01029007
Mr. R.N. Mahendru	Director	24.02.2007	B.E., M. Tech.	Banaras Hindu University	48	E 303, Nagarjuna Apartments, Mayur Kunj, Delhi – 110096	01431541

None of the director(s) is on the board of directors of the Target Company.

3.1.8 The equity shares of BEL are currently not listed on any stock exchange.

3.1.9 As on the date of this Letter of Offer the issued and paid up share capital of BEL is Rs. 10,123.00 lakh consisting of 10,12,30,000 equity shares of Rs. 10 each.

3.1.10 Brief audited financial details for a period of last three years and the unaudited financials for the nine months ended December 31, 2011 as certified by the statutory auditors of BEL is as follows:

(Rs. In lakhs)

	March 31, 2009	**March 31, 2010**	**March 31, 2011**	**December 31, 2011 (unaudited)**
Profit & Loss Statement				
Income from operations	1,221.50	10,102.97	40,752.46	50,635.20
Other Income	3.87	875.73	809.63	82.28
Total Income	**1,225.37**	**10,978.70**	**41,562.09**	**50,717.48**
Total Expenditure	1,431.02	3,635.53	7,358.21	10,028.65
Profit Before Depreciation, Interest and Tax	-205.65	7,343.17	34,203.88	40,688.83
Depreciation	0.75	2,938.97	10,420.23	11,347.97
Interest	5.87	2,349.45	9,785.01	13,424.65
Profit Before Tax	-212.27	2,054.75	13,998.64	15,916.21
Provision for Tax	21.83	691.90	4,682.09	3,244.52
Profit After Tax	**-234.10**	**1,362.85**	**9,316.55**	**12,671.69**

Balance Sheet Statement				
Sources of funds				
Paid up share capital	7,123.00	10,123.00	10,123.00	10,123.00
Add:Reserves and Surplus (excluding revaluation reserves)	15,583.90	24,446.75	33,763.30	46,435.01
Add: Deferred Tax Liability	19.00	640.75	2,605.97	2,605.97
Less: Total miscellaneous expenditure not written off	-	-	-	-
Net worth (including deferred tax)	**22,725.90**	**35,210.50**	**46,492.27**	**59,163.98**
Share Application Money (*)	3,500.00	-	-	-
Secured loans	88,653.16	86,743.50	1,27,191.33	1,81,765.55
Unsecured loans	15,000.00	20,000.56		
Total	**1,29,879.06**	**1,41,954.56**	**173,683.60**	**240,929.53**
Uses of funds				
Net fixed assets	178.87	58,024.80	1,00,558.51	91,877.82
Capital Work-in-Progress	1,17,873.41	69,361.71	68,698.80	84,553.85
Investments	18,734.22	21,167.25	10,119.68	11,907.69
Net current assets	-6,907.44	-6,599.20	-5,693.39	52,590.17
Total	**1,29,879.06**	**1,41,954.56**	**173,683.60**	**240,929.53**

	March 31, 2009	**March 31, 2010**	**March 31, 2011**	**December 31, 2011 (Unaudited)**
Dividend (%)	-	-	-	-
Earnings per share (Rs.)	-0.26	1.68	9.20	12.52
Return on Net Worth (%)	-1.03%	3.87%	20.04%	21.42%
Book Value per Share (Rs.)	31.90	34.78	45.93	58.45

(*) Share application money is not included in Net Worth

3.1.11 Significant accounting policies:

Convention

The financial statements are prepared in accordance with generally accepted accounting principles, applicable accounting standards and in accordance with relevant requirements of the Companies Act, 1956. A summary of important accounting policies, which have been applied consistently, is set out below.

a) Use of Estimates

The preparation of financial statement requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known/materialize.

b) Basis for Preparation of Accounts

The financial statements of BEL are prepared in accordance with the historical cost convention on accrual basis.

c) Fixed Assets

The fixed assets are stated by BEL at cost, net of CENVAT / VAT, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustments arising from exchange rate variations, relating to long term monetary items, attributable to depreciable fixed assets are capitalized. Capital expenditure on assets not owned by BEL is reflected in the capital work in progress account till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed assets and where their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

d) Intangible Assets

Computer software is capitalized by BEL on the date of installation and is amortized over a period of three years.

e) Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies outstanding at the year end are translated at exchange rate applicable on the date of balance sheet. Non -monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss Account except in cases of long term monetary items, where these relate to the acquisition of depreciable fixed assets which are adjusted to the carrying cost of such assets and in other cases are amortized over the period of such long term monetary item or March 31, 2012, whichever is earlier.

f) Depreciation

Depreciation on fixed assets is provided on straight line method except building & plant & machinery (power plant 300 MW) on which depreciation is provided on the written down method, at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Premium on leasehold land is amortized over the period of lease except on leasehold land acquired on lease of ninety years or more.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year. Individual assets costing Rs.5000 or less are depreciated in full in the year of purchase

g) Inventory Valuation

Inventories are valued at lower of cost or net realizable value. Costs of inventories are determined by using First in First Out (FIFO) method and comprises of cost of purchase and other costs incurred in bringing them to their respective present location and condition.

h) Investment

Investments are classified into current investments and long term investments. Current investments are stated at the lower of cost or quoted/fair value. Long term investments are stated at cost, less any provision for permanent diminution in value.

i) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized by BEL as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue by BEL.

j) Cenvat/VAT

Cenvat/VAT claimed on capital goods/pre-operative expenses are credited by BEL to the respective assets/capital work in progress account. Cenvat/VAT on purchase of raw materials/Services and other materials not claimed, are added by BEL to the cost of such materials/respective expenditure accounts.

k) Revenue Recognition

Revenue is recognized only when it can be reliably measured and where it is reasonable to expect ultimate collection of such revenue. Sales are net of sales tax/ VAT and discounts.

l) Provision and Contingent Liability

Show cause notices issued by various government authorities are not considered as obligation. Where such demand notices are raised, the show cause notice, disputed by BEL, are classified as possible obligations.

Provisions involving a substantial degree of estimates in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized, but are disclosed in notes.

m) Employee Benefits

Short term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long term employee benefits (which are payable after the end of twelve months from the end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured on a discounted basis by the projected unit credit method on the basis of annual third party actuarial valuations.

The cost of providing leave encashment and gratuity, defined benefit plans, are determined using the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized in the balance sheet represent the present value of the obligations as reduced by the fair value of plan assets. Any assets resulting from this calculation are limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the profit and loss account.

n) Taxation

The current charge for income tax is calculated by BEL in accordance with the relevant tax regulations applicable to BEL.

Minimum alternate tax (MAT) paid in accordance with the Income Tax Act, 1961, which gives rise to future economic benefits, in the form of adjustment of future income tax liability, is considered as an asset.

In accordance with the Accounting Standard (AS)-22 “Accounting for taxes on Income” the deferred tax liability for timing differences between the book profit and taxable profit is accounted for using the tax rates and tax laws that have been enacted or substantially enacted as of the date of the balance sheet .

Deferred tax assets arising from temporary timing differences are recognized to the extent there is virtual certainty that the assets can be realized in future.

3.1.12 Contingent Liabilities: The contingent liability of BEL as on March 31, 2011 as per the audited financials is approximately Rs. 999.35 lakh on account of Entry Tax.

There were no significant litigations against BEL as on March 31, 2011, except as included above.

3.1.13 BEL has promoted the following companies:

3.1.13.1 Bhushan Infrastructure Private Limited [(*)]

a) Date of Incorporation September 16, 2006

b) Nature of Business — Authorised to carry on business as civil contractors for constructions of markets, commercial complexes, amusement parks, roads, buildings, houses etc. as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees In Lakhs)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.25	52.88	53.97
Total Income	0.25	52.88	53.97
Total Expenditure	10.17	2.80	0.24
Profit Before Depreciation, Interest and Tax	-9.92	50.08	53.73
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-9.92	50.08	53.73
Provision for Tax	0.01	0.03	0.02
Profit After Tax	-9.93	50.05	53.71
Balance Sheet Statement			
Sources of funds			
Paid up share capital			
Equity Share Capital	1,367.60	1,367.60	1,367.60
Preference Share Capital	-	335.00	335.00
Add: Reserves and Surplus (excluding revaluation reserves)	12,869.59	15,934.63	15,988.34
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**14,237.19**	**17,637.23**	**17,690.94**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**14,237.19**	**17,637.23**	**17,690.94**
Uses of funds	-		
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	14,198.05	17,543.05	17,543.48
Net current assets	39.14	94.18	147.46
Total	**14,237.19**	**17,637.23**	**17,690.94**

	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	-0.16	0.37	0.39
Return on Net Worth (%)	-0.07%	0.28%	0.30%
Book Value per Share (Rs.)	104.10	126.52	126.91

d)	Whether a sick industrial company	No

(*) Note: During the financial year ended on March 31, 2011, BEL sold all the equity shares held by it in Bhushan Infrastructure Private Limited.

3.2. **Mr. Brij Bhushan Singal**

3.2.1 Mr. Brij Bhushan Singal, 76, is a graduate in law with nearly 50 years experience in the steel industry. Mr. Brij Bhushan Singal has promoted and set up companies, which are primarily engaged in the manufacturing and marketing of steel products and other diversified activities.

3.2.2 Mr. Brij Bhushan Singal currently resides at W-29, Greater Kailash, Part – II, New Delhi – 110048, India; Tel: +91-11-29213819; Fax: +91-11-41637374.

3.2.3 Mr. Brij Bhushan Singal has not entered into any agreement with the Acquirer or the other PACs with regard to the Offer/ any acquisition of any Shares. However, as Mr. Brij Bhushan Singal is a promoter of the Acquirer and holds shares in the Target Company, for the purpose of this Offer he has been declared as a PAC.

3.2.4 As per certificate dated April 12, 2012 given by Mehra Goel & Co., Chartered Accountants, New Delhi, Firm Registration No. 000517N (signing through partner Ms. Geetika Mehra; Membership no. – 510525), 505, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019; Tel. No.: +91-11-2641 9527; Fax No.: +91-11-2621 7981, the net worth of Mr. Brij Bhushan Singal is Rs. 141,772.72 lakh as of December 31, 2011.

3.2.5 Mr. Brij Bhushan Singal is a promoter of BEL, and in addition, is non-executive chairman on the board of directors of BEL.

3.2.6 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by Mr. Brij Bhushan Singal within the time specified in the Takeover Regulations.

3.2.7 Mr. Brij Bhushan Singal is a director in the following listed companies:

S. No.	**Name of Company**	**Position Held**
1.	Bhushan Steel Limited	Non-Executive Chairman

3.2.8 Mr. Brij Bhushan Singal is not a full time director in any company.

3.2.9 Mr. Brij Bhushan Singal (along with persons acting in concert with him) has a controlling stake in only one listed company which is Bhushan Steel Limited. Brief financials of Bhushan Steel Limited are as mentioned in paragraph 3.8.10 of this Letter of Offer.

3.2.10 Mr. Brij Bhushan Singal has promoted the following companies:

3.2.10.1 Bhushan Steel Limited (details as per paragraph 3.8 of this Letter of Offer)

3.2.10.2 Bhushan Energy Limited (details as per paragraph 3.1 of this Letter of Offer)

3.2.10.3 Kishorilal Shantidevi Charitable Foundation

a)	Date of Incorporation	March 8, 2004
b)	Nature of Business	A company licensed under Section 25 of the Companies Act, 1956, incorporated for rendering charitable services in the nature of healthcare, health clinics, etc.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.19	0.21	0.20
Total Income	0.19	0.21	0.20
Total Expenditure	0.16	0.17	0.17
Profit Before Depreciation, Interest and Tax	0.03	0.04	0.03
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	0.03	0.04	0.03
Provision for Tax	0.01	0.01	0.01
Profit After Tax	0.02	0.03	0.02
Balance Sheet Statement			
Sources of funds			
Paid up share capital	1.00	1.00	1.00
Add: Reserves and Surplus (excluding revaluation reserves)	0.05	0.08	0.10
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**1.05**	**1.08**	**1.10**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	1.05	1.08	1.10
Uses of funds			
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	-	-	-
Net current assets	1.05	1.08	1.10
Total	1.05	1.08	1.10

	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	0.21	0.29	0.20
Return on Net Worth (%)	2.03%	2.65%	1.86%
Book Value per Share (Rs.)	10.49	10.78	10.98

d) Whether a sick industrial company No

3.2.10.4 Nucleus Steel Private Limited

a) Date of Incorporation May 02, 2003

b) Nature of Business Authorised to carry on business related to steel and steel related products as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.22	0.39	1.89
Total Income	0.22	0.39	1.89
Total Expenditure	3.46	0.28	3.71
Profit Before Depreciation, Interest and Tax	-3.24	0.11	-1.82
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-3.24	0.11	-1.82
Provision for Tax	0.00	0.07	0.01
Profit After Tax	-3.24	0.04	-1.83
Balance Sheet Statement			
Sources of funds			
Paid up share capital			
Equity Share Capital	1.00	1.00	1.00
Preference Share Capital	331.00	331.00	831.00
Add: Reserves and Surplus (excluding revaluation reserves)	2,975.82	2,975.87	7,474.04
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**3,307.82**	**3,307.87**	**8,306.04**

Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	51.00	46.00	46.00
Total	**3,358.82**	**3,353.87**	**8,352.04**
	-		
Uses of funds			
Net fixed assets	47.31	48.44	49.57
Capital Work-in-Progress	-	-	-
Investments	3,302.20	10,051.20	15,052.20
Net current assets	9.31	-6,745.77	-6,749.73
Total	**3,358.82**	**3,353.87**	**8,352.04**

	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	-32.42	0.45	-18.28
Return on Net Worth (%)	-0.10%	0.00%	-0.02%
Book Value per Share (Rs.)	29,768.24	29,768.68	74,750.40

d) Whether a sick industrial company — No

3.2.10.5 NRA Cement Private Limited

a) Date of Incorporation — May 22, 2008

b) Nature of Business — Authorised to manufacture all kinds of cement (including ordinary, white, coloured, Portland, Pozzolana, Alumina, Blast furnace, Silica and all other varieties of cement) as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.20	0.32	2.10
Total Income	0.20	0.32	2.10
Total Expenditure	4.05	0.22	0.20
Profit Before Depreciation, Interest and Tax	-3.85	0.10	1.90
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-3.85	0.10	1.90
Provision for Tax	-0.01	0.03	0.02
Profit After Tax	-3.85	0.07	1.88

Balance Sheet Statement			
Sources of funds			
Paid up share capital			
Equity Share Capital	1.00	1.00	1.00
Preference Share Capital	361.00	361.00	361.00
Add: Reserves and Surplus (excluding revaluation reserves)	3,245.15	3,245.23	3,247.11
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**3,607.15**	**3,607.23**	**3,609.11**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**3,607.15**	**3,607.23**	**3,609.11**
Uses of funds			
Net fixed assets			
Capital Work-in-Progress			
Investments	3,600.00	3,605.00	3,625.00
Net current assets	7.15	2.23	-15.89
Total	**3,607.15**	**3,607.23**	**3,609.11**

	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	-38.45	0.71	18.80
Return on Net Worth (%)	-0.11%	0.00%	0.05%
Book Value per Share (Rs.)	32,461.55	32,462.25	32,481.05

d) Whether a sick industrial company — No

3.2.10.6 UNA Steel Private Limited

a) Date of Incorporation — May 26, 2008

b) Nature of Business — Authorised to establish, install or set up mini steel plants, integrated steel plants, composite steel plants, hot rolling steel mills, cold rolling mills, as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.20	0.31	1.54
Total Income	0.20	0.31	1.54
Total Expenditure	3.33	0.22	0.19

Profit Before Depreciation, Interest and Tax	-3.13	0.09	1.35
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-3.13	0.09	1.35
Provision for Tax	-0.00	0.03	0.02
Profit After Tax	-3.13	0.06	1.33
Balance Sheet Statement			
Sources of funds			
Paid up share capital			
Equity Share Capital	1.00	1.00	1.00
Preference Share Capital	261.00	261.00	261.00
Add: Reserves and Surplus (excluding revaluation reserves)	2,345.87	2,345.94	2,347.27
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**2,607.87**	**2,607.94**	**2,609.27**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**2,607.87**	**2,607.94**	**2,609.27**
Uses of funds			
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	2,604.00	2,609.00	2,619.00
Net current assets	3.87	-1.06	-9.73
Total	**2,607.87**	**2,607.94**	**2,609.27**

	March 31, 2009	**March 31, 2010**	**March 31, 2011**
Dividend (%)	-	-	-
Earnings per share (Rs.)	-31.26	0.64	13.33
Return on Net Worth (%)	-0.12%	0.00%	0.05%
Book Value per Share (Rs.)	23,468.74	23,469.38	23,482.71

d)	Whether a sick industrial company	No.

3.2.10.7 Robust Transportation Private Limited

a)	Date of Incorporation	May 17, 2008
b)	Nature of Business	Authorised to carry on the business of transport, lorry operator, oil tank operators, cartage and haulage contractors, garage proprietors etc. as per its memorandum of association.

c) Brief Financials based on audited financial statements

(Rupees in Lakh)

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.21	0.28	0.11
Total Income	0.21	0.28	0.11
Total Expenditure	0.38	4.66	0.21
Profit Before Depreciation, Interest and Tax	-0.17	-4.38	-0.10
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-0.17	-4.38	-0.10
Provision for Tax	-0.00	0.03	0.02
Profit After Tax	-0.17	-4.41	-0.12
Balance Sheet Statement			
Sources of funds			
Paid up share capital			
Equity Share Capital	1.00	1.00	1.00
Preference Share Capital	-	495.00	495.00
Add: Reserves and Surplus (excluding revaluation reserves)	-0.17	4,450.42	4,450.30
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**0.83**	**4,946.42**	**4,946.30**
Share Application Money	-	-	30.00
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**0.83**	**4,946.42**	**4,976.30**
	-	-	-
Uses of funds	-	-	-
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	-	4,952.00	4,972.00
Net current assets	0.83	-5.58	4.30
Total	**0.83**	**4,946.42**	**4,976.30**

	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	-1.65	-44.13	-1.23
Return on Net Worth (%)	-19.79%	-0.10%	0.00%
Book Value per Share (Rs.)	8.35	44,514.21	44,512.99

d) Whether a sick industrial company — No

3.2.10.8 SRN Minerals & Mining Private Limited

a)	Date of Incorporation	May 23, 2008
b)	Nature of Business	Authorised to carry on business of prospecting, exploring in all sorts of ore, minerals, deposits & materials, including sands, stones, soils, coal, lignite, gold, silver, diamonds, iron, aluminum, etc. as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.20	0.28	0.12
Total Income	0.20	0.28	0.12
Total Expenditure	0.38	5.44	4.08
Profit Before Depreciation, Interest and Tax	-0.18	-5.16	-3.96
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-0.18	-5.16	-3.96
Provision for Tax	-0.01	0.03	0.02
Profit After Tax	-0.17	-5.19	-3.98
Balance Sheet Statement			
Sources of funds			
Paid up share capital			
Equity Share Capital	1.00	41.00	41.00
Preference Share Capital	0.00	490.00	990.00
Add: Reserves and Surplus (excluding revaluation reserves)	-0.17	4,879.64	9,375.66
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	0.83	5,410.64	10,406.66
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**0.83**	**5,410.64**	**10,406.66**
Use of Funds			
Net Fixed Assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	-	4,905.00	9,906.22
Net Current Assets	0.83	505.64	500.44
Total	**0.83**	**5,410.64**	**10,406.66**

	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	-1.67	-11.71	-0.97
Return on Net Worth (%)	-20.09%	-0.10%	-0.04%

Book Value per Share (Rs.)	8.33	1,200.16	2,296.75

d) Whether a sick industrial company — No

3.2.10.9 Bhushan Finance Private Limited

a)	Date of Incorporation	September 21, 2010
b)	Nature of Business	Authorised to carry out business in the financial sector in the nature of investment in shares, stocks, government securities, bonds. Also to carry out financial services in the nature of merchant bankers, underwriters, managing public issues as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2011
Profit & Loss Statement	
Income from operations	-
Other Income	6.16
Total Income	6.16
Total Expenditure	2.64
Profit Before Depreciation, Interest and Tax	3.52
Depreciation	-
Interest	-
Profit Before Tax	3.52
Provision for Tax	1.21
Profit After Tax	2.31
Balance Sheet Statement	
Sources of funds	
Paid up share capital	210.00
Add: Reserves and Surplus (excluding revaluation reserves)	2.31
Less: Total miscellaneous expenditure not written off	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.61
Net worth (including deferred tax)	**211.70**
Share Application Money	-
Secured loans	-
Unsecured loans	-
Total	211.70
	-
Uses of funds	-
Net fixed assets	-
Capital Work-in-Progress	-
Investments	-
Net current assets	211.70
Total	211.70
	March 31, 2011
Dividend (%)	-

Earnings per share (Rs.)	0.16
Return on Net Worth (%)	1.09%
Book Value per Share (Rs.)	10.08

d) Whether a sick industrial company — No

3.2.10.10 Bhushan Steel Madhya Bharat Limited

a) Date of Incorporation: April 27, 2010

b) Nature of Business: Authorised to promote, run, establish, install or set up mini steel plants, integrated steel plants and composite steel plants as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2011
Profit & Loss Statement	
Income from operations	-
Other Income	0.25
Total Income	0.25
Total Expenditure	0.48
Profit Before Depreciation, Interest and Tax	-0.23
Depreciation	-
Interest	-
Profit Before Tax	-0.23
Provision for Tax	-0.05
Profit After Tax	-0.18
Balance Sheet Statement	
Sources of funds	
Paid up share capital	5.00
Add: Reserves and Surplus (excluding revaluation reserves)	-0.18
Less: Total miscellaneous expenditure not written off	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.06
Net worth (including deferred tax)	**4.76**
Share Application Money	-
Secured loans	-
Unsecured loans	-
Total	4.76
Uses of funds	
Net fixed assets	-
Capital Work-in-Progress	-
Investments	-
Net current assets	4.76
Total	4.76
	March 31, 2011

Dividend (%)	-
Earnings per share (Rs.)	-0.35
Return on Net Worth (%)	-3.78%
Book Value per Share (Rs.)	9.52

d) Whether a sick industrial company — No

3.2.10.11 Bhushan Steel (Orissa) Limited

a) Date of Incorporation — April 27, 2010

b) Nature of Business — Authorised to promote, run, establish, install or set up mini steel plants, integrated steel plants and composite steel plants as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2011
Profit & Loss Statement	
Income from operations	-
Other Income	0.26
Total Income	0.26
Total Expenditure	0.48
Profit Before Depreciation, Interest and Tax	-0.22
Depreciation	-
Interest	-
Profit Before Tax	-0.22
Provision for Tax	-0.05
Profit After Tax	-0.17
Balance Sheet Statement	
Sources of funds	
Paid up share capital	5.00
Add: Reserves and Surplus (excluding revaluation reserves)	-0.17
Less: Total miscellaneous expenditure not written off	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.06
Net worth (including deferred tax)	**4.77**
Share Application Money	-
Secured loans	-
Unsecured loans	-
Total	4.77
Uses of funds	
Net fixed assets	-
Capital Work-in-Progress	-
Investments	-
Net current assets	4.77
Total	4.77

	March 31, 2011
Dividend (%)	-
Earnings per share (Rs.)	-0.34
Return on Net Worth (%)	-3.51%
Book Value per Share (Rs.)	9.54

d) Whether a sick industrial company No

3.2.10.12 Bhushan Steel (South) Limited

a) Date of Incorporation April 27, 2010

b) Nature of Business Authorised to promote, run, establish, install or set up mini steel plants, integrated steel plants and composite steel plants as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2011
Profit & Loss Statement	
Income from operations	-
Other Income	0.27
Total Income	0.27
Total Expenditure	0.50
Profit Before Depreciation, Interest and Tax	-0.23
Depreciation	-
Interest	-
Profit Before Tax	-0.23
Provision for Tax	-0.05
Profit After Tax	-0.18
Balance Sheet Statement	
Sources of funds	
Paid up share capital	5.00
Add: Reserves and Surplus (excluding revaluation reserves)	-0.18
Less: Total miscellaneous expenditure not written off	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.06
Net worth (including deferred tax)	**4.76**
Share Application Money (*)	3,000.00
Secured loans	-
Unsecured loans	-
Total	3,004.76
Uses of funds	
Net fixed assets	-
Capital Work-in-Progress	3,011.99
Investments	-
Net current assets	-7.23

Total	3,004.76
	March 31, 2011
Dividend (%)	-
Earnings per share (Rs.)	-0.35
Return on Net Worth (%)	-0.01%
Book Value per Share (Rs.)	9.52

(*) Share application money is not included in net worth

d)	Whether a sick industrial company	No

3.2.10.13 Casper Consumer Electronics Private Limited

a)	Date of Incorporation	March 29, 2012
b)	Nature of Business	Authorised to deal in consumer electronics, including audio cassettes, VCP, televisions. Also to carry out the business of manufacturers, designers, suppliers, consultants, experts, buyers, sellers, hirers renters, repairers, exporters, importers, distributors, agents and dealers or electronic equipment and components as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.14 Coalition Agency Private Limited

a)	Date of Incorporation	March 29, 2012
b)	Nature of Business	Authorised to carry out the business in the nature of agency including that of clearing agents, freight contractors, steamer agents, forwarding agents, licensing agents as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.15 Drastic Consultancy Services Private Limited

a)	Date of Incorporation	March 29, 2012

b)	Nature of Business	Authorised to carry on business of acting as advisers and consultants on all matters relating to the technical, industrial, administrative and organization, management, commencement or expansion of industry, purchasing techniques business, amongst other things, as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.16 Feeder Iron & Steel Private Limited

a)	Date of Incorporation	March 28, 2012
b)	Nature of Business	Authorised to carry on the business in the nature of promoting, running, establishing, installing or setting up mini steel plants, integrated steel plants and composite steel plants as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.17 Gleaming Exports Private Limited

a)	Date of Incorporation	March 28, 2012
b)	Nature of Business	Authorised to carry on the business in relation to export from India, of any material commodities, goods, and articles whether raw, semi-manufactured or manufactured to all parts of the world and apply for recognition as an export house and apply for import permissions as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.18 Glossy Infotech Private Limited

a)	Date of Incorporation	March 27, 2012
b)	Nature of Business	Authorised to carry on the business in the nature of providing information technology to any person,

firm, company, trust, association, institution, society, body corporate, government or government department, public or local authority in India and outside India, in the field of information technology and related areas and/or to develop procedures, methods, and principles for, and engage in research relating thereto as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d) Whether a sick industrial company — No

3.2.10.19 Hamlet Power Private Limited

a) Date of Incorporation — March 29, 2012

b) Nature of Business — Authorised to generate electrical power through conventional and non-conventional methods and also to establish captive power plants on a co-operative basis for a group of industrial and other consumers as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d) Whether a sick industrial company — No

3.2.10.20 Luminous Cement Private Limited

a) Date of Incorporation — March 27, 2012

b) Nature of Business — Authorised to manufacture cement (including ordinary, white, coloured, portland, pozzolana, alumina, blast furnace, silica and all other varieties of cement) as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d) Whether a sick industrial company — No

3.2.10.21 Mutual Placement Services Private Limited

a) Date of Incorporation — March 29, 2012

b) Nature of Business — Authorised to carry on the business in relation to that of consultants / suppliers/ providers of all types of man power such as contractual, skilled / unskilled, trained labour / staff / managerial

		personnel and act as placement agent/ employment agent or recruitment agent, as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.22 Vertex Aluminium Private Limited

a)	Date of Incorporation	March 28, 2012
b)	Nature of Business	Authorised to carry on the business of manufacturing, fabricating, assembling products made out of aluminium and aluminium alloys, as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.23 Wellington Transportation Private Limited

a)	Date of Incorporation	March 27, 2012
b)	Nature of Business	Authorised to carry out the business in relation to establish, organize, manage, run, charter, conduct, contract, develop, handle, own, operate and to do business as transporters in all its branches on land, air, water & space for transporting goods, passengers, articles or things on all routes & lines on national and international level, as per its memorandum of association.

c) Since the company was incorporated in March, 2012 the financial statements for FY 2012 have not been prepared.

d)	Whether a sick industrial company	No

3.2.10.24 Zip Mineral & Mining Private Limited

a)	Date of Incorporation	March 30, 2012
b)	Nature of Business	Authorised to carry on the business of prospecting, exploring, operating and working in mines, quarries and to set, crush, smelt, manufacture, process,

excavate, amongst other things, in all sorts of present and future ore, minerals, deposits, goods, substances & materials, including sand, stones, soil, chalk, clay, amongst other things, as per its memorandum of association.

c) Since the company was incorporated in March 2012, audited financial statements for the Company have not been prepared.

d) Whether a sick industrial company — No

3.2.10.25 Bhushan Steel (Bengal) Limited

a) Date of Incorporation — April 27, 2010

b) Nature of Business — Authorised to promote, run, establish, install or set up mini steel plants, integrated steel plants and composite steel plants as per its memorandum of association.

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2011
Profit & Loss Statement	
Income from operations	-
Other Income	0.26
Total Income	0.26
Total Expenditure	0.48
Profit Before Depreciation, Interest and Tax	-0.22
Depreciation	-
Interest	-
Profit Before Tax	-0.22
Provision for Tax	-0.05
Profit After Tax	-0.17
Balance Sheet Statement	
Sources of funds	
Paid up share capital	5.00
Add: Reserves and Surplus (excluding revaluation reserves)	-0.17
Add: Deferred Tax Asset(-) / Liability (+)	-0.06
Net worth (including deferred tax)	**4.77**
Share Application Money (*)	-
Secured loans	-
Unsecured loans	-
Total	4.77
Uses of funds	
Net fixed assets	-

Capital Work-in-Progress	-
Investments	-
Net current assets	4.77
Total	4.77
	March 31, 2011
Dividend (%)	-
Earnings per share (Rs.)	-0.34
Return on Net Worth (%)	-0.04%
Book Value per Share (Rs.)	9.54

(*) Share application money is not included in net worth

d) Whether a sick industrial company — No

3.3 Mr. Neeraj Singal

3.3.1 Mr. Neeraj Singal, 44, is a graduate in Arts with over 24 years experience in the steel industry specifically in the fields of project implementation and operation of cold rolled steel strip and galvanizing projects.

3.3.2 Mr. Neeraj Singal currently resides at W-29, Greater Kailash, Part – II, New Delhi – 110 048, India; Tel: +91-11-29213819; Fax: +91-11-41637374.

3.3.3 Mr. Neeraj Singal has not entered into any agreement with the Acquirer or the other PACs with regard to the Offer/ any acquisition of any Shares. However, as Mr. Neeraj Singal is a promoter of the Acquirer and holds shares in the Target Company, for the purpose of this Offer he has been declared as a PAC.

3.3.4 As per certificate dated April 12, 2012 given by Mehra Goel & Co., Chartered Accountants, New Delhi, Firm Registration No. 000517N (signing through partner Ms. Geetika Mehra; Membership no. – 510525), 505, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019; Tel. No.: +91-11-2641 9527; Fax No.: +91-11-2621 7981, the net worth of Mr. Neeraj Singal is Rs. 2,21,874.11 lakh as of December 31, 2011.

3.3.5 Mr. Neeraj Singal is a promoter of BEL, and in addition, is vice chairman & managing director on the board of directors of BEL.

3.3.6 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by Mr. Neeraj Singal within the time period specified in the Takeover Regulations.

3.3.7 Mr. Neeraj Singal is a director in the following listed companies:

S. No.	Name of Company	Position Held
1.	Bhushan Steel Limited	Vice Chairman & Managing Director

3.3.8 Mr. Neeraj Singal is a full time director of Bhushan Energy Limited and Bhushan Steel Limited.

3.3.9 Mr. Neeraj Singal (along with persons acting in concert with him) has a controlling stake in only one listed company which is Bhushan Steel Limited. Brief financials of Bhushan Steel Limited are as mentioned in paragraph 3.8.10 of this Letter of Offer.

3.3.10 Mr. Neeraj Singal has promoted the following companies:

3.3.10.1 Bhushan Steel Limited

3.3.10.2 Bhushan Energy Limited

3.3.10.3 Kishorilal Shantidevi Charitable Foundation

3.3.10.4 Nucleus Steel Private Limited

3.3.10.5 NRA Cement Private Limited

3.3.10.6 UNA Steel Private Limited

3.3.10.7 Robust Transportation Private Limited

3.3.10.8 SRN Minerals & Mining Private Limted

3.3.10.9 Bhushan Finance Private Limited

3.3.10.10 Bhushan Steel Madhya Bharat Limited

3.3.10.11 Bhushan Steel (Orissa) Limited

3.3.10.12 Bhushan Steel (South) Limited

3.3.10.13 Casper Consumer Electronics Private Limited

3.3.10.14 Coalition Agency Private Limited

3.3.10.15 Drastic Consultancy Services Private Limited

3.3.10.16 Feeder Iron & Steel Private Limited

3.3.10.17 Gleaming Exports Private Limited

3.3.10.18 Glossy Infotech Private Limited

3.3.10.19 Hamlet Power Private Limited

3.3.10.20 Luminous Cement Private Limited

3.3.10.21 Mutual Placement Services Private Limited

3.3.10.22 Bhushan Steel (Bengal) Limited

3.3.10.23 Vertex Aluminium Private Limited

3.3.10.24 Wellington Transportation Private Limited

3.3.10.25 Zip Mineral & Mining Private Limited

The requisite details of the abovementioned companies promoted by Mr. Neeraj Singal are provided under paragraph 3.2.10 of this Letter of Offer.

3.4. BNS Steel Trading Private Limited ("BSTPL")

3.4.1 BSTPL was incorporated on December 8, 2006 under the Companies Act 1956 as a private limited company. BSTPL has its registered office at 315, 3rd Floor, E-Block, International Trade Tower, Nehru Place, New Delhi – 110 019, India; Tel: +91-11-42295555; Fax: +91-11-41608970.

3.4.2 BSTPL is part of the Brij Bhushan Group. Mrs. Ritu Singal, wife of Mr. Neeraj Singal, has a 0.33% shareholding in the equity share capital of BSTPL. In addition, BIPL and BTPL hold 49.83% each in the equity share capital of BSTPL. Both the Acquirer and BSTPL have been promoted by Mr. Brij Bhushan Singal and/or his relatives and/or his associates.

3.4.3 BSTPL has not entered into any agreement with the Acquirer or the other PACs with regard to the Offer/ any acquisition of any Shares. However, as BSTPL is a part of the Brij Bhushan Group and holds shares in the Target Company, for the purpose of this Offer it has been declared as a PAC.

3.4.4 As per the main objects of BSTPL, it is authorized to carry on the business of trading in various varieties of steel, ores, ferrous substances, metals and finished metallic products such as strips, pipes etc. However, BSTPL currently has no business operations.

3.4.5 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by BSTPL within the time specified in the Takeover Regulations.

3.4.6 The shareholding pattern of BSTPL as on the date of the PA was:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**15,10,000**	**100%**
	(i)	M/s. BBN Transportation Pvt. Ltd.	7,52,500	49.83
	(ii)	M/s. BNR Infotech Pvt. Ltd.	7,52,500	49.83
	(iii)	Smt. Ritu Singal	5,000	0.33
2	FII/ Mutual-Funds/ FIs/Banks		NIL	NIL
3	Public		NIL	NIL
	Total		**15,10,000**	**100%**

The shareholding pattern of BSTPL as on the date of this Letter of Offer is:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**15,10,000**	**100%**
	(i)	M/s. BBN Transportation Pvt. Ltd.	7,52,500	49.83
	(ii)	M/s. BNR Infotech Pvt. Ltd.	7,52,500	49.83
	(iii)	Smt. Ritu Singal	5,000	0.33
2	FII/ Mutual-Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**15,10,000**	**100**

3.4.7 Details of the experience, qualifications, date of appointment of the board of directors of BSTPL.

Name	Title	Date of Appointment	DIN	Qualification	University	Experience (years)	Residential Address
Jagdish Pampanna Kore	Director	March 10, 2008	02250897	B.Com	Mumbai University	18	2B-207, Gaondevi Road, Matoshrinagar, Wimco Naka, Opp Petrol Pump, K.B. Road, Ambernath West, Maharashtra-421501
Harish Bhargava	Director	March 10, 2008	02262998	BE Mechanical	Vikram University (Bhopal)	41	Flat no. 123, Bhushan Garden, Village-Savroli, dist-Raigad, Khopoli, Maharashtra-410202

None of the director(s) of BSTPL is on the board of directors of the Target Company.

3.4.8 The equity shares of BSTPL are currently not listed on any stock exchange.

3.4.9 As on the date of this Letter of Offer the issued and paid up equity share capital of BSTPL is Rs. 151.00 lakh consisting of 15,10,000 equity shares of Rs. 10 each and issued and paid up preference share capital of Rs. 200.00 lakh consisting of 20,00,000 20% non cumulative redeemable preference shares of Rs. 10 each.

3.4.10 Brief audited financial details for the last three years and the unaudited certified financials for the nine months ended December 31, 2011, as certified by the statutory auditors of BSTPL, are as follows:

(Rs. In lakh)

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Profit & Loss Statement				
Income from operations	-	-	-	-
Other Income	0.37	0.43	0.35	0.24
Total Income	0.37	0.43	0.35	0.24

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Total Expenditure	0.35	0.33	0.29	0.22
Profit Before Depreciation, Interest and Tax	0.02	0.10	0.06	0.02
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax	0.02	0.10	0.06	0.02
Provision for Tax	0.01	0.03	0.02	0.01
Profit After Tax	0.01	0.07	0.04	0.01
Balance Sheet Statement				
Sources of funds				
Paid up share capital	151.00	151.00	151.00	151.00
Add: Reserves and Surplus (excluding revaluation reserves)	444.93	445.00	445.05	445.06
Less: Total miscellaneous expenditure not written off	-	-	-	-
Net worth	**595.93**	**596.00**	**596.05**	**596.06**
Share Application Money	-	-	-	-
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Total	**595.93**	**596.00**	**596.05**	**596.06**
	-			
Uses of funds				
Net fixed assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Investments	618.01	618.01	2,618.01	2,618.01
Net current assets	-22.08	-22.01	-2,021.96	-2,021.95
Total	**595.93**	**596.00**	**596.05**	**596.06**

Other Financial Data	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Dividend (%)	-	-	-	-
Earnings per share (Rs.)	-	-	-	-
Return on Net Worth (%)	0.00%	0.01%	0.01%	0.00%
Book Value per Share (Rs.)	39.47	39.47	39.47	39.47

3.4.11 BSTPL has not commenced business operations and hence has no operating income during the above period.

3.4.12 Significant accounting policies: Some of the significant accounting policies followed by BSTPL are as follows:

a) Basis For Preparation Of Financial Statements

Financial statements of BSTPL are prepared under historical cost convention, on accrual basis, in accordance with the applicable accounting standards in India, and relevant presentational requirements of the Companies Act, 1956.

b) Revenue Recognition

(i) Interest income is recognized by BSTPL on accrual basis.
(ii) Dividend on investments is accounted for by BSTPL on receipt of such dividends.

c) Investments

Investments are classified by BSTPL into current and long-term investments. Current investments are stated by BSTPL at the lower of cost the fair/quoted value of such investments. Long term investments are stated by BSTPL at cost, less any provision for permanent diminution in value.

d) Retirement Benefits

Provision of retirement benefits is made by BSTPL, as and when the employees become entitled to such benefits.

e) Taxation

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to BSTPL.

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

Deferred tax assets are not recognized by BSTPL on unabsorbed depreciation and carry forward of losses, unless there is virtual certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized, and are reviewed at each balance sheet date to reassure the realization.

Deferred tax assets and liabilities are measured by BSTPL using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

3.4.13 Contingent Liabilities: There are no contingent liabilities in the books of BSTPL as per the audited financials of BSTPL as of March 31, 2011.

3.4.14 BSTPL has not promoted any company.

3.5. **BBN Transportation Private Limited ("BTPL")**

3.5.1 BTPL was incorporated on December 8, 2006 under the Companies Act 1956 as a private limited company. BTPL has its registered office at 315, 3rd Floor, E-Block, International Trade Tower, Nehru Place, New Delhi – 110 019, India; Tel: +91-11-42295555; Fax: +91-11-41608970.

3.5.2 BTPL is part of the Brij Bhushan Group. Mr. Brij Bhushan Singal and Mr. Neeraj Singal hold 0.17% each of the equity share capital of BTPL. In addition, BSTPL, BIPL, BCSPL BNS Placement Services Private Limited, SUR Buildcon Private Limited and Tremendous Minerals and Mining Private Limited hold 29.37%, 29.37%, 16.07%, 15.40%, 4.74%, and 4.74%, respectively in the equity share capital of BTPL. Both the Acquirer and BTPL have been promoted by Mr. Brij Bhushan Singal and/or his relatives and/or his associates.

3.5.3 BTPL has not entered into any agreement with the Acquirer or the other PACs with regard to the Offer/ any acquisition of any Shares. However, as BTPL is a part of the Brij Bhushan Group and holds shares in the Target Company, for the purpose of this Offer it has been declared as a PAC.

3.5.4 As per the main objects of BTPL, it is authorized to carry on the business of providing transportation and package tour services. However, BTPL currently has no business operations.

3.5.5 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by BTPL within the time specified in the Takeover Regulations.

3.5.6 The shareholding pattern of BTPL as on the date of the PA was:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**19,50,000**	**100%**
	(i)	Sh. B.B. Singal	5,000	0.26%
	(ii)	Sh. Neeraj Singal	5,000	0.26%
	(iii)	M/s. BNR Infotech Pvt. Ltd.	500,000	25.64%
	(iv)	M/s. BNS Placement Services Pvt. Ltd	500,000	25.64%
	(v)	M/s. BNS Steel Trading Pvt. Ltd.	480,000	24.62%
	(vi)	M/s. BNR Consultancy Services Pvt. Ltd	460,000	23.59%
2	FII/ Mutual-Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**19,50,000**	**100**

The shareholding pattern of BTPL as on the date of this Letter of Offer is:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**158,35,000**	**100%**
	(i)	Sh. B.B. Singal	26,500	0.17
	(ii)	Sh. Neeraj Singal	26,500	0.17
	(iii)	M/s. BNR Infotech Pvt. Ltd.	46,50,000	29.37
	(iv)	M/s. BNS Placement Services Pvt. Ltd	46,50,000	29.37
	(v)	M/s. BNS Steel Trading Pvt. Ltd.	25,44,000	16.07
	(vi)	M/s. BNR Consultancy Services Pvt. Ltd	24,38,000	15.40
	(vii)	SUR Buildcon Private Limited	7,50,000	4.74

	(viii)	Tremendous Minerals and Mining Private Limited	7,50,000	4.74
2	FII/ Mutual-Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**158,35,000**	**100**

3.5.7 Details of the experience, qualifications, date of appointment of the board of directors of BTPL.

Name	Title	Date of Appointment	DIN	Qualification	University	Experience (years)	Residential Address
Jagdish Pampanna Kore	Director	November 1, 2008	02250897	B.Com.	Mumbai University	18	2 B-207, Gaondevi Road, Matoshrinagar, Wimco Naka, Opp. Petrol Pump, K. B. Road, Ambernath West, Maharashtra-421501
Rajender Singh	Director	March 14, 2008	02250958	B. Com.	Rohilkhand University, Barreilly	12	4-A, Vasundhra, Ghaziabad - 201010

None of the director(s) of BTPL is on the board of directors of the Target Company.

3.5.8 The equity shares of BTPL are currently not listed on any stock exchange.

3.5.9 As on the date of this Letter of Offer the issued equity share capital of BTPL is Rs. 1583.50 lakh consisting of 158,35,000 equity shares of Rs. 10 each, and paid up equity share capital is Rs. 1263.50 lakh consisting of 1,18,35,000 fully paid-up equity shares and 40,00,000 partly paid-up equity shares having paid-up value of Rs. 2 each .

3.5.10 Brief audited financial details for the last three years and the unaudited certified financials for the nine months ended December 31, 2011 as certified by the statutory auditors of BTPL are as follows:

(Rs. In lakhs)

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Profit & Loss Statement				
Income from operations	-	-	-	-
Other Income	0.34	0.46	0.34	0.21
Total Income	0.34	0.46	0.34	0.21
Total Expenditure	0.31	0.35	0.30	0.20
Profit Before Depreciation, Interest and Tax	0.03	0.11	0.04	0.01
Depreciation	-	-	-	-

Interest	-	-	-	-
Profit Before Tax	0.03	0.11	0.04	0.01
Provision for Tax	0.01	0.03	0.01	0.00
Profit After Tax	0.02	0.08	0.03	0.01
Balance Sheet Statement				
Sources of funds				
Paid up share capital	195.00	195.00	195.00	195.00
Add: Reserves and Surplus (excluding revaluation reserves)	842.11	842.19	842.22	842.23
Less: Total miscellaneous expenditure not written off	-	-	-	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.01	-0.01		
Net worth (including deferred tax)	**1,037.10**	**1,037.18**	**1,037.22**	**1,037.23**
Share Application Money	-	-	-	-
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Total	**1,037.10**	**1,037.18**	**1,037.22**	**1,037.23**
Uses of funds	-			
Net fixed assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Investments	1,023.16	4,373.16	7,873.17	7,873.17
Net current assets	13.94	-3,335.98	-6,835.95	-6,835.94
Total	**1,037.10**	**1,037.18**	**1,037.22**	**1,037.23**

Other Financial Data	**March 31, 2009**	**March 31, 2010**	**March 31, 2011**	**December 31, 2011 (unaudited)**
Dividend (%)	-	-	-	-
Earnings per share (Rs.)	-	-	-	-
Return on Net Worth (%)	0.00%	0.01%	0.00%	0.00%
Book Value per Share (Rs.)	53.19	53.19	53.19	53.19

3.5.11 The Company has not commenced business operations and hence has no operating income during the above period.

3.5.12 Significant accounting policies: Some of the significant accounting policies followed by BTPL are as follows:

a) Basis For Preparation of Financial Statements

Financial statements of BTPL are prepared under historical cost convention, on accrual basis, in accordance with the applicable accounting standards in India and relevant presentational requirements of the Companies Act, 1956.

b) Revenue Recognition

(i) Interest income is recognized by BTPL on accrual basis.

(ii) Dividend on investments is accounted for by BTPL on receipt of such dividends.

c) Investments

Investments are classified by BTPL into current and long-term investments. Current investments are stated by BTPL at the lower of cost or the fair/quoted value of such investments. Long term investments are stated by BTPL at cost, less any provision for permanent diminution in value.

d) Retirement Benefits

Provision of retirement benefits is made by BTPL, as and when the employees become entitled to such benefits.

e) Taxation

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to BTPL.

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

Deferred tax assets are not recognized by BTPL on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized, and are reviewed at each balance sheet date to reassure the realization.

Deferred tax assets and liabilities are measured by BTPL using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

3.5.13 Contingent Liabilities: There are no contingent liabilities in the books of BTPL as per the audited financials of BTPL as of March 31, 2011.

3.5.14 BTPL has not promoted any company.

3.6. **BNR Infotech Private Limited ("BIPL")**

3.6.1 BIPL was incorporated on December 7, 2006 under the Companies Act 1956 as a private limited company. BIPL has its registered office at 315, 3rd Floor, E-Block, International Trade Tower, Nehru Place, New Delhi – 110 019, India; Tel: +91-11-42295555; Fax: +91-11-41608970.

3.6.2 BIPL is part of the Brij Bhushan Group. Mrs. Ritu Singal, wife of Mr. Neeraj Singal, holds 0.20% of the paid up equity capital of BIPL. In addition, BSTPL, BCSPL BNS Placement Services Private Limited, SUR Buildcon Private Limited and NRA Iron & Steel Private Limited hold 43.20%, 34.70%, 8.70%, 6.60% and 6.60%, respectively in the equity share capital of BIPL. Both the Acquirer and BIPL have been promoted by Mr. Brij Bhushan Singal and/or his relatives and/or his associates.

3.6.3 BIPL has not entered into any agreement with the Acquirer or the other PACs with regard to the Offer or any acquisition of any Shares. However, as BIPL is a part of the Brij Bhushan Group and holds shares in the Target Company, for the purpose of this Offer it has been declared as a PAC.

3.6.4 As per the main objects of BIPL, it is authorized to carry on the business of information technology and computer consultancy services. However, BIPL currently has no business operations.

3.6.5 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by BIPL within the time specified in the Takeover Regulations.

3.6.6 The shareholding pattern of BIPL as on the date of the PA was:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**15,10,000**	**100%**
	(i)	M/s. BNR Consultancy Pvt. Ltd.	750,000	49.67
	(ii)	M/s. BNS Steel Trading Pvt. Ltd.	500,000	33.11
	(iii)	M/s. BNS Placement Services Pvt. Ltd.	255,000	16.89
	(iv)	Smt. Ritu Singal	5,000	0.33
2	FII/ Mutual Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**15,10,000**	**100**

The shareholding pattern of BIPL as on the date of this Letter of Offer is :

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**113,89,000**	**100%**
	(i)	M/s. BNR Consultancy Pvt. Ltd.	49,25,000	43.20%
	(ii)	M/s. BNS Steel Trading Pvt. Ltd.	39,50,000	34.70%
	(iii)	M/s. BNS Placement Services Pvt. Ltd.	9,94,500	8.70%
	(iv)	Smt. Ritu Singal	19,500	0.20%
	(v)	SUR Buildcon Private Limited	75,00,000	6.60%
	(vi)	NRA Iron & Steel Private Limited	75,00,000	6.60%
2	FII/ Mutual Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**113,89,000**	**100**

3.6.7 Details of the experience, qualifications, date of appointment of the board of directors of BIPL.

Name	Title	Date of Appointment	DIN	Qualification	University	Experience (years)	Residential Address
Harish Bhargava	Director	March 10, 2008	02262998	BE (Mechanical)	Vikram University (Bhopal)	41	Flat no. 123, Bhushan Garden, Village-Savroli, dist-Raigad, Khopoli, Maharashtra-410202
Harsha Khanna	Director	March 10, 2008	02262394	B.Com (H.), ICWA, CA Inter	Delhi University	17	D-35, Shakarpur, Delhi 110092

None of the director(s) of BIPL is on the board of directors of the Target Company.

3.6.8 The equity shares of BIPL are currently not listed on any stock exchange.

3.6.9 As on the date of this Letter of Offer the issued equity share capital of BIPL is Rs. 1,138.90 lakh consisting of 113,89,000 equity shares of Rs. 10 each and the paid-up equity share capital is Rs. 818.90 lakh consisting of 73,89,000 fully paid-up equity shares and 40,00,000 partly paid-up equity shares having paid-up value of Rs. 2 each .

3.6.10 Brief audited financial details for the last three years and the unaudited certified financials for the nine months ended December 31, 2011 as certified by the statutory auditors of BIPL are as follows:

(Rs. In lakh)

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Profit & Loss Statement				
Income from operations	-	-	-	-
Other Income	0.36	0.60	0.07	0.25
Total Income	0.36	0.60	0.07	0.25
Total Expenditure	0.33	0.36	0.36	0.22
Profit Before Depreciation, Interest and Tax	0.03	0.24	-0.29	0.03
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax	0.03	0.24	-0.29	0.03
Provision for Tax	0.01	0.07	0.02	0.01
Profit After Tax	0.02	0.17	-0.31	0.02

Balance Sheet Statement

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Sources of funds				
Paid up share capital	151.00	151.00	151.00	151.00
Add: Reserves and Surplus (excluding revaluation reserves)	444.94	445.11	444.80	444.82
Less: Total miscellaneous expenditure not written off	-	-	-	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.01	-	-	-
Net worth (including deferred tax)	**595.93**	**596.11**	**595.80**	**595.82**
Share Application Money	-	-	-	-
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Total	**595.93**	**596.11**	**595.80**	**595.82**
	-			
Uses of funds				
Net fixed assets	316.41	237.74	272.91	273.14
Capital Work-in-Progress	4.42	30.62	-	-
Investments	575.83	9,710.83	12,211.26	12,211.26
Net current assets	-300.73	-9,383.08	-11,888.37	-11,888.58
Total	**595.93**	**596.11**	**595.80**	**595.82**

Other Financial Data	**March 31, 2009**	**March 31, 2010**	**March 31, 2011**	**December 31, 2011**
Dividend (%)	-	-	-	-
Earnings per share (Rs.)	0.00	0.01	-0.02	0
Return on Net Worth (%)	0.00%	0.03%	-0.05%	0.00%
Book Value per Share (Rs.)	39.47	39.48	39.46	39.46

3.6.11 The Company has not commenced business operations and hence has no operating income.

3.6.12 Significant accounting policies: Some of the significant accounting policies followed by BIPL are as follows:

a) Basis For Preparation Of Financial Statements

Financial statements of BIPL are prepared under historical cost convention, on accrual basis, in accordance with the applicable accounting standards in India and relevant presentational requirements of the Companies Act, 1956.

b) Revenue Recognition

(i) Interest income is recognized by BIPL on accrual basis.
(ii) Dividend on investments is accounted for by BIPL on receipt of such dividend.

c) Investments

Investments are classified by BIPL into current and long-term investments. Current investments are stated by BIPL at the lower of cost or the fair/quoted value of such investments. Long term investments are stated by BIPL at cost, less any provision for permanent diminution in value.

d) Retirement Benefits

Provision of retirement benefits is made by BIPL, as and when the employees become entitled to such benefits.

e) Taxation

The current charge for income tax is calculated in accordance with the relevant tax. regulations applicable to BIPL.

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

Deferred tax assets are not recognized by BIPL on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized and are reviewed at each balance sheet date to reassure the realization.

Deferred tax assets and liabilities are measured by BIPL using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

3.6.13 Contingent Liabilities: There are no contingent liabilities in the books of BIPL as per the audited financials of BIPL as of March 31, 2011.

3.6.14 BIPL has not promoted any company.

3.7. **BNR Consultancy Services Private Limited ("BCSPL")**

3.7.1 BCSPL was incorporated on December 7, 2006 under the Companies Act 1956 as a private limited company. BCSPL has its registered office at Flat No. 111, Lotus Building, Bhushan Garden, Village – Savroli & Nifan, Taluka – Khalapur (near Khopoli), Dist. – Raigad, Maharashtra – 410 202, India; Tel: +91-2192-274146, Fax: +91-2192-274265.

3.7.2 BCSPL is part of the Brij Bhushan Group. Mrs. Ritu Singal, wife of Mr. Neeraj Singal, holds 0.34% of the paid up equity capital of BCSPL. In addition, BTPL, BIPL and BNS Placement Services Private Limited hold 33.11%, 16.72% and 49.83%, respectively in the equity share capital of BCSPL. Both the Acquirer and BCSPL have been promoted by Mr. Brij Bhushan Singal and/or his relatives and/or his associates.

3.7.3 BCSPL has not entered into any agreement with the Acquirer or the other PACs with regard to the Offer/ any acquisition of any Shares. However, as BCSPL is a part of the Brij Bhushan Group and holds shares in the Target Company, for the purpose of this Offer it has been declared as a PAC.

3.7.4 As per the main objects BCSPL, it is authorized to carry on the business of providing consultancy and advisory services primarily in the field of technology and engineering. However, BCSPL currently has no business operations.

3.7.5 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by BCSPL within the time specified in the Takeover Regulations.

3.7.6 The shareholding pattern of BCSPL as on the date of PA was:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**15,10,000**	**100%**
	(i)	M/s. BBN Transportation Pvt. Ltd.	5,00,000	33.11
	(ii)	M/s. BNR Infotech Pvt. Ltd.	2,52,500	16.72
	(iii)	M/s. BNS Placement Services Pvt. Ltd.	7,52,500	49.83
	(iv)	Smt. Ritu Singal	5,000	0.34
2	FII/ Mutual Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**15,10,000**	**100**

The shareholding pattern of BCSPL as on the date of this Letter of Offer is:

S.No.	Shareholder's Category		No. of Shares Held	Percentage (%)
1	**Promoters / Person in Control**		**15,10,000**	**100%**
	(i)	M/s. BBN Transportation Pvt. Ltd.	5,00,000	33.11
	(ii)	M/s. BNR Infotech Pvt. Ltd.	2,52,500	16.72
	(iii)	M/s. BNS Placement Services Pvt. Ltd.	7,52,500	49.83
	(iv)	Smt. Ritu Singal	5,000	0.34
2	FII/ Mutual Funds/ FIs/Banks		NIL	0
3	Public		NIL	0
	Total		**15,10,000**	**100**

3.7.7 Details of the experience, qualifications, date of appointment of the board of directors of BCSPL.

Name	Title	Date of Appointment	DIN	Qualification	University	Experience (years)	Residential Address
Rajinder Singh	Director	August 1, 2009	02250958	B.Com.	Rohilkhand University, Barreily	12	4-A, Vasundhra, Ghaziabad - 201010
Harsha Khanna	Director	March 10, 2008	02262394	B.Com (H), ICWA, CA Inter	Delhi University	17	D-35, Shakarpur, Delhi 110092

None of the director(s) of BCSPL is on the board of directors of the Target Company.

3.7.8 The equity shares of BCSPL are currently not listed on any stock exchange.

3.7.9 As on the date of this Letter of Offer the issued and paid up equity share capital of BCSPL is Rs. 151.00 lakh consisting of 1,510,000 equity shares of Rs. 10 each and the issued and paid up preference share capital of Rs. 1,120.00 lakh consisting of 92,00,000 10% non cumulative redeemable preference shares of Rs. 10 each and 20,00,000 20% non cumulative redeemable preference shares of Rs. 10 each .

3.7.10 Brief audited financial details for the last three years and the unaudited certified financials for the nine months ended December 31, 2011 as certified by the statutory auditors of BCSPL:

(Rs. In lakh)

	March 31, 2009	**March 31, 2010**	**March 31, 2011**	**December 31, 2011 (unaudited)**
Profit & Loss Statement				
Income from operations	-	-	-	-
Other Income	0.33	0.47	0.07	0.22
Total Income	0.33	0.47	0.07	0.22
Total Expenditure	0.31	0.41	7.17	0.32
Profit Before Depreciation, Interest and Tax	0.02	0.06	-7.10	-0.10
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax	0.02	0.06	-7.10	-0.10
Provision for Tax	0.00	0.02	0.02	0.02
Profit After Tax	0.02	0.04	-7.12	-0.12
Balance Sheet Statement				
Sources of funds				
Paid up share capital				
Equity Share Capital	151.00	151.00	151.00	151.00
Preference Share Capital	-	-	920.00	920.00
Add: Reserves and Surplus (excluding revaluation reserves)	444.64	444.68	8,717.56	8,717.44
Less: Total miscellaneous expenditure not written off	-	-	-	-
Add: Deferred Tax Asset (-)/ Deferred Tax Liability (+)	-0.01	-	-	-
Net worth (including deferred tax)	**595.63**	**595.68**	**9,788.56**	**9,788.44**
Share Application Money	-	-	-	-
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Total	**595.63**	**595.68**	**9,788.56**	**9,788.44**

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
	-			
Uses of funds				
Net fixed assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Investments	801.98	801.98	10,003.24	10,003.24
Net current assets	-206.35	-206.30	-214.68	-214.80
Total	**595.63**	**595.68**	**9,788.56**	**9,788.44**

Other Financial Data	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Dividend (%)	-	-	-	-
Earnings per share (Rs.)	0.00	0.00	-0.47	-0.01
Return on Net Worth (%)	0.00%	0.01%	-0.07%	0.00%
Book Value per Share (Rs.)	39.45	39.45	587.32	587.31

3.7.11 The Company has not commenced business operations and hence has no operating income.

3.7.12 Significant accounting policies: Some of the significant accounting policies followed by BCSPL are as follows:

a) Basis for Preparation of Financial Statements

Financial statements of BCSPL are prepared under historical cost convention, on accrual basis, in accordance with the applicable accounting standards in India and relevant presentational requirements of the Companies Act, 1956.

b) Revenue Recognition

(i) Interest income is recognized by BCSPL on accrual basis.
(ii) Dividend on investments is accounted for by BCSPL on receipt of such dividends.

c) Investments

Investments are classifieds by BCSPL into current and long-term investments. Current investments are stated by BCSPL at the lower of cost or the fair/quoted value of such investments. Long term investments are stated by BCSPL at cost less any provision for permanent diminution in value.

d) Retirement Benefits

Provision of retirement benefits is made by BCSPL, as and when the employees become entitled to such benefits.

e) Taxation

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to BCSPL.

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

Deferred tax assets are not recognized by BCSPL on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available, against which such deferred tax assets can be realized and are reviewed at each balance sheet date to reassure the realization.

Deferred tax assets and liabilities are measured by BCSPL using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

3.7.13 Contingent Liabilities: There are no contingent liabilities in the books of BCSPL as per the audited financials of BCSPL as of March 31, 2011.

3.7.14 BCSPL has not promoted any company.

3.8. **Bhushan Steel Limited ("BSL")**

3.8.1 BSL was incorporated on January 7, 1983 under the Companies Act 1956 as Jawahar Metal Industries Private Limited. BSL became a deemed public company with effect from July 14, 1989 and its name was subsequently changed to Bhushan Steel and Strips Limited on June 9, 1992. On April 12, 2007 its name was changed to Bhushan Steel Limited. BSL has its registered office at F – Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110 019, India; Tel: +91-11-39194000; Fax: +91-11-46518611.

3.8.2 BSL is part of the Brij Bhushan Group. BSL is promoted by Mr. Brij Bhushan Singal, his family members, relatives and associated promoter group companies. As at March 31, 2012, the promoter and promoter group of BSL held 14,39,03,801 equity shares representing 67.76% of the paid up equity share capital of BSL. Mr. Brij Bhushan Singal and Mr. Neeraj Singal are promoter directors of BSL. Both Acquirer and BSL have been promoted by Mr. Brij Bhushan Singal and his relatives or associates.

3.8.3 BSL has provided an undertaking dated June 8, 2012 to the Acquirer, to provide necessary funding to the Acquirer, for the purposes of payment of purchase consideration, for acquisition of Shares by the Acquirer pursuant to the Offer, by subscribing to the share capital of the Acquirer or by releasing funds against the credit balance of the Acquirer on the books of BSL (i.e. amounts payable by BSL to BEL.

3.8.4 BSL is engaged in the business of manufacturing auto grade steel with facilities in Sahibabad (Uttar Pradesh) and Raigad (Maharashtra). BSL is a producer of diversified and value added steel flat products such as colour coated sheets and coils, galvanized sheets, Galume, high tensile steel strappings, hardened and tempered steel strips, precision pipes. BSL has also set up an integrated steel plant at Orissa to manufacture HR coils, and billets.

3.8.5 The applicable provisions of Chapter II of the Takeover Regulations, with respect to the Target Company have been complied with by BSL within the time specified in the Takeover Regulations.

3.8.6 The shareholding pattern of BSL as on the date of the PA was:

S.No.	Shareholders' Category		No. of Shares	% Holding
1	**Promoter's holding**			
	Indian Promoters		**280,83,928**	**66.12**
	1.	Aarti Singhal	1,358,214	3.20
	2.	Adhunik Investments Pvt ltd	124,536	0.29
	3.	Archana Mittal	1,110,808	2.62
	4.	Archana Mittal	1,349,907	3.18
	5.	Ashwarya Singal	446,115	1.05
	6.	ASL investments Pvt Ltd	17,702	0.04
	7.	Archana Mittal	37,500	0.09
	8.	B B Singal	1,851,046	4.36
	9.	B B Singal (HUF)	2,000	0.00
	10.	Bhushan Capital & Credit Services Pvt Ltd	6,608	0.02
	11.	Bhushan Information Tech Ltd	179,420	0.42
	12.	Bhushan Infrastructure Pvt Ltd	824,219	1.94
	13.	BIC Investments Pvt Ltd	178,714	0.42
	14.	Brij Bhushan Singal	6,460,580	15.21
	15.	ESS ENN Investments Pvt Ltd	32,298	0.08
	16.	Evergrowing Iron & Finvest Ltd	4,820	0.01
	17.	Flawless Holdings & Industries Ltd	51,750	0.12
	18.	Jawahar Credit & Holdings Pvt Ltd	6,451	0.02
	19.	Kishorilal Constructions Ltd	156,155	0.37
	20.	Marsh Capital Services Pvt Ltd	5,417	0.01
	21.	Neeraj Singal	5,018,950	11.82
	22.	Neeraj Singal	4,361,461	10.27
	23.	Paragon Securities Pvt Ltd	2,648	0.01
	24.	Parakeet Finvest Pvt Ltd	7,123	0.02
	25.	Perpetyal Securities Pvt Ltd	9,245	0.02
	26.	Priyanka	925,835	2.18
	27.	Pushpa Garg	200,000	0.47
	28.	Radhika	894,717	2.11
	29.	Rail Track India Ltd	4,830	0.01
	30.	Ritu Singal	1,316,308	3.10
	31.	Sanjay Singal	1,135,551	2.67
		Sanjay Singal (HUF	3,000	0.01
		Subtotal	**280,83,928**	**66.12**
2	**Non promoter's holding**			

S.No.	Shareholders' Category	No. of Shares	% Holding
	Institutional investors		
	Banks, Financial Institutions and Insurance companies	5,97,711	1.41
	FII's	10,87,365	2.56
	Sub total	**16,85,076**	**3.97**
3	**Other investors**		
	Private Corporate Bodies	107,10,824	25.22
	NRI's	48,381	0.11
	Others	12,043	0.03
	Sub total	**107,71,248**	**25.36**
4	General Public	19,31,410	4.55
	Grand total	**424,71,662**	**100.00**

The shareholding pattern of BSL as on March 31, 2012 was:

S.No.	Shareholders' Category	No. of Shares	% Holding
1	**Promoter's holding**		
	Indian Promoters	**14,39,03,801**	**67.76**
	(i) Aishwarya Singal	22,30,575	1.05
	(ii) Bhushan Infrastructure Pvt. Ltd.	4,11,028	0.19
	(iii) Bhushan Infrastructure Pvt. Ltd.	1,20,39,381	5.67
	(iv) Bhushan Infrastructure Pvt. Ltd.	1,40,84,507	6.63
	(v) Brij Bhushan Singal	4,15,58,130	19.57
	(vi) Brij Bhushan Singal (HUF)	10,000	0.00
	(vii) Neeraj Singal	6,59,88,640	31.07
	(viii Pushpa Garg	10,00,000	0.47
	(ix) Ritu Singal	65,81,540	3.10
	Sub total	**14,39,03,801**	**67.76**
2	**Non promoter's holding**		
	Institutional investors		
	Banks, Financial Institutions and Insurance companies	16,51,275	0.77
	FII's	37,35,098	1.76
	Sub total	**53,86,373**	**2.56**
3	**Other investors**		
	Private Corporate Bodies	4,40,35,739	20.74
	NRI's	1,61.169	0.08
	Others	85,235	0.04
	Sub total	**4,42,82,143**	**20.86**
4	General Public	1,87,85,993	8.85
	Grand total of paid up capital	**21,23,58,310**	**100.00**

(Source: BSE Website as accessed on Friday, June 15, 2012)

3.8.7 Details of the experience, qualifications, date of appointment of the board of directors of BSL:

Name	Title	Date of Appointment	DIN	Qualification	University	Experience (years)	Residential Address
Mr. B. B. Singal	Chairman	January 15, 1987	00083406	L.L.B.	Delhi University	50	W-29, Greater Kailash, Part-II, New Delhi-48.
Mr. Neeraj Singal	Vice Chairman & Managing Director	January 15, 1987	00078057	Graduate	Punjab university	24	W-29, Greater Kailash, Part-II, New Delhi-48.
Mr. Mohan Lal	Director	April 11, 1989	00038656	L.L.B	Delhi University	63	19-A, Udham Singh Nagar, Ludhiana-141 001.
Mr. V.K. Mehrotra	Director	October 26, 2005	00602560	B.Com, L.L.B, CAIIB	Delhi University	38	FF-2, Rajnigandha -II, Gulmohar Avenue, 3-C, Gokhale Marg, Lucknow-226 001, (U.P.)
Mr. M. V. Suryanarayana	Director	October 13, 2009	00372812	B.Com F.C.A	Institute of Chartered Accountants of India	35	12-2-417/A/11 Gudimalkapur, Jaya Nagar, Hyderabad-500028
Ms. Sunita Sharma	Nominee director of LIC	January 11, 2010	02949529	M.Sc.	Delhi University	32	3/301, Millennium Apartments, Plot-2, Sector-9, Dwarka, New Delhi-110077
Mr. Nittin Johari	Whole time Director	July 25, 2005	00278605	M.Com., F.C.A	Rohilkhand University	26	C-437, (SFS) Sheikh Sarai, Phase – I, New Delhi.
Mr. Rahul Sen	Whole time Director	July 25, 2005	00344357	B.E	Kolkata Universit	31	318,Navniti Apartments

Name	Title	Date of Appointment	DIN	Qualification	University	Experience (years)	Residential Address
Gupta					y		51, Patparganj, Delhi – 110092.
Mr. P. K. Aggarwal	Whole time Director	April 30, 2004	00162252	Graduate, F.C.A	Punjab University	30	117, Shubham Apartments, 34, Patparganj, Delhi-110092.
Mr. B. B. Tandon	Director	September 23, 2008	00740511	I.A.S. (Retired)	Delhi University	47	J-238, First Floor, Saket, New Delhi-17

None of the director(s) of BSL is on the board of directors of the Target Company.

3.8.8 The equity shares of BSL are currently listed on the BSE and NSE.

3.8.9 As at March 31, 2012 the issued and paid up equity capital of BSL was 4247.17 lakhs consisting of 21,23,58,310 fully paid up equity shares of Rs. 2 each, and the issued and paid up preference share capital of BSL was 8,594.27 lakh consisting of 85,94,267 preference shares of Rs. 100 each. On Friday, June 15, 2012, the closing market price of BSL's equity shares was Rs. 460.10 per equity share (*Source: BSE website*).

3.8.10 Brief audited financial details the last three years and the unaudited certified financials for the nine months ended December 31, 2011, as certified by the statutory auditors of BSL are as follows:

(Rs. In lakh)

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Profit & Loss Statement				
Income from operations	4,95,747.98	5,64,035.03	7,00,046.25	7,10,419.90
Other Income	1,805.57	11,777.66	6,951.28	2,206.79
Total Income	4,97,553.55	5,75,812.69	7,06,997.53	7,12,626.69
Total Expenditure	3,92,822.19	4,18,761.43	4,97,006.87	4,99,805.45
Profit Before Depreciation, Interest and Tax	1,04,731.36	1,57,051.26	2,09,990.66	2,12,821.24
Depreciation	23,440.67	20,913.56	27,784.53	45,385.05
Interest	25,212.14	21,001.21	44,641.08	74,669.14
Profit Before Tax	56,078.55	1,15,136.49	1,37,565.05	92,767.05
Provision for Tax	13,948.10	30,556.83	37,056.46	23,421.00

Profit After Tax	42,130.45	84,579.66	1,00,508.59	69,346.05
Balance Sheet Statement				
Sources of funds				
Paid up share capital				
Equity Share Capital	4,247.17	4,247.17	4,247.17	4,247.17
Preference Share Capital	-	3,668.30	6,868.60	6,868.60
Reserves and Surplus (excluding revaluation reserves)	1,99,172.73	3,91,251.59	5,78,525.11	6,50,824.13
Deferred Tax Liability	24,631.99	32,953.82	69,831.83	74,691.83
Net worth*	**2,28,051.89**	**4,32,120.88**	**6,59,472.71**	**7,36,631.73**
Share Application Money	40,044.00	-	-	-
Secured loans	5,13,632.22	8,32,696.00	12,39,185.17	16,57,395.61
Unsecured loans	2,92,992.57	3,07,714.53	4,20,078.33	3,11,447.20
Total	**10,74,720.68**	**15,72,531.41**	**23,18,736.21**	**27,05,474.54**
Uses of funds				
Net fixed assets	1,88,597.06	2,07,932.40	12,56,629.47	12,67,418.24
Capital Work-in-Progress	7,40,013.28	11,10,932.50	7,39,321.48	10,81,645.32
Foreign Currency Translation Reserve	613.45	-	-	-
Investments	10,772.71	37,004.46	27,773.03	30,175.67
Net current assets	1,34,724.18	2,16,662.05	2,95,012.23	3,26,235.31
Total	**10,74,720.68**	**15,72,531.41**	**23,18,736.21**	**27,05,474.54**

Other Financial Data

	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011 (unaudited)
Dividend (%)	-	-	-	-
Earnings per share (Rs.)	19.84	39.82	47.13	32.35
Return on Net Worth (%)	18.47%	19.57%	15.24%	9.41%
Book Value per Share (Rs.)	107.39	201.76	307.31	343.65

(*) Deferred tax liability has been included in net worth.

On May 10, 2012, BSL filed with the stock exchanges, the unaudited financial information for the financial year ended March 31, 2012 which has been subjected to limited review by its auditors. The relevant financial information extracted from the limited review report is reproduced below; the full limited review report may be referred to on the websites of stock exchanges at the link www.bseindia.com and www.nseindia.com.

Particulars	**Amount (Rs. Lakh)**
Net Sales / Income from Operations	9,94,096
Expenditure	-7,55,694
Consumption of Raw Materials	-5,50,675
Other Expenses	-1,35,143
Employee Benefit Expenses	-14,398
Change in Inventories of finished good, WIP & Stock in trade	6,490
Depreciation and Amortisation expense	-61,968
Profit from Operations before Other Income, Interest and Exceptional Items	2,38,402
Other Income	2,824
Profit before Interest and Exceptional Items	2,41,226
Interest	-1,04,607
Profit after Interest but before Exceptional Items	1,36,619
Exceptional Items	-
Profit (+)/ Loss (-) from Ordinary Activities before Tax	1,36,619
Tax	-34,184
Net Profit (+)/ Loss (-) from Ordinary Activities after Tax	1,02,435
Extraordinary Items	-
Net Profit	1,02,435
Equity Capital	4,247
Face Value (in Rs)	2.0
Earnings per share	
Basic EPS after Extraordinary items	47.82
Diluted EPS after Extraordinary items	47.82

3.8.11 Reasons for change in total income and profit after tax:

Change in FY2011 over FY2010: Increase in income and profitability of BSL was primarily due to the start of operations in the Orissa plant.

Change in FY2010 over FY2009: The increase in income and profit of BSL was primarily due to increase in sales volume.

3.8.12 Significant Accounting Policies: Some of the significant accounting policies followed by BSL are as follows:

Convention

Financial statements of BSL are prepared in accordance with generally accepted accounting principles, applicable accounting standards and in accordance with relevant requirements of the Companies Act, 1956. A summary of important accounting policies, which have been applied consistently, is set out below.

a) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known/ materialize.

b) Basis for Preparation of Accounts

Financial statements of BSL are prepared in accordance with the historical cost convention on accrual basis.

c) Fixed Assets

Fixed assets are stated by BSL at cost, net of Modvat/Cenvat/VAT/GST, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term monetary items, attributable to depreciable fixed assets are captialised. Capital expenditure on assets not owned by BSL but in respect of which BSL has an exclusive right to use, are reflected in capital work in progress till the period of completion and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and where their use is expected to be irregular are capitalised. Replacement of such spares is charged to revenue.

d) Intangible Assets

Computer software is capitalized by BSL on the date of installation and is amortised over a period of three years.

e) Impairment of Assets

Carrying amount of cash generating units/assets of BSL is reviewed for impairment. Impairment, if any, is recognized by BSL where the carrying amount exceeds the recoverable amount being the higher of net realizable price or value in use.

f) Depreciation

Depreciation on fixed assets is provided by BSL on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in respect of:-

1. Cold rolling plant situated at Sahibabad acquired prior to April 1, 1996, and galvanizing plant, power plant acquired before April 1, 2002 including addition or, extension forming integral part of above plants, on which depreciation is provided on written down value method.
2. The plant of BSL situated at Khopoli (Maharashtra) on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

On incremental / decremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets, depreciation has been provided by BSL as aforesaid over the residual life of the respective plants.

Capital expenditure on assets not owned by BSL but in respect of which BSL has an exclusive right to use is amortized over a period of five years from the year in which the relevant assets have been completed and available for use. In other cases, these are amortised in the year in which expenditure is incurred.

Premium on leasehold land is amortized by BSL over the period of lease, except on leasehold land acquired on lease of ninety years or more. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing Rs. 5000 or less are depreciated in full in the year of purchase.

g) Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded by BSL at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currency outstanding at the year end are translated by BSL at exchange rate applicable on the date of balance sheet. Non-monetary items denominated in foreign currency are valued by BSL at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference either on settlement or on translation is recognized by BSL in the profit and loss account except in cases of long term monetary items, where these relate to the acquisition of depreciable fixed assets, which are adjusted to the carrying cost of such assets and in other cases are amortized over the period of such long term monetary item or March 31, 2012, which ever is earlier.

h) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised by BSL as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue by BSL.

i) Investments

Investments are classified by BSL into current investments and long term investments. Current investments are stated by BSL at the lower of cost or quoted / fair value. Long term investments are stated by BSL at cost, less any provision for diminution in the value of long term investments, is made only if such a decline is not temporary.

j) Dividend Income

Dividend on investments is accounted for by BSL as and when the right to receive the same is established.

k) Revenue Recognition

Revenue is recognized by BSL only when it can be reliably measured and where it is reasonable to expect ultimate collection of such revenue. Sales are inclusive of sales made during trial run, excise duty, custom duty and net of sales tax and discount. Export sales are net of ocean freight, insurance and discount.

l) Inventory Valuation

Inventories are valued by BSL at lower of cost or net realisable value except scrap which is valued at net realisable value. The Cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise duty on closing stock of finished goods and scrap is accounted for by BSL on the basis of payments made in respect of goods cleared as well as provision made for goods lying in the factory and these are included in the value of such stocks.

m) Modvat/ Cenvat/VAT

Modvat/Cenvat/VAT claimed by BSL on capital goods is credited to Assets / Capital work in progress account. Modvat/Cenvat/VAT on purchase of raw materials and other materials are deducted by BSL from the cost of such materials.

n) Income Tax

Provision for current income tax is made by BSL after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made by BSL when the said liabilities are accepted by BSL .

Minimum alternate tax (MAT) paid in accordance with the Income Tax Act, 1961, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset by BSL.

In accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred tax liability for timing differences between the book profit and taxableprofit is accounted for by BSL using the tax rates and tax laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets arising from temporary timing differences are recognized by BSL to the extent there is virtual certainty that the assets can be realized in future.

o) Claims

Claims receivables by BSL are accounted for by BSL depending on the certainty of receipt and claims payable by BSL are accounted for at the time of acceptance.

p) Proposed Dividend

Dividend as proposed by the Directors of BSL is provided for in the books of accounts, pending approval at the annual general meeting of BSL shareholders.

q) Employees' Benefits

Short term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost. Long term employee benefits (which are payable after the end of twelve months from end of the period in which the employees render service) and post employment benefits (benefits which are payable after completion of employment) are measured by BSL on a discounted basis by the Projected Unit Credit Method on the basis of annual third party actuarial valuations.

Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

BSL's contribution to state defined contribution plans namely Employee State Insurance and Maharashtra Labour Welfare fund are made in accordance with the statute, and are recognized as an expense when employees have rendered services entitling them to the contribution.

The cost of providing leave encashment and gratuity, defined benefit plans, are determined by BSL using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The leave encashment and gratuity benefit obligations recognized by BSL in the balance sheet represent the present value of the obligations as reduced by the fair value of Plan Assets. Any asset resulting from this calculation is limited to the discounted value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately by BSL in the profit and loss account.

r) Provision and Contingent Liability

Show cause notices issued by various government authorities are not considered as obligation by BSL. Where such demand notices are raised, the show cause notices, disputed by BSL, are classified as possible obligation.

Provisions involving a substantial degree of estimation in measurement are recognized by BSL when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized by BSL but are disclosed in notes.

s) Financial Derivatives Transactions

In respect of the financial derivative contracts, the premium/ interest paid and profit/loss on settlement is charged to profit and loss account. The contracts entered into are mark to market at the year end and the resultant profit /loss is charged to profit and loss account, except where these relate to long term monetary items attributable to depreciable fixed assets in which case, it is adjusted to the cost of fixed assets.

3.8.13 Contingent Liabilities as of March 31, 2011 based on the audited financials of BSL:

	Particulars	**(**Rs. **in lakh)**
1.	Sales Tax	0.75
2.	Excise Duty/ Service Tax	17573.31
3.	Outstanding guarantees issued by the banks counter guaranteed by the company including letter of credits	78,354.15
4.	Bills discounted	18,647.66
5.	Entry Tax	5,654.41

Total	**1,20,230.28**

There are no significant litigations against BSL as on March 31, 2011 except as included above.

3.8.14 Corporate Governance: BSL recognises that its board of directors is accountable to all the stockholders for good governance. The philosophy of BSL in relation to Corporate Governance is to ensure transparency in all its operations, to make appropriate disclosure and to enhance shareholders' value without compromising in anyway and in whilst complying with laws and regulations. The board of directors of BSL consists of ten (10) directors, of which six (06) are non-executive directors, four (04) of whom are independent directors. Two investor complaints with respect to BSL were pending as on December 31, 2011.

The compliance officer of BSL is Mr. O. P. Davra. The Compliance Officer can be contacted at: Tel: +91-11-39194000; Fax: +91-11-46518611.

3.8.15 The name of BSL was changed on April 12, 2007 from Bhushan Steel & Strips Limited to its current name which is Bhushan Steel Limited.

3.8.16 BSL has promoted the following companies:

3.8.16.1 Bhushan Steel (Australia) Pty Limited

a) Date of Incorporation — June 15, 2007

b) Nature of Business — Authorised to carry on business related to steel and steel related products as per its constitutional documents

c) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	3.42	-	-
Total Income	3.42	-	-
Total Expenditure	-	162.97	29.88
Profit Before Depreciation, Interest and Tax	3.42	-162.97	-29.88
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	3.42	-162.97	-29.88
Provision for Tax	-	-	0.50
Profit After Tax	3.42	-162.97	-30.38
Balance Sheet Statement			
Sources of funds			
Paid up share capital	1,430.30	1,430.30	2,653.19

Add: Reserves and Surplus (excluding revaluation reserves)	6.94	-156.04	-186.41
Less: Total miscellaneous expenditure not written off	-56.53	-124.33	-163.05
Net worth	**1380.71**	**1149.93**	**2303.73**
Share Application Money	1,273.11	5,081.17	6,114.67
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	2,653.82	6,231.10	8,418.40
Uses of funds			
Net fixed assets	-	-	-
Capital Work-in-Progress	142.65	614.01	1,241.44
Investments	1,978.35	3,701.75	4,210.33
Net current assets	532.82	1,915.34	2,966.63
Total	2,653.82	6,231.10	8,418.40

Other Financial Data	**March 31, 2009**	**March 31, 2010**	**March 31, 2011**
Dividend (%)	-	-	-
Earnings per share (Rs.)	0.09	-4.07	-0.40
Return on Net Worth (%)	0.25%	-14.17%	-1.32%
Book Value per Share (Rs.)	34.52	28.75	30.43

d) Whether a sick industrial company — No

3.8.16.2 Bhushan Buildwell Private Limited

a) Date of Incorporation — August 7, 2006

b) Nature of Business — To develop land and construct building

c) Brief Financials based on audited financial statements *(Rupees in lakh)*

	March 31, 2009	**March 31, 2010**	**March 31, 2011**
Profit & Loss Statement			
Income from operations	-	-	-
Other Income	0.26	0.32	1.32
Total Income	0.26	0.32	1.32
Total Expenditure	0.23	2.69	0.22
Profit Before Depreciation, Interest and Tax	0.03	-2.37	1.10
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	0.03	-2.37	1.10
Provision for Tax	0.01	0.03	0.02
Profit After Tax	0.02	-2.40	1.08
Balance Sheet Statement			
Sources of funds			
Paid up share capital			

Equity Share Capital	39.20	39.20	39.20
Preference Share Capital	-	333.00	333.00
Add: Reserves and Surplus (excluding revaluation reserves)	1,870.77	4,865.37	4,866.45
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**1,909.97**	**5,237.57**	**5,238.65**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	1,909.97	5,237.57	5,238.65
	-	-	-
Uses of funds	-	-	-
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	4,051.65	7,375.65	7,376.08
Net current assets	-2,141.68	-2,138.08	-2,137.43
Total	1,909.97	5,237.57	5,238.65

Other Financial Data	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	0.01	-0.61	0.28
Return on Net Worth (%)	0.00%	0.05%	0.02%
Book Value per Share (Rs.)	487.24	1,251.17	1,251.44

d) Whether a sick industrial company No

3.8.16.3 Jawahar Credit & Holdings Pvt. Limited

a) Date of Incorporation July 28, 1993

b) Nature of Business To carry on NBFC related activities.

c) Brief Financials based on audited financial statements *(Rupee in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	0.52	3.51	27.74
Other Income	-	-	-
Total Income	0.52	3.51	27.74
Total Expenditure	0.19	0.48	0.31
Profit Before Depreciation, Interest and Tax	0.32	3.03	27.43
Depreciation	-	-	-
Interest	-	2.35	25.62
Profit Before Tax	0.32	0.68	1.81

	March 31, 2009	March 31, 2010	March 31, 2011
Provision for Tax	0.13	0.81	0.67
Profit After Tax	0.19	-0.13	1.14
Balance Sheet Statement			
Sources of funds			
Paid up share capital	880.00	880.00	880.00
Add: Reserves and Surplus (excluding revaluation reserves)	1,726.45	1,726.32	1,727.47
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**2,606.45**	**2,606.32**	**2,607.47**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	1,532.11	529.93
Total	2,606.45	4,138.43	3,137.40
Uses of funds			
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	2,744.06	2,744.06	2,744.06
Net current assets	-137.61	1,394.37	393.34
Total	2,606.45	4,138.43	3,137.40

Other Financial Data	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share* (Rs.)	0.00	0.00	0.01
Return on Net Worth (%)	0.01%	-0.01%	0.04%
Book Value per Share (Rs.)	29.62	29.62	29.63

(*) for equivalent of fully paid up shares of Rs. 10 each

d) Whether a sick industrial company — No

3.8.16.4 Bhushan Capital & Credit Services Pvt. Limited

a) Name of Company — Bhushan Capital & Credit Services Pvt. Limited
b) Date of Incorporation — July 28, 1993
c) Nature of Business — To carry on non banking financial company related activities.
d) Brief Financials based on audited financial statements *(Rupees in Lakh)*

	March 31, 2009	March 31, 2010	March 31, 2011
Profit & Loss Statement			
Income from operations	-	2.30	18.64
Other Income	0.40	-	-
Total Income	0.40	2.30	18.64
Total Expenditure	0.18	0.33	2.37
Profit Before Depreciation, Interest and Tax	0.22	1.97	16.27
Depreciation	-	-	-
Interest	-	1.31	7.24
Profit Before Tax	0.22	0.66	9.03
Provision for Tax	0.07	0.47	3.12
Profit After Tax	0.15	0.19	5.91
Balance Sheet Statement			
Sources of funds			
Paid up share capital	865.00	865.00	865.00
Add: Reserves and Surplus (excluding revaluation reserves)	1,541.91	1,542.10	1,548.00
Less: Total miscellaneous expenditure not written off	-	-	-
Net worth	**2,406.91**	**2,407.10**	**2,413.00**
Share Application Money	-	-	-
Secured loans	-	-	-
Unsecured loans	-	701.18	-
Total	2,406.91	3,108.28	2,413.00
Uses of funds			
Net fixed assets	-	-	-
Capital Work-in-Progress	-	-	-
Investments	1,900.53	1,900.53	1,900.52
Net current assets	506.38	1,207.75	512.48
Total	2,406.91	3,108.28	2,413.00

Other Financial Data	March 31, 2009	March 31, 2010	March 31, 2011
Dividend (%)	-	-	-
Earnings per share (Rs.)	0.00	0.00	0.07
Return on Net Worth (%)	0.01%	0.01%	0.24%
Book Value per Share (Rs.)	27.83	27.83	27.90

e)	Whether a sick industrial company	No

3.8.16.5 Bhushan Steel Bengal Ltd.

The requisite details of the abovementioned company are provided under paragraph 3.2.10 of this Letter of Offer.

3.8.16.6 Bhushan Steel Madhya Bharat Ltd.

The requisite details of the abovementioned company are provided under paragraph 3.2.10 of this Letter of Offer.

3.8.16.7 Bhushan Steel (Orissa) Limited

The requisite details of the abovementioned company are provided under paragraph 3.2.10 of this Letter of Offer.

3.8.16.8 Bhushan Steel (South) Limited

The requisite details of the abovementioned company are provided under paragraph 3.2.10 of this Letter of Offer.

Notes:
Financial ratios used in the above section have been calculated using the methodologies given below:

1) *Net Worth*
   a) *Net worth = (Equity Share Capital + Preference Share Capital Reserves and Surplus (excluding Revaluation Reserves) + Deferred Tax Liability – Deferred Tax Asset - Miscellaneous Expenditure to the extent not written off)/ Number of equity shares outstanding at the year-end*
   b) *Share application money that has been received by the company has not been included for the purpose of Net Worth calculation*

2) *Return on Net Worth*

Return on Net Worth = Net Profit after Tax for the period/ Net Worth at the close of the period

3) *Book Value per share/ Net Asset Value per share*

Book Value per share = (Net Worth - Preference Share Capital)/ Number of equity shares outstanding at the year-end

3.9 Disclosure in terms of Regulation 16(ix)

3.9.1 This Offer was initiated as a voluntary offer, in compliance with Regulation 10 and 12 of the Regulations for substantial acquisition of Shares, and was not triggered by any agreement of the Acquirer or any PACs with any person for the purpose of the acquisition of Shares in the Target Company. The Offer was delayed as a result of certain legal proceedings (please see paragraph 2.4 of this Letter of Offer for further details relating to such legal proceedings). The Acquirer and the PACs are proceeding with this Offer in accordance with the Supreme Court Order.

3.9.2 The acquisition of Shares pursuant to the Offer may enable the Acquirer (taken together with the shareholding of the PACs in the Target Company) to acquire substantial shareholding in the Target Company. The Acquirer and/ or PACs have considerable interests in the Indian steel and power industry and are presently producers of power and manufacturers of primary and secondary steel. The acquisition will result in synergies between the Acquirer and/or PACs and the Target Company, including the sharing of best practices in manufacturing and quality assurance systems and processes, enhanced human capital and managerial talent, and potential financial/ operational synergies.

3.9.3 The Acquirer does not have any plan to dispose off or otherwise encumber any asset of the Target Company in the next two years except in the ordinary course of business of the Target Company. However, the Acquirer undertakes that it shall 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 and in accordance with and subject to applicable laws, permissions, consents, if any.

4. BACKGROUND OF THE TARGET COMPANY

The Acquirer had, by letters dated March 3, 2009, March 4, 2009 and a reminder letter dated March 9, 2009 requested the Target Company for information required to be disclosed in the Letter of Offer, as per the Takeover Regulations. Such information was received by the Acquirer on March 13, 2009 from the Target Company, and has, to the extent current, been incorporated in this Letter of Offer. Following the Supreme Court Order the Acquirer by its letter dated April 4, 2012 and reminder letters dated April 12, 2012, April 23, 2012, April 27, 2012, May 2, 2012, May 14, 2012 and May 17, 2012 requested the Target Company for updated information required to be disclosed in this Letter of Offer, as per the Takeover Regulations. As of the date of this Letter of Offer the Acquirer has not received further information from the Target Company apart from certain information relating to the shareholders of the Target Company as of the Specified Date. All data relating to the Target Company contained in this section or elsewhere in this Letter of Offer, has been obtained either from the Target Company or from information available in the public domain. Accordingly, the Acquirer, the PACs and their respective board of directors have not independently verified the accuracy or completeness of any information in relation to the Target Company which is disclosed in this Letter of Offer.

4.1 OSIL was incorporated on April 9, 1979 and was promoted as a joint sector company by the Industrial Promotion & Investment Corporation of Orissa Limited, a wholly owned subsidiary of the State Government of Orissa and Torsteel Research Foundation in India. The registered office of the Target Company is OSIL House, Gangadhar Meher Marg, Bhubaneshwar, 751 024, Orissa, India; Tel: +91-674-2725850; Fax: +91-674-2725855 and the corporate office of the Target Company is CIC Building, 11th Floor, 33A, J L Nehru Road, Kolkata 700071, India; Tel: +91-33-22263114/6442/2636; Fax: +91-33-22267470.

4.2 OSIL primarily manufacturers sponge iron and has a project consultancy division which provides technical consultancy and project engineering services to sponge iron plants. The Target Company's plant is located at Palaspanga, Dist: Keonjhar Orissa 758031 where sponge iron and steel billets are manufactured by utilising power produced out of waste gas of the sponge iron unit.

4.3 The Share capital structure of the Target Company as on March 31, 2012 was as follows:

Paid up Shares of Target company	**No. of Shares/ voting rights**	**% of shares/ voting rights**
Fully paid up equity shares	270,00,000	100%
Partly paid up equity shares	Nil	0
Total paid up equity shares	270,00,000	100%
Total voting rights in Target Company	270,00,000	100%

Source: BSE Website as accessed on Friday, June 15, 2012

4.4 The Target Company had issued a total of 10,500,000 warrants on December 20, 2007 entitling the holder of each warrant to subscribe to one Share against each warrant within 18 months from the date of issue, i.e., until June 19, 2009. The details of the same are as follows *(Source: BSE Website as accessed on* Friday, June 15, 2012*)*:

S. No.	Date	No. of Warrants	Price	Last date of Conversion
1.	20-Dec-2007	45,00,000	101	June 19, 2009
2.	20-Dec-2007	60,00,000	225	June 19, 2009

There are no partly paid up equity shares outstanding in the Target Company *(Source: BSE Website as accessed on* Friday, June 15, 2012*)*. There are no outstanding ESOPs.

4.5 On February 28, 2009 the Target Company allotted 40,00,000 Shares against an equal number of warrants to certain Promoters (*Source: BSE website as accessed on* Friday, June 15, 2012). Furthermore, the Target Company announced that its board of directors approved the conversion of 30,00,000 warrants allotted to the Promoters of the Target Company into an equal number of Shares on March 4, 2009 *(Source: BSE Website as accessed on* Friday, June 15, 2012*)*. As on the date of the Letter of Offer, the issued, subscribed and paid-up Share capital of the Target Company is Rs.27,00,00,000 (constituted by 2,70,00,000 Shares) (Source: BSE website, as accessed on Friday, June 15, 2012). There are 35,00,000 outstanding convertible warrants (i.e. the Acquirer Warrants) which are held by the Acquirer and are not yet converted into Shares and are under litigation. Please refer to paragraph 2.4 for further details in respect of Acquirer Warrants.

Presently, there are certain legal proceedings to which the Acquirer is a party in relation to (i) the conversion by Promoters and their affiliates of 11,88,196 warrants of the Target Company into Shares, (ii) purchase of 12,00,000 Shares by certain Promoters, and (iii) non-conversion of Acquirer Warrants held by the Acquirer. As of the date of this Letter of Offer these legal proceedings mentioned in (i) and (ii) herein are pending before the Hon'ble Supreme Court of India and legal proceedings mentioned in (iii) herein are pending before SEBI. In addition, the Acquirer was party to certain legal proceedings filed by Mr. Pruthwiraj Patnaik. After protracted litigation before various fora this legal proceeding was disposed off in favour of the Acquirer. For details in relation to these proceedings please refer to paragraph 2.4 of this Letter of Offer.

4.6 The following table provides the build-up of the capital structure of the Target Company up to the date of the Letter of Offer, since inception:

Date of Allotment	No and % of shares issued	Cumulative paid up capital (Rs.)	Mode of allotment	Identity of Allottees	Status of Compliance
April 9, 1979	1,720,070	17,200,700	Formation Period	Promoters	All formalities complied
June 23, 1980	4,279,930	60,000,000	First Public Offer	Public	All formalities complied
July 9, 1993	1,237,958	72,379,580	Conversion of Loan into	Promoters & others	All formalities

			Equity		complied
April 26, 1995	3,583,004	108,209,620	Rights Issue	All Shareholders	All formalities complied
October 31, 2003	1,080,122	119,010,840	Bonus	All Shareholders	All formalities complied
September 30, 2004	(15,100)	118,859,840	Forfeited	N. A.	All formalities complied
May 31, 2005	15,100	119,010,840	Re-Issue	Torsteel Research Foundation in India	All formalities complied
January 31, 2006	1,188,916	130,900,000	Conversion of Warrants	Torsteel Research Foundation in India	All formalities complied
August 28, 2006	1,410,000	145,000,000	Conversion of Warrants	Torsteel Research Foundation in India	All formalities complied
December 19, 2007	5,500,000	200,000,000	Conversion of Warrants	15,00,000 to existing shareholders & 40,00,000 to FII	All formalities complied
February 28, 2009	4,000,000	240,000,000	Conversion of Warrants	TRFI Investment Pvt. Ltd	All formalities complied
March 4, 2009	3,000,000	270,000,000	Conversion of Warrants	TRFI Investment Pvt. Ltd	All formalities complied

4.7 The Shares of the Target Company have never been suspended from trading in any of the stock exchanges on which the Shares of the Target Company are listed.

4.8 The Shares of the Target Company are listed on the BSE, the CSE and on the BhSE *(Source: Target's Annual Report 2010- 2011)*. The shareholders of the Target Company at the annual general meeting held on September 26, 2009 of the Target Company approved delisting of Shares from CSE. However, from the website of CSE it appears that the Shares are listed on CSE (*Source: CSE Website as accessed on* Friday, June 15, 2012). The Shares are part of the BSE small cap index (BSESMLCAP) *(Source: BSE Website as accessed on* Friday, June 15, 2012*)*.

4.9 The status of compliance of the Target Company with the applicable provisions of Chapter II of the Regulations has been provided to SEBI at the time of filing the draft Letter of Offer. **As per information available with SEBI, there have been instances of delayed compliance of Chapter II of the Takeover Regulations by the Target Company. SEBI may initiate action against the Target Company at a later stage in terms of the SEBI Act for delayed compliance of the Takeover Regulations.**

4.10 The Target Company is in compliance with all the listing requirements and there has been no penal action that has been taken by the stock exchanges on which the Shares of the Target Company are listed.

4.11 The board of directors of the Target Company as per Ministry of Corporate Affairs website (accessed on June 19, 2012) comprised of:

Name	Title	Date of Appointment	Experience	Qualification	Address
Mr. C.J. Venugopal	Nominee Director	July 9, 2011	IAS; Served the Government of Orissa in various capacities	IAS	QR.NO-TY-B-3/6, Unit – IX (F), Bhubaneswar, Orissa.
Dr. P.K. Mohanty	Managing Director	June 23, 2005	Doctorate in civil engineering. Founder of TRFI/OSIL	Ph.D (Engg)	3B, Monalisa, 17, Camac Street, Kolkata – 17
Mr. S.N. Nayak	Nominee Director	February 26, 2001	N.A.	N.A.	Plot No. 24 (P) & 25 (P), C.S. Pur, Bhubaneswar, Orissa
Mr. B.K. Sarkar	Director	May 10, 2010	N.A.	N.A.	Flat 9, Second Floor, 7, Rawdon Street, Kolkatta, West Bengal
Mr. S.K. Khetan	Director	June 06, 2009	N.A.	N.A.	1A, Ford Residency, 38, S.N. Roy Road, Kolkatta, West Bengal
Mr. M.A. Khan	Nominee Director	July 30, 2004	N.A.	N.A.	H. No. – VIIH – 178, Saileshree Vihar, Chandrasekharpur, Bhubaneswar, Orissa
Mr. M. Mohanty	Whole Time Director	April 30, 2007	N.A.	N.A.	3B, Monalisa, 17, Camac Street, Kolkata – 17
Mr. P.C. Mohanty	Director	November 23, 2011	N.A.	N.A.	QTRS NO. 3R 162, Road No. 1, Unit IX, Bhubaneswar, Orissa

4.12 There has been no merger/de-merger, spin off during the last 3 years involving the Target Company. The name of the Target Company was changed from Orissa Sponge Iron Limited to Orissa Sponge Iron & Steel Limited with effect from November 18, 2005.

4.13 Brief audited financial details of the Target Company for the financial years ended March 31, 2009, 2010 and 2011, and for a period of six months ended on September 30, 2011 are given below. Since the latest audited financial statements of the Target Company are not available in the public domain the information provided below has been obtained from sources such as the website of the Target Company and quarterly submissions made to the stock exchanges. Additionally, since the limited review financials submitted to the stock exchange for the financial year ended March 31, 2012 does not provide the balance sheet data, we are unable to provide the same:

(Rs. In lakhs)

	March 31, 2009	March 31, 2010	March 31, 2011	Six months ended September 30, 2011 (Unaudited)
Income from operations	18,883.16	17,577.20	14,560.67	3,159.33
Other Income	76.81	672.38	636.42	114.86
Total Income	**18,959.97**	**18,249.58**	**15,197.09**	**3,274.19**
Expenditure	18,478.47	18,034.33	18,962.82	4,414.22
Prior Period Items	352.17	161.25	-	-
Total Expenditure.	18,830.64	18195.58	18,962.82	4,414.22
Profit Before Depreciation Interest and Tax	**129.33**	**54.00**	**-3,765.73**	**-1,140.03**
Depreciation	958.17	1,163.21	1,436.63	718.80
Interest	2,484.45	2,447.37	3,101.23	1,461.52
Profit Before Tax	**-3,313.29**	**-3,556.58**	**-8,303.59**	**-3,320.35**
Provision for Tax	-593.09	-1,220.08	-3,017.23	-
Profit After Tax	**-2,720.20**	**-2,336.50**	**-5,286.36**	**-3,320.35**

Balance Sheet

	March 31, 2009	March 31, 2010	March 31, 2011	Six months ended September 30, 2011 (Unaudited)
Sources of funds				
Paid up share capital	2,700.00	2,700.00	2,700.00	2,700.00
Equity Share Warrants	601.50	601.50	601.50	601.50
Reserves and Surplus (excluding revaluation reserves)	20,366.44	17,919.51	12,547.44	9184.26
Networth	23,667.94	21,221.01	15,848.94	12485.76
Secured loans	20,719.58	20,137.62	21,617.36	20816.68
Unsecured loans	25.00	40.00	-	-
Total	**44,412.52**	**41,398.63**	**37,466.30**	33302.44
Uses of funds				
Net fixed assets	16,401.29	24,260.96	22,856.18	26627.18

Capital work-in-progress	12,260.18	3,546.50	4,130.23	-
Investments	232.09	639.46	496.39	496.39
Net current assets	15,081.68	11,294.35	5,308.91	1504.28
Total Miscellaneous Expenditure not written-off	-	-	-	-
Deferred Tax Asset	437.28	1,657.36	4,674.59	4674.59
Total	**44,412.52**	**41,398.63**	**37,466.30**	33302.44

Other Financial Data

	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
Dividend (%)	-	-	-	-
Earning Per Share	-13.22	-8.65	-19.58	-12.30
Return on Networth	-0.12	-0.11	-0.33	-0.27
Book Value Per Share	87.66	78.60	58.70	46.24

Note: The Acquirer has vide letter dated April 4, 2012 and reminder letter dated April 12, 2012 April 23, 2012, May 2, 2012, May 14, 2012 and May 17, 2012 requested the Target Company for updated information required to be disclosed in this Letter of Offer, as per the Takeover Regulations. As of the date of this Letter of Offer, the Acquirer has not received such information from the Target Company apart from certain information in relation to shareholders of Target Company as of Specified Date. Consequently, all data relating to the Target Company contained in this section or elsewhere in this Letter of Offer, has been obtained from information available in the public domain.

The audited financial information for the financial years ended March 31, 2009, 2010 and 2011 of OSIL is based on the audited financial reports of OSIL for the years ended March 31, 2009, 2010 and 2011.

The unaudited financial information for the six months ended September 30, 2011 is stated to have been subjected to a limited review by the statutory auditor of the Target Company.

On May 10, 2012, the Target Company filed with the stock exchanges, the unaudited financial information for the financial year ended March 31, 2012 which has been subjected to limited review by its auditors. The relevant financial information extracted from the limited review report is reproduced below; the full limited review report may be referred to on the websites of BSE at the link www.bseindia.com.

Particulars	Amount (Rs. Lakh)
Net Sales / Income from Operations	9,454.7
Other Operating Income	451.9
Expenditure	**-14,050.0**
Depreciation	-1,208.6

Other Expenses	-1,350.0
Power & Fuel	-248.5
Cost of Material Consumed	-8,053.7
Employee Benefit Expenses	-2,409.4
Change in inventories of stock - in trade	-779.9
Profit from Operations before Other Income, Interest and Exceptional Items	-4143.5
Other Income	145.8
Profit before Interest and Exceptional Items	-3,997.7
Interest	-3,229.1
Profit after Interest but before Exceptional Items	-7,226.8
Exceptional Items	-
Profit (+)/ Loss (-) from Ordinary Activities before Tax	-7,226.8
Tax	-
Net Profit (+)/ Loss (-) from Ordinary Activities after Tax	-7,226.8
Extraordinary Items	-
Net Profit	-7,226.8
Equity Capital	2,700.0
Face Value (in Rs)	10.0
Earnings per share	
Basic EPS after Extraordinary items	-26.77
Diluted EPS after Extraordinary items	-26.77

4.14 There was a fall in total income and PAT of the Target Company in the relevant years March 31, 2009 to 2010 and March 31, 2010 to March 31, 2011 *inter alia* due to insufficient availability of raw materials of the required grade and quantity, high costs of production, together with unremunerative selling prices of the Target Company's finished products.

4.15 Pre and post-Offer shareholding pattern of the Target Company as on the date of this Letter of Offer:

Shareholders' category	**Shareholding & voting rights prior to the agreement/ acquisition and offer.**		**Shares /voting rights agreed to be acquired which triggered the Regulations**		**Shares/voting rights to be acquired in open offer (Assuming full acceptances only by General Public)**		**Share holding / voting rights after the acquisition and offer. i.e.**	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	%	No.	%	No.	%	No.	%
(1) <u>Promoter Group.</u>								
a) Parties to agreement, if any	-	-	-	-	-	-	-	-
b) Promoters other than (a) above	132,62,933	49.12%	-	-	-	-	132,62,933	49.12%
Sub-total 1 (a+b)	**132,62,933**	**49.12%**	**-**	**-**	**-**	**-**	**132,62,933**	**49.12 %**

c) Mounteverest Trading and Investment Limited - Shareholder in the Target Company with whom Promoters acted in concert pursuant to the Second Public Announcement	29,90,000	11.07%					29,90,000	11.07%
Sub-total 2	**29,90,000**	**11.07%**					**29,90,000**	**11.07 %**
Total 1(Sub-totals 1 + 2)	**1,62,52,933**	**60.19%**	**-**	**-**	-	-	**1,62,52,933**	**60.19 %**
(2) Acquirers a) BEL	35,47,076	13.14%	-	-	61,00,000	22.59% (*)	96,47,076	35.73%
b) PACs								
Mr. Brij Bhushan Singal	2,67,705	0.99%	-	-	-	-	2,67,705	0.99%
Mr. Neeraj Singal	2,34,699	0.87%	-	-	-	-	2,34,699	0.87%
BNS Steel Trading Private Limited	1,10,002	0.41%	-	-	-	-	1,10,002	0.41%
BBN Transportation Private Limited	2,93,398	1.09%	-	-	-	-	2,93,398	1.09%
BNR Infotech Private Limited	88,230	0.33%	-	-	-	-	88,230	0.33%
BNR Consultancy Services Private Limited	74,556	0.28%	-	-	-	-	74,556	0.28%
Bhushan Steel Limited	-	-	-	-	-	-	-	-
Total 2(a+b)	**46,15,666**	**17.10%**	**-**	**-**	**61,00,000**	**22.59 % (*)**	**107,15,666**	**39.69 %**
(3) Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, Acquirer & PACs)	-	-	-	-	-	-	-	-
a) FIs/MFs/FIIs/Banks, SFIs (indicate names)	17,172	0.06%	-	-	-	-	-	-
b) Others (Indicate the total number of shareholders in "Public category)	61,14,229	22.65%						
Total (4)(a+b)	**61,31,401**	**22.71%**	**-**	**-**	**(6100000)**	**22.59 % (*)**	**31,401**	**0.12%**
GRAND TOTAL (1+2+3+4)	**27,000,000**	**100.00%**	**-**	**-**			**27,000,000**	**100.0 %**

(*) The Acquirer is making this Offer for 20% of the Diluted Capital of the Company in accordance with Regulation 21(5) of the Takeover Regulations taking into account the Acquirer Warrants. The Acquirer is the registered owner of 35,00,000 Acquirer Warrants, which are yet to be converted into Shares by the Target Company. In the event the Acquirer Warrants are converted before the opening of the Offer the Acquirer and PACs will hold 26.61% of the Diluted Capital of the Target Company, and the Promoters along with Mounteverest will hold 53.29% of the Diluted Capital of the Target Company. Please refer to paragraph 2.4 of this Letter of Offer for details in relation to pending legal proceedings in connection with the non-conversion of the Acquirer Warrants.

Pre and post-Offer shareholding pattern of the Target Company assuming the conversion

Shareholders' category	**Shareholding & voting rights prior to the agreement/ acquisition and offer.**		**Shares /voting rights agreed to be acquired which triggered the Regulations**		**Shares/voting rights to be acquired in open offer (Assuming full acceptances only by General Public)**		**Share holding / voting rights after the acquisition and offer. i.e.**	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	%	No.	%	No.	%	No.	%
(1) <u>Promoter Group.</u>								
a) Parties to agreement, if any	-	-	-	-	-	-	-	-
b) Promoters other than (a) above	132,62,933	43.49%	-	-	-	-	1,32,62,933	43.49%
Sub-total 1 (a+b)	**132,62,933**	**43.49%**	**-**	**-**	**-**	**-**	**1,32,62,933**	**43.49 %**
c) Mounteverest Trading and Investment Limited - Shareholder in the Target Company with whom Promoters acted in concert pursuant to the Second Public Announcement	29,90,000	9.80%					29,90,000	9.80%
<u>Sub-total 2</u>	**29,90,000**	**9.80%**					**29,90,000**	**9.80%**
<u>Total 1(Sub-totals 1 + 2)</u>	**1,62,52,933**	**53.29%**	**-**	**-**	-	-	**1,62,52,933**	**53.29 %**
<u>(2) Acquirers</u> a) BEL	7,047,076	23.11%	-	-	61,00,000	20.00%	1,31,47,076	43.11%
<u>b) PACs</u>								
Mr. Brij Bhushan Singal	2,67,705	0.88%	-	-	-	-	2,67,705	0.88%
Mr. Neeraj Singal	2,34,699	0.77%	-	-	-	-	2,34,699	0.77%

of the Acquirer Warrants:

BNS Steel Trading Private Limited	1,10,002	0.36%	-	-	-	-	1,10,002	0.36%
BBN Transportation Private Limited	2,93,398	0.96%	-	-	-	-	2,93,398	0.96%
BNR Infotech Private Limited	88,230	0.29%	-	-	-	-	88,230	0.29%
BNR Consultancy Services Private Limited	74,556	0.24%	-	-	-	-	74,556	0.24%
Bhushan Steel Limited	-		-	-	-	-	-	-
Total 2(a+b)	**81,15,666**	**26.61%**	**-**	**-**	**61,00,000**	**20.00%**	**1,42,15,666**	**46.61 %**
(3) Parties to agreement other than(1) (a) & (2)	-		-	-	-	-	-	-
(4) Public (other than parties to agreement, Acquirer & PACs)	-		-	-	-	-	-	-
a) FIs/MFs/FIIs/Banks, SFIs (indicate names)	17,172	0.06%	-	-	-	-	-	-
b) Others (Indicate the total number of shareholders in "Public category)	61,14,229	20.05%			(61,00,000)	(20.00%)	-	-
Total (4)(a+b)	**61,31,401**	**20.10%**	**-**	**-**	**(61,00,000)**	**(20.00%)**	**31,401**	**0.10%**
GRAND TOTAL (1+2+3+4)	**3,05,00,000**	**100.00 %**	**-**	**-**	**-**	**-**	**3,05,00,000**	**100.0 %**

As per the shareholding pattern of the Target Company as of March 31, 2012 (uploaded on the BSE website), there are no outstanding warrants / convertible instruments, which have been issued by the Target Company.

4.16 The Promoters of the Target Company as on March 31, 2012 were as follows:

Sr. No.	Name of promoter	No. of Shares
1	Torsteel Research Foundation in India	1,38,500
2	TRFI Investment Pvt. Ltd.	85,02,190
3	Industrial Promotion and Investment Corporation	14,55,999
4	Dr. Prasanta Kumar Mohanty	31,27,644
5	Mahmooda Mohanty	38,600
		132,62,933

Source: BSE Website as accessed on Friday, June 15, 2012

4.17 Details of changes in the Promoter holding on account of capital issued by the Target Company are as below:

Date of Allotment	No and % of shares issued	Cumulative Promoter holding	Cumulative paid up capital (Rs.)	Mode of allotment	Identity of allottees	Status of Compliance
April 9, 1979	70	700	700	Formation period	IPICOL & TRFI Group	All formalities complied
June 23, 1980	2,080,000	36,600,000	60,000,000	First public offer	IPICOL & TRFI Group	All formalities complied
July 9, 1993	1,856,938	38,550,880	72,379,580	Conversion of loan into equity	IPICOL & TRFI Group	All formalities complied
April 26, 1995	1,781,776	53,451,290	108,209,620	Rights Issue	IPICOL & TRFI Group	All formalities complied
October 31, 2003	570,353	6,337,372	119,010,840	Bonus	IPICOL & TRFI Group	All formalities complied
May 31, 2005	15,100	6,371,752	119,010,840	Re-issue	IPICOL & TRFI Group	All formalities complied
January 31, 2006	1,188,916	7,560,668	130,900,000	Conversion of warrants	IPICOL & TRFI Group	All formalities complied
August 28, 2006	1,410,000	8,970,668	145,000,000	Conversion of warrants	IPICOL & TRFI Group	All formalities complied
February 28, 2009	4,000,000	10,219,333	24,000,000	Conversion of warrants	IPICOL & TRFI Group	All formalities complied
March 4, 2009	3,000,000	13,219,333	27,000,000	Conversion of warrants	IPICOL & TRFI Group	All formalities complied

Please note that presently there are certain legal proceedings to which the Acquirer is a party in relation to (i) the conversion by Promoters and their affiliates of 11,88,196 warrants of the Target Company in to Shares, (ii) purchase of 12,00,000 Shares by certain Promoters, and (iii) non-conversion of Acquirer Warrants held by the Acquirer. As of the date of this Letter of Offer legal proceedings mentioned in (i) and (ii) herein are pending before the Hon'ble Supreme Court of India and legal proceedings mentioned in (iii) herein are pending before SEBI. In addition, the Acquirer was party to certain legal proceedings filed by Mr. Pruthwiraj Patnaik. After protracted litigation before various fora this legal proceeding was disposed off in favour of the Acquirer. For details in relation to these proceedings please refer to paragraph 2.4 of this Letter of Offer.

4.18 The Target Company has duly complied with all the provisions of Clause 49 of the listing agreement executed by the Target Company with the stock exchanges on which the Shares of the Target Company are listed relating to corporate governance.

4.19 Mr. S. Ramakrishnan is the company secretary and compliance officer of the Target Company. His correspondence details are: Address: OSIL House, Gangadhar Meher Margm Bhubaneshwar, Orissa- 751024; Tel: 0674- 3016500/ 503; Fax: 0674- 3016505/ 535 Email: calosil@cal.vsnl.net.in.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer price

5.1.1 The Shares of OSIL are currently listed on the BSE, CSE and the BhSE. (Source: Annual Report of the Target Company, 2010 - 2011). The Shares are part of the BSE small cap index (BSESMLCAP).

5.1.2 During the 6 calendar months preceding the date of the PA, i.e., August 2008 to January 2009 the Shares were traded / listed on the BSE, CSE and BhSE. Details of annualized trading turnover during this period are as follows:

Name of stock exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month in which PA was made.	Total No. of listed Shares	Annualized Trading turnover(in terms of % to total listed shares)
BSE	3747202	2,00,00,000	37.47%
CSE	(*)		
BhSE	Nil(**)		

(*) The Acquirer has requested CSE for trading data of the Shares of the Target Company. However, as on the date of this Letter of Offer, no reply has been received from the CSE to the aforementioned letter. Consequently, the Shares have been deemed to be infrequently traded on the CSE within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations.

(**)As per letter dated March 3, 2009 received from BhSE, Shares of OSIL were not traded during the period January 1, 2008 to February 27, 2009

As the annualized trading turnover in the Shares was more than 5% of the total number of listed Shares on BSE, the Shares are deemed to be frequently traded on BSE within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations.

5.1.3 Consequently, the minimum Offer Price to be computed for this Offer would be governed by Regulation 20(4) and Regulation 20(5) of the Takeover Regulations as per the applicable parameters as per the details given below:

a)	Negotiated Price under the agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights.	Not Applicable
b)	The highest price paid by the Acquirer or PACs for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to the date of the PA.	290.57
c)	the highest of :	
	1) the average of the weekly high and low of the closing prices for the Shares of the Target Company for the 26 week period prior to the date of the PA, on the stock exchange where the shares of the Target Company are most frequently traded, i.e. the BSE.	137.88
	2) the average of the daily high and low prices of the Shares of the Target Company during the 2 week period prior to the date of the PA, on the stock exchange where the shares of the Target Company are most frequently traded, i.e. the BSE	245.71
d)	Other parameters with reference to the Target Company for the year ending March 31, 2008 (based on audited financial statements for the year ending March 31, 2008), as specified in Regulation 20(5)(c) of the Takeover Regulations, as follows:	
	Return on Net Worth:	-2.47%
	Book Value per Share:	75.52
	Earnings Per Share:	(2.33)
	Price/ Earnings (PE) Ratio based on Offer Price:	Not Applicable
	P/E multiple for the industry (*Source: Capitaline, Industry: Steel – Sponge Iron*)	8.2

Notes:

1) *Net worth calculated as the sum of paid up share capital, Share warrants (as applicable), reserves and surplus (excluding revaluation reserves) less difference between profit and loss account and transfer from general reserve (as applicable).*
2) *Return on net worth calculated as Profit (Loss) After Tax divided by the net worth.*
3) *Book Value per Share calculated as the net worth divided by the number of Shares outstanding*

5.1.4 The acquisitions of Shares made by the Acquirer and PACs since the date of the PA till the date of this Letter of Offer are disclosed under paragraph 2.1.5 of this Letter of Offer.

5.1.5 Average of the weekly high and low of the closing prices and volume data on BSE, where the Shares were most frequently traded, for the twenty six weeks period ended February 26, 2009, i.e. date preceding the date of PA:

Week No.	Week ending	Weekly High (Rs.)	Weekly Low (Rs.)	Average (Rs.)	Weekly Volume
1	September 4, 2008	291.30	273.30	282.30	43,533
2	September 11, 2008	271.00	262.45	266.73	35,331
3	September 18, 2008	260.00	232.85	246.43	33,942
4	September 25, 2008	232.55	217.10	224.83	16,131
5	October 2, 2008	214.60	186.95	200.78	11,263
6	October 9, 2008	179.80	154.25	167.03	11,500
7	October 16, 2008	146.55	119.45	133.00	12,361
8	October 23, 2008	113.50	92.55	103.03	11,684
9	October 30, 2008	87.95	81.55	84.75	7,555
10	November 6, 2008	89.85	85.40	87.63	509,363
11	November 13, 2008	87.05	82.45	84.75	18,094
12	November 20, 2008	79.05	68.45	73.75	14,283
13	November 27, 2008	68.45	66.00	67.23	19,620
14	December 4, 2008	70.00	59.05	64.53	51,613
15	December 11, 2008	63.40	57.55	60.48	7,011
16	December 18, 2008	80.75	66.55	73.65	4,830
17	December 25, 2008	98.00	84.75	91.38	32,179
18	January 1, 2009	100.50	91.35	95.93	28,826
19	January 8, 2009	96.75	84.00	90.38	33,632
20	January 15, 2009	83.45	75.65	79.55	14,132
21	January 22, 2009	96.80	79.85	88.33	30,471
22	January 29, 2009	117.50	101.60	109.55	1,908,146
23	February 5, 2009	149.80	123.35	136.58	550,135
24	February 12, 2009	191.10	157.25	174.18	8,455
25	February 19, 2009	243.80	200.65	222.23	8,882
26	February 26, 2009	296.21	255.95	276.08	2,078,812

(Source: www.bseindia.com)

5.1.6 Average of daily high and low of the closing prices and volume data on BSE, where the Shares were most frequently traded for the two weeks period ended February 26, 2009, i.e., date preceding the date of the PA.

Day No.	Date	Daily High	Daily Low	Average	Daily Volume
1	Friday, February 13, 2009	200.65	200.65	200.65	1,231
2	Monday, February 16, 2009	210.65	210.65	210.65	1,597
3	Tuesday, February 17, 2009	221.15	221.15	221.15	1,678
4	Wednesday, February 18, 2009	232.20	232.20	232.20	1,826
5	Thursday, February 19, 2009	243.80	243.80	243.80	2,550
6	Friday, February 20, 2009	255.95	255.95	255.95	3,312
7	Tuesday, February 24, 2009	268.70	268.70	268.70	2,061,938
8	Wednesday, February 25, 2009	282.10	282.10	282.10	13,562
9	Thursday, February 26, 2009	296.21	296.21	296.21	11,014

(Source: www.bseindia.com)

5.1.7 In light of paragraph 5.1.3 above, the Offer Price of Rs. 360/- per Share is justified in terms of Regulation 20(4) of the Takeover Regulations, applicable for companies whose shares are frequently traded and Regulation 20(5) of the Takeover Regulations, applicable for companies whose shares are infrequently traded, in view of the Offer Price being more than the highest of the above parameters.

5.1.8 Based on the above, (a) the Manager to the Offer and (b) the Acquirer and the PACs are of the opinion that the Offer Price of Rs. 360/- per Share is justified.

5.1.9 The Acquirer is permitted to revise this Offer upward upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA and the Corrigenda appeared and the revised Offer Price would be paid for all the Shares tendered anytime during the Offer.

5.1.10 It will be ensured that the Offer Price is revised so as to be equal to or higher than the highest price paid by the Acquirer or the PACs for any acquisition of Shares of the Target Company, from the date of PA i.e. February 27, 2009 up to seven working days prior to the closure of the Offer i.e. Tuesday, May 22, 2012.

5.1.11 There are no partly paid up equity shares of the Target Company. (Source: BSE Website, as accessed on Friday, June 15, 2012)

5.1.12 The Acquirer and the PACs acquired a total of 21,24,748 Shares of the Target Company during the 12 month period prior to the date of PA. The highest price and weighted average price paid by the Acquirer and/ or the PACs for acquisition of Shares of the Target Company during the twelve months preceding the date of PA was Rs. 472.71 per Share and Rs. 134.37 per Share, respectively.

5.1.13 Neither the Acquirer nor the PACs have entered into any non-compete agreement for payment of non-compete fees to any person in relation the acquisition of Shares.

5.2 **Financial Arrangements:**

5.2.1 The maximum purchase consideration payable by the Acquirer to acquire 61,00,000 Shares at the Offer Price of Rs. 360/- per Share in case of full acceptance of the Offer would be Rs. 21,960 lakh.

5.2.2 In accordance with Regulation 28 of the Takeover Regulations, the Acquirer has executed a bank guarantee dated April 13, 2012 (the **"Bank Guarantee"**) through IndusInd Bank Limited, a banking company having a branch office at1 Ring Road, Lajpat Nagar IV, New Delhi 110024, in favor of the Manager to the Offer for an amount of. Rs 3,696 lakh, which is equal to 25% of the value of the total consideration up to Rs. 100 crores and 10% of the value of the total consideration beyond Rs. 100 crores payable under the Offer (assuming full acceptances). The Merchant Banker has been duly authorized to realize the value of the aforesaid Bank Guarantee in terms of the Takeover Regulations. In accordance with Regulation 28(6) of the Takeover Regulations, the Bank Guarantee is valid until 20 days after the day of closure of the Offer or withdrawal (under Regulation 27 of the Takeover Regulations), or July 30, 2012, whichever is earlier. IndusInd Bank Limited is not an associate of or group of the Acquirer or, to the best of the knowledge of the Acquirer, of the Target Company.

5.2.3 The Acquirer, the Manager to the Offer, and IndusInd Bank Limited, a banking company having a branch office at M-56, Greater Kailash Part -2, New Delhi -110048 (the "**Escrow Agent**") have entered into an escrow agreement dated February 27, 2009 (the **"Escrow Agreement"**). In accordance with Regulation 28 of the Takeover Regulations and pursuant to the Escrow Agreement, the Acquirer has established an escrow account under the name and title of "Escrow A/c – BEL OSIL Open Offer" ("**Escrow Account**") in favor of the Manager to the Offer and has deposited a sum of Rs. 220.00 lakh (being equal to or greater than 1% of the total consideration payable under the Offer assuming full acceptance) ("**Escrow Amount**") in cash with the Escrow Agent. In terms of the Escrow Agreement, the Manager to the Offer has been duly authorized to realize the value of the aforesaid Escrow Account in terms of the Regulations.

5.2.4 The Acquirer has adequate and firm financial resources to fulfill its obligations under the Offer. BSL has provided an undertaking dated June 8, 2012 to the Acquirer to provide necessary funding to the Acquirer, for the purposes of payment of purchase consideration for acquisition of Shares by the Acquirer, pursuant to the Offer. Based on the liquid funds available with BSL, maintained with DBS Bank and cash at hand as of March 31, 2012 amounting to Rs 25,065 lakhs and resources of the Acquirer and the undertaking dated June 8, 2012, provided by BSL to the Acquirer, Mehra Goel & Co., Chartered Accountants, New Delhi, Firm Registration No. 000517N (signing through partner Ms. Geetika Mehra; Membership no. – 510525), 505, Chiranjiv Tower, 43 Nehru Place, New Delhi-110019; Tel. No.: +91-11-2641 9527; Fax No.: +91-11-2621 7981, have confirmed vide their letter dated June 8, 2012 that the Acquirer has sufficient liquid resources to fulfill the Acquirer's payment obligations in full under the Offer.

5.2.5 The Manager to the Offer is satisfied that the Acquirer has the financial resources in terms of Regulation 16(xiv) of the Regulations to implement the Offer in accordance with the Regulations.

5.2.6 As per Regulation 20(7), 25(6) and 26 of the Takeover Regulations, the Offer Price can be revised at anytime up to seven days prior to the date of the closure of the Offer. In the event the Offer Price is revised upwards, the value in the escrow account as per Regulation 28, as well as the value of the Bank Guarantee would be increased to meet the requirements of the Takeover Regulations. The shareholders will be communicated by way of a public announcement in the same newspapers where the PA and the Corrigenda had appeared (refer to paragraph 2.2.1 of this Letter of Offer for details).

6. TERMS AND CONDITIONS OF THE OFFER

6.1 The Offer is being made by the Acquirer and the PACs to (i) all Shareholders of the Target Company, whose names appeared in the Register of Members on March 2, 2009, i.e., Specified Date (ii) beneficial owners of the Shares of the Target Company whose names appeared as beneficiaries on the records of the respective Depositories, at the close of business hours on March 2, 2009,i.e., Specified Date and (iii) to those persons who acquire Shares of the Target Company any time prior to the date of the closure of the Offer i.e., Tuesday, July 17, 2012, but who are not the registered Shareholders of the Target Company, except the Acquirer and the PACs.

6.2 The Offer is not conditional and is not subject to any minimum level of acceptance and the Acquirer and the PACs will be obliged to acquire up to a maximum of 61,00,000 Shares of the Target Company that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer. The Shares of the Target Company that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer upon the closure of the Offer.

6.3 The Offer will open on Thursday, June 28, 2012 and close on Tuesday, July 17, 2012.

6.4 The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. Thursday, July 12, 2012.

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

6.6 Each Shareholder of the Target Company to whom this Offer is being made is free to offer his Shares in the Target Company in whole or in part while accepting the Offer. However, the Acquirer and the PACs are not eligible to tender their Shares under the Offer.

6.7 The Shares tendered in the Offer are required to be free and clear from all liens, charges and encumbrances, and will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared thereafter.

6.8 In the event that the Shares tendered in the Offer by the Shareholders are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the Takeover Regulations i.e. on a proportionate basis, in consultation with the Manager to the Offer, to be decided in a fair and equitable manner and does not result in non-marketable lots, irrespective of whether the Shares are held in physical or dematerialized form.

6.9 This is a competitive bid. The public offers under all the subsisting bids shall close on the same date.

As the Offer Price cannot be revised during seven working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their Shares accordingly.

6.10 The Manager to the Offer shall within a period of forty five days of the closure of the Offer inform BSE, CSE, BhSE and SEBI as to level of acceptance received thereof. In accordance with Regulation 24(7), the Manager to the Offer shall send a final report to SEBI within forty five days from the date of closure of the Offer.

6.11 The acceptance of the Offer of the Acquirer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer will not be responsible for any loss of share certificate(s) and Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interests in this regard.

6.12 In the case of Shares acquired from Non Resident Shareholders, the Acquirer will not be responsible for any fall in the value of the rupee due to any fluctuation in the foreign exchange market on account of delay in the receipt of any required approval.

6.13 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer has been made to or non-receipt of this Offer by any such person shall not invalidate the Offer in any way.

6.14 The acceptance must be unconditional and should be sent with the Form of Acceptance-cum-acknowledgement duly filled in, signed by the applicant Shareholder(s) which should be received by the Registrar to the Offer at the address mentioned in paragraph 7.7 of this Letter of Offer on or before Tuesday, July 17 2012. If any change or modification is made, the acceptance is liable to be rejected.

6.15 All expenses relating to the Offer will be borne by the Acquirer and / or the PACs.

6.16 The Acquirer reserves the right of upward revision of price at any time up to seven working days prior to the closure of the Offer as per Regulation 26 of the Takeover Regulations. The same price would be paid by the Acquirer for all the Shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which the PA and the Corrigenda had appeared (refer to paragraph 2.2.1 of this Letter of Offer for details).

6.17 To the best of our knowledge, the Target Company has no Shares which are currently locked in. (*Source: BSE website as accessed on* Friday, June 15, 2012)

6.18 Statutory & Other Approvals

6.18.1 As of the date of this Letter of Offer, no statutory approvals are required by the Acquirer and/or the PACs to implement the Offer. If, however, any statutory approvals are required by the Acquirer and/or the PACs at a later date before the closure of the Offer, the Offer will be subject to such statutory approval(s). In terms of Regulation 27(1)(b) of the Takeover Regulations, the Acquirer will have a right not to proceed with the Offer in the event the approvals indicated above are refused. In case of a delay in receipt of the aforementioned approvals, SEBI has the power, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, to grant an extension of time to the Acquirer for payment of consideration to the tendering Shareholders, subject to the Acquirer agreeing to pay interest to the Shareholders for the delayed period beyond 15 days from the date of closing of the Offer as directed by SEBI in terms of Regulation 22(12) of the Takeover Regulations. Further, if a delay occurs on account of willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Takeover Regulations will become applicable.

6.18.2 As of the date of the PA, general permission of the RBI was available for the transfer of shares of an Indian company by way of sale from a person resident outside India to a person resident in India subject to compliance with the pricing guidelines and filing requirements prescribed by the RBI. Since, the price at which the Acquirer (a person resident in India) would acquire the Shares tendered by Non Resident Shareholders could at the time of such acquisition and settlement, have been higher than the price determined as per the pricing guidelines prescribed by the RBI, the Acquirer made an application to the RBI on March 10, 2009 seeking the prior approval of the RBI for the acquisition of Shares which may be tendered by Non Resident Shareholders in the Offer ("**RBI**

Application"). The RBI vide its letter dated April 21, 2009 ("**RBI Approval**") stated that it had no objection to the proposed acquisition of up to 61,00,000 Shares of the Target Company by the Acquirer through the Offer in accordance with the Takeover Regulations subject to the condition that the pricing of Shares will be as per the Takeover Regulations and that if Shares are tendered by erstwhile OCBs, then the Acquirer may approach the RBI for specific approval giving full details of OCBs. However, subsequently there was a change in law as the RBI vide its circular on "Foreign Direct Investment – Transfer of Shares" dated November 4, 2011 ("**November 4 Circular**") inter alia, allowed, without the prior approval of the RBI, transfer of shares of an Indian company from non residents to residents under the FDI scheme where the pricing guidelines prescribed by the RBI under the FEMA are not met, provided that the price for the acquisition of such shares complied with the specific, explicit, extant and relevant SEBI regulations (such as the Takeover Regulations) and compliance with certain other conditions specified in the November 4 Circular. Consequently, the Acquirer need not rely on the RBI Approval for the acquisition of Shares tendered by Non Resident Shareholders under the FDI scheme where the Offer Price may at the time of such acquisition and settlement be higher than the price determined as per the pricing guidelines prescribed by the RBI.

6.18.3 However, NRI Shareholders who acquired Shares under the PIS Scheme and OCB Shareholders, if any, must obtain all requisite approvals required by them to tender their Shares in the Offer and submit such approvals along with the Form of Acceptance-cum-acknowledgement. If such approvals are not obtained and submitted, the Acquirer will not acquire the Shares tendered in the Offer by such NRI Shareholders and OCB Shareholders. Further, if Non Resident Shareholders required any approval from the RBI, the FIPB or any other regulatory body for the acquisition of the Shares held by them in the Target Company, they will be required to submit such previous approvals along with the Form of Acceptance-cum-acknowledgement and other documents required to be tendered to accept this Offer. In addition, Non Resident Shareholders must obtain and submit along with the Form of Acceptance-cum-acknowledgement all requisite approvals required by them to tender their Shares in the Offer, where such approval is required pursuant to the terms of the previous approvals obtained by them from the RBI, FIPB or any regulatory body for the acquisition of Shares held by them. In the event all the above mentioned approvals are not submitted, the Acquirer and PACs reserve the right to reject such Shares tendered by such Non Resident Shareholders in the Offer.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

7.1 This Letter of Offer together with the Form of Acceptance-cum-acknowledgement and the Form of Withdrawal will be mailed to the Shareholders whose names appear on the register of members of the Target Company and to the beneficial owners of the Shares of the Target Company, in dematerialised form, whose names appear on the beneficial records of the respective depositories at the close of business on the Specified Date. These details were received from the Target Company on June 14, 2012.

7.2 Every Shareholder regardless of whether she/he held Shares on the Specified Date, or has not received the Letter of Offer, is entitled to participate in this Offer. Shareholders of the Target Company to whom the Offer is being made, are free to offer his/her/their Shares in the Target Company for sale to the Acquirer, in whole or part, while tendering his/her/their Shares in the Offer.

7.3 All Shareholders of the Target Company, registered or unregistered, who own Shares of the Target Company at any time prior to the closing of the Offer i.e. Tuesday, July 17, 2012, are eligible to participate in the Offer. Unregistered Shareholders and Shareholders who do not receive the copy of Letter of Offer can send their 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, distinctive numbers, folio numbers, together with the original Share certificate(s), valid transfer deed(s), duly signed and stamped, and a copy of the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered Shareholders.

7.4 *Shareholders who hold Shares in physical form:* Shareholders who hold Shares in physical form and wish to tender their Shares in the Offer will be required to send the Form of Acceptance-cum-acknowledgement duly completed in all respect and signed by all joint shareholders in the same order and as per the specimen signatures registered with the Target Company, original Share certificate(s) and a blank transfer deed(s) duly signed and stamped, to the Registrar to the Offer, either by hand delivery during normal business hours, as specified in paragraph 7.7 of this Letter of Offer below or by registered post, at their own risk, on or before the closure of the Offer, i.e. no later than Tuesday, July 17, 2012, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-acknowledgement. In case of registered Shareholders, non-receipt of the aforesaid documents by the Registrar to the Offer, but receipt of the Share certificates along with valid transfer deeds, the Offer shall be deemed to be accepted.

7.5 The Registrar to the Offer has opened a special depository account with NSDL called "RCMC-OSIL Open Offer Escrow A/c" ("**Depository Escrow Account**)", with the following details:

Depository:	NSDL
DP Name:	PNR Securities
Client ID Number:	10021978
DP ID Number:	IN 301241

7.6 *Shareholders holding Shares in dematerialised form:* Beneficial owners and Shareholders holding Shares in dematerialised form, will be required to send their Form of Acceptance-cum-acknowledgement to the Registrar to the Offer either by hand delivery during normal business hours, as specified in paragraph 7.7 below, or by registered post on, at their own risk, or before the closure of the Offer, i.e., no later than Tuesday, July 17, 2012, along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account *i.e.* "RCMC-OSIL Open Offer Escrow A/c" filled in as per the instructions given in paragraph 7.5 above. The credit for the delivered Shares should be received in the Depository Escrow Account on or before the closure of the Offer, i.e., no later than Tuesday, July 17, 2012, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-acknowledgement. Shareholders of the Target Company having their beneficiary account in CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favor of the Depository Escrow Account with NSDL. The documents can also be delivered to any of the collection centres mentioned in paragraph 7.7 below.

7.7 The collection centres of the Registrar, for the purpose of the Offer and accepting the Offer by eligible persons are as follows:

Name & Address of the collection centre	Tel. No.	Contact Person	Mode of delivery
RCMC Share Registry Private Limited 16, Bungalow Road, Kamla Nagar, Delhi- 110 007	+91 8130292115	Mr. Mahinder Lal	By Hand
RCMC Share Registry Private Limited B-106, Sector 2 Noida, Delhi NCR Uttar Pradesh – 201 301 Email: sectshares@rcmcdelhi.com	+91-120-4015880 +91-120-2444346(Fax)	Mr. Ramdev Tyagi	By Hand & Regd. Post
RCMC Share Registry Private Limited C/o Arkadin ConferIndia Private Limited, 601, Opulence Building, 6th Floor, Near HDFC Bank, Santa Cruz (East), Mumbai- 400 055	+91-22-67713300	Mr. Raghunath Matre	By Hand
RCMC Share Registry Private Limited C/o Arkadin ConferIndia Private Limited, G-01, G-02, Ground Floor, Phoenix Crescent, No. 10, Rest House Road, Bangalore- 560 001	+91-80-40340100	Mr. Kunal Joshi	By Hand

Business Hours : Monday to Friday: 10.00 a.m. to 4.00 p.m.
Holidays : Saturday, Sundays and Bank Holidays

7.8 THE SHARES, SHARE CERTIFICATES, TRANSFER DEEDS, FORM-OF-ACCEPTANCE-CUM-ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL AND/ OR OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE ACQUIRER, THE PACS, THE TARGET COMPANY OR THE MANAGER.

7.9 In case of non-receipt of the Letter of Offer, eligible persons may (i) download the same from the SEBI website (www.sebi.gov.in), (ii) obtain a physical copy of the same by writing to the Registrar to the Offer, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, distinctive numbers, folio numbers, together with the original Share certificate(s), valid transfer deed(s), duly signed and stamped, and a copy of the original contract note issued by the broker through whom they acquired their Shares, so as to reach the Registrar to the Offer on or before the closing of the Offer, i.e., no later than Tuesday, July 17, 2012 or in case of owners of Shares in dematerialized form, 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 "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account, so as to reach the Registrar to the Offer, on or before the closing of the Offer, i.e., no later than Tuesday, July 17, 2012. In case the aforesaid documents have not been received by the Registrar to the Offer, but the Shares are received in the Depository Escrow Account, the Offer shall be deemed to have been accepted.

7.10 Pursuant to Regulation 22(5A) of the Regulations, Shareholders of the Target Company desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before Thursday, July 12, 2012.

(i) The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with this Letter of Offer.

(ii) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

- *In case of physical Shares*: name, address, distinctive numbers, folio number, number of Shares tendered; and
- *In case of dematerialized Shares*: name, address, 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 "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account.

(iii) Shareholders may also download the Form of Withdrawal from the SEBI website at www.sebi.gov.in and send in their withdrawal by filling the same.

(iv) In case of partial withdrawal of 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 the Target Company. The facility of partial withdrawal is available only to registered Shareholders.

7.11 The Shares withdrawn by Shareholders, which are in physical form will be returned by ordinary post. Shares tendered in dematerialized form and withdrawn will be returned by credit to the beneficial owner’s DP account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance-cum-acknowledgement.

7.12 Payment of the consideration, net of applicable taxes, to Shareholders of the Target Company who have validly tendered their Shares and other required documents under the Offer shall be made by way of cheques/ drafts or electronic clearing system (“**ECS**”). The Registrar to the Offer will hold in trust the Shares lying in credit to the Depository Escrow Account, Share certificates tendered in physical form, Form of Acceptance-cum-acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders of the Target Company who have accepted the Offer, until the consideration has been paid to the Shareholders of the Target Company for the accepted Shares, whether through cheques, drafts or ECS and/or the unaccepted Shares/ Share certificates are dispatched/ returned to the Shareholders of the Target Company who have tendered their Shares under the Offer.

Payment would be effected through ECS for Shareholders having an account at any of the following 67 centers: Agra, Ahmedabad, Allahabad, Amritsar, Anand, Asansol, Aurangabad, Bangalore, Bhavnagar, Bhopal, Bhilwara, Bhubaneshwar, Bikaner, Chandigarh, Chennai, Coimbatore, Cuttack, Dehradun, Delhi, Dhanbad, Durgapur, Erode, Gangtok, Gorakhpur, Guwahati, Gwalior, Hyderabad, Indore, Jabalpur, Jaipur, Jalandhar, Jammu, Jamnagar, Jamshedpur, Jodhpur, Kanpur, Kolhapur, Kolkata, Kota, Kozhikode, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nasik, Nellore, Panaji, Patna, Pondicherry, Pune, Raipur, Rajkot, Ranchi, Salem, Shimla, Shimoga, Surat, Tirupur, Trichy, Trivandrum, Udaipur, Vadodara, Varanasi, Vijayawada, and Vizag.

All cheques / drafts / ECS payments will be in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the Shareholders provide bank account details in the Form of Acceptance-cum-acknowledgement for incorporation in the cheque / draft / ECS.

Payment through ECS would be subject to availability of complete bank account details including the MICR (in case of ECS) code as appearing on a cheque leaf, from the depositories.

** Dispatches involving payment of any value will be made by registered post / speed post at the Shareholder's sole risk. All other dispatches will be made by ordinary post at the Shareholder's sole risk.*

Applications in respect of Shares that are the subject matter of litigation wherein the Shareholder(s) may be precluded from transferring the Shares during the pendency of the said litigation, are liable to be rejected in case the directions/ orders regarding these Shares pending transfer are not received together with the Shares tendered under the Offer. This Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

7.13 The Shares tendered in the Offer are required to be free and clear from all liens, charges and encumbrances, and will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared thereafter.

7.14 Shareholders of the Target Company who have sent their Shares for dematerialization must ensure that the process of getting such Shares dematerialized is completed well in advance, so that the credit to the Depository Escrow Account of the Registrar to the Offer takes place on or before the closing of the Offer, i.e. no later than Tuesday, July 17, 2012, otherwise their application will be rejected.

7.15 If the aggregate of the valid responses to the Offer exceeds the Offer size of 61,00,000 Shares of the Target Company representing 20.00% of the Diluted Capital of the Target Company, then the Acquirer shall accept the valid applications received from the Shareholders on a proportionate basis, in consultation with the Manager to the Offer, to be decided in a fair and equitable manner that does not result in non-marketable lots, in accordance with Regulation 21(6) of the Regulations. The acquisition of Shares from Shareholders shall not be less than the minimum marketable lot (i.e. one Share).

7.16 In terms of Regulation 22(12) of the Takeover Regulations, the Acquirer shall, within a period of 15 days from the date of closing of the Offer, complete all procedures relating to the Offer including payment of consideration to the Shareholders who have accepted the Offer and for that purpose open a special account as provided under Regulation 29 of the Takeover Regulations. In case of a delay in receipt of any requisite statutory approvals, SEBI has the power, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, to grant an extension of time to the Acquirer for payment of consideration to the tendering Shareholders, subject to the Acquirer agreeing to pay interest to the Shareholders for the delayed period beyond 15 days from the date of closing of the Offer as directed by SEBI in terms of Regulation 22(12) of the Takeover Regulations. Further, if a delay occurs on account of willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Takeover Regulations will become applicable. As provided under Regulation 27 of the Takeover Regulations, the Acquirer will not proceed with the Offer in the event the requisite statutory approvals indicated above are refused.

7.17 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by registered post/ speed post at the Shareholders'/ unregistered owners' sole risk to the sole/ first Shareholder. Shares held in dematerialized form to the extent not accepted will be credited back to the same depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-acknowledgement.

7.18 While tendering the Shares under the Offer, all Non Resident Shareholders will be required to submit the previous RBI, FIPB or other regulatory authority approvals (specific or general) that they would have obtained, if any, to acquire the Shares of the Target Company. In case the previous approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered. In addition, Non Resident Shareholders must obtain all requisite approvals required by them to tender their Shares in the Offer, where such approval is required pursuant to the terms of the previous approvals obtained by them, if any, from the RBI, FIPB or any regulatory body for the acquisition of Shares held by them. NRI Shareholder who acquired Shares under the PIS Scheme and OCB Shareholders, if any, must obtain all requisite approvals required by them to tender their Shares in the Offer and submit such approvals along with the Form of Acceptance-cum-acknowledgement. If such approvals are not obtained and submitted, the Acquirer will not acquire the Shares tendered in the Offer by such Shareholders

7.19 Compliance with Tax requirements:

7.18.1 General

a. For interest payments by the Acquirer/ PACs for delay in payment of Open Offer Price, if any, as per the provisions of Section 195(1) of the Income Tax Act, 1961 ("Income Tax Act") any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). The consideration received by the non-resident Shareholders for Shares accepted in the Open Offer may be chargeable to tax in India either as capital gains under Section 45 of the Income Tax Act or as business profits, as the case may be, depending on the facts and circumstances of the case. The Acquirer/ PACs are required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such capital gains/ business profits. Further, the payment of any interest (whether penal or otherwise) by Acquirer/ PACs to the non-resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the Income Tax Act. The Acquirer/ PACs are required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such interest.

b. As per the provisions of Section 194A of the Income Tax Act, the payment of any interest by Acquirer/ PACs to the resident Shareholder may be chargeable to tax, as income from other sources under Section 56 of the Income Tax Act. The Acquirer/ PACs are required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such interest (whether penal or otherwise).

c. All non-resident Shareholders (including FIIs) are required to submit their Permanent Account Number ("**PAN**") for income-tax purposes. In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer/PACs will arrange to deduct tax at the rate of 20% (as provided in section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.

d. Each Shareholder shall certify its tax residency status (i.e. whether resident or non-resident) and its tax status (i.e. whether individual, firm, company, association of persons/ body of individuals, trust, any other, etc.) by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer/PACs, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted treating the Shareholder as a non-resident and at the rate as may be applicable, under the Income Tax Act, to the relevant category to which the Shareholder belongs, on the entire consideration and interest (if any), payable to such Shareholder.

e. Any Shareholder claiming benefit under any Double Taxation Avoidance Agreement (**"DTAA"**) between India and any other foreign country should furnish **"Tax Residence Certificate"** provided to him / it by the Income Tax Authority of such other foreign country of which he / it claims to be a tax resident. In the absence of such Tax Residence Certificate, the Acquirer/ PACs will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to provisions of any DTAA.

f. The Acquirer/ PACs will not accept any request from any Shareholder, under any circumstance, for no deduction of tax at source or deduction of tax at lower rate on the basis of any self computation / computation by any tax consultant of capital gain and / or interest (if any), and tax payable thereon.

g. Securities transaction tax will not be applicable to the Shares accepted in the Open Offer.

7.18.2 Tax Implications in case of Non-resident Shareholders (other than FII)

<u>Payment of Consideration & Interest</u>

a. While tendering Shares under the Open Offer, NRI, OCBs, and other non-resident Shareholders (excluding FII) will be required to submit a no objection certificate' ("**NOC**") or a certificate for deduction of tax at a lower rate ("**Certificate for Deduction of Tax at Lower Rate**") from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by Acquirer/ PACs before remitting the consideration and/ or the amount of interest. The Acquirer/ PACs will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

b. In case the NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer/ PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act on the entire consideration and/ or amount of interest payable to such Shareholder.

7.18.3 Tax Implications in case of FII

Payment of Consideration

a. As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source is required to be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, to an FII, as defined in Section 115AD of the Income Tax Act. However, for the purposes of availing this exemption from deduction of tax the FIIs shall be required to certify the nature of its income (i.e. whether capital gains arising on transfer of investment asset or business income arising on transfer of trade asset) on the sale of shares in the Target Company by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement.

b. If a FII certifies that its income is in the nature of capital gains arising on the transfer of investment asset, the Acquirer/ PACs will not deduct any taxes while making payment of consideration to such FII.

c. If a FII certifies that its income is in the nature of business income arising on transfer of trade assets or does not certify the nature of its income, such FII will be required to furnish a NOC or Certificate for Deduction of Tax at Lower Rate issued from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by Acquirer/ PACs before remitting the consideration amount. The Acquirer/ PACs will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

d. In case the NOC or Certificate for Deduction of Tax at Lower Rate, as required under clause 7.18.3(c) above, is not submitted, the Acquirer/ PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the FII belongs under the Income Tax Act on the entire consideration amount payable to such FII.

Payment of Interest

a. For interest payments by the Acquirer/ PACs for delay in payment of Open Offer Price, if any, FIIs will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer/ PACs before remitting the consideration. The Acquirer/ PACs will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

b. In case the NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer/ PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act on the entire consideration payable as interest to such Shareholder.

7.18.4 Tax Implications in case of resident shareholders

<u>Payment of Interest</u>

a. For interest payments by the Acquirer/ PACs for delay in payment of Open Offer Price, if any, all resident shareholders will be required to submit a NOC or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer/ PACs before remitting the consideration. The Acquirer/ PACs will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Lower Rate.

b. In case the NOC or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer/ PACs will arrange to deduct tax at the rate of 20% (in case PAN is not submitted) or the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, whichever is higher, on the entire consideration payable as interest to such Shareholder.

c. Notwithstanding anything contained in clause 7.18.4(a) and 7.18.4(b) above, no deduction of tax shall be made at source by the Acquirer/ PACs where the total amount of interest payable to a resident Shareholder does not exceed Rs. 5000 or where a self declaration in Form 15G or Form 15H (as provided in the Income-tax Rules, 1962), as may be applicable, has been furnished by a resident Shareholder. The self declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Shareholder furnished PAN in such declaration.

7.18.5 Tax Implications in foreign jurisdictions

a. Apart from the above, the Acquirer/ PACs will be entitled to withhold tax in accordance with the tax laws applicable in overseas jurisdictions where the non-resident Shareholder is a resident for tax purposes ("**Overseas Tax**"). For this purpose, the non-resident Shareholder shall furnish a self declaration stating the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirer/ PACs will be entitled to rely on this representation at their sole discretion.

7.18.6 Notwithstanding the details given above, all payments will be made to all Shareholders subject to compliance with prevailing tax laws.

7.18.7 The tax deducted by the Acquirer/ PACs while making payment to the Shareholder(s) may not be the final tax liability of such Shareholder(s) and in no way discharges the obligation of Shareholder to appropriately disclose the amount received pursuant to this Open Offer before the income tax authorities.

7.18.8 Shareholders are advised to consult their respective tax advisors for their taxability or any other aspects including the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PACs and the Manager do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.

8. DOCUMENTS FOR INSPECTION

Copies / certified copies of the following documents will be available for inspection at the office of IDFC Capital Limited, Naman Chambers, C-32, G-Block, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051, during normal business hours on any working day i.e. Monday to Friday between 10 am and 3 pm during the Offer period i.e. from – Thursday, June 28, 2012 to – Tuesday, July 17 2012:

8.1 Certificate of incorporation, Memorandum and Articles of Association of BEL;

8.2 A chartered accountant's certificate certifying the adequacy of financial resources with Acquirer to fulfil the open offer obligations;

8.3 Certificate dated April 12, 2012 given by Mehra Goel & Co., Chartered Accountants, New Delhi certifying the net worth of Mr. Brij Bhushan Singal.

8.4 Certificate dated April 12, 2012 given by Mehra Goel & Co., Chartered Accountants, New Delhi, certifying the net worth of Mr. Neeraj Singal.

8.5 Audited annual reports of the Acquirer and Target Company for the last three years;

8.6 A letter from the Escrow Agent confirming the amount kept in the Escrow Account and a lien in favour of Manager to the Offer;

8.7 A copy of the Bank Guarantee;

8.8 A copy of the undertaking dated June 8, 2012 provided by BSL to the Acquirer to provide necessary funding to the Acquirer for the purposes of payment of purchase consideration for acquisition of Shares by the Acquirer, pursuant to the Offer;

8.9 A published copy of the PA;

8.10 A copy of the letters from SEBI dated March 9, 2010 and June 12, 2012;

8.11 A copy of the agreement with DP for opening the Depository Escrow Account for the purpose of the Offer.

9. DECLARATION BY THE ACQUIRER (INCLUDING PACs, IF ANY)

9.1 A copy of the draft Letter of Offer was delivered to (a) the Board of Directors of the Target Company (b) the BSE (c) the CSE and (d) the BhSE for their information and perusal on April 18, 2012.

9.2 This Offer was initiated as a voluntary offer and was not triggered by any agreement of the Acquirer or any PACs with any person for the purpose of the acquisition of Shares in the Target Company, and therefore, publicly available information relating to the Target Company and details furnished by the Target Company have been relied upon for the purpose of disclosure in this Letter of Offer. The Acquirer, the PACs and the directors of the Acquirer and the PACs have not independently verified the accuracy of details of the Target Company.

9.3 Save as set out in point 9.2 above, the Acquirer /PACs and the directors of the Acquirer / PACs accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirer and the PACs as laid down in Regulation 22(6) of the Takeover Regulations.

9.4 The Acquirer and the PACs are severally and jointly responsible for ensuring compliance with the Takeover Regulations.

9.5 The Manager to the Offer has ensured that each of the persons who have signed this Letter of Offer are duly and legally authorized to sign the Letter of Offer on behalf of the Acquirer and the PACs, as applicable.

For and on behalf of
Bhushan Energy Limited

Sd/-

Authorised Signatory

Mr. Brij Bhushan Singal

Sd/-

Mr. Neeraj Singal

Sd/-

For and on behalf of
BNS Steel Trading Private Limited

Sd/-

Authorised Signatory

For and on behalf of
BBN Transportation Private Limited

Sd/-

Authorised Signatory

For and on behalf of
BNR Infotech Private Limited

Sd/-

Authorised Signatory

For and on behalf of
BNR Consultancy Services Private Limited

Sd/-

Authorised Signatory

For and on behalf of
Bhushan Steel Limited

Sd/-

Authorised Signatory

Place: New Delhi
Date: June 21, 2012

Encl.:
1. Form of Acceptance-cum-acknowledgment (with Form of Withdrawal)
2. Transfer Deed

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

ORISSA SPONGE IRON & STEEL LIMITED OFFER

OFFER
OPENS ON : June 28, 2012
CLOSES ON : July 17, 2012

- Please submit this Form with enclosures to the Registrar to the Offer at their address given in clause 7.7 in the Letter of Offer as per the mode of delivery specified in the Letter of Offer.
- Please read the enclosed Letter of Offer dated June 21, 2012 carefully before filling this Form of Acceptance-cum-acknowledgement.
- All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.
- Each Shareholder of the Target Company to whom this Offer is being made, is free to offer his Shares in the Target Company, in whole or in part while accepting the Offer.

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

From:

Folio No./DP ID No./ Client ID No.:

To,
RCMC Share Registry Private Limited
Unit: Orissa Sponge Iron & Steel Limited
B-106, Sector 2, Noida, Delhi NCR

Dear Sir,

Sub: Offer for purchase of upto 61,00,000 fully paid up Shares of the face value of Rs. 10/- (Rupees Ten only) each, representing 20.00% of the Diluted Capital of Orissa Sponge Iron & Steel Limited, at an Offer Price of Rs. 360 (Rupees Three Hundred Sixty only) per Share by Bhushan Energy Limited ("Acquirer") and Mr. Brij Bhushan Singal, Mr. Neeraj Singal, BNS Steel Trading Private Limited, BBN Transportation Private Limited, BNR Infotech Private Limited, BNR Consultancy Services Private Limited and Bhushan Steel Limited (the "PACs") ("Offer")

I/We refer to the PA, the Letter of Offer dated June 21, 2012 and the Corrigenda for acquiring the Shares held by me/us in the Target Company.

I/We, the undersigned, have read the PA, the Letter of Offer and the Corrigenda, and understood the contents including the terms and conditions mentioned therein.

** FOR SHARES IN PHYSICAL FORM**

I/We accept the Offer and enclose the original Share certificate (s) and duly signed and stamped blank transfer deed(s) in respect of my / our Shares as detailed below:

S No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of fully paid-up Shares
			From	To	

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

I/ We note and understand that the original Share certificate (s) and valid duly signed and stamped Share transfer deed(s) will be held in trust for me / us by Registrar to the Offer until the time the Acquirer and the PAC complete the Offer obligations under the Takeover Regulations, as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

** SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in dematerialized form, accept the Offer and enclose the photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in respect of my/our Shares as detailed below:

Depository Name	DP Name	DP ID
Client ID	**Beneficiary Name**	**No of fully paid-up Shares**

I/ We have executed an off-market transaction for crediting the Shares to the Depository Escrow Account opened by RCMC Share Registry Private Limited with PNR Securities styled "RCMC-OSIL Open Offer Escrow A/c" with the following particulars:

DP Name	DP ID	Client ID	ISIN
PNR Securities	IN 301241	10021978	INE228D01013

 via a delivery instruction from my account with NSDL via inter-depository delivery instruction from my account with CDSL
I/ We note and understand that the Shares would reside in the Depository Escrow Account until the time the Acquirer and the PAC complete the Offer obligations under the Takeover Regulations, as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For all Shareholders
I / We, confirm that our residential status for the purposes of Income Tax Act is:

☐ Resident ☐ Non-resident. If yes, please state country of tax residency - ____________________

I / We, confirm that our status for the purposes of Income Tax Act is:

☐ Individual ☐ Firm ☐ Company ☐ Association of Persons / Body of Individuals ☐ Trust ☐ Any Other – Please specify ____________________

Please tick Shareholder status (for filing Form FC-TRS) (*)

☐ Individual ☐ Company ☐ FII ☐ Foreign Venture Capital Investor (FVCI) ☐ Foreign Trust ☐ Private Equity Fund ☐ Pension/Provident Fund

☐ Sovereign Wealth Fund (SWF)(**) ☐ Partnership/Proprietary Firm ☐ Financial Institution ☐ OCB ☐ NRI/Person of Indian Origin

☐ Others (please specify) ____________

(*) In case of incorporated entities, the entity tendering Shares in the Offer is required to mention the place and date of incorporation

Date of Incorporation: ___________________; Place of Incorporation: ____
(**) SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities

For NRIs / OCBs / Other non-resident Shareholders (excluding FIIs)
I / We, have enclosed the following documents:

☐ Self Attested copy of PAN Card ☐ NOC ☐ Certificate for Deduction of Tax at Lower Rate ☐ Tax Residency Certificate

I / We, confirm that the details of Overseas Tax to be deducted on the consideration payable by the Acquirer/ PACs is as follows:

Amount of Overseas Tax	***Rate at which Overseas Tax is to be deducted on the gross consideration***
Country in which the Overseas Tax has to be deposited	***Details of Authority with whom such Overseas Tax has to be deposited***

For FII

I / We, confirm that the nature of income from sale of Shares of Target Company held by me / us is *(select whichever is applicable):*
☐ Capital Gains on transfer of Investments ☐ Any Other income on transfer of Shares held on trade account

I / We, have enclosed the following documents:

☐ Self Attested copy of PAN Card ☐ NOC ☐ Certificate for Deduction of Tax at Lower Rate ☐ Tax Residency Certificate
I / We, confirm that the details of Overseas Tax to be deducted on the consideration payable by the Acquirer/ PACs is as follows:

Amount of Overseas Tax	***Rate at which Overseas Tax is to be deducted on the gross consideration***
Country in which the Overseas Tax has to be deposited	***Details of Authority with whom such Overseas Tax has to be deposited***

For Resident Shareholders:
I / We, have enclosed the following documents:

☐ Self Attested Copy of PAN Card ☐ NOC ☐ Certificate for Deduction of Tax at Lower Rate ☐ Self Declaration in Form 15G ☐ Self-declaration in Form 15H

- **For all Non Resident Shareholders:**

I/We have enclosed the following documents:
- RBI, FIPB and any other regulatory approval(s), if any, at the time of acquisition of Shares for acquiring Shares of the Target Company hereby tendered in the Offer.
- RBI, FIPB and any other regulatory approval(s) required to tender Shares in the Offer (where such approval is required pursuant to the terms of the previous approvals obtained by Non Resident Shareholders from the RBI, FIPB or any regulatory body for the acquisition of Shares held by them)
- RBI approval to tender the Shares in the Offer (for NRI Shareholders who acquired Shares under the PIS Scheme and OCB Shareholders)

Following documents should be enclosed wherever applicable:
- Power of attorney
- Death certificate/ succession certificate/ No objection certificate/ letters from legal heirs- duly attested
- Corporate authorization in case of companies along with board/ general meeting resolutions and specimen signatures of authorized signatories
- Others (please specify) ____________________________________

Bank details: So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in electronic form, the bank account as obtained from the "beneficiary position download" to be provided by the Depositories will be considered and the payment instruments will be issued with those bank particulars only:

Name of Bank	***Branch***
Account Number	***Current/Savings/Others (Please Specify)***
9 Digit MICR Code	***IFSC Code***

I/We confirm that the Shares of the Target Company, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever, and such Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared thereafter. I/We confirm that there are no tax or other claims pending against us which may affect the legality of the transfer of Shares under the Income Tax Act.

I/ We note and understand that once I/ We have accepted the Offer by tendering the requisite documents in terms of PA / Letter of Offer, I/ We have the option to withdraw the same up to three working days prior to the date of the closure of the Offer i.e. Tuesday, July 17, 2012.

I/We authorize the Acquirer to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, Share certificate(s)/Shares in respect of which the Offer is not found valid/not accepted, without specifying the reasons thereof.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the Share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by registered post/speed post/under certificate of posting as may be applicable at my/our risk, the draft/cheque/payment instruments, in full and final settlement of the amount due to me/us and/ or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

In case of Shares tendered in dematerialized form, I/We authorize the Acquirer, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incorrect or incomplete information, I will not hold the Acquirer, the PACs, Registrar to the Offer or the Manager responsible.

Address of first/ sole holder where the purchase consideration/ Share certificates are to be dispatched

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Yours faithfully,
Signed and Delivered

	Full name(s) of Shareholder(s)	Specimen Signature(s)	PAN/ GIR No.
1st Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Place:
Date:

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT/SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSURE OF THE OFFER (i.e. BY 4.00 PM ON TUESDAY, JULY 17, 2012) SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED

PROCEDURE FOR ACCEPTANCE

The Shareholders of the Target Company who wish to avail the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the collecting centre specified below, in accordance with the instructions specified in the Letter of Offer and Form of Acceptance-cum-acknowledgement form so as to reach them not later than 4.00 PM, Tuesday, July 17, 2012.

COLLECTING CENTRE DETAILS:

Name & Address of the collection centre	Tel. No.	Contact Person	Mode of delivery
RCMC Share Registry Private Limited 16, Bunglow Road, Kamla Nagar, Delhi – 110 007	+91- 8130292115	Mr. Mahinder Lal	By Hand
RCMC Share Registry Private Limited B-106, Sector 2, Noida, Delhi NCR Uttar Pradesh – 201 301 Email: sectshares@rcmcdelhi.com	+91-120-4015880 +91-120-2444346(Fax)	Mr. Ramdev Tyagi	By Hand & Regd. Post
RCMC Share Registry Pvt Ltd. C/o Arkadin ConferIndia Pvt Ltd 601, Opulence Buliding 6th Road, Near HDFC Bank Santa Cruz (East), Mumbai 400055	+91-22- 67713300	Mr. Raghunath Matre	By Hand
RCMC Share Registry Pvt Ltd. C/o Arkadin ConferIndia Pvt Ltd G-01,G-02, Ground Floor, Ploenix Cresent, No 10, Rest House Road Bangalore – 560001	+91-80- 40340100	Mr. Kunal Joshi	By Hand

Business Hours : Monday to Friday: 10.00 a.m. to 4.00 p.m.
Holidays : Saturday, Sundays and Bank Holidays

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE PAC OR TO THE MANAGER TO THE OFFER

1. All queries pertaining to this Offer may be directed to the Registrar to the Offer.
2. Shareholders holding registered Shares should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original Share certificate(s) and valid share transfer form(s) duly signed and stamped as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed except name, signature and witness.
3. Shareholders holding Shares in dematerialized form should submit the Form of Acceptance –cum-Acknowledgement duly completed and signed in accordance with the instruction contained therein by all the beneficial holders of the Shares, as per the records of the DP.
4. In case of Shares held in joint names, names should be filled up in the same order in the Form of Acceptance –cum-Acknowledgement and in the transfer deed(s) as the order in which they hold Shares in OSIL, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
5. In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorized to use the seal of his office.
6. Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the Share certificate(s), the duly signed and stamped transfer deed(s) with the buyers details not filled in and other relevant documents. In case the Share certificate(s) and duly signed and stamped transfer deed(s) are lodged with OSIL / its transfer agent for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company /its transfer agent, of the Share certificate(s) and duly signed and stamped transfer deed(s). Persons under this paragraph should submit their acceptance and necessary documents by registered post or speed post or courier or in person to the Registrar to the Offer at their office as mentioned above.
7. Non Resident Shareholders should enclose copy (ies) of approvals as required under the Letter of Offer, and are advised to refer to the paragraph 7.18 on taxation in the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.
8. NRI Shareholders (who acquired Shares under the PIS Scheme) and OCB Shareholders) and OCB Shareholders (if any) should enclose copy(ies) of the approval received from the Reserve Bank of India in order to tender their Shares in the Offer
9. In case of bodies corporate, certified copies of appropriate authorization (including board/shareholders' resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
10. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to): (a) Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired, (b) duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or the duly signed and stamped transfer deed(s).
11. Neither the Acquirer, the PACs, the Manager to the Offer, the Registrar to the Offer will be liable for any delay/loss in transit resulting in delayed receipt/ non-receipt by the Registrar to the Offer of the Form of Acceptance-cum-acknowledgement or for the failure to deposit Shares by tendering Shareholder to the Depository Escrow Account or submission of original physical Share certificates with inaccurate/incomplete particulars/instructions on the part of Shareholder, or for any other reason.

-- TEAR ALONG THIS LINE --

ACKNOWLEDGEMENT SLIP

Folio No__________________________ DP ID________________________Client ID_____________________Sr. No___________________________

Received from Mr./Ms. ____residing at____

______________________a form of acceptance cum acknowledgment for Offer of ____________________________

Shares of the Target Company along with: ☐ Copy of depository instruction slip ☐ Share certificate(s) under folio number(s) ____ along with transfer deed(s).

Stamp of Collection Center	Signature of Official, & Date of Receipt

-- TEAR ALONG THIS LINE --

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at
RCMC Share Registry Private Limited
B-106, Sector 2, Noida, Delhi NCR
Tel: +91-120-4015880; Fax: +91-120-2444346
Contact Person: Mr. Ramdev Tyagi
Email: sectshares@rcmcdelhi.com

FORM OF WITHDRAWAL
ORISSA SPONGE IRON & STEEL LIMITED - OPEN OFFER

Sub: Offer for purchase of upto 61,00,000 Shares of the face value of Rs. 10/- (Rupees Ten only) each, representing 20% of the Diluted Capital of Orissa Sponge Iron & Steel Limited, at an Offer Price of Rs. 360(Rupees Three Hundred Sixty only) per Share by Bhushan Energy Limited along with Mr. Brij Bhushan Singal, Mr. Neeraj Singal, BNS Steel Trading Private Limited, BBN Transportation Private Limited, BNR Infotech Private Limited, BNR Consultancy Services Private Limited and Bhushan Steel Limited. ("Offer")

OFFER OPENS ON	June 28, 2012
LAST DATE FOR WITHDRAWAL	July 12, 2012
OFFER CLOSES ON	July 17, 2012

I / We refer to the Letter of Offer dated June 21, 2012 for acquiring the Shares held by me / us in the Target Company. I / We, the undersigned have read the Letter of Offer and understood its content including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw, in terms of Regulation 22(5A) of the Takeover Regulations, my / our Shares from the Offer and I / we further authorize the Acquirer to return to me / us, the tendered Share certificate(s) / Share(s) at my / our sole risk.

I / We note that upon withdrawal of my / our Shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal (i.e. Friday, July 12, 2012) at any of the collection centers mentioned in the Letter of Offer as per the mode of delivery indicated therein.

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the Shares held in physical form and also for the non-receipt of Shares held in dematerialized form in the DP account due to inaccurate / incomplete particulars / instructions.

I / We also note and understand that the Acquirer will return the original Share certificate(s), Share transfer deed(s) / Shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

I/ We would like to withdraw my/our acceptance in terms of Regulation 22(5A) of the Takeover Regulations and my/our relevant details are as follows:

☐ **In respect of physical Shares:**

Name	Address	Folio No.	Share Certificate Nos.		Number of Shares tendered	Number of Shares withdrawn
			From	To		

Copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance is being attached herewith.

☐ **In respect of demat Shares:**

Name	Address	Number of Shares tendered	Number of Shares withdrawn		DP Name	DP ID	Beneficiary Account No.

Photocopy of the delivery instruction slip in "off market" mode duly acknowledged by DP is attached along with a copy of the acknowledgment received from the Registrar to the Offer while tendering the Shares is being enclosed herewith.

I / We note that the Shares will be credited back only to that depository account from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct. In case of dematerialized Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Address of first/ sole holder where the Share certificates/Shares are to be dispatched

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Yours faithfully,
Signed and Delivered

	Full name(s) of Shareholder(s)	*Specimen Signature(s)*	*PAN/ GIR No.*
1st Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Place:
Date:

INSTRUCTIONS FOR SUBMISSION OF FORM OF WITHDRAWAL

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. no later than 4.00 p.m., Thursday, July 12, 2012.
2. In case of partial withdrawal by registered Shareholders such Shareholders should enclose, valid Share transfer deed(s) for the remaining Shares (i.e. Shares not withdrawn), duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with "Orissa Sponge Iron & Steel Limited" and duly witnessed at the appropriate place.
3. In case of partial withdrawal of 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 the Target Company. The facility of partial withdrawal is available only to registered Shareholders.
4. The withdrawal of Shares will be available only for the Share certificates/Shares that have been received by the Registrar to the Offer/ credited into the Depository Escrow Account.
5. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company / depository as the case may be.
6. Request for withdrawal from unregistered Shareholders can be considered to the extent the Shares tendered and received are found to be valid.
7. A separate request for withdrawal should be submitted for each Folio No./ DP ID/ Client ID.
8. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their account with the DP.

-- TEAR ALONG THIS LINE --

ACKNOWLEDGEMENT SLIP

Folio No__________________________ DP ID_________________________Client ID______________________Sr. No__________________________

Received from Mr./Ms. ____residing at____

______________________a form of withdrawal for Offer of ____

Shares of the Target Company along with: ☐ Copy of depository instruction slip ☐ Share certificate(s) under folio number(s) ____ along with transfer deed(s).

Stamp of Collection Center	**Signature of Official, & Date of Receipt**

-- TEAR ALONG THIS LINE --

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at
RCMC Share Registry Private Limited
B-106, Sector 2, Noida, Delhi NCR
Tel: +91-120-4015880; Fax: +91-120-2444346
Contact Person: Mr. Ramdev Tyagi
Email: sectshares@rcmcdelhi.com