PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF

K. B. STEEL LIMITED

Regd. Off.: 5, Mahavir Chambers, 2nd Floor, 1/5, Banaji Lane, Fort, Mumbai-400 001.

Correspondence Add.: Plot No. 55/2/B, GIDC Estate, Opp. Bank of India, Vatva, Ahmedabad-382 445.

This Public Announcement ('PA') is being issued by Ashika Capital Limited ('Manager to the Offer') for and on behalf of Mr. Vipul J. Modi, Ms. Leena V. Modi & Vipul J. Modi (HUF) (hereinafter collectively referred to as 'Acquirers') pursuant to and in compliance with among others, regulation 10 & 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as 'Regulations').

1. BACKGROUND OF THE OFFER

a. The Open Offer is being made by Mr. Vipul J. Modi, Ms. Leena V. Modi and Vipul J. Modi (HUF) through Mr. Vipul J. Modi as Karta of the HUF, all are residing at Ramakunj,155A, Sir Bhalchandra Road, Hindu Colony, Dadar, Mumbai 400 014 (hereinafter collectively referred to as 'Acquirers') to the equity shareholders of K. B. STEEL LIMITED, a company incorporated under the Companies Act, 1956 and having registered office at 5, Mahavir Chambers, 2nd Floor, 1/5, Banaji Lane, Fort, Mumbai-400 001 (hereinafter referred to as 'KBSL' or 'Target Company').

b. The Acquirers have entered into Share Purchase Agreement (hereinafter referred to as 'SPA') on June 16, 2007 with Mr. Kaushik Kansara & Mrs. Manglaben Kansara-(Promoter Group of the Target company) [collectively known as 'Sellers'] to acquire in aggregate 1,34,450 fully paid up equity shares of Rs.10/- each, representing 54.88% of voting capital of Target company, at a price of Rs. 28/- per equity share ('Negotiated Price'), payable in cash.

c. Pursuant to the aforesaid Agreement, provisions of regulation 10 read with regulation 12 of the Regulations have been attracted.

2. THE OFFER

a. Pursuant to the said SPA, Acquirers are making an Open Offer to the shareholders (other than parties to the Agreement) of KBSL to acquire upto 49,000 fully paid up equity shares of Rs.10/- each representing 20% of the voting capital, at a price of Rs. 28/- per fully paid-up equity share ('Offer Price') payable in cash ('Offer' or 'Open Offer').

b. There are no Person(s) Acting in Concert with the Acquirers as per the provisions of the regulation 2(1)(e) of the Regulations.

c. The Offer is not subject to any minimum level of acceptance.

d. As on the date of this PA, the Acquirers do not hold any equity shares of KBSL. The Acquirers has not acquired any equity shares of KBSL during the 12 months period preceding the date of this PA.

e. This is not a Competitive Bid.

f. The Acquirers has not entered into any separate non-compete agreement with the Sellers.

g. As on date, the Manager to the Offer does not hold any shares in the Target Company. It declares and undertakes that it will not deal in the shares of the Target Company during the period commencing from the date of its appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.

h. Irrespective of the outcome of the SPA, the Acquirers would complete the Offer formalities under the Regulations.

3. THE OFFER PRICE

a. The equity shares of KBSL are listed on Bombay Stock Exchange Limited, Mumbai (BSE). Based on the information available, the shares of the KBSL are infrequently traded within the meaning of the explanation (i) to regulation 20(5) of the Regulations.

b. The Offer Price of Rs. 28/- is justified in terms of regulation 20(5) of the Regulations, in view of the following:

a.	Negotiated price under the SPA	Rs. 28/-
b.	Highest price paid by Acquirer(s) for acquisition including by way of allotment in a public or rights Issue, if any, during the twenty six weeks period prior to the date of PA	Not Applicable
c.	Other Parameters	**For the year ended 31.03.2007**
	Book Value per Share (Rs.)	25.02
	Return on Networth (%)	1.08
	Earning Per Share (annualized) (Rs.)	0.27

In view of the above, the Offer Price of Rs. 28/- per share is justified in terms of regulation 20(5) of the Regulations.

4. INFORMATION ABOUT THE ACQUIRER(S)

a. Mr. Vipul J. Modi, aged about 42 years, son of Late Sri Jayantilal Modi, is residing at Ramakunj,155A, Sir Bhalchandra Road, Hindu Colony, Dadar, Mumbai 400 014 and having office at 66, Hansa Villa, Bhaudaji 'X' Road, Matunga (CR), Mumbai-400 019. He became the Member of The Institute of Chartered Accountants of India in the year 1986. Mr. Vipul J. Modi is the Proprietor of M/s. Vipul Modi & Associates, Chartered Accountants and specialized in providing services in the areas of Corporate Law, Taxation, Audit and Finance. He is the Chairman of Samruddhi Group of Companies dealing in Stock Broking, Commodities Broking and Corporate Advisory Services. The networth of Mr. Vipul J. Modi as on 31.03.2007, as certified by Shri Ishwar P. Mehta (Membership No. 34609) Proprietor of M/s. I. P. Mehta & Co., Chartered Accountants, having office at 12, Swati Apartment, Cama Lane, Hansoti Lane, Ghatkopar (W), Mumbai-400 086; Tel No.: 022-25131345, vide his certificate dated 16.06.2007, is Rs. 897.21 Lakhs.

b. Mrs. Leena V. Modi, aged about 41 years, wife of Sri Vipul J. Modi, is residing at Ramakunj,155A, Sir Bhalchandra Road, Hindu Colony, Dadar, Mumbai 400 014 and having office at 66, Hansa Villa, Bhaudaji 'X' Road, Matunga (CR), Mumbai-400 019. She completed her Bachelor of Commerce in the year 1985 from Mumbai University. Mrs. Leena V. Modi is having around 10 years of experience in the areas of finance. Her networth as on 31.03.2007, as certified by Shri Ishwar P. Mehta (Membership No. 34609) Proprietor of M/s. I. P. Mehta & Co., Chartered Accountants, having office at 12, Swati Apartment, Cama Lane, Hansoti Lane, Ghatkopar (W), Mumbai-400 086; Tel No.: 022-25131345, vide his certificate dated 16.06.2007, is Rs. 510.16 Lakhs.

c. Vipul J. Modi (HUF), was formed on April 1, 1993 by Mr. Vipul J. Modi as Karta of the HUF. The address of the HUF is Ramakunj, 155A, Sir Bhalchandra Road, Hindu Colony, Dadar, Mumbai 400 014. The networth of Vipul J. Modi (HUF) as on 31.03.2007, as certified by Shri Ishwar P. Mehta (Membership No. 34609) Proprietor of M/s. I. P. Mehta & Co., Chartered Accountants, having office at 12, Swati Apartment, Cama Lane, Hansoti Lane, Ghatkopar (W), Mumbai-400 086; Tel No.: 022-25131345, vide his certificate dated 16.06.2007, is Rs. 24.23 Lakhs.

d. Mr. Vipul J. Modi and Mrs. Leena Modi are husband and wife and Mr. Vipul J. Modi is the Karta of Vipul J. Modi (HUF).

e. The Acquirers have not entered into any formal agreement with respect to the acquisition of shares through this Offer and acting together under an informal understanding.

f. Among others, Mr. Vipul J. Modi and Mrs. Leena V. Modi are the Promoter/Directors of the following companies:
   a) Samruddhi Finstock Ltd.
   b) Samruddhi Stock Brokers Ltd.
   c) Samruddhi Commodities Trading Ltd.
   d) Samruddhi Equities & Securities Services Ltd.

g) Mr. Vipul J. Modi and Mrs. Leena V. Modi are not on the Board of any listed company.

5. INFORMATION ABOUT THE TARGET COMPANY

a. KBSL was incorporated on 18.11.1982 as a Public Limited Company in the name & style of 'K. B. Steel Limited' and received the Certificate of Commencement of Business from Registrar of Companies, Maharashtra on 22.03.1983. The Registered Office of the company is situated at 5, Mahavir Chambers, 2nd Floor, 1/5, Banaji Lane, Fort, Mumbai-400 001.

b. As on date of PA, the Authorised Share Capital of the company is Rs. 25.00 Lakhs comprising of 2,50,000 Equity Shares of Rs. 10/- each and the issued & subscribed capital is Rs. 24.50 Lakhs comprising of 2,45,000 fully paid-up equity shares of Rs. 10/- each. There are no partly paid-up equity shares. There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity shares at any later date. There are no shares under lock-in period.

c. The main Object Clause of KBSL includes interalia to carry on the business of manufacturing and trading of steel and pipes and presently KBSL is not carrying on any business.

d. The equity shares of KBSL are listed on Bombay Stock Exchange Limited, Mumbai.

e. As per Audited Accounts for the year ended 31st March 2007, the company earned total income of Rs. 2.76 Lakhs and a Net Profit After Tax of Rs. 0.66 Lakhs. The Networth, Book Value, Earning Per Share and Return on Networth for the year ended 31.03.2007 was Rs. 61.30 Lakhs, Rs. 25.02 per share, Rs. 0.27 per share and 1.08% respectively.

6. REASON FOR THE ACQUISITION AND THE OFFER

a. The Offer has been made pursuant to regulations 10 & 12 and other provisions of Chapter III and in compliance with the Regulations.

b. The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change of control and management of the company. The Acquirers propose to expand the existing business operations of Target Company. The Acquirers will suitably strengthen the Company with human resource as well as financial capital. The Acquires reserve the right to modify the present structure of the business in a manner which is useful to the larger interests of the shareholders. Any change in the structure that may be effected will be in accordance with the laws applicable.

c. The Acquirers do not currently intend to dispose of or otherwise encumber any significant assets of the Target Company in the next two years, except such disposals or encumbrances in the ordinary course of business of the Target Company and / or for the purposes of restructuring, rationalizing and / or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. Further, the Acquirers undertake not to 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 the applicable laws, permissions and consents, if any.

7. STATUTORY APPROVALS AND OTHER APPROVALS FOR THE OFFER

a. The Offer is subject to the receipt of necessary approval(s), if any, from Reserve Bank of India under Foreign Exchange Management Act, 1999 and subsequent amendments there to for acquiring equity shares tendered by Non Resident Shareholders, if any.

b. To the best of knowledge and belief of the Acquirers, as on the date of this PA there are no other statutory approvals or approvals from the lenders required, for the acquisition of equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals.

c. In case of delay in receipt of any approval, SEBI has the power to grant an extension of the time required for payment under the Offer provided that the Acquirers agrees to pay interest in accordance with regulation 22(12) of the Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulations 22(13) of the Regulations will also become applicable.

8. OPTION IN TERMS OF REGULATION 21

In the event, pursuant to this Offer, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirers will, in accordance with regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the stock exchanges within the specified time and in accordance with the prescribed procedure under amended clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

9. FINANCIAL ARRANGEMENT

a. The total fund requirement for the Offer is Rs. 13,72,000/- (Rupees Thirteen Lakhs Seventy Two Thousand only). In accordance with regulation 28 of the Regulations, the Acquirers have opened an Escrow Account with HDFC Bank Ltd., Fort Branch, Mumbai and made a Cash deposit of Rs. 13,75,000/- (Rupees Thirteen Lakhs Seventy Five Thousand only) in the account, being 100% of the total consideration payable to the shareholders under the Offer. A lien has been marked on the said Escrow Account in favour of the Manager to the Offer by the bank. The Manager to the Offer has been duly authorised by the Acquirers to operate and realise the value of Escrow Account in terms of the Regulations.

b. The Acquirers have adequate financial resources and has made firm financial arrangements for the implementation of the Offer in full out of their own sources/Networth and no borrowings from any Bank and/or Financial Institutions are envisaged. Shri Ishwar P. Mehta (Membership No. 34609) Proprietor of M/s. I. P. Mehta & Co., Chartered Accountants, having office at 12, Swati Apartment, Cama Lane, Hansoti Lane, Ghatkopar (W), Mumbai-400086; Tel No.: 022-25131345, vide certificate dated June 18, 2007 have confirmed that the Acquirers has adequate resources to implement the Offer in full.

c. Based on the above, the Manager to the Offer has satisfied that the Acquirers has the ability to implement the Offer in accordance with the Regulations and firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

10. OTHER TERMS OF THE OFFER

a. The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to all those shareholders of KBSL (other than the parties to the Agreement) whose names appear on the Register of Members of KBSL at the close of business hours on June 30, 2007 ('Specified Date'). Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the open offer in any manner whatsoever.

b. All owners of equity shares, registered or unregistered, who own the equity shares of KBSL, except parties to the Agreement, at any time prior to the closure of the Offer, are eligible to participate in the Offer.

c. Shareholders who hold equity shares of KBSL in physical form and wish to tender their shares pursuant to the Offer will be required to submit the duly signed Form of Acceptance cum Acknowledgement, Original Share Certificate (s) and duly signed and executed Transfer Deed (s) to the Registrar to the Offer, either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post so as to reach on or before the closure of the Offer, i.e. August 27, 2007, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

d. The Registrar to the Offer has opened a Special Depository Account with BCB Brokerage Private Limited (Registered with CDSL), styled 'PSIPL ESCROW ACCOUNT K.B.STEEL OPEN OFFER'. The DP ID is 12010400 and Client ID is 00003996. Shareholders having their beneficiary account in NSDL have to use Inter depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account.

e. Beneficial owners and Shareholders holding shares in the Dematerialised Form and wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement 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 Depository Participant ('DP'), in favour of the Special Depository Account, to the Registrar to the Offer either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post, on or before the closure of the Offer, i.e. August 27, 2007, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

f. Unregistered owners can send their application in writing to the Registrars to the Offer, Purva Sharegistry India Private Limited, on or before the closure of the Offer, i.e. August 27, 2007 on plain paper stating Name, Address, No. of equity shares held, No. of equity shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid Transfer Deeds. No indemnity is required from the unregistered owners.

g. In case of non-receipt of the Letter of Offer, the eligible persons may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, alongwith the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e. August 27, 2007, in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, DP Name, DP ID, Beneficiary Account Number and a photocopy of the delivery instruction in 'Off-Market' mode or counterfoil of the delivery instruction in 'Off-Market' mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e. August 27, 2007.

h. Shareholders who have sent their shares for dematerialisation need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Escrow Account should be received on or before the closure of the Offer, else the application would be rejected.

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

j. The Registrars to the Offer will hold in trust the equity shares and Share Certificate(s), Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of KBSL who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares/Share Certificates are despatched/ returned.

k. Share Certificates, Transfer Forms and other documents in respect of shares not accepted under the Offer, if any, will be returned by Registered Post at the Shareholders / Unregistered Owners sole risk to the sole / first shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

l. The payment of acquisition of shares will be made by the Acquirers in Cash through a crossed Demand Draft/Pay Order to the equity Share holders of KBSL whose equity share certificates and other documents are found in order and accepted, within 15 Days from the date of closure of the Offer.

m. In terms of Regulation 22(5A) of the Regulations, shareholders shall have the option to withdraw acceptance tendered up to three working days prior to the date of closure of the Offer by submitting the required documents, to the Registrar to the Offer. The withdrawal option can be exercised by submitting the Form of Withdrawal enclosed with Letter of Offer. Incase of non-receipt of Form of Withdrawal, the withdrawal can be exercised by making it on plain paper along with the details as mentioned in the point 'g' above.

n. A schedule of some of the key events in respect of the Offer is given below:

Activities	Date	Day
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	June 30, 2007	Saturday
Last date for a Competitive Bid	July 12, 2007	Thursday
Date by which Letter of Offer will be posted to shareholders	July 30, 2007	Monday
Date of Opening of the Offer	August 8, 2007	Wednesday
Last date for revising the Offer Price / No. of equity Shares	August 16, 2007	Thursday
Last date of withdrawal of tendered application by the shareholders of the Target Company	August 22, 2007	Wednesday
Date of Closing of Offer	August 27, 2007	Monday
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired equity shares and/or the unaccepted equity shares / Share Certificate(s) will be dispatched / credited	September 11, 2007	Tuesday

11. GENERAL

a. In accordance with regulation 22(5A) of the Regulations, the shareholders of KBSL 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 closure of the Offer i.e. August 22, 2007.

b. The Acquirers is permitted to revise the Offer Price of Shares / No. of equity shares upwards, such upward revision will be made in accordance with regulation 26 of the Regulations, not later than August 16, 2007, which is 7 (Seven) working days prior to the date of closure of the Offer. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted the Offer and submitted their equity shares at any time during the period between the date of opening of the Offer and the date of closure of the Offer to the extent that their Shares have been verified and accepted by the Acquirers. The same would be informed by way of Public Announcement in the same newspapers where this Public Announcement appears.

c. **If there is a competitive bid:**
   a. **The public offer under all the subsisting bids shall close on the same date.**
   b. **As the Offer Price cannot be revised during the seven working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of shareholders to wait until the commencement of that period to know the final offer price of each bid and tender their acceptances accordingly.**

d. The Acquirers, Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992 or any other regulation made under the SEBI Act.

e. Pursuant to regulation 13 of the Regulations, the Acquirers have appointed Ashika Capital Limited as Manager to the Offer.

f. The Acquirers have appointed Purva Sharegistry India Private Limited, as Registrars to the Offer, having office at 33, Printing House, 28-D, Police Court Lane, Behind Old Handloom House, Fort, Mumbai-400 001; Tel No:022-23016761; Fax No:022-23018261.E-mail:busicomp@vsnl.com. The Contact Person is Mr. V. B. Shah.

g. For further details please refer to the Letter of Offer, the Form of Acceptance and the Form of Withdrawal.

h. The Acquirers accept full responsibility severally and jointly for the information contained in this PA and also for the obligations of the Acquirer as laid down in the Regulations.

i. This PA will be available on SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of Letter of Offer along with Form of Acceptance cum Acknowledgement and Form of Withdrawal, which will also be available on SEBI's website from the Offer opening date i.e. August 8, 2007 and apply in the same.

Issued by Manager to the Offer on behalf of the Acquirers:

ASHIKA
Growing & Sharing with You

ASHIKA CAPITAL LIMITED
1008, 10th Floor, Raheja Centre,
214, Nariman Point, Mumbai-400021.
Tel: +91-22-66111700; Fax: +91-22-66111710
E-Mail: mbd@ashikagroup.com
Contact Person: Mr. Niraj Atul Kothari

Place: Mumbai
Date: June 21, 2007.

Aditya