LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as shareholder(s) of Orissa Sponge Iron and 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, Centrum Capital Limited or Registrar to the Offer, Link Intime India Private Limited. In case you have already sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgment, Form of Withdrawal and Transfer Deed to the member of Stock Exchange through whom the said sale was effected.

CASH OFFER AT RS. 300/- (RUPEES THREE HUNDRED ONLY) PER EQUITY SHARE

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

TO ACQUIRE

Up to 52,00,000 fully paid up Equity Shares of Rs. 10/- each representing 26.00% of the issued equity share capital as of February 7, 2009 from the existing equity shareholders of

Orissa Sponge Iron and Steel Limited ("Target Company")

having its registered office at OSIL House Gangadhar Meher Marg, Bhubaneswar 751024, Orissa, Tel: 0674-2725850, Fax: 0674-2725855

By

Bhushan Power and Steel Limited ("Acquirer")

having its registered office at 4th floor, Tolstoy house 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001, Tel: + 91 30451000 Fax: + 91 23712737 along with

Titanic Steel Industries Limited ("Person Acting in Concert")

having its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002, Tel: 0172- 4301300; Fax: 0172-4301304 and

Olympian Finvest Limited (erstwhile Olympian Steel Industries Limited) ("Person Acting in Concert")

having its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002, Tel: 0172-4301300; Fax: 0172–4301304

ATTENTION:

(1) This voluntary Open Offer is being made pursuant to and in accordance with the Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereto. (2) The Offer is not subject to any minimum level of acceptance by the shareholders of Orissa Sponge Iron and Steel Limited. (3) The Offer is subject to the Acquirer obtaining all approvals under foreign exchange laws including approval from Reserve Bank of India and the Foreign Investment Promotion Board, if any, for acquiring Shares in the Offer (described in the section XII below). (4) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of the Offer i.e. July 26, 2010. (5) If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. July 15, 2010 the same would be informed by way of a Public Announcement in the same newspapers, where the original Public Announcement had appeared. The Acquirer would pay such revised price for all Equity Shares validly tendered at any time during the Offer and accepted under the Offer. **(6) Two competitive bids were made: (i) The public offers under all the subsisting bids shall close on the same date. For this purpose, the Acquirer shall consider a bid to be subsisting if it opens for twenty days (or such further time not exceeding twenty days as may be necessitated by the opening of the second competitive bid) before July 26, 2010 (ii) 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 offer/bid and tender their acceptance accordingly.** (7) A copy of the Public Announcement and this Letter of Offer (including Form of Acceptance cum Acknowledgement) is also available on SEBI's website at (www.sebi.gov.in)

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Centrum Capital Limited Centrum House, CST Road, Kalina, Santacruz (E), Mumbai – 400 098; Tel: +91-22-42159000; Fax: +91-22-42159707; Email: osl.openoffer@centrum.co.in SEBI Regn: INM 000010445 Contact person: Bhavyan Dalal / Maulik Sanghavi	**Link Intime India Pvt. Ltd.** Unit: Orissa Sponge Iron & Steel – Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078; Tel: +91 22-25960320; Fax: +91-22-25960329; Email: bstl.offer@linkintime.co.in; SEBI Regn: INR000003761 Contact Person: Nilesh Chalke
OFFER OPENS ON JULY 7, 2010	**OFFER CLOSES ON JULY 26, 2010**

ACTIVITY	Original Schedule	Revised Schedule
Public Announcement	February 7, 2009	February 7, 2009
Specified Date* (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	February 27, 2009	February 27, 2009
Last Date for Competitive Bid	February 28, 2009	February 28, 2009
Date by which Letter of Offer will reach shareholders	March 24, 2009	July 5, 2010
Date of opening of the Offer	April 3, 2009	July 7, 2010
Last date for revising the Offer Price / No. of equity Shares	April 13, 2009	July 15, 2010
Last date of withdrawal of tendered application by the shareholders of OSIL	April 18, 2009	July 21, 2010
Date of closing of the Offer	April 23, 2009	July 26, 2010**
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	May 8, 2009	August 10, 2010

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

*** In the event, but only in the event, that a competitive bid opens at any time between July 7, 2010 and July 26, 2010,for twenty days, then the Acquirer shall extend the closing date to the twentieth day after the opening of such bid or for such further period (not exceeding twenty days) by which the first subsisting bid may be extended on account of the opening of the second competitive bid.*

Note: Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 4.30 p.m on July 26, 2010.

RISK FACTORS

- The Offer is subject to the receipt of statutory and regulatory approvals, as provided under section XII of this Letter of Offer for the acquisition of Shares by the Acquirer under the Offer. The Acquirer may not to be able to proceed with the Offer in the event the approvals are not received in terms of regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.
- The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Shares tendered in the Offer will be held in trust by the Manager to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares.
- In the event of oversubscription to the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent upon the level of subscription.
- The information and other data including financial data relating to the Target Company used in this Draft Letter of Offer, has been obtained from publicly available documents including annual reports of the Target Company, website of Target Company, Stock Exchanges and other government sources. Although, we believe that information/data used in this Letter of Offer is reliable, it has not been independently verified.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate 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 the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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KEY DEFINITIONS

Acquirer, BPSL	Bhushan Power and Steel Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Share(s) / Equity Share (s)	Fully paid up equity share(s) of face value Rs. 10 each of the Target Company
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time
Letter of Offer/ LOF	This Letter of Offer dated February 20, 2009
Manager to the Offer	Centrum Capital Limited, appointed by the Acquirer pursuant to regulation 13 of the Regulations
NSDL	National Securities Depository Limited
Open Offer / Offer	To acquire up to 52,00,000 Shares from the Shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Rs. 300/- (Rupees three hundred only) per equity share of face value Rs. 10 each
OFL	Olympian Finvest Limited
PA/Public Announcement	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target Company published on February 7, 2009 which appeared in all the available editions of Business Standard and Prathkal, Bhubaneshwer edition of Dharitri.
PACs	Persons Acting in Concert i.e. OFL and TSIL
RBI	The Reserve Bank of India
Registrar to the Offer	Link Intime Private Limited , the registrars and share transfer agents appointed by the Acquirer, having its registered office at Unit: Orissa Sponge Iron & Steel – Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078;
SEBI (SAST) Regulations / Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
Shareholders	Shareholders of the Target Company
Specified Date	February 27, 2009 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Stock Exchanges	Bombay Stock Exchange, Kolkata Stock Exchange and Bhubaneshwar Stock Exchange
Target Company / OSIL	Orissa Sponge Iron and Steel Limited
TSIL	Titanic Steel Industries Limited

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

I. DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT 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 HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ORISSA SPONGE IRON AND 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 THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, CENTRUM CAPITAL LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 20, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. DETAILS OF THE OFFER

1. This Offer is being made voluntarily by the Acquirer along with PACs to the Shareholders of the Target Company, in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations, for the purpose of acquisition of Shares and voting rights of the Target Company.

2. No person (other than TSIL and OFL) is acting in concert with the Acquirer for the purpose of this Open Offer and the Acquirer has never acted in concert with any other person in respect of the acquisition of Shares in the Target Company. One or more shareholder(s) of OSIL may meet the definition of a deemed person acting in concert under Regulation 2(1)(e)(2) of the Regulations and thus may be persons which are deemed to be acting in concert with the Acquirer because of the operation of regulation 2(1)(e)(2). For instance Mr. Brij Bhushan Singal is father of Mr. Sanjay Singal and Mr. Neeraj Singal is brother of Mr. Sanjay Singal. The said Mr. Brij Bhushan Singal and Neeraj Singal hold shares in the Target Company through companies controlled by them as disclosed in the competitive bid for the Target Company announced by Bhushan Energy Limited. However, the said Mr. Brij Bhushan Singal and Neeraj Singal or their companies have no agreement or understanding with the Acquirer in relation to the Target Company and for that reason, are not persons acting in concert with the Acquirer. Further, we would like to state that in August 2006 Mr. Brij Bhushan Singal and Mr. Neeraj Singal with his family members (Petitioners) filed a petition before Company Law Board (CP 77 of 2006) against Bhushan Power & Steel Ltd, Bhushan Steel Ltd (the Company in which Petitioners are Chairman and Managing Director) and Mr. Sanjay Singal and his family members and some other companies (Respondents) interalia for transfer of shares held by Mr. Sanjay Singal and his family members and other small investment companies in Bhushan Steel Ltd pursuant to an alleged oral family settlement which has been disputed. The proceedings are currently stayed by Hon'ble High Court of Delhi. Thus in light of the said dispute though Mr. Brij Bhushan Singal, Mr. Neeraj Singal and persons who may be acting in concert with them are not acting in concert with the Acquirer, in relation to the acquisition of shares of the Target Company under the open offer. Further, the fact that on February 27, 2009 Bhushan Energy Limited, a company promoted by Mr. Brij Bhushan Singal and Mr. Neeraj Singal, along with its PAC's has come out with a competitive bid for the Target Company is ample evidence that there is no cooperation between the Acquirer and the promoters of Bhushan Energy Limited i.e. Mr. Brij Bhushan Singal and Mr. Neeraj Singal. However, no person (other than TSIL and OFL) is acting in concert with the Acquirers for the purposes of this Open Offer and the Acquirers have never acted in concert with any other person in respect of the acquisition of the shares in the Target Company.

3. The Acquirer and the PACs do not hold any Shares as of the date of this Letter of Offer.

4. The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

5. The Manger to the Offer vide its letter dated March 13, 2010 had written to the Target Company inter alia seeking various information however, no information has not been furnished by the Target Company till date. The Acquirer, PACs are not aware whether the Target Company has been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of, or any other regulations made under, the SEBI Act. No order has been passed against the Acquirer and the PACs in terms of directions issued under section 11B of, or any other regulations made under, the SEBI Act.

6. On successful completion of the Offer, the Acquirer intends to work with the current management and may appoint its nominees as directors on the board of directors of the Target Company for any technical / marketing / financial support so as to derive maximum synergies. As of the date of this Letter of Offer, the Acquirer has not finalized its representatives to be nominated on the board of directors of the Target Company. The Acquirer intends to use its voting power at the shareholders meetings of the Target Company to nominate its representatives on the board of Target Company subject to applicable laws and approvals.

III. DETAILS OF THE PROPOSED OFFER

7. The Acquirer has made a PA on February 7, 2009 strictly in accordance with regulation 15 of the Regulations and PA was published in all the available editions of Business Standard and Prathkal, Bhubaneshwer edition of Dharitri. A copy of the PA and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is also available on SEBI's website i.e. (www.sebi.gov.in).

8. Pursuant to this Offer, the Acquirer proposes to acquire upto 52,00,000 Shares of the Target Company representing 26% of the issued equity share capital of the Target Company at a Offer Price of Rs. 300/- (Rupees three hundred only) per Share to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance and does not have any differential pricing.

9. Any Shares to be acquired under this Letter of Offer are to be free from lock-in, liens, charges and encumbrances and will be acquired together with all rights attached thereto.

10. The Letter of Offer is being sent to those Shareholders whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on February 27, 2009, being the Specified Date as required under the Regulations.

11. This Offer is made to all Shareholders (except the Acquirer and PACs).

12. The Acquirer and PACs has not acquired / allotted any Shares of the Target Company during the last 12 months before the PA.

13. There are two competitive bids as on date of this Letter of Offer. The details of the competitive bids are given below.

Particulars	**Offer Details***	**Acquirer and PACs**
Competitive Bid 1	To acquire 61,00,000 equity shares of Target Company at Rs. 310.	Mounteverest Trading & Investment Ltd along with Torsteel Resarch Foundation (“TRF”) in India, TRFI Investment Private Ltd (“TRFI”), Monnet Ispat & Energy Limited
Competitive Bid 2	To acquire 61,00,000 equity shares of Target Company at Rs. 359.95	Bhushand Energy Ltd along with Brij Bhushan Singal, Neeraj Singal, BNS Steel Trading Pvt Ltd, BBN Transaportation Pvt Ltd, BNR Infotech Pvt Ltd, BNR Consultancy Services Pvt Ltd and Bhushan Steel Ltd

* For more details investors are advised to refer the letter of offer and public announcement issued by respective Acquirer’s which is available on www.sebi.gov.in. The market price of the Target Company as on June 25, 2010 was Rs. 342.70 on BSE.

IV. OBJECT OF THE ACQUISITION / OFFER AND FUTURE PLANS

14. The Acquirer has related business activities and believes that it can derive significant synergy with business of the Target Company. It further believes that it will be able to add value to the business of Target Company in terms of experience, financial strength and technology.

15. To the extent required and to optimize the value to all shareholders, the Acquirer may, subject to applicable shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. The board of directors of Target Company will take appropriate decisions in these matters. 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 Target Company and except to the extent mentioned above. However, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of Target Company except with the prior approval of the shareholders of Target Company, to the extent required by the then applicable law.

V. INFORMATION ABOUT BPSL

16. BPSL was incorporated on February 22, 1999 in Jalandhar, India as a public limited company and its company identification number ("**CIN**") is U27100DL1999PLC108350. The Acquirer has its registered office at 4th floor, Tolstoy house 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001 Tel: + 91–11-30451000 Fax: + 91-11-23712737. The Acquirer is a company whose main objects consist of manufacturing, trading and exports of Iron & Steel Products and generation and distribution of power.

17. Mr. Sanjay Singal, Chairman and Managing Director, is one of the promoter of BPSL. Mr Singal, aged 49 years, has successfully implemented, modernized and expanded the steel projects at Chandigarh, Kolkatta and Derabassi. Mr Singal, a visionary, believes in long term planning and has brought the company to a new height. He is pioneer in setting up the Integrated Steel and Power plant at Orissa. Mr Singal is responsible for the overall operations of the company and is instrumental in making strategic decisions and long term planning for the company.

18. BPSL is an unlisted entity and since BPSL has never acquired shares in the Target Company the reporting requirements under Chapter II of the SEBI (SAST) Regulations are not applicable.

19. The promoters of the Acquirer hold 90.48% of the issued share capital of the Acquirer and the balance is held by institutional investor(s) / bank / other individuals.

The shareholding pattern of BPSL as on June 25, 2010 is as follows:

Sr. No.	Shareholder's Category	No. of Shares held	% Holding
1.	**Promoters**		
	Sh. Sanjay Singal	11,079,325	8.14
	Smt. Aarti Singal	5,960,613	4.38
	Km. Priyanka Singal	1,000,895	0.74
	Km. Radhika Singal	1,000,220	0.74
	Master Aniket Singal	1,045,480	0.77
	Sh. Sanjay Singal (HUF)	256,450	0.19
	Jasmine Steel Trading (P) Ltd	25,033,777	18.40
	Marsh Steel Trading (P) Ltd	25,047,038	18.41
	Diyajyoti Steel (P) Ltd	25,039,691	18.40
	Vision Steel (P) Ltd	27,643,582	20.32
2.	**Institutional investor(s)./ bank /other individuals**	1,29,44,594	9.52
	Total	**136,051,665**	**100.00**

20. The details of the board of directors of are given below:

Sr. No.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	Area of Experience	Address	Qualification
1	**Sh. Sanjay Singal** (S/o Sh. B.B. Singal) **Designation:** Chairmen and Managing Director **Date of appointment:** March 22, 1999	50	28	Project implementation / Business Administration	57, Jor Bagh, New Delhi	Graduate
2.	**Smt. Aarti Singal** (W/o Sh. Sanjay Singal) **Designation:** Vice President & Whole time Director (Admin.) **Date of appointment:** March 30, 2010	49	27	Administration	57, Jor Bagh, New Delhi	Graduate
3.	**Sh. Ashwini Kumar Sharma** (S/o Lt. Sh. Vishwa Nath Sharma) **Designation:** Nominee Director **Date of appointment:** March 30, 2010	63	36	Management Consultant	1303,Brighton,Hari Om Nagar (Behind Octroi Naka),Eastern Express Highway, Mulund (EAST) Mumbai.	MSc (Physics) , CAIIB.
4.	**Sh. Anil S. Supanekar** (S/o Sh.S.V. Supanekar) **Designation:** Independent Director **Date of appointment:** September 29, 2006	67	36	Technical in Engineering	694/2, Swami Kripa Apartment, Market Yard Road, Pune	B.E
5.	**Sh. R. P. Goyal** (S/o Late Sh. V.P. Goyal) **Designation:** Whole Time Director **Date of appointment:** March 1, 2001	59	36	Commercial activities / Finance	157, Sector 16, Panchkula Haryana	Graduate
6.	**Sh. H. C. Verma** (S/o Sh. B.R. Verma) **Designation:** Whole Time Director **Date of appointment:** March 1, 2001	57	36	Marketing	C-57/31, Janta Garden, Pandav Nagar, Delhi	Graduate
7.	**Sh. R. N. Yadav** (S/o Sh. Shiv Shankar Yadav) **Designation:** Whole Time Director **Date of appointment :** June 14, 2003	49	24	Project Execution / Technical planning	14/4-A, Burdwan Road, Alipore, Kolkata	B.E.
8.	**Sh. R. D. Batra** (S/o Sh. D.D Batra) **Designation:** Director **Date of appointment:** March 1, 2001	74	52	Technical in Electricals	4184, Pocket 4, Sector D, Vasant Kunj, New Delhi	B.E.
9.	**Sh. Dinesh Kumar Behal**	49	24	Finance and	3235, Urban Estate,	I.C.W.A &

	(S/o Sh. Rajinder Kumar Behal) **Designation:** Independent Director **Date of appointment:** February, 2006			Costing	Phase –II, Dugri Road, Ludhiana	C.S
10	**Sh. Jimmy Mahtani** **Designation:** Independent Director **Date of appointment:** November 22, 2006	33	10	Finance and Administration	APT BLKI Chatsworth Road, # 22-21, Singapore	B.Sc (Business Administration)

- **Sanjay Singal**, Chairman & Managing Director is an eminent industrialist. Mr. Singal is a graduate in arts from Punjab University, Chandigarh. He was responsible for the implementation of a number of expansion projects of erstwhile Bhushan Industries Limited and erstwhile Bhushan Metallics Limited (merged). Currently, Mr. Singal is responsible for the overall working of the Company and is instrumental in making strategic decisions for the company including the commissioning of the ambitious integrated power and steel project in Orissa. Mr. Singal has been a director of the company since its inception.

- **Aarti Singal,** Director and promoter of the company, takes care of over all administration of the company. She has been appointed as the Director of the Company w.e.f. March 30, 2010 and as Vice President and Wholetime Director (Adm) of the company w.e.f. April 1, 2010. She has completed her graduation in arts from Punjab University and has wide experience in steel industry**.**

- **Ashwini Kumar Sharma,** has joined as the nominee director of IDBI Bank Limited w.e.f. March 30, 2010. He has done MSc (Physics) and is qualified CAIIB. He is a management consultant with a work experience of 36 years with Banking Sector and was dealing in various facets of Bank Management in India and overseas including corporate governance and management, International banking, Financial Control, Treasury Management , Information Technology ,Foreign Exchange ,medium and large corporate credits, agricultural banking, branch banking, marketing of banking products and planning strategies for business development and personnel and HR policies.

- **Anil S. Supanekar** is an Independent Director in the company. Earlier he was nominee Director of IFCI on the board of the company. He holds a Bachelor of Science degree and a bachelor of engineering degree. Mr. Supanekar is currently a member of the Institution of Engineers and Chartered Engineers and is also a member of the Managing Council, Agri-Horticultural Society of Western India. He has also been the President of the Rotary Club of Pune South. He is also a fellow member of the Institution of Valuers and Indian Council of Arbitration. Mr. Supanekar has also been a special invitee to work on managing Chamber of Commerce Industries and Agriculture. Mr. Supanekar, owned and operated his own business under the name and style of Southern Machine Industries Limited for 16 years. Prior to his nomination on the board of BPSL he was the Managing Director of James Group of Companies. Mr. Supanekar has been elected to the Governing Body of Poona Division Productivity Council. He has rich experience in Industrial sector.

- **R.P. Goyal** is a Whole-Time Director (Commercial) in the company, is a commerce graduate from Government College, Kurukshetra, Haryana. He has been associated with the company since its inception. Mr. Goyal is responsible for the commercial activities and financial management of the company and is looking after the implementation of the power project at Jharsuguda, Orissa. He is also looking after the Chandigarh operations.

- **H. C. Verma** is a Whole-Time Director (Marketing) in the Company. He worked with Bhushan Industries Limited from 1973 to 1992. Thereafter he worked with Bhushan Steel & Strips Limited from 1992 to 1999. He was appointed as President (Marketing) before he was appointed as the Whole Time Director (Marketing) in year 2001. He has rich experience in marketing of steel products and is responsible for the development of new markets for the company, particularly new export markets. He is a member of the Bengal Chamber of Commerce. He is also looking after the operations of Kolkata units.

- **R.N. Yadav** is a Whole-time Director (Technical) is a graduate of electrical engineering from M. I.T, Muzaffarpur. Mr. Yadav worked with Indian Air Force as a signal officer for three years. He subsequently worked with

Hindustan Paper Corporation Limited as a maintenance engineer, as a Head of electrical & automation with Sipta Coated Steels Limited and as an Assistant General Manager (electrical & automation) at Bhushan Steel & Strips Limited. In the year 2003, he joined the company as Vice President (Technical). He has vast experience of 24 years in the steel industry.

- **R.D. Batra** is a director in the company. He is a graduate of electronic engineering and science from Engineering College, Dayal Bagh, Agra. He worked for 32 years with Metallurgical and Engineering Consultants (India) Limited where he retired as Chief Industrial (Electrical). He has made a presentation on 'Design practices adopted for distribution scheme for an integrated steel plant' in IEEE, London.

- **Dinesh Kumar Behal** is an Independent Director in the company. He is a qualified Cost Accountant from Institute of Cost and Works Accountants of India and a qualified Company Secretary from Institute of Company Secretaries of India. He has an experience of about 24 years in cost accounting as well as company law matters. Presently, he is an independent director on the board of various companies.

- **Jimmy Mahtani** is nominee director of institutional investors and is an independent director on the board of the company. He is a B.Sc (Business Administration) from Georgetown University, Washington, DC. He has rich experience in capital markets. Presently, he is working with Baring Private Equity Asia, LLC (Singapore).

Ms Radhika Singal and Mr. V.R. Sharma has resigned form the directorship of the Company w.e.f . March 20, 2010 and March 31, 2010 respectively.

21. The Acquirer in the past has not made any acquisitions in the Target Company including acquisition through open offer.

22. BPSL standalone audited financials for the last 3 financial years as certified by the auditors are as under.

(Rs. in lakhs)

Profit & Loss Statement	**Financial Year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Income from Operations	400852.59	437525.94	347658.01	271770.67
Other Income	5604.09	4893.56	5039.29	1121.47
Total Income	**406456.68**	**442419.50**	**352697.30**	**272892.14**
Total Expenditure	**294734.08**	**332158.17**	**279944.82**	**226475.53**
Profit Before Depreciation Interest and Tax	111722.60	110261.33	72752.48	46416.61
Depreciation	37525.67	30022.34	16712.74	10438.47
Interest	40629.63	39993.75	17303.69	10605.85
Profit / (Loss) Before Tax	**33567.30**	**40245.24**	**38736.05**	**25372.29**
Provision for Tax	8004.60	7629.17	6195.01	5269.14
Profit / (Loss) After Tax	**25562.70**	**32616.07**	**32541.04**	**20103.15**
Profit After Tax (considering extraordinary item)	25562.70	32616.07	32541.04	20103.15

* Source: Annual Reports of the company for FY 2007, 2008 and 2009

(Rs in lakhs)

Balance Sheet Statement	**Financial year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Sources of Funds				
Paid-up Share Capital	13605.17	13605.17	13605.17	13605.17

Reserves and Surplus	204613.37	179130.26	146024.59	113530.43
Networth#	**218218.54**	**192735.43**	**159629.76**	**127135.60**
Share Application Money	57390.00	27500.00	15000.00	NIL
Secured Loans	894774.29	708358.00	500514.54	349052.66
Unsecured Loans	156108.42	95280.88	104531.09	46766.99
Total Loans	1050882.71	803638.88	605045.63	395819.65
Net Deferred Tax Liability	35383.09	27393.09	19600.00	13506.00
Total	**1361874.34**	**1051267.40**	**799275.39**	**536461.25**
Application of Funds				
Net Fixed Assets	610429.46	580310.79	308914.60	145426.79
Capital Work-in-Progress	502987.43	302787.81	326381.70	307733.86
Investments	57913.06	524.09	10823.11	NIL
Deferred Tax Asset	NIL	NIL	NIL	NIL
Net Current Assets	190544.39	167644.71	153155.98	83300.60
Total	**1361874.34**	**1051267.40**	**799275.39**	**536461.25**

* Source: Annual Reports of the company for FY2007, 2008 and 2009;
#Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital)

Other Financial Data	**Financial year ended March 31, 2009**	**Financial year ended March 31, 2008**	**Financial year ended March 31, 2007**
Dividend (%)	0.5	0.5	0.5
Earning Per Share (Rs.)	23.97	23.92	14.78
Return on Networth* (%)	16.92	20.38	15.81
Book Value Per Share** (Rs.)	141.66	117.33	93.45

* Profit After Tax/Networth **Networth/No of equity shares.

23. There have been no accounting changes over last 3 financial years warranting any change in financials.

24. As per the audited financials as of March 31, 2009, the contingent liabilities in respect of matters under dispute relating to income-tax amounted to Rs. 21.84 lakhs and other contingent liabilities amounted to Rs. 125488.59 lakhs.

25. Reasons for the fall/rise in total income:
The profit after tax for the year FY 2008-09 was Rs 32616.07 lakhs as compared to Rs 32541.04 lakhs in F.Y.2007-08. The marginal increase in profit was on account higher turnover which was offset by higher depreciation and interest. The profit after tax for the FY 2007-08 was Rs 32541.04 lakhs compared to Rs 20103.15 lakhs in FY 2006-07. The increase in profit was due to higher turnover and higher price realization.

26. Object of the acquisition: The Acquirer has related business activities and believes that it can derive significant synergy with business of the Target Company. It further believes that it will be able to add value to the business of Target Company in terms of experience, financial strength and technology.

27. Upon the successful completion of the Offer, the Acquirer intends to work with the current management and may appoint its nominees as directors on the board of directors of the Target Company for any technical / marketing / financial assistance so as to derive significant synergies. As of the date of this Letter of Offer, the Acquirer has not finalized its representatives to be nominated on the board of directors of the Target Company.

28. Future plans and strategies of the Acquirer with regard to the Target Company: A key objective of BPSL is to support the current management in connection with its business strategy. The Acquirer being in a similar line of business /

operations as that of Target Company believes that acquiring controlling interest in the Target Company would enable it to facilitate further realization of its business strategy and derive significant synergies. No material impact is expected on the Acquirer's business and operations as a result of the proposed Acquisition and the Offer in the Target Company.

29. Significant accounting policies of BPSL (Annual Report of 2008-09)

- **BASIS FOR PREPARATION OF ACCOUNTS**

The Financial Statements have been prepared under historical cost convention on accrual basis in accordance with generally accepted accounting principles and applicable Accounting Standards as notified under Companies (Accounting Standard) Rules, 2006 and the provisions of Companies Act,1956.

- **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 revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

- **FIXED ASSETS**

Fixed Assets are stated at Cost, net of VAT/ MODVAT/ CENVAT, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term borrowings/monetary items attributable to the depreciable fixed assets are capitalized. Capital expenditure on assets incurred by the Company is reflected in capital work in progress account till these are commercially commissioned and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

- **INTANGIBLE ASSETS**

In accordance with the Accounting Standard (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design / plants / facilities are capitalized at the time of capitalization of the said plant / facility and amortized on pro-rata basis over a period of five years. Computer software is capitalised on the date of installation and is amortised over a period of five years.

- **IMPAIRMENT OF ASSETS**

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

- **EXPENDITURE ON NEW PROJECTS AND SUBSTANTIAL EXPANSION**

Expenditure directly relating to construction activity including trial run production expenses (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the Profit & Loss Account.

- **DEPRECIATION**

Depreciation on fixed assets is provided on straight line 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 as aforesaid over the residual life of the respective plants. Premium of leasehold land is amortised over the period of lease except leasehold land acquired on lease of ninety years or more. Depreciation on fixed assets costing upto Rs. 5,000/- is charged @ 100% on pro-rata basis. Assets not owned by the Company are amortized on pro-rata basis over a period of five years from the year in which such assets are commissioned.

- **FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the date of the transactions. Monetary items denominated in foreign currencies outstanding at the year-end are translated at the

exchange rate applicable as on that date. Non monetary items are valued at the exchange rate prevailing on the date of transaction. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31 March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:
i) Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital assets are added to/deducted from the cost of asset and depreciated over the balance life of the asset.
ii) In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit & loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March 2011. Exchange differences relating to long-term monetary items that have been recognized in the profit and loss account in the previous year have been reversed from General Reserve and accounted for accordance with (i) and (ii) above. All other exchange differences are dealt with in the profit and loss account.

- **INVESTMENTS**

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

- **DIVIDEND INCOME**

Dividend on investments is accounted for as and when right to receive is established.

- **SALES**

Sales are inclusive of trial run sales, excise duty and net of sales tax/ vat.

- **INVENTORY VALUATION**

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable 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 are accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

- **INCOME TAX**

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company. In accordance with the Accounting Standard 22-Accounting for Taxes on income as notified under Companies (Accounting Standard) Rules, 2006, the deferred tax for timing differences between the book & tax profit for the period is accounted for using the tax rates and the tax laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from temporary timing difference are recognized to the extent there is virtual certainty that the asset will be realized in future. Provision for fringe benefit tax is made on fringe benefits taxable under the Income Tax Act, 1961.

- **BORROWING COST**

Borrowing costs that are attributable to the acquisition or the construction of qualifying assets are capitalized as part of 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.

- **MODVAT / CENVAT / VAT**

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

- **CLAIMS**

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

- **PROPOSED DIVIDEND**

Dividend as proposed by the Board of Directors is provided for in the books of account, pending approval at the

Annual General Meeting.

- **RETIREMENT/POST RETIREMENT BENEFITS**

i. Short term employee benefits are recognized as an expense at the undiscounted amount in the year in which related service is rendered.
ii. The Company has defined contribution plan for post retirement benefits, namely Employees Provident Fund scheme administered through provident fund commissioner. The Company's contribution is charged to revenue every year.
iii. Company's contribution to state plans namely Employees State Insurance Fund is charged to revenue every year.
iv. The Company has defined benefits plans namely Leave encashment/ Compensated absence and Gratuity, the liability for which is determined on the basis of Actuarial valuation at the end of the year. Gratuity Trust is administered through "Life Insurance Corporation of India".
v. Termination benefits are recognized as an expense immediately.
vi. Gain or Loss arising out of actuarial valuation are recognized in the profit and loss account as income or expense.

- **PROVISIONS AND CONTINGENT LIABILITIES**

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the Company then these are classified as possible obligations. Provisions involving substantial degree of estimation in measurement are recognised 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.

- **FINANCIAL DERIVATIVE TRANSACTION**

In respect of the Financial derivative contracts the premium /interest paid and profit/ loss on settlement is charged to Profit & Loss account. The contracts entered into are marked to market at year end and the resultant profit/ loss is charged to profit & loss account except where these relate to fixed assets in which case it is adjusted to the cost of fixed assets.

30. Details of pending litigations against the Acquirer are as under:

Details of VAT / Sales Tax cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs.)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	Punjab VAT Act, 2005	0.57	2006-07	Penalty imposed by Department.	Appeal file before Dy. ETC (Appeal) Patiala. Pending for adjudication
3	Punjab VAT Act, 2005	1.57	2007-08	Penalty imposed by Department.	Case remanded to AETC in Feb 2009. Pending for decision
4	Punjab VAT Act, 2005	69.35	2006-07	Additional demand Raised by Department.	In the process of filing of appeal in before Central Tribunal Delhi against order of The VAT Tribunal, Punjab---Relief given by the Tribunal, Punjab for Rs.40.23 lakh.
5	Punjab VAT Act, 2005	5.66	2007-08	Penalty imposed by Department.	In the process of filing of appeal against order of AETC.
6	Punjab VAT Act, 2005	1.35	2007-08	Penalty imposed by Department.	In the process of filing of appeal against order of AETC (MW).
7	Punjab VAT Act, 2005	2.17	1994-95	Penalty imposed by Department.	Appeal filed before Dy. ETC (appeal), Jalandhar. Pending for adjudication
8	Punjab VAT Act, 2005	0.80	2001-02	Penalty imposed by Department.	Appeal filed before Dy. ETC (appeal), Jalandhar. Pending for adjudication
9	Punjab VAT Act, 2005	0.75	2005-06	Penalty imposed by Department.	Case remanded to AETC in Feb 2009. Pending for decision
10	Punjab VAT Act, 2005.	2.08	2007-08	Penalty imposed by Department	Appeal pending before Punjab & Haryana High Court.
11	Punjab VAT Act,	0.66	2009-10	Penalty imposed by	Case is pending for hearing before

	2005			Department	A.E.T.C (M.W), Punjab, Chandigarh.
12	Punjab VAT Act, 2005	1.31	2009-10	Penalty imposed by Department	Appeal pending for hearing before D.E.T.C (Appeals) Patiala.
13	U.P VAT Act, 2008	1.61	2007-08	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner (Appeals) Com. Taxes, Ghaziabad.
14	U.P VAT Act, 2008	1.91	2008-09	Penalty imposed by Department	Appeal is pending before Asstt. Commissioner (M.W) , Muzaffar Nagar.
15	U.P VAT Act, 2008	2.25	2008-09	Penalty imposed by Department	Appeal is pending before Asstt. Commissioner (Com.Taxes) , Ghaziabad.
16	U.P VAT Act, 2008	0.53	2008-09	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner (Appeals) Com. Taxes, Ghaziabad
17	U.P VAT Act, 2008	7.57	2009-10	Penalty imposed by Department	Appeal is pending before Asstt. Commissioner Com.Taxes(M.W) , Shamli.
18	U.P VAT Act, 2008	69.34	2006-07	Penalty imposed by Department	Appeal to be filed before Central Tribunal, Delhi
19	Maharashtra VAT Act, 2005	2.84	2005-06	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner of S.Tax.
20	Maharashtra VAT Act, 2005	7.34	2006-07	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner of S.Tax.
21	Central Sales Tax Act	148.43	2003-04 & 2004-05	Demand Raised by Department.	Appeal filed before High Court Cuttack. HC Cuttack directed Sales Tax Tribunal to dispose of the Case. Case in pending before Sales Tax Tribunal Cuttack.
22	Orissa Entry Tax Act	270.00	2005-06	Demand Notice against assessment	Writ filed before High Court Cuttack. Stay granted by High Court Cuttack for not depositing the balance amount. Government of Orissa has filed SLP before Supreme Court which is pending for decision. Simultaneously case is pending before ACST for disposal.
23	Central Sales Tax Act	90.85	2005-06	Penalty imposed by Department	Appeal filed against the orders of Asst Commissioner of Sales Tax Sambalpur before Sales Tax Tribunal Cuttack. Stay petition also moved before Commissioner Sales Tax Cuttack. Both appeal and petition are pending for adjudication.
24	Orissa VAT Act	9.51	2005-06	Demand Notice against assessment	Appeal filed before Asst Commissioner of Sales Tax (Appeal) Sambalpur against the order of Sales Tax Officer. Case is pending for adjudication.
25	Central Sales Tax Act	2159.85	2005-06	Demand Raised by Department.	Appeal filed against the orders of Dy. Commissioner Sales Tax before Additional Commissioner Sales Tax. Case in pending for adjudication.
26	West Bengal VAT Act 2003	1120.81	2005-06	Demand Raised by Department.	Appeal filed against the orders of Dy. Commissioner Sales Tax before Additional Commissioner Sales Tax. Case in pending for adjudication.
27	Punjab VAT Act 2005	470.32	2007-08	Demand Raised by Department	Case is currently pending before High Court of Punjab & Haryana at Chandigarh.
28	Punjab VAT Act, 2005.	559.27	2008-09	Penalty imposed by Department	Writ Petition before Punjab & Haryana High Court at Chandigarh.

Details of CENVAT cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	Cenvat Credit Rules , 2004	12.01	2007-2008	Disallowed Cenvat credit on inputs/capital goods availed	Appeal filed before Addl. Commissioner (Adj) Bhubneshwar. Case is pending for adjudication.
2	Cenvat Credit Rules , 2004	9.25	2007-2008	Disallowed Cenvat credit on inputs/capital goods availed	Appeal filed before. Commissioner Central Excise, Bhubneshwar. Case is pending for adjudication.
3	Cenvat Credit Rules , 2004	286.47	2007-2008	Disallowed Cenvat credit on inputs/capital goods availed	Appeal filed before. Commissioner Central Excise, Bhubneshwar. Case is pending for adjudication.
5	Cenvat Credit Rules, 2004	1722.76,	April-2008 to November 2008	Disallowed Cenvat Credit on inputs/capital goods availed	Appeal filed before Commissioner Central excise, Bhubaneswar-II. Case is pending for adjudication .
6	Cenvat Credit Rules, 2004	1434.48	2006-07 and 2007-08	Disallowed Cenvat Credit on inputs of electricity	Appeal Filed before Commissioner Central excise, Bhubaneswar Case is pending for adjudication.
7	Cenvat Credit Rules, 2004	11,3.65	November 2006 to March-2007 (50% + 50% in April-07)	Cenvat Credit disallowed on being input/capital goods.	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication.
8	Cenvat Credit Rules, 2004	52.14	2nd 50% of April-2006 to October 2006 taken in April	Cenvat Credit disallowed on inputs/capital goods .	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication.
9	Cenvat Credit Rules, 2004	62.96	1st 50% of April-2007 to November 2007	Cenvat Credit disallowed on inputs/capital goods	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication.
10	Cenvat Credit Rules, 2004	62.38	2nd 50% of April-2007 to November-	Cenvat Credit disallowed on inputs/capital goods.	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication

			2007		
11	Cenvat Credit Rules, 2004	248.22	FY 2004-05 to FY 2007-08 (up to August 2007)	Service Tax on Service received from Foreign Banking/Financial Institution	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication
12	Cenvat Credit Rules, 2004	842.32	January, 2010	Disallowed Cenvat credit on inputs/capital goods availed	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication
13	Cenvat Credit Rules, 2005	100.61	February, 2010	Disallowed Cenvat credit on inputs/capital goods availed	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication
	Cenvat Credit Rules, 2004	67.83	April-09 to June-09 (50% credit	Cenvat Credit- on capital goods like Cement ,TMT,Railway Track item etc	Pending before Commissioner Central excise, Bhubaneswar-II
	Cenvat Credit Rules, 2004	365.26	April-08 to March-09 (Balance 50% credit taken in April 09	Cenvat Credit- on capital goods like Cement ,TMT,Railway Track item, SS Plate and semi-trailer propene tank etc.	Pending before Commissioner Central excise, Bhubaneswar-II
	Cenvat Credit Rules, 2004	201.94	April-09 to June-09	Cenvat Credit- on Input goods of Iron & steel ,LPG,Oxygen,Electrode etc	Pending before Commissioner Central excise, Bhubaneswar-II
	Cenvat Credit Rules, 2004	85.97	MAY-03 TO MARCH-04 & Balance 50% in June-04	Appeal Against Order No.V(72)15/Adjn/B-II/18/07/2792A,dtd. 30.01.08 out of SCN No.V(72)15/SCNMC/SBP-I/39/2006/5458-A, dtd.29.03.07	Pending before CESTAT, KOLKATA BENCH APPEAL FILED ON DTD.19.05.08
	Cenvat Credit Rules, 2004	6790.31	MAY-03 TO NOV-07	Appeal Against Common Order passed by the CCE, BBSR -II vide their O-I-O NO.CCE/BBSR-II/NO.20-26/Commissioner/2008, DTD.19.12.08	Pending Before CESTAT, KOLKATA BENCH APPEAL FILED ON DTD.23.03.2009 and additional submissions filled on 19.05.2009

				,SCN.NO.19239A,DTD.08.11.04, SCN.NO.12906A,DTD.22.08.06, SCN.NO.18238A,DTD.27.11.06,SCN.NO.5448A,DTD.29.03.07, SCN.NO.21	

Details of cases under the various Labour Laws.

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1.	Factories Act, 1948	Nil	2007-08	Complaint for non compliance of safety measures under factories Act	Case is pending for hearing before Special District Judicial Magistrate. Sambalpur. In the matter of Mr. Sahabuddin ent.

Details of Income Tax cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	Income Tax Act, 1961	5.00	1998-99	Expenses disallowed	Appeal filed before High Court for States of Punjab & Haryana. Pending for adjudication.
2	Income Tax Act, 1961	49.00	1999-00	Expenses disallowed	Appeal filed before High Court for States of Punjab & Haryana. Pending for adjudication.

Miscellaneous Cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	C. P.C	200.00	2008-09	Suit for damages	Pending in the Court of Civil Judge, Jr. Division, Chandigarh.
2	C. P.C	679.94	2007-08	Suit for damages	Pending in the Court. Rejoinder by plaintiff yet to file. Company has also filed the counter claim of Rs 8540.17 lakhs against the said party M/s Subhash Project.
3	Consumer Protection Act, 1986	1.50	2008-09	Claim under various labour laws filed by an ex-employee	Pending before District Consumer Forum. Pending for adjudication.
4	Cr. P. C	Nil	2005-06	Criminal compliant filed with Police station Serampur against employees of the BPSL	Complaint is pending for investigation with the Police Department. Compliant filed for illegal occupation of land where factory has been set up.
5	West Bengal Land	Nil	2005-06	Writ Petition filed for wrong	High Court Calcutta vide interim order dated 14.03.2005 directed the Collector to

	Acquisition Act			acquisition of land by State given to the Company at Serampur	complete all stages of acquisition except making or publishing compensation award. Company is Performa party in this case. Case filed by Dilip Kumar Jaiswal & Others. Compensation is yet to be ascertained in this case. Pending for decision .
6	West Bengal Land Acquisition Act	Nil	2005-06	Writ Petition filed for wrong acquisition of land by State given to the Company at Serampur	High Court Calcutta vide interim order dated 17.03.2005 directed the Collector to complete all stages of acquisition except making or publishing compensation award. Company is Performa party in this case. Case filed by Kaniska Engineering Industries Ltd & others. Compensation is yet to be ascertained in this case. Pending for decision.
7	C.P.C	2.58	1995-96	Suit for recovery filed	M/s Maha Plasto Ltd has filed a recovery suit before Registrar City Civil Court, Kolkata claiming damages arising out of breach of contract. Case is pending for adjudication. Company has also filed criminal complaint against the plaintiff.
8	C.P.C	1.09	1995-96	Suit for recovery filed along with another company	M/s Vinay Dalmia has filed a recovery suit before Registrar City Civil Court, Kolkata claiming damages arising out of breach of contract. Case is pending for adjudication.
9	C.P.C & Indian Contract Act	1.04	2005-06	Suit for recovery filed	A recovery suit filed before City Civil Court, Kolkata claiming wrongful deduction of amount from consideration on account of short supply of coal. Case is pending for adjudication.
10	Companies Act, 1956	Nil	2006-07	Petition under section 397-398	Case in pending for adjudication before Company Law Board. At present the proceedings of CLB has been stayed by High Court Delhi.
11	Contempt of Courts Act, 1971	Nil	2009-10	Contempt Petition for violation of CLB Order dated 21.11.2006. Regarding status quo of shareholdings	Case in pending for adjudication before High Court of Delhi.

Notes:

1. The company has received some legal notices for recovery of dues which has been suitably replied/ being replied. However, the company does not foresee any liability that may arise in the matter.
2. The Income tax department on March 3, 2010 conduced search and survey in our offices with respect to some business transactions. The Matter is currently pending for investigation.
3. Besides the above stated cases of employees against the Company under various Labour laws, there are certain cases which have been filed by ex-employees before conciliation officer/presiding officer, Labour Tribunal where the company does not foresee any liability arising out of decision of the court. In any case such liability is not of material affect. In such cases the proceeding are pending at respective authorities.

Details of pending litigations filed by BPSL

Except as mentioned below there are no material litigations filed by BPSL

The matter is pertaining to grant of mining lease in the State of Orissa pursuant to a Memorandum of Understanding entered into with the State Government of Orissa in 2002. The High Court had ruled the case against BPSL for which BPSL has appealed in the Supreme Court of India. The matter is currently pending with the Supreme Court of India. The Acquirer does not anticipate any material financial implication / liability with respect to the above litigation.

31. The Compliance Officer of BPSL is Mr. R.K. Gupta, Company Secretary, address 4-th Floor, Tolstoy House, 15-17 Tolstoy Marg, Connaught Place, New Delhi -110 001; Tel: + 91 30451000 Fax: + 91 23712737.

32. The Acquirer has not entered into any scheme of arrangement like merger / demerger in the past three years.

33. The Acquirer has not promoted any companies in the last 3 years. However, Acquirer has formed a Joint Venture under the name and style of Rhone Coal Company Private Limited with JSW Steel Limited and Jai Balaji Industries Limited. The Joint Venture pertains to mining of Rohne coking coal block jointly under the directions of Ministry of Coal, Government of India. BPSL equity stake in the Joint Venture is at 24.09%.

VI. INFORMATION ABOUT TSIL

34. TSIL was incorporated on February 15, 2005 in Jalandhar, India. TSIL has its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002. TSIL is engaged in trading of iron and steel. TSIL does not hold any shares in the Target Company. TSIL is not listed on any stock exchanges and is not prohibited by SEBI from dealing in securities.

35. The promoters hold entire issued share capital of the TSIL. TSIL is an unlisted entity and since it has never acquired shares in the Target Company the reporting requirements under Chapter II of the SEBI (SAST) Regulations are not applicable.

The shareholding pattern of TSIL as on June 18, , 2010 is as follows:

Sr. No.	Shareholder's Category	No. of Shares Held	% Holding
1.	**Promoters**	**18,50,700**	**30.72**
	Sh. Sanjay Singal	3,08,450	5.12
	Smt. Aarti Singal	3,08,450	5.12
	Miss Priyanka Singal	3,08,450	5.12
	Miss Radhika Singal	3,08,450	5.12
	Master Aniket Singal	3,08,450	5.12
	Sh. Sanjay Singal HUF	3,08,450	5.12
2.	**Body Corporates promoted by Promoters**	**41,77,050**	**69.28**
	Flawless Holdings & Industries Ltd	4,12,500	6.84
	Railtrack India Ltd	5,72,800	9.50
	Gainda Mal Chiranji Lal Ltd	5,66,000	9.39
	Kishorilal Constructions Ltd	5,72,000	9.49
	Marble Finvest Ltd	42,800	0.71
	BIC Investments (P) Ltd	40,000	0.66
	ASL Investments (P) Ltd	60,000	1.00
	Adhunik Investments (P) Ltd	60,000	1.00
	Décor Investment & Finance (P) Ltd	60,000	1.00
	Reward Capital Services (P) Ltd	549570	9.12
	Olympian Steel Industries Ltd	3,10,095	5.14
	Vintage Steel (P) Ltd	3,11,095	5.16

	Aromatic Steel (P) Ltd	2,85,095	4.73
	Aarti Iron & Power Ltd	3,35,095	5.56
	Total	**60,27,750**	**100.00%**

36. TSIL in the past has not made any acquisitions in the Target Company including acquisition through open offers.

The details of the board of directors are given below:

Sr. No.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	Area of Experience	Address	Qualification
1	**Ms. Aarti Singal** (W/o Sanjay Singal) Designation: Director **Date of Appointment: February 15, 2006**	49	27	Administration	57, Jor Bagh, New Delhi	Graduate
2	**Mr. D.R. Sharma** (S/o Sh. Kanshi Ram Sharma) **Designation:** Independent Director **Date of Appointment: February 15, 2005**	64	36	Material Management	H.No. 926, Sector –41 A, Chandigarh	Graduate
3	**Sh. Satwant Singh** (S/o Sh. Pritam Singh) **Designation:** Independent Director **Date of Appointment:** August 9, 2007	54	31	Production	H.No. 542, Phase-VI, Sahibzada Ajit Singh Nagar, Mohali	B. E.

Profile of Directors

Aarti Singal, aged about 49 years, director of the company, is the promoter of the company and takes care of over all administration and finance of the company. She was whole time director of BPSL from October 19, 2005 to September 10, 2006. She has completed her graduation in arts from Punjab University and has wide experience in steel industry.

D.R. Sharma, aged about 64 years, an independent director of the company has vast experience in material management. He joined the company in February 2005.

Satwant Singh, aged about 54 years, an independent director of the company has vast experience in planning and production management. He has completed his post graduation in Industrial Planning from CSIO, Indo Swiss Centre, Chandigarh and currently looks after the production planning of products of the company. He was previously working with Steel Strips & Tubes Limited as production engineer.

TSIL standalone audited financials for the last 3 financial years as certified by the auditors are highlighted below.

(Rs in lakhs)

Profit & Loss Statement	Financial year ended March 31, 2010 (provisional)	Financial year ended March 31, 2009 (audited) *	Financial year ended March 31, 2008 (audited)*	Financial year ended March 31, 2007 (audited)*
Sale of Products and Other Income	7181.65	1510.12	560.38	7.69
Total Income	7181.65	1510.12	560.38	7.69
Total Expenditure	7160.04	1500.47	557.31	5.40
Profit / (Loss) Before Tax	21.60	9.65	3.07	2.29
Provision for Tax	6.89	4.19	2.27	1.80

Profit / (Loss) After Tax	14.71	5.46	0.80	0.49

* Source: Annual Reports of the company for FY2007-08 and FY 2006-07

(Rs in lakhs)

Balance Sheet Statement	Financial year ended March 31, 2010 (unaudited)	Financial year ended March 31, 2009 (audited)*	Financial year ended March 31, 2008 (audited)*	Financial year ended March 31, 2007 (audited)*
Sources of Funds				
Paid-up equity share capital	602.77	590.27	539.16	539.16
Preference share capital	2809.12	2809.12	2809.12	2809.12
Reserves and Surplus	7190.69	6688.47	5200.68	5199.88
Networth#	**7793.46**	**7275.38**	**5733.12**	**5728.96**
Share Application Money				
Total	**10602.58**	**10087.86**	**8548.96**	**8548.16**
Application of Funds				
Investments	10438.26	10364.59	9113.20	9088.20
Deferred Tax Asset	NIL	NIL	NIL	NIL
Net Current Assets	164.32	(280.09)	(570.97)	(550.13)
Total miscellaneous expenditure not written off	NIL	3.36	6.72	10.08
Total	**10608.23**	**10087.86**	**8548.96**	**8548.16**

* Source: Annual Reports of the company for FY2007, 2008 and 2009
#Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital

Other Financial Data	Financial year ended March 31, 2009	Financial year ended March 31, 2008	Financial year ended March 31, 2007
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	.10	0.01	0.00
Return on Networth (%)*	0.00	0.00	0.00
Book Value Per Share** (Rs.)	123.25	106.33	106.25

* Profit After Tax/Networth **Networth/No of equity shares.

37. As per the audited financials as of March 31, 2009, there are no contingent liabilities.

38. There have been no accounting changes over last 3 financial years warranting any change in financials.

39. Reasons for the fall/rise in total income:
The profit after tax for the FY 2008-09 was Rs 5.46 lakhs compared to Rs 0.80 lakhs in FY 2007-08. The increase in profit was due to increase in sales. The profit after tax for the FY 2007-08 was Rs 0.80 lakhs compared to Rs 0.49 lakhs in FY 2006-07. The increase in profit was due to increase in sales.

40. Significant accounting policies of TSIL (annual report 2008-09)

- **BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under historical cost convention, on accrual basis and in accordance with applicable accounting standards in India.

- **INVENTORY VALUATION**

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method and include cost incurred in bringing the inventories to their present location and conditions and applicable taxes.

- **INVESTMENTS**

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

- **RETIREMENT BENEFITS**

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

- **MISCELLANEOUS EXPENDITURE**

Deferred & preliminary expenses are amortised over a period of five years.

- **TAXATION**

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

b) Deferred tax is recognised, 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.

c) Deferred tax assets are not recognised on unabsorbed depreciation & 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 realised and are reviewed at each balance sheet date to reassure the realization.

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

41. There are no pending litigations against the TSIL.

VII. INFORMATION ABOUT OFL

42. OFL was originally incorporated on February 15, 2005 in Jalandhar, India in the name of Olympian Steel Industries Limited. Vide fresh certificate of incorporation consequent upon change of name dated April 24, 2009 Olympian Steel Industries was renamed to Olympian Finvest Limited. OFL has its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002. OFL is engaged in trading of iron and steel. OFL does not hold any shares in the Target Company. OFL is not listed on any stock exchanges and is not prohibited by SEBI from dealing in securities.

43. The promoters hold entire issued share capital of the OFL. Since OFL is an unlisted entity and since it has never acquired shares in the Target Company the reporting requirements under Chapter II of the SEBI (SAST) Regulations are not applicable.

The shareholding pattern of OFL as on June 18, 2010 is as follows:

Sr. No.	Shareholder's Category	No. of Shares Held	% Holding
1.	**Promoters**	**18,50,700**	**29.74**
	Sh. Sanjay Singal	308,450	4.96
	Smt. Aarti Singal	308,450	4.96
	Ms Priyanka Singal	308,450	4.96
	Ms Radhika Singal	308,450	4.96
	Master Aniket Singal	308,450	4.96

	Sh. Sanjay Singal HUF	308,450	4.96
2.	**Body corporates promoted by Promoters**	**43,71,450**	**70.26**
	Bhushan Information Tech Ltd	5,89,000	9.47
	Flawless Holdings & Industries Ltd	6,05,000	9.72
	Railtrack India Ltd	5,25,000	8.44
	Gainda Mal Chiranji Lal Ltd.	3,50,000	5.63
	Kishorilal Constructions Ltd	2,62,500	4.22
	Marble Finvest Ltd	54,000	0.87
	BIC Investments (P) Ltd	35,000	0.56
	ASL Investments (P) Ltd	65,000	1.04
	Adhunik Investments (P) Ltd	70,000	1.13
	Décor Investment & Finance (P) Ltd	50,000	0.80
	Reward Capital Services (P) Ltd	5,49,570	8.83
	Titanic Steel Industries Ltd	3,10,095	4.98
	Vintage Steel (P) Ltd.	3,11,095	5.00
	Aromatic Steel Private Ltd.	2,85,095	4.58
	Aarti Iron & Power Ltd.	3,10,095	4.98
	Total	**62,22,150**	**100.00**

44. OFL in the past has not made any acquisitions in the Target Company including acquisition through open offers.

The details of the board of directors are given below:

Sr. No.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	Area of Experience	Address	Qualification
1	**Ms. Aarti Singal** (W/o Sanjay Singal) **Designation:** Director **Date of Appointment:** February 15, 2006	49	27	Administration	57, Jor Bagh, New Delhi	Graduate
2	**Mr. Jeewan Rai Chodha** (S/o R.S. Chodha) **Designation:** Independent Director **Date of appointment:** February 15, 2005	54	25	Indirect Taxation	H. No 136, Sector 27 –A Chandigarh	Law graduate
3	**Mr. Praveen Bansal** (S/o Ram Kumar) **Designation:** Independent Director **Date of appointment:** August 9, 2007	51	26	Marketing	Plot No 22, Industrial Area, Phase -1, Chadigarh	Graduate

Profile of Directors

Aarti Singal, aged about 48 years, director of the company, is the promoter of the company and takes care of over all administration and finance of the Company. She was whole time director of BPSL from October 19, 2005 to September 10, 2006. She has completed her graduation in arts from Punjab University and has wide experience in steel industry.

Jeewan Rai Chodha, aged about 53 years, an independent director of the company has 24 years of experience in excise and taxation matters. He is a law graduate by qualification from Kanpur University.

Praveen Bansal, aged about 50 years, an independent director of the company, has vast experience in sales and marketing of iron and steel products and handles sales of the company. He has joined the company in August 2007. He is a commerce graduate from Kurukshetra University.

45. OFL standalone audited financials for the last 3 financial years as certified by the Auditors are highlighted below:

(Rs in lakhs)

Profit & Loss Statement	**Financial year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Total Income	5162.90	1009.10	457.48	6.50
Total Expenditure	5141.20	1002.83	455.27	5.24
Profit / (Loss) Before Tax	21.71	6.27	2.21	1.25
Provision for Tax	6.93	3.13	2.00	1.45
Profit / (Loss) After Tax	14.78	3.14	0.21	(0.20)

*Source: Annual Reports of the company for FY2007, 2008 and 2009

(Rs in lakhs)

Balance Sheet Statement	**Financial year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Sources of Funds				
Paid-up equity share capital	622.21	609.71	568.05	568.05
Preference share capital	2809.12	2809.12	2809.12	2809.12
Reserves and Surplus	6420.74	5918.47	4707.04	4706.83
Networth#	**7042.96**	**6528.18**	**5268.37**	**5264.80**
Share Application Money				
Total	**9852.07**	**9337.30**	**8084.20**	**8084.10**
Application of Funds				
Investments	9404.26	9347.84	8087.20	8063.20
Deferred Tax Asset	NIL	NIL	NIL	NIL
Net Current Assets	447.81	(13.90)	(9.72)	10.71
Total miscellaneous expenditure not written off	NIL	3.36	6.72	10.08
Total	**9852.07**	**9337.30**	**8084.20**	**8084.10**

*Source: Annual Reports of the company for FY2007, 2008 and 2009

Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital)

Other Financial Data	**Financial year ended March 31, 2009**	**Financial year ended March 31, 2008**	**Financial year ended March 31, 2007**
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	0.06	0.00	0.00
Return on Networth (%)*	0.00	0.00	0.00

Book Value Per Share**	107.01	92.74	92.68

* Profit After Tax/Networth **Networth/No of equity shares.

46. As per the audited financials as of March 31, 2009, there are no contingent liabilities.

47. There have been no accounting changes over last 3 financial years warranting any change in financials.

48. Reasons for the fall/rise in total income:
The profit after tax for the FY 2008-09 was Rs. 3.14 lakhs compared to profit of Rs. 0.21 lakhs of FY 2007-08. The increase in profit was due to increase in sales. The profit after tax for the FY 2007-08 was Rs 0.21 lakhs compared to loss of Rs 0.20 lakhs in FY 2006-07. The increase in profit was due to increase in sales.

49. Significant accounting policies of OFL (annual report 2008-09)

- **BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under historical cost convention, on accrual basis and in accordance with applicable accounting standards in India.

- **INVESTMENTS**

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

- **RETIREMENT BENEFITS**

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

- **MISCELLANEOUS EXPENDITURE**

Deferred & preliminary expenses are amortised over a period of five years.

- **TAXATION**

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

b) Deferred tax is recognised, 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.

c) Deferred tax assets are not recognised on unabsorbed depreciation & 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 realised and are reviewed at each balance sheet date to reassure the realization.

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

50. There are no pending litigations against OFL.

51. As on the date of this Letter of Offer none of the directors of Acquirer and PACs are on the board of directors of the Target Company.

52. None of the directors of Acquirer and PACs have acquired any Equity Shares of the Target Company in the twelve month period prior to the Public Announcement. Further, none of the directors of Acquirer and PACs have acquired any Equity Shares of the Target Company since the date of the Public Announcement and upto the date of this Letter of Offer.

VIII. Disclosure in terms of Regulation 21(2)

53. Pursuant to this Offer, if the public shareholding reduces below 25% of the Share Capital of the Target, the Acquirer undertakes to comply with the continuous listing guidelines laid out in the Listing Agreement of the Target with stock exchanges as required by regulation 21(2) of the Regulations. The Acquirer may choose any of its legal options including a sell-down of its shareholding in the Target Company in a transparent and non-disruptive manner or endeavor to get the Target to issue additional Shares to the public or any other manner such that the minimum public holding threshold of 25% is regained within the timeline specified in the Listing Agreement.

IX. BACKGROUND OF THE TARGET COMPANY

(All information in this section has been compiled solely from publicly available sources such as Stock Exchanges, the Target Company's annual reports, quarterly reports and website of the Target Company.)

54. OSIL was incorporated on April 9, 1979 under company identification number L27102OR1979PLC000819 and was promoted in the joint sector by the Industrial Promotion & Investment Corporation of Orissa and Torsteel Research Foundation and its associates.

55. The registered office of the Target Company is at OSIL House, Gangadhar Meher Marg, Bhubaneswar 751024, Orissa. The Target Company manufactures sponge iron and has a project consultancy division which provides technical consultancy and project engineering services to sponge iron plants. The promoters of the Target Company as per shareholding pattern filed with BSE for the quarter ended March 31, 2010 hold 49.12% of equity capital of the Target Company.

56. The manufacturing plant of OSIL is located at Palaspanga on the NH-215 and is 20 km away from Keonjhar district. The plant comprise of:
    - Two rotary kiln based sponge iron plants with production capacity of 1,00,000 TPA and 1,50,000 TPA
    - Two waste heat recovery power plants with the capacity of 15 MVA and 30 MVA
    - A steel billet plant of 1,00,000 TPA capacity, through induction furnace route.

57. Share Capital of the Target Company as on the date.

Particulars	Number of shares / voting rights	% of shares / voting rights
Fully paid-up equity shares	2,70,00,000	100
Partly paid-up equity shares	NIL	NIL
Total paid-up equity shares	2,70,00,000	100
Total voting rights in the Target Company	**2,70,00,000**	**100**

58. Fully diluted voting rights of the Target Company as on the date.

Particulars	Number of shares / voting rights
Fully paid-up equity shares (including 30,00,000 warrants since converted)	2,70,00,000
Total outstanding warrants as on date (*sub judice*)	35,00,000
Total emerging voting capital of the Target Company	**3,05,00,000**

However, matter relating to 30,00,000 (since converted) and 35,00,000 warrants allotted to TRFI Investment Pvt limited and Prakausali Investments (India) Limited respectively are *sub judice*. (Source: Annual report of OSIL 2008-09)

Note: The Shareholders of the Target Company has approved issuance of 70,00,000 warrants which are not included above as there is no publicly available information for allotment of the 70,00,000 warrants.

59. Based on the information available in the public domain the build-up of the equity capital structure of the Target Company is as under:

Date of Allotment	No of equity shares issued	% of shares issued	Cumulative paid-up equity capital	Mode of Allotment	Identity of Allottees (Promoters / Others)
April 9, 1979	70	0.00	70	Allotted to the subscribers to memorandum of association	Promoter
Not Available	36,59,930	13.56	36,60,000	Previous Issue(s)	Promoters & Others

Not Available	23,40,000	8.67	60,00,000	Public Issue	Others
Not Available	12,37,958	4.59	72,37,958	Conversion of Loan	Promoter
Not Available	35,83,004	13.27	1,08,20,962	Rights Issue	Promoters & Others
Not Available	10,80,122	4.00	1,19,01,084	Bonus Issue	Promoters & Others
Not Available	(15,100)	(0.06)	1,18,85,984	Shares Forfeited	Not Available
Not Available	15,100	0.06	1,19,01,084	Re-issue of forfeited shares	Promoter
January 31, 2006	11,88,916	4.40	1,30,90,000	Conversion of warrants	Promoter
Not Available	14,10,000	5.22	1,45,00,000	Conversion of warrants	Promoter
December 20, 2007	55,00,000	20.37	2,00,00,000	Preferential Allotment	Others
March 2, 2009	40,00,000	14.81	2,40,00,000	Conversion of warrants	Promoter
March 5, 2009	30,00,000	11.11	2,70,00,000	Conversion of warrants	Promoter

60. The Manger to the Offer vide its letter dated March 13, 2010 had written to the Target Company inter alia seeking information with respect to Chapter II compliance of the Target Company. However, the same has not been furnished by the Target Company till date. Except as mentioned below, Information relating to Chapter II compliance with respect to the Target Company / major shareholders is not available in the public domain.

Sr. No.	**Regulation/Sub-regulation**	**Due Date for compliance as mentioned in the regulation**	**Actual date of compliance**	**Delay, if any (in no. of days) Col. 4- Col. 3**	**Remarks**
1	**2**	**3**	**4**	**5**	**6**
1	6(2)	20.05.1997	Not Available		
2	6(4)	20.05.1997	Not Available		
3	8(3)	30.04.1998	Not Available		
4	8(3)	30.04.1999	Not Available		
5	8(3)	30.04.2000	Not Available		
6	8(3)	30.04.2001	Not Available		
7	8(3)	30.04.2002	Not Available		
8	8(3)	30.04.2003	Not Available		
9	8(3)	30.04.2004	Not Available		
10	8(3)	30.04.2005	Not Available		
11	8(3)	30.04.2006	Not Available		
12	8(3)	30.04.2007	Not Available		
13	8(3)	30.04.2008	Not Available		
14	8(3)	30.04.2009	Not Available		
15	8(3)	30.04.2010	Not Available		
16	7(3)	Not Available	24.11.2008		
17	7(3)	Not Available	29.01.2008		
18	7(3)	Not Available	29.01.2008		
19	7(3)	Not Available	31.01.2008		
20	7(3)	Not Available	04.02.2009		
21	7(3)	04.03.2009	26.02.2009		
22	7(3)	Not available	07.03.2009		
23	7(3)	03.03.2009	25.02.2009		

(Source: www.corpfiling.co.in)

Sr. No.	**Regulation/Sub-regulation**	**Due Date for compliance as mentioned in the regulation**	**Actual date of compliance**	**Delay, if any (in no. of days) Col. 4- Col. 3**	**Remarks**
1	**2**	**3**	**4**	**5**	**6**
1	6(1)	20.04.1997	Not Available		
2	6(3)	20.04.1997	Not Available		
3	8(1)	21.04.1998	Not Available		
4	8(2)	21.04.1998	Not Available		
5	8(1)	21.04.1999	Not Available		

6	8(2)	21.04.1999	Not Available		
7	8(1)	21.04.2000	Not Available		
8	8(2)	21.04.2000	Not Available		
9	8(1)	21.04.2001	Not Available		
10	8(2)	21.04.2001	Not Available		
11	8(1)	21.04.2002	Not Available		
12	8(2)	21.04.2002	Not Available		
13	8(1)	21.04.2003	Not Available		
14	8(2)	21.04.2003	Not Available		
15	8(1)	21.04.2004	Not Available		
16	8(2)	21.04.2004	Not Available		
17	8(1)	21.04.2005	Not Available		
18	8(2)	21.04.2005	Not Available		
19	8(1)	21.04.2006	Not Available		
20	8(2)	21.04.2006	Not Available		
21	8(1)	21.04.2007	Not Available		
22	8(2)	21.04.2007	Not Available		
23	8(1)	21.04.2008	Not Available		
24	8(2)	21.04.2008	Not Available		
25	8(1)	21.04.2009	Not Available		
26	8(2)	21.04.2009	Not Available		
27	8(1)	21.04.2010	Not Available		
28	8(2)	21.04.2010	Not Available		
29	7(1)	01.09.2007	05.09.2007	4	
30	7(1)	26.12.2007	28.12.2007	2	
31	7(1)	28.12.2007	28.12.2007	--	
32	7(1)	30.12.2007	31.12.2007	1	
33	7(1)	07.08.2008	18.08.2008	11	
34	7(1)	31.10.2008	06.11.2008	6	
35	7(1)	31.01.2009	29.01.2009	--	
36	7(1)	26.02.2009	25.02.2009		
37	7(1)	26.02.2009	24.02.2009		
38	7(1)	05.03.2009	05.03.2009		
39	7(1)	11.03.2009	13.03.2009	2	
40	7(1)	14.03.2009	13.03.2009		
41	7(1)	14.03.2009	13.03.2009		
42	7(1A)	Not Available	25.02.2009		

(Source: www.corpfiling.co.in)

Sr. No	Regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance
1	8A(1)	Not Available	Not Available
2	8A(2)	Not Available	Not Available
3	8A(3)	Not Available	Not Available
4	8A(4)	Not Available	20.11.2009
5	8A(4)	Not Available	15.01.2010
6	8A(4)	Not Available	05.04.2010

Note: *All the dates mentioned in column 4 of the above mentioned tables are the dates as displayed on the (www.corpfiling.co.in.) We have not independently verified the actual date of filing.*
"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 regulations and provisions of the SEBI Act for delayed compliance of the Takeover Regulations".

61. Based on information available in public domain the Acquirer is not aware of any instance where trading in Shares of the Target Company has been suspended.

62. Based on the information available in the public domain, the Target Company does not have any un-listed shares on any Stock Exchanges.

63. The shares of the Target Company are listed on the Bombay Stock Exchange, Kolkata Stock Exchange, and Bhubaneshwar Stock Exchange. The board of directors of the Target Company has also applied to the National Stock Exchange for listing of its equity shares. Further, shareholders of the Target Company at the Annual General Meeting of the Target Company have approved delisting of equity shares from Kolkata Stock Exchange. Based on the information available (Source: www.bseindia.com), the Shares are frequently traded on the BSE within the meaning of Regulation 20(5) of the SEBI (SAST) Regulations. Public information on the trading of the Shares on the Kolkata Stock Exchange and Bhubaneshwar Stock Exchange are not readily available. For the purpose of Regulation 20(4) of the SEBI (SAST) Regulations, the Shares are frequently traded on the BSE.

64. As on the date of PA, the Target Company had 1,05,00,000 equity share warrants outstanding which may be converted into same number of equity shares subject to compliance with relevant guidelines issued by SEBI.

65. Based on information available in public domain the Acquirer and PACs are not aware of any instance where the Target Company has received any directions from SEBI under section 11B of the SEBI Act or under any of the regulations made under the SEBI Act, prohibiting them from dealing in securities.

66. The board of directors of the Target Company as at May 10, 2010 is as under:

Name of director	**Composition of Board**	**Date of appointment**
Dr. Prashanta Kumar Mohanty	Vice Chairman and Managing Director	June 23, 2005
Mr. Mansoor Ahmed Khan	Non Executive Director	August 1, 2009
Mr. Rajendra Prasad Panda	Non – Executive Director	June 1, 2001
Mr. Prashanta Kumar Paul	Non – Executive Director & Independent	January 17, 1980
Mr. Laxmi Dhar Sahoo	Non Executive Director	December 28, 1993
Mr. Hemant Sharma	Chairman	July 30, 2009
Mr. Munir Kamal Mohnaty	Executive Director	April 30, 2007
Mr. S.K. Khetan	Non Executive Director	June 6, 2009
Mr. B.K. Sarkar	Additional Director, Independent Director	May 10, 2010

Note: The profile of directors are not available in public domain.

67. Based on the information available in the public domain the Acquirer is not aware of any instance where the Target Company has undergone any merger/demerger/spinoff during the last 3 years.

68. The latest financials of the Target Company are as follows:

(Rs. in lakhs)

Profit & Loss Statement	**Period ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)**	**Financial year ended March 31, 2008 (audited)**	**Financial year ended March 31, 2007 (audited)**
Income from operations	17590.90	18883.16	11049.08	8199.49
Other Income	616.70	76.81	1231.59	588.13
Total Income	18206.97	18959.97	12280.67	8787.62
Total Expenditure	18018.78	18478.47	10534.77	10105.30
Profit Before Depreciation Interest and Tax	188.19	481.50	1745.90	(1317.68)
Depreciation	1152.60	958.17	551.93	471.69

Interest	2313.17	2484.45	1685.82	1446.26
Profit / (Loss) Before Tax	(3277.58)	(2961.12)	(491.85)	(3235.63)
Less: Provision for Tax	NIL	NIL	118.68	1,365.79
Deferred Tax	472.21	632.75		
Fringe Benefit Tax	NIL	39.66		
Profit / (Loss) After Tax	(2805.37)	(2720.20)	(373.17)	(1,869.84)

Source: Annual Reports of the company for FY 2007, 2008 and 2009 and www.bseindia.com

(Rs. in lakhs)

Balance Sheet Statement	Period ended March 31, 2010 (unaudited)	Financial year ended March 31, 2009 (audited)	Financial year ended March 31, 2008 (audited)	Financial year ended March 31, 2007 (audited)
Sources of Funds				
Paid-up Share Capital	2700.00	2700.00	2000.00	1450.00
Equity Share Warrants	Not Available	601.50	1804.50	0.00
Reserves and Surplus	Not Available	23305.01	12,081.62	2,426.47
Networth*		**22391.23**	**13081.43**	**3020.37**
Secured Loans	Not Available	20719.58	22832.96	25179.29
Unsecured Loans	Not Available	25.00	117.95	489.95
Deferred Tax Liability	Not Available	(437.28)	195.47	343.69
Total		**46913.81**	**39,032.50**	**29,889.40**
Application of Funds				
Net Fixed Assets (including CWIP)	Not Available	28096.83	28,869.38	25,816.74
Investments	Not Available	232.09	245.99	239.15
Net Current Assets	Not Available	15646.32	9,698.76	3,833.51
Deferred Tax Asset	Not Available	NIL	NIL	NIL
Profit & Loss Account	Not Available	2938.57	218.37	NIL
Total		**46913.81**	**39,032.50**	**29,889.40**

Source: Annual Reports of the company for FY 2007, 2008 and 2009 and www.bseindia.com.
* Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital)

Other Financial Data	Financial year ended March 31, 2009	Financial year ended March 31, 2008	Financial year ended March 31, 2007
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	(13.22)	(2.33)	(12.90)
Return on Networth(%)*	NIL	NIL	NIL
Book Value Per Share** (Rs.)	82.93	65.40	20.83

Source: Annual Reports of the company for FY 2007, 2008 and 2009; * Profit After Tax/Networth **Networth/No of equity shares

69. For FY 2009 inadequate infrastructure (breakages of road) continued and though the second sponge iron unit of 150,000 TPY was in operation, the Company could only produce 105,284 MT of sponge Iron and 25,332 MT of steel

billets during the year and had suffered heavy losses. For FY 2008 the rise in income is attributable mainly due higher sales volume of sponge iron as compared to FY 2007. Plants which operated in the past at more than 100 % capacity for many years could no longer operate above 60-70 % due to infrastructural bottlenecks which resulted in large cash loss in FY 2007. With the 2nd kiln going into operation even at 60-70 % level, OSIL has been able to avoid cash loss during FY 2008. For FY 2007 due to road break-down OSIL was not able to operate the plant to full capacity and thus suffered severe erosion of earnings as compared to FY 2006.

70. Significant accounting policies of OSIL (Source: Annual Report 2008-09)

- **Basis of preparation of financial statements**

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAPP). Financial statements comply with the applicable Accounting Standards (AS) specified in Companies (Accounting Standard) Rules, 2006 and presentational requirement of the Companies Act, 1956.

- **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the result of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

- **Fixed Assets / Depreciation**

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of the assets, upto the date of commissioning of the assets. Depreciation for the year is computed on the straight line method, as per the rates prescribed in Schedule XIV to the Companies Aet,T956. Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve. Fixed assets are reviewed for impairment on each Balance Sheet date, in accordance with AS 28 "Impairment of Assets".

- **Revenue Recognition**

Revenue from sale of products is recognized when the products are despatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated inclusive of excise duty and net of rebates, trade discounts and sales tax. Revenue from services are recognized when services have been rendered in accordance with the contract terms.

- **Carbon Credit**

Under the United Nations Framework of Climate Changes (UNFCCC), the Kyoto Convention of the UN has provided for allotment of Certified Emission Reduction (CER) credits to projects that comply with relevant UNFCCC criteria. The CERs on allotment can be sold either as spot sale or forward sale for future delivery. OSIL's Waste Heat Power Project which commenced operation in July 2001 has become eligible for allotment of CER credits, having been certified as a valid project for this purpose by TUV Rheinland (agency approved by the UN as Designated Operational Entity) for quality of the project and its intended generation of certified emission reduction-vide validation reports dated December 2005 and July 2006 (draft & final validation reports). In view of the authorized validation of the project the company was professionally advised that it is appropriate to accrue the CER credits in its accounts. The Directors have framed this accounting policy following professional advice and on the basis of their own opinion on the validity of the accrual. The CER sales during the year has been considered as sales income, CER credit accrued, based on conservative basis, has been valued at net realizable value.

- **Investments**

Investments are stated at cost less amount written off / provided where there is permanent diminution in value.

- **Inventories**

Finished goods and saleable products are valued at lower of costs, computed on weighted average basis, and net realizable value. Cost includes on appropriate portion of manufacturing and other overheads. Excise duty on finished goods is included in the value of finished goods. Raw materials are carried at cost computed on a weighted average basis, after providing for obsolescence. In case there is a decline in replacement cost of such material and the net realizable value of finished product in which they will be used is expected to be below cost, the value is appropriately written down. Stores and Spare parts are valued at cost and are computed on a weighted average basis.

- **Retirement Benefits and Employee Benefits Schemes**

The Company has various Schemes of Retirement Benefit such as Provident Fund, Gratuity Fund, Superannuation Fund (for certain class of employees), Employees' Family Pension Fund, Leave Encashment Benefit. Provident Fund, Gratuity Fund and Superannuation Fund are duly recognized by the Income Tax Authorities and contribution charged to revenue every year. The Provident Fund, Employees' Family Pension Fund and Superannuation Fund benefits are "Defined Contribution" plan. Provident Fund is administered by a Trust formed, for the purpose. Superannuation Fund is administered by a Trust formed for the purpose through a Group Scheme of Life Insurance Corporation of India (LIC). Employees' Family Pension Fund is administered by Regional Provident Fund Commissioner. The Gratuity Fund and Leave Encashment are "Defined Benefit" plan. The Gratuity Fund is administered by a Trust formed for this purpose through a Group Scheme of LIC. The annual contribution / premium paid to LIC is charged to the Accounts. Leave Encashment Benefit is accounted for on the basis of actuarial valuation as per Accounting Standard-AS-15 (Revised) and charged to Accounts accordingly.

- **Research and Development**

Revenue expenditure on research and development is charged to Profit and Loss Account. Capital expenditure on tangible assets for research and development is shown as additions to Fixed Assets.

- **Foreign Currency Transaction**

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of transaction. Exchange difference arising on foreign currency transaction other than fixed assets, are recognized as income or expenses in the Profit and Loss Account. Exchange differences on unpaid liability arising on foreign currency transaction for fixed assets are adjusted with the cost of the fixed assets.

- **Relining Expenses**

Expenditure on relining of kiln and cooler is charged to profit and loss account in the year in which it is incurred.

- **Taxation**

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. Currant tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantially enacted on the Balance Sheet date. Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognized only if there is virtual certainty of realization of such amounts. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed at each Balance Sheet date to reassess their reliability.

- **Provisions and Contingent Liabilities**

A provision is recognized when it is more likely than not that an obligation will result in an outflow of resources. Provisions are not discounted at their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates. A disclosure for a contingent liability is made where it is more likely than a present obligation or possible obligation would not result in or involve an outflow of resources.

71. Pre and post Offer shareholding pattern of the Target Company is as follows:

Shareholder's category	Shareholding as on March 31, 2010 prior to the Offer (A)		Shares / voting rights acquired which triggered off the Regulations (B)		Shares to be acquired in the Offer (Assuming full acceptance) (C)		Shareholding after the Offer (A+B+C=D)	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Promoter Group	1,32,63,933 (refer note 2)	49.12					Refer Note 1	
Total	1,32,63,933	49.12						
Acquirer / PACs			NIL	NIL	52,00,000	[•]	52,00,000	Refer Note
Total	1,32,63,933	49.12						
Public (other than Acquirer and PACs)								
(a) FIs/ MFs/ FIIs/Banks/SFIs	18,367	0.07					Refer Note 1	
(b) Others	1,37,17,700 (refer note 2)	50.81						
Total (a)+(b)	1,37,36,037	50.88	**NIL**	**NIL**				
Total	2,70,00,000	100.00					2,70,00,000	100.00

Note:

1. Shares of the Target Company are envisaged to be acquired by the Acquirer would be from existing shareholders (excluding warrant holders) and therefore the post offer holding of the Acquirer is not ascertainable at this stage and would depend on the quantum of shares offered and conversion of warrants into equity shares. The Acquirer vide its letter dated October 29, 2009 to SEBI has undertaken to comply with 21(5) of Takeover Regulations.
2. Matter relating to 30,00,000 (since converted) and 35,00,000 warrants allotted to TRFI Investment Pvt limited and Prakausali Investments (India) Limited respectively are *sub judice. (source: Annual report of OSIL 2008-09)*

72. As on March 31, 2010, the promoters of OSIL hold 1,32,63,933 equity shares of the Target Company. There is no publicly available information on change in shareholding of promoters.

73. As per the audited financials as of March 31, 2009, contingent liabilities amounted to Rs. 4118.81 lakhs.

74. The Target Company has complied with the conditions of corporate governance as stipulated in the listing agreement for the year ended March 31, 2009. A.K.Labh, Company Secretary vide its certificate dated August 22, 2009 has certified the same. The Corporate Governance Report as well as the certificate from the A.K.Labh forms a part of the Annual Report of the Target Company for the year ended March 31, 2009.

75. The Manger to the Offer vide its letter dated March 13, 2010 had written to the Target Company inter alia seeking information with respect to pending litigations. However, the same has not been furnished by the Target Company till date and there is no publicly available information in respect of the pending litigations involving the Target Company.

76. Miss Shikha Ruia is the Compliance Officer of the Target Company. Address: CIC Building, 11th Floor, 33A, Jawahar Lal Nehru Road, Kolkata – 700071; Phone: 033-22263114, 22262636, 22266442, 22887336, 22883910-16. Fax: 033-22267470.

X. OFFER PRICE

Justification of Offer Price

77. The Shares of the Target Company are listed on the Bombay Stock Exchange, Kolkatta Stock Exchange, and Bhubaneshwar Stock Exchange. The Shareholders of the Target Company at the Annual General Meeting of the Target Company have approved delisting of equity shares from Kolkata Stock Exchange. (Source: www.bseindia.com). The Equity shares of OSIL are frequently traded on BSE within the meaning of explanation (i) to Regulation 20(5) of the Regulations. The Acquirer has neither acquired nor has been allotted any shares of the Target Company in the 12 months prior to the date of the PA.

78. Trading data is as follows:

Name of Stock Exchanges	**Total no of Shares traded during the 6 calendar months prior to month in which PA was made (taken annualized)**	**Total No of Listed Shares**	**Annualized Trading Turnover(% of Total Listed Shares)**
BSE	3,644,179	20,000,000	36.44%

Source: www.bseindia.com

The Offer Price of Rs. 300/- per Share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is higher of the following:

a)	Negotiated Price	N.A.
b)	The average of the weekly high and low of closing prices of the shares of the Target Company on BSE for the 26 weeks preceding the date of the PA	Rs. 164.23
c)	The average of the daily high and low prices of the shares of the Target Company on BSE for the two weeks preceding the date of the PA	Rs. 127.38
d)	The highest price paid by the Acquirer for any acquisition of equity shares of the Target Company during the 26-week period prior to the date of the Public Announcement	Nil

79. Based on the above and in the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

80. The Acquirer and PACs have not entered into any non-compete agreement either singly or jointly with the promoters of the Target Company.

XI. FINANCIAL ARRANGEMENTS

81. The Acquirer has made firm financial arrangements for financing the acquisition of Shares under the Offer, in terms of Regulation 16 (xiv) of the Regulations. The same has been certified by Mehra Goel & Co, Chartered Accountants vide its certificate dated June 18, 2010. The maximum fund requirement for the acquisition of 52,00,000 fully paid-up Equity Shares of Target Company of face value Rs.10/- each at the Offer price of Rs. 300 per equity share assuming full acceptance of the shares tendered would be Rs. 156 crores. The source of funds would be internal accruals / liquid assets. In accordance with Regulation 28 of the Regulations, The Acquirer has deposited Rs. 10 crore with HDFC Bank, Maneckji Wadia Building, Ground Floor, Nanik Motwani Marg, Mumbai- 400001 (“the Escrow Bank”) in an escrow account (the “BPSL - OSIL - Escrow Account”) under the terms of the Escrow agreement dated February 6, 2009 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank and bank guarantee of Rs. 25 crore has been furnished by Bank of Maharashtra, New Delhi on behalf of the Acquirer. The Bank guarantee is valid until 20 days after the completion of the Offer. The said amount in aggregate is in excess of the minimum prescribed amount as per the Regulations. The Manager to the Offer has been empowered to operate the escrow account in terms of the Regulations.

82. The Acquirer has made firm financial arrangements for the Open Offer. Mehra Goel & Co, Chartered Accountants having its office at 505, Chiranjiv Tower, 43 Nehru place, New Delhi 110019, Tel: 011-26419527, Fax: 011-26217981 and membership number 6102 have confirmed vide their letter dated June 18, 2010 that the Acquirer has made the firm arrangements for meeting their obligations under the Regulations. On the basis of the foregoing, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer in full.

XII. STATUTORY AND OTHER APPROVALS REQUIRED FOR THIS OFFER

83. The Acquirer and PACs have received approval to acquire shares from non-residents under the Offer from the Reserve Bank of India vide its letter dated January 1, 2010.

84. As of the date of this Letter of Offer, there are no other statutory approvals required to acquire the Shares validly accepted under 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.

85. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations.

86. No approvals are required from Financial Institutions/Banks for the Offer.

XIII. TERMS AND CONDITIONS OF THE OFFER

87. This Offer is made to all Shareholders (except the Acquirer and PACs) and also to persons who acquire Shares before or during the Offer Period and tender these Shares into the offer so as to credit those Shares to the account designated for the Offer on or before July 26, 2010. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the Shareholders whose names appear on the Register of Members of the Target Company and the beneficial owners of the Shares of the Target Company, whose names appear as beneficiaries on the records of the respective Depositories, on February 27, 2009. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

88. The Acquirer will acquire the Offer Shares, free from all lock–in, liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Based on the information available in public domain except for 7,000,000 Shares held by TRFI Investments Private limited there are no other locked-in Shares in the Target Company.

89. All the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

90. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to 7 working days prior to the closure of the Offer viz. upto July 15, 2010 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Offer Shares that are validly tendered pursuant to the Offer.

91. Each equity shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

92. The Offer is not conditional on any minimum level of acceptance i.e. the Acquirer will acquire all the Shares that are tendered in terms of the Offer up to 52,00,000 Shares, subject to the conditions specified in the Public Announcement published on February 7, 2009 and this Letter of Offer and Form of Acceptance-cum-Acknowledgement. The Acquirer has vide its letter dated October 29, 2009 has undertaken that it will comply with 21(5) of the Takeovre Regulations.

93. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer titled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers mentioned under paragraph 114 of this Letter of Offer, either by hand delivery during business hours or by registered post so that the same are received on or before the closing date i.e. July 26, 2010.

94. In respect of dematerialized Shares, the credit for the Shares tendered must be received in the special account (as specified in paragraph 97) on or before 4.30 p.m. Indian Standard Time on July 26, 2010. If the Shareholders hold

their Shares through NSDL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the special depository account with CDSL.

95. The Acquirer will not be responsible in any manner for any loss of Share certificate(s) and/or Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

96. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.

XIV. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

97. The Shareholders, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by registered post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in paragraph 114 below before 4.30 pm Indian Standard Time on July 26, 2010. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect; otherwise the same is liable to be rejected. In the case of dematerialized Shares, the Shareholders are advised to ensure that their Shares are credited in favour of the special depository account before 4.30 pm Indian Standard Time on July 26, 2010. The Form of Acceptance-cum-Acknowledgment of such dematerialized Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected. The details of special depository account are as under:

DP Name	Centrum Broking Private Limited
DP ID Number	12012200
Client ID	1201220000042169
Account name	"Centrum Capital Limited - Orissa Sponge Iron & Steel Limited Open Offer – Escrow"
Depository	CDSL

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.

(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special depository account as on the date of closure of the Offer.

98. Documents to be delivered by all Shareholders

(a) For Shares held in the DEMATERIALIZED FORM

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP"); (ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are mention in paragraph 97 above; and (iii) In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the Shareholder.

(b) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer; (ii) Original equity share certificate(s); and (iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity Shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s) and (iv) If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders.

(c) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein; (ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and (iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case. (iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the company/its transfer agents, of the share certificate(s) and the transfer deed(s). (v) No indemnity is required from persons not registered as Shareholders.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

99. While tendering the Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit their previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of OSIL. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

100. Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the Shareholder should be received on or before the close of the Offer i.e. July 26, 2010, else the application will be rejected.

101. In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:

(a) In case Shares are held in the dematerialized form by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 4.30 p.m. Indian Standard Time on July 26, 2010, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "Centrum Capital Limited - Orissa Sponge Iron & Steel Limited Open Offer – Escrow" filled as specified in paragraph 97 above.

(b) In case of Shares held in the physical mode by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in paragraph 114 below), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 4.30 p.m. Indian Standard Time on July 26, 2010.

102. 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):

- Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
- Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

103. In case the number of Shares validly 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 Regulations, on a proportionate basis in such a way that the acquisition from any Shareholder shall not

be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE, the minimum marketable lot for the Shares is 1 (one).

104. In terms of the Regulations 22(5A) of the Regulations, Shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. upto July 21, 2010. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at any of the collection centres either by hand delivery or by registered post and up to three working days prior to the closure of the Offer.

105. In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

(a) In case of physical Shares: Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn.

(b) In case of dematerialized Shares: Name, address, number of Shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of 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 Depository Escrow Account.

106. As per the provisions of section 195(1) of the 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). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the Income Tax Act or as business profits as the case may be, Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate on the gross consideration payable to the following categories of Shareholders, as given below:

- **Non-resident Indians:** The Acquirer will deduct tax at source at the applicable rate on the Offer Price in case of short-term capital gains or business profits or long-term capital gains, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates.

- **Non-domestic companies:** The Acquirer will deduct tax at source (including cess and surcharge) at the applicable tax rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be.

- **FIIs:** As per the provisions of section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor ('FII') as defined in section 115AD of the Income Tax Act, 1961. However the Acquirer will not deduct tax at source only if the shares are held by the FII on investment/capital account.
  Tax will be deducted at source at the maximum applicable rate for foreign companies on the Offer Price if the Shares are held on trade account or if the FII fails to certify in the bid form that the Shares are held by it on investment/capital account if the FII is a company. The FII may attach a certificate received from its Bank / Authorised Dealer / Chartered Accountant in this regard. If the FII is a person other than a company, then tax will be deducted at the maximum applicable rate for person other than a company and will be further increased by the applicable surcharge and education cess.
  However, the interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the amount of tax to be deducted. In absence of the same, Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of shareholder under the Income Tax Act, 1961.

- **Other persons who are not resident in India:** The Acquirer will deduct tax at source at the applicable rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates. In the case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, the capital gain shall be assumed to be short-term in nature. For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take the following actions based on the information submitted by the Shareholders.

107. For the purpose of determining as to whether the capital gains are short-term or long-term in nature:

- In the case of physical Shares registered with the Target Company, the date of registration of the Shares with the Target Company shall be taken as the date of acquisition.
- In the case of physical Shares not registered with the Target Company, the capital gain shall assumed to be short-term in nature.
- In the case of dematerialized Shares, the date of credit of the Shares to the shareholders demat account shall be taken as the date of acquisition.
- In case of any ambiguity, incomplete or conflicting information or the information not being available with the Target Company regarding the same, the capital gain shall be assumed to be short-term in nature.

108. In the event Shareholders require non-deduction of tax or deduction of tax at a lower rate or on a lower amount, they would need to obtain an order from the Income Tax authorities under section 195(3) or section 197 of the Indian Income Tax Act, 1961 and submit the same while submitting the Form. On failure to produce such certificate from the Income Tax authorities, tax will be deducted as aforesaid, and a certificate in the prescribed form shall be issued to that effect.

109. In the case of non residents, where the investor is a tax resident of a country which has entered into a tax treaty with India, it may be possible for the investor to avail the beneficial rate (if any) under the tax treaty. The tax rates may change from treaty to treaty. In order to claim the lower rate under the tax treaty, the shareholder should provide a certificate from the tax authorities from the country of his residence certifying that he is a resident of the specified foreign country.

110. Securities transaction tax will not be applicable to the shares accepted in this Offer.

111. As per the prevailing laws as regards deduction of income tax at source, no tax will be deducted at source for resident Shareholders.

112. All Shareholders are advised to consult their tax advisors for 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 and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income. The tax rate and other provisions may undergo changes

113. Subject to the Statutory Approvals as stated in section XII above, the Acquirer intends to complete all formalities, including the payment of consideration under the Regulations within a period of 15 days from the closure of the Offer, i.e. August 10, 2010 and for the purpose open a special account as provided under regulation 29 of the Regulations, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, 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, grant extension of time for the purpose under regulation 22(12) of the Regulations, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI from time to time. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable.

114. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centres below.

Sr. No	City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
1.	Mumbai	Nilesh Chalke	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, (W),Mumbai - 400078.	022-25960320	022-25960329	nilesh.chalke@linkintime.co.in	Hand Delivery & Registered Post

2.	Mumbai	Vivek Limaye	Link Intime India Pvt. Ltd, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai -400 001	022-22694127	022-25960329	vivek.limaye@linkintime.co.in	Hand Delivery
3.	Ahmedabad	Hitesh Patel	Link Intime India Pvt. Ltd, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009	079-2646 5179	079-2646 5179 (Telefax)	ahmedabad@linkintime.co.in	Hand Delivery
4.	Bangalore	Prashant D. Shedbal	Link Intime India Pvt. Ltd., 543/A, 7TH Main , 3rd Cross, Hanumanthanagar, Bangalore - 560 019	080-26509004	080-26509004 (Telefax)	bangalore@linkintime.co.in	Hand Delivery
5.	Baroda	Alpesh Gandhi	Link Intime India Pvt. Ltd., First Floor, Jaldhara Complex, Nr. Manisha Society, Old Padara Road, Vadodara -390015	0265-2250241 / 3249857	0265-2250246 (Telefax)	vadodara@linkintime.co.in	Hand Delivery
6.	Coimbatore	S. Dhanalakshmi	Link Intime India Pvt. Ltd,Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028	0422-2314792 / 2315792	0422-2314792 (Telefax)	coimbatore@linkintime.co.in	Hand Delivery
7.	Kolkata	Debu Ghosh	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata - 700020	033-22890539/40	033-22890539 /40 (Telefax)	kolkata@linkintime.co.in	Hand Delivery
8.	New Delhi	Swapan Naskar	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028	011-41410592/93/94	011-41410591	delhi@linkintime.co.in	Hand Delivery
9.	Pune	P. N Albal	Link Intime India Pvt. Ltd, Block No 202 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001.	020 - 26051629 / 0084	020 - 26053503 (Telefax)	pune@linkintime.co.in	Hand Delivery
10.	Chennai	Mrs. Solly Soy	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	044-2815 2672, 044-4207 0906	044- 2815 2672 (Telefax)	chennai@saspartners.com	Hand Delivery

The documents can be tendered at the above centres between 10.00 am to 1.00 pm and 2.00 pm to 4.30 pm from Monday to Friday. The centres will be closed on Saturday, Sundays and public holidays.

The Applicants who cannot hand deliver their documents at the collection centre, may send their documents only by Registered post, at their own risk, to the Registrar to the Offer at Link Intime Private Limited, Unit: Orissa Sponge Iron & Steel – Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078 so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. July 26, 2010. **NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER/TARGET COMPANY /MANAGER TO THE OFFER**

115. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance-cum-Acknowledgement.

116. The Registrar to the Offer will hold in trust the Share(s) / share certificate(s), shares lying in credit of the special depository account, Form of Acceptance-cum-Acknowledgement and the transfer deed(s), if any, on behalf of the shareholders / unregistered owner(s) of OSIL who have accepted the Offer, till the Acquirer complete the Offer obligations in terms of the Regulations latest by August 10, 2010. Upon completion of the above, the Registrar to the Offer will debit the special depository account to the extent of Shares accepted by the Acquirer and give instruction to credit the beneficial account of the Acquirer.

117. The payment of consideration for accepted applications will be made by the Acquirer in cash either through National Electronic Clearing System, Direct credit, RTGS, NEFT, account payee cheques, drafts, warrants, etc. in accordance with the Regulations, and the same will be in the name of the first named person in case of joint Shareholders. It is desirable that Shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the payment of consideration can be made accordingly.

118. A copy of this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

XV. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the corporate office of the Manager to the Offer at Centrum Capital Limited, on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 4:30 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of the Memorandum and Articles of Association of BPSL;
- Copy of Board Resolutions/letters from the Acquirer authorizing the Offer;
- Copies of Audited Annual Reports for BPSL / TSIL / OFL and OSIL for the years ended 31st March 2009, 2008 and 2007;
- Unaudited Financial Statements of BPSL / TSIL / OFL for year ended March 31, 2010;
- Certificate from Mehra Goel & Co, Chartered Accountants (Membership number 6102) dated June 18, 2010 stating that the Acquirer has adequate financial resources for fulfilling all its obligations under the Offer for a value up to the maximum consideration; and
- A published copy of the Public Announcement dated February 7, 2009.

XVI. DECLARATION BY THE ACQUIRER

The Acquirers and the Boards of Directors of the Acquirers respectively accept full responsibility for the information contained in this Letter of Offer (except for the information relating to the Target Company, which has been compiled from publicly available sources or as received from the Target Company) and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer and PAC shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. R.K. Gupta have been severally authorised by the boards of directors of BPSL, TSIL and OFL respectively to be the authorised signatories to the Letter of Offer.

Signed for and on behalf of the Acquirer

Sd/-	Sd/-	Sd/-
Authorised Signatory	Authorised Signatory	Authorised Signatory
Bhushan Power and Steel Limited	Titanic Steel Industries Limited	Olympian Finvest Limited

Name: Mr. R.K. Gupta

Place: New Delhi
Date: June 25, 2010

LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as shareholder(s) of Orissa Sponge Iron and 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, Centrum Capital Limited or Registrar to the Offer, Link Intime India Private Limited. In case you have already sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgment, Form of Withdrawal and Transfer Deed to the member of Stock Exchange through whom the said sale was effected.

CASH OFFER AT RS. 300/- (RUPEES THREE HUNDRED ONLY) PER EQUITY SHARE

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

TO ACQUIRE

Up to 52,00,000 fully paid up Equity Shares of Rs. 10/- each representing 26.00% of the issued equity share capital as of February 7, 2009 from the existing equity shareholders of

Orissa Sponge Iron and Steel Limited ("Target Company")

having its registered office at OSIL House Gangadhar Meher Marg, Bhubaneswar 751024, Orissa, Tel: 0674-2725850, Fax: 0674-2725855

By

Bhushan Power and Steel Limited ("Acquirer")

having its registered office at 4th floor, Tolstoy house 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001, Tel: + 91 30451000 Fax: + 91 23712737 along with

Titanic Steel Industries Limited ("Person Acting in Concert")

having its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002, Tel: 0172- 4301300; Fax: 0172-4301304 and

Olympian Finvest Limited (erstwhile Olympian Steel Industries Limited) ("Person Acting in Concert")

having its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002, Tel: 0172-4301300; Fax: 0172–4301304

ATTENTION:

(1) This voluntary Open Offer is being made pursuant to and in accordance with the Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereto. (2) The Offer is not subject to any minimum level of acceptance by the shareholders of Orissa Sponge Iron and Steel Limited. (3) The Offer is subject to the Acquirer obtaining all approvals under foreign exchange laws including approval from Reserve Bank of India and the Foreign Investment Promotion Board, if any, for acquiring Shares in the Offer (described in the section XII below). (4) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of the Offer i.e. July 26, 2010. (5) If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. July 15, 2010 the same would be informed by way of a Public Announcement in the same newspapers, where the original Public Announcement had appeared. The Acquirer would pay such revised price for all Equity Shares validly tendered at any time during the Offer and accepted under the Offer. **(6) Two competitive bids were made: (i) The public offers under all the subsisting bids shall close on the same date. For this purpose, the Acquirer shall consider a bid to be subsisting if it opens for twenty days (or such further time not exceeding twenty days as may be necessitated by the opening of the second competitive bid) before July 26, 2010 (ii) 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 offer/bid and tender their acceptance accordingly.** (7) A copy of the Public Announcement and this Letter of Offer (including Form of Acceptance cum Acknowledgement) is also available on SEBI's website at (www.sebi.gov.in)

MANAGER TO THE OFFER	**REGISTRAR TO THE OFFER**
CENTRUM **Centrum Capital Limited** Centrum House, CST Road, Kalina, Santacruz (E), Mumbai – 400 098; Tel: +91-22-42159000; Fax: +91-22-42159707; Email: osl.openoffer@centrum.co.in SEBI Regn: INM 000010445 Contact person: Bhavyan Dalal / Maulik Sanghavi	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD) **Link Intime India Pvt. Ltd.** Unit: Orissa Sponge Iron & Steel – Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078; Tel: +91 22-25960320; Fax: +91-22-25960329; Email: bstl.offer@linkintime.co.in; SEBI Regn: INR000003761 Contact Person: Nilesh Chalke
OFFER OPENS ON JULY 7, 2010	**OFFER CLOSES ON JULY 26, 2010**

ACTIVITY	Original Schedule	Revised Schedule
Public Announcement	February 7, 2009	February 7, 2009
Specified Date* (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	February 27, 2009	February 27, 2009
Last Date for Competitive Bid	February 28, 2009	February 28, 2009
Date by which Letter of Offer will reach shareholders	March 24, 2009	July 5, 2010
Date of opening of the Offer	April 3, 2009	July 7, 2010
Last date for revising the Offer Price / No. of equity Shares	April 13, 2009	July 15, 2010
Last date of withdrawal of tendered application by the shareholders of OSIL	April 18, 2009	July 21, 2010
Date of closing of the Offer	April 23, 2009	July 26, 2010**
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	May 8, 2009	August 10, 2010

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

*** In the event, but only in the event, that a competitive bid opens at any time between July 7, 2010 and July 26, 2010,for twenty days, then the Acquirer shall extend the closing date to the twentieth day after the opening of such bid or for such further period (not exceeding twenty days) by which the first subsisting bid may be extended on account of the opening of the second competitive bid.*

Note: Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 4.30 p.m on July 26, 2010.

RISK FACTORS

- The Offer is subject to the receipt of statutory and regulatory approvals, as provided under section XII of this Letter of Offer for the acquisition of Shares by the Acquirer under the Offer. The Acquirer may not to be able to proceed with the Offer in the event the approvals are not received in terms of regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.
- The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Shares tendered in the Offer will be held in trust by the Manager to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares.
- In the event of oversubscription to the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent upon the level of subscription.
- The information and other data including financial data relating to the Target Company used in this Draft Letter of Offer, has been obtained from publicly available documents including annual reports of the Target Company, website of Target Company, Stock Exchanges and other government sources. Although, we believe that information/data used in this Letter of Offer is reliable, it has not been independently verified.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate 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 the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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KEY DEFINITIONS

Acquirer, BPSL	Bhushan Power and Steel Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Share(s) / Equity Share (s)	Fully paid up equity share(s) of face value Rs. 10 each of the Target Company
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time
Letter of Offer/ LOF	This Letter of Offer dated February 20, 2009
Manager to the Offer	Centrum Capital Limited, appointed by the Acquirer pursuant to regulation 13 of the Regulations
NSDL	National Securities Depository Limited
Open Offer / Offer	To acquire up to 52,00,000 Shares from the Shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Rs. 300/- (Rupees three hundred only) per equity share of face value Rs. 10 each
OFL	Olympian Finvest Limited
PA/Public Announcement	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target Company published on February 7, 2009 which appeared in all the available editions of Business Standard and Prathkal, Bhubaneshwer edition of Dharitri.
PACs	Persons Acting in Concert i.e. OFL and TSIL
RBI	The Reserve Bank of India
Registrar to the Offer	Link Intime Private Limited , the registrars and share transfer agents appointed by the Acquirer, having its registered office at Unit: Orissa Sponge Iron & Steel – Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078;
SEBI (SAST) Regulations / Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
Shareholders	Shareholders of the Target Company
Specified Date	February 27, 2009 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Stock Exchanges	Bombay Stock Exchange, Kolkata Stock Exchange and Bhubaneshwar Stock Exchange
Target Company / OSIL	Orissa Sponge Iron and Steel Limited
TSIL	Titanic Steel Industries Limited

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

I. DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT 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 HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ORISSA SPONGE IRON AND 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 THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, CENTRUM CAPITAL LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 20, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. DETAILS OF THE OFFER

1. This Offer is being made voluntarily by the Acquirer along with PACs to the Shareholders of the Target Company, in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations, for the purpose of acquisition of Shares and voting rights of the Target Company.

2. No person (other than TSIL and OFL) is acting in concert with the Acquirer for the purpose of this Open Offer and the Acquirer has never acted in concert with any other person in respect of the acquisition of Shares in the Target Company. One or more shareholder(s) of OSIL may meet the definition of a deemed person acting in concert under Regulation 2(1)(e)(2) of the Regulations and thus may be persons which are deemed to be acting in concert with the Acquirer because of the operation of regulation 2(1)(e)(2). For instance Mr. Brij Bhushan Singal is father of Mr. Sanjay Singal and Mr. Neeraj Singal is brother of Mr. Sanjay Singal. The said Mr. Brij Bhushan Singal and Neeraj Singal hold shares in the Target Company through companies controlled by them as disclosed in the competitive bid for the Target Company announced by Bhushan Energy Limited. However, the said Mr. Brij Bhushan Singal and Neeraj Singal or their companies have no agreement or understanding with the Acquirer in relation to the Target Company and for that reason, are not persons acting in concert with the Acquirer. Further, we would like to state that in August 2006 Mr. Brij Bhushan Singal and Mr. Neeraj Singal with his family members (Petitioners) filed a petition before Company Law Board (CP 77 of 2006) against Bhushan Power & Steel Ltd, Bhushan Steel Ltd (the Company in which Petitioners are Chairman and Managing Director) and Mr. Sanjay Singal and his family members and some other companies (Respondents) interalia for transfer of shares held by Mr. Sanjay Singal and his family members and other small investment companies in Bhushan Steel Ltd pursuant to an alleged oral family settlement which has been disputed. The proceedings are currently stayed by Hon'ble High Court of Delhi. Thus in light of the said dispute though Mr. Brij Bhushan Singal, Mr. Neeraj Singal and persons who may be acting in concert with them are not acting in concert with the Acquirer, in relation to the acquisition of shares of the Target Company under the open offer. Further, the fact that on February 27, 2009 Bhushan Energy Limited, a company promoted by Mr. Brij Bhushan Singal and Mr. Neeraj Singal, along with its PAC's has come out with a competitive bid for the Target Company is ample evidence that there is no cooperation between the Acquirer and the promoters of Bhushan Energy Limited i.e. Mr. Brij Bhushan Singal and Mr. Neeraj Singal. However, no person (other than TSIL and OFL) is acting in concert with the Acquirers for the purposes of this Open Offer and the Acquirers have never acted in concert with any other person in respect of the acquisition of the shares in the Target Company.

3. The Acquirer and the PACs do not hold any Shares as of the date of this Letter of Offer.

4. The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

5. The Manger to the Offer vide its letter dated March 13, 2010 had written to the Target Company inter alia seeking various information however, no information has not been furnished by the Target Company till date. The Acquirer, PACs are not aware whether the Target Company has been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of, or any other regulations made under, the SEBI Act. No order has been passed against the Acquirer and the PACs in terms of directions issued under section 11B of, or any other regulations made under, the SEBI Act.

6. On successful completion of the Offer, the Acquirer intends to work with the current management and may appoint its nominees as directors on the board of directors of the Target Company for any technical / marketing / financial support so as to derive maximum synergies. As of the date of this Letter of Offer, the Acquirer has not finalized its representatives to be nominated on the board of directors of the Target Company. The Acquirer intends to use its voting power at the shareholders meetings of the Target Company to nominate its representatives on the board of Target Company subject to applicable laws and approvals.

III. DETAILS OF THE PROPOSED OFFER

7. The Acquirer has made a PA on February 7, 2009 strictly in accordance with regulation 15 of the Regulations and PA was published in all the available editions of Business Standard and Prathkal, Bhubaneshwer edition of Dharitri. A copy of the PA and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is also available on SEBI's website i.e. (www.sebi.gov.in).

8. Pursuant to this Offer, the Acquirer proposes to acquire upto 52,00,000 Shares of the Target Company representing 26% of the issued equity share capital of the Target Company at a Offer Price of Rs. 300/- (Rupees three hundred only) per Share to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance and does not have any differential pricing.

9. Any Shares to be acquired under this Letter of Offer are to be free from lock-in, liens, charges and encumbrances and will be acquired together with all rights attached thereto.

10. The Letter of Offer is being sent to those Shareholders whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on February 27, 2009, being the Specified Date as required under the Regulations.

11. This Offer is made to all Shareholders (except the Acquirer and PACs).

12. The Acquirer and PACs has not acquired / allotted any Shares of the Target Company during the last 12 months before the PA.

13. There are two competitive bids as on date of this Letter of Offer. The details of the competitive bids are given below.

Particulars	**Offer Details***	**Acquirer and PACs**
Competitive Bid 1	To acquire 61,00,000 equity shares of Target Company at Rs. 310.	Mounteverest Trading & Investment Ltd along with Torsteel Resarch Foundation ("TRF") in India, TRFI Investment Private Ltd ("TRFI"), Monnet Ispat & Energy Limited
Competitive Bid 2	To acquire 61,00,000 equity shares of Target Company at Rs. 359.95	Bhushand Energy Ltd along with Brij Bhushan Singal, Neeraj Singal, BNS Steel Trading Pvt Ltd, BBN Transaportation Pvt Ltd, BNR Infotech Pvt Ltd, BNR Consultancy Services Pvt Ltd and Bhushan Steel Ltd

* For more details investors are advised to refer the letter of offer and public announcement issued by respective Acquirer's which is available on www.sebi.gov.in. The market price of the Target Company as on June 25, 2010 was Rs. 342.70 on BSE.

IV. OBJECT OF THE ACQUISITION / OFFER AND FUTURE PLANS

14. The Acquirer has related business activities and believes that it can derive significant synergy with business of the Target Company. It further believes that it will be able to add value to the business of Target Company in terms of experience, financial strength and technology.

15. To the extent required and to optimize the value to all shareholders, the Acquirer may, subject to applicable shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. The board of directors of Target Company will take appropriate decisions in these matters. 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 Target Company and except to the extent mentioned above. However, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of Target Company except with the prior approval of the shareholders of Target Company, to the extent required by the then applicable law.

V. INFORMATION ABOUT BPSL

16. BPSL was incorporated on February 22, 1999 in Jalandhar, India as a public limited company and its company identification number ("**CIN**") is U27100DL1999PLC108350. The Acquirer has its registered office at 4th floor, Tolstoy house 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001 Tel: + 91–11-30451000 Fax: + 91-11-23712737. The Acquirer is a company whose main objects consist of manufacturing, trading and exports of Iron & Steel Products and generation and distribution of power.

17. Mr. Sanjay Singal, Chairman and Managing Director, is one of the promoter of BPSL. Mr Singal, aged 49 years, has successfully implemented, modernized and expanded the steel projects at Chandigarh, Kolkatta and Derabassi. Mr Singal, a visionary, believes in long term planning and has brought the company to a new height. He is pioneer in setting up the Integrated Steel and Power plant at Orissa. Mr Singal is responsible for the overall operations of the company and is instrumental in making strategic decisions and long term planning for the company.

18. BPSL is an unlisted entity and since BPSL has never acquired shares in the Target Company the reporting requirements under Chapter II of the SEBI (SAST) Regulations are not applicable.

19. The promoters of the Acquirer hold 90.48% of the issued share capital of the Acquirer and the balance is held by institutional investor(s) / bank / other individuals.

The shareholding pattern of BPSL as on June 25, 2010 is as follows:

Sr. No.	**Shareholder's Category**	**No. of Shares held**	**% Holding**
1.	**Promoters**		
	Sh. Sanjay Singal	11,079,325	8.14
	Smt. Aarti Singal	5,960,613	4.38
	Km. Priyanka Singal	1,000,895	0.74
	Km. Radhika Singal	1,000,220	0.74
	Master Aniket Singal	1,045,480	0.77
	Sh. Sanjay Singal (HUF)	256,450	0.19
	Jasmine Steel Trading (P) Ltd	25,033,777	18.40
	Marsh Steel Trading (P) Ltd	25,047,038	18.41
	Diyajyoti Steel (P) Ltd	25,039,691	18.40
	Vision Steel (P) Ltd	27,643,582	20.32
2.	**Institutional investor(s)./ bank /other individuals**	1,29,44,594	9.52
	Total	**136,051,665**	**100.00**

20. The details of the board of directors of are given below:

Sr. No.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	Area of Experience	Address	Qualification
1	**Sh. Sanjay Singal** (S/o Sh. B.B. Singal) **Designation:** Chairmen and Managing Director **Date of appointment:** March 22, 1999	50	28	Project implementation / Business Administration	57, Jor Bagh, New Delhi	Graduate
2.	**Smt. Aarti Singal** (W/o Sh. Sanjay Singal) **Designation:** Vice President & Whole time Director (Admin.) **Date of appointment:** March 30, 2010	49	27	Administration	57, Jor Bagh, New Delhi	Graduate
3.	**Sh. Ashwini Kumar Sharma** (S/o Lt. Sh. Vishwa Nath Sharma) **Designation:** Nominee Director **Date of appointment:** March 30, 2010	63	36	Management Consultant	1303,Brighton,Hari Om Nagar (Behind Octroi Naka),Eastern Express Highway, Mulund (EAST) Mumbai.	MSc (Physics) , CAIIB.
4.	**Sh. Anil S. Supanekar** (S/o Sh.S.V. Supanekar) **Designation:** Independent Director **Date of appointment:** September 29, 2006	67	36	Technical in Engineering	694/2, Swami Kripa Apartment, Market Yard Road, Pune	B.E
5.	**Sh. R. P. Goyal** (S/o Late Sh. V.P. Goyal) **Designation:** Whole Time Director **Date of appointment:** March 1, 2001	59	36	Commercial activities / Finance	157, Sector 16, Panchkula Haryana	Graduate
6.	**Sh. H. C. Verma** (S/o Sh. B.R. Verma) **Designation:** Whole Time Director **Date of appointment:** March 1, 2001	57	36	Marketing	C-57/31, Janta Garden, Pandav Nagar, Delhi	Graduate
7.	**Sh. R. N. Yadav** (S/o Sh. Shiv Shankar Yadav) **Designation:** Whole Time Director **Date of appointment :** June 14, 2003	49	24	Project Execution / Technical planning	14/4-A, Burdwan Road, Alipore, Kolkata	B.E.
8.	**Sh. R. D. Batra** (S/o Sh. D.D Batra) **Designation:** Director **Date of appointment:** March 1, 2001	74	52	Technical in Electricals	4184, Pocket 4, Sector D, Vasant Kunj, New Delhi	B.E.
9.	**Sh. Dinesh Kumar Behal**	49	24	Finance and	3235, Urban Estate,	I.C.W.A &

	(S/o Sh. Rajinder Kumar Behal) **Designation:** Independent Director **Date of appointment:** February, 2006			Costing	Phase –II, Dugri Road, Ludhiana	C.S
10	**Sh. Jimmy Mahtani** **Designation:** Independent Director **Date of appointment:** November 22, 2006	33	10	Finance and Administrat ion	APT BLKI Chatsworth Road, # 22-21, Singapore	B.Sc (Business Administra tion)

- **Sanjay Singal**, Chairman & Managing Director is an eminent industrialist. Mr. Singal is a graduate in arts from Punjab University, Chandigarh. He was responsible for the implementation of a number of expansion projects of erstwhile Bhushan Industries Limited and erstwhile Bhushan Metallics Limited (merged). Currently, Mr. Singal is responsible for the overall working of the Company and is instrumental in making strategic decisions for the company including the commissioning of the ambitious integrated power and steel project in Orissa. Mr. Singal has been a director of the company since its inception.

- **Aarti Singal,** Director and promoter of the company, takes care of over all administration of the company. She has been appointed as the Director of the Company w.e.f. March 30, 2010 and as Vice President and Wholetime Director (Adm) of the company w.e.f. April 1, 2010. She has completed her graduation in arts from Punjab University and has wide experience in steel industry**.**

- **Ashwini Kumar Sharma,** has joined as the nominee director of IDBI Bank Limited w.e.f. March 30, 2010. He has done MSc (Physics) and is qualified CAIIB. He is a management consultant with a work experience of 36 years with Banking Sector and was dealing in various facets of Bank Management in India and overseas including corporate governance and management, International banking, Financial Control, Treasury Management , Information Technology ,Foreign Exchange ,medium and large corporate credits, agricultural banking, branch banking, marketing of banking products and planning strategies for business development and personnel and HR policies.

- **Anil S. Supanekar** is an Independent Director in the company. Earlier he was nominee Director of IFCI on the board of the company. He holds a Bachelor of Science degree and a bachelor of engineering degree. Mr. Supanekar is currently a member of the Institution of Engineers and Chartered Engineers and is also a member of the Managing Council, Agri-Horticultural Society of Western India. He has also been the President of the Rotary Club of Pune South. He is also a fellow member of the Institution of Valuers and Indian Council of Arbitration. Mr. Supanekar has also been a special invitee to work on managing Chamber of Commerce Industries and Agriculture. Mr. Supanekar, owned and operated his own business under the name and style of Southern Machine Industries Limited for 16 years. Prior to his nomination on the board of BPSL he was the Managing Director of James Group of Companies. Mr. Supanekar has been elected to the Governing Body of Poona Division Productivity Council. He has rich experience in Industrial sector.

- **R.P. Goyal** is a Whole-Time Director (Commercial) in the company, is a commerce graduate from Government College, Kurukshetra, Haryana. He has been associated with the company since its inception. Mr. Goyal is responsible for the commercial activities and financial management of the company and is looking after the implementation of the power project at Jharsuguda, Orissa. He is also looking after the Chandigarh operations.

- **H. C. Verma** is a Whole-Time Director (Marketing) in the Company. He worked with Bhushan Industries Limited from 1973 to 1992. Thereafter he worked with Bhushan Steel & Strips Limited from 1992 to 1999. He was appointed as President (Marketing) before he was appointed as the Whole Time Director (Marketing) in year 2001. He has rich experience in marketing of steel products and is responsible for the development of new markets for the company, particularly new export markets. He is a member of the Bengal Chamber of Commerce. He is also looking after the operations of Kolkata units.

- **R.N. Yadav** is a Whole-time Director (Technical) is a graduate of electrical engineering from M. I.T, Muzaffarpur. Mr. Yadav worked with Indian Air Force as a signal officer for three years. He subsequently worked with

Hindustan Paper Corporation Limited as a maintenance engineer, as a Head of electrical & automation with Sipta Coated Steels Limited and as an Assistant General Manager (electrical & automation) at Bhushan Steel & Strips Limited. In the year 2003, he joined the company as Vice President (Technical). He has vast experience of 24 years in the steel industry.

- **R.D. Batra** is a director in the company. He is a graduate of electronic engineering and science from Engineering College, Dayal Bagh, Agra. He worked for 32 years with Metallurgical and Engineering Consultants (India) Limited where he retired as Chief Industrial (Electrical). He has made a presentation on 'Design practices adopted for distribution scheme for an integrated steel plant' in IEEE, London.

- **Dinesh Kumar Behal** is an Independent Director in the company. He is a qualified Cost Accountant from Institute of Cost and Works Accountants of India and a qualified Company Secretary from Institute of Company Secretaries of India. He has an experience of about 24 years in cost accounting as well as company law matters. Presently, he is an independent director on the board of various companies.

- **Jimmy Mahtani** is nominee director of institutional investors and is an independent director on the board of the company. He is a B.Sc (Business Administration) from Georgetown University, Washington, DC. He has rich experience in capital markets. Presently, he is working with Baring Private Equity Asia, LLC (Singapore).

Ms Radhika Singal and Mr. V.R. Sharma has resigned form the directorship of the Company w.e.f . March 20, 2010 and March 31, 2010 respectively.

21. The Acquirer in the past has not made any acquisitions in the Target Company including acquisition through open offer.

22. BPSL standalone audited financials for the last 3 financial years as certified by the auditors are as under.

(Rs. in lakhs)

Profit & Loss Statement	**Financial Year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Income from Operations	400852.59	437525.94	347658.01	271770.67
Other Income	5604.09	4893.56	5039.29	1121.47
Total Income	**406456.68**	**442419.50**	**352697.30**	**272892.14**
Total Expenditure	**294734.08**	**332158.17**	**279944.82**	**226475.53**
Profit Before Depreciation Interest and Tax	111722.60	110261.33	72752.48	46416.61
Depreciation	37525.67	30022.34	16712.74	10438.47
Interest	40629.63	39993.75	17303.69	10605.85
Profit / (Loss) Before Tax	**33567.30**	**40245.24**	**38736.05**	**25372.29**
Provision for Tax	8004.60	7629.17	6195.01	5269.14
Profit / (Loss) After Tax	**25562.70**	**32616.07**	**32541.04**	**20103.15**
Profit After Tax (considering extraordinary item)	25562.70	32616.07	32541.04	20103.15

* Source: Annual Reports of the company for FY 2007, 2008 and 2009

(Rs in lakhs)

Balance Sheet Statement	**Financial year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Sources of Funds				
Paid-up Share Capital	13605.17	13605.17	13605.17	13605.17

Reserves and Surplus	204613.37	179130.26	146024.59	113530.43
Networth#	**218218.54**	**192735.43**	**159629.76**	**127135.60**
Share Application Money	57390.00	27500.00	15000.00	NIL
Secured Loans	894774.29	708358.00	500514.54	349052.66
Unsecured Loans	156108.42	95280.88	104531.09	46766.99
Total Loans	1050882.71	803638.88	605045.63	395819.65
Net Deferred Tax Liability	35383.09	27393.09	19600.00	13506.00
Total	**1361874.34**	**1051267.40**	**799275.39**	**536461.25**
Application of Funds				
Net Fixed Assets	610429.46	580310.79	308914.60	145426.79
Capital Work-in-Progress	502987.43	302787.81	326381.70	307733.86
Investments	57913.06	524.09	10823.11	NIL
Deferred Tax Asset	NIL	NIL	NIL	NIL
Net Current Assets	190544.39	167644.71	153155.98	83300.60
Total	**1361874.34**	**1051267.40**	**799275.39**	**536461.25**

* Source: Annual Reports of the company for FY2007, 2008 and 2009;
#Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital)

Other Financial Data	**Financial year ended March 31, 2009**	**Financial year ended March 31, 2008**	**Financial year ended March 31, 2007**
Dividend (%)	0.5	0.5	0.5
Earning Per Share (Rs.)	23.97	23.92	14.78
Return on Networth* (%)	16.92	20.38	15.81
Book Value Per Share** (Rs.)	141.66	117.33	93.45

* Profit After Tax/Networth **Networth/No of equity shares.

23. There have been no accounting changes over last 3 financial years warranting any change in financials.

24. As per the audited financials as of March 31, 2009, the contingent liabilities in respect of matters under dispute relating to income-tax amounted to Rs. 21.84 lakhs and other contingent liabilities amounted to Rs. 125488.59 lakhs.

25. Reasons for the fall/rise in total income:
The profit after tax for the year FY 2008-09 was Rs 32616.07 lakhs as compared to Rs 32541.04 lakhs in F.Y.2007-08. The marginal increase in profit was on account higher turnover which was offset by higher depreciation and interest. The profit after tax for the FY 2007-08 was Rs 32541.04 lakhs compared to Rs 20103.15 lakhs in FY 2006-07. The increase in profit was due to higher turnover and higher price realization.

26. Object of the acquisition: The Acquirer has related business activities and believes that it can derive significant synergy with business of the Target Company. It further believes that it will be able to add value to the business of Target Company in terms of experience, financial strength and technology.

27. Upon the successful completion of the Offer, the Acquirer intends to work with the current management and may appoint its nominees as directors on the board of directors of the Target Company for any technical / marketing / financial assistance so as to derive significant synergies. As of the date of this Letter of Offer, the Acquirer has not finalized its representatives to be nominated on the board of directors of the Target Company.

28. Future plans and strategies of the Acquirer with regard to the Target Company: A key objective of BPSL is to support the current management in connection with its business strategy. The Acquirer being in a similar line of business /

operations as that of Target Company believes that acquiring controlling interest in the Target Company would enable it to facilitate further realization of its business strategy and derive significant synergies. No material impact is expected on the Acquirer's business and operations as a result of the proposed Acquisition and the Offer in the Target Company.

29. Significant accounting policies of BPSL (Annual Report of 2008-09)

- **BASIS FOR PREPARATION OF ACCOUNTS**

The Financial Statements have been prepared under historical cost convention on accrual basis in accordance with generally accepted accounting principles and applicable Accounting Standards as notified under Companies (Accounting Standard) Rules, 2006 and the provisions of Companies Act,1956.

- **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 revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

- **FIXED ASSETS**

Fixed Assets are stated at Cost, net of VAT/ MODVAT/ CENVAT, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term borrowings/monetary items attributable to the depreciable fixed assets are capitalized. Capital expenditure on assets incurred by the Company is reflected in capital work in progress account till these are commercially commissioned and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue.

- **INTANGIBLE ASSETS**

In accordance with the Accounting Standard (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design / plants / facilities are capitalized at the time of capitalization of the said plant / facility and amortized on pro-rata basis over a period of five years. Computer software is capitalised on the date of installation and is amortised over a period of five years.

- **IMPAIRMENT OF ASSETS**

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

- **EXPENDITURE ON NEW PROJECTS AND SUBSTANTIAL EXPANSION**

Expenditure directly relating to construction activity including trial run production expenses (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the Profit & Loss Account.

- **DEPRECIATION**

Depreciation on fixed assets is provided on straight line 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 as aforesaid over the residual life of the respective plants. Premium of leasehold land is amortised over the period of lease except leasehold land acquired on lease of ninety years or more. Depreciation on fixed assets costing upto Rs. 5,000/- is charged @ 100% on pro-rata basis. Assets not owned by the Company are amortized on pro-rata basis over a period of five years from the year in which such assets are commissioned.

- **FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the date of the transactions. Monetary items denominated in foreign currencies outstanding at the year-end are translated at the

exchange rate applicable as on that date. Non monetary items are valued at the exchange rate prevailing on the date of transaction. Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31 March 2009, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:
i) Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital assets are added to/deducted from the cost of asset and depreciated over the balance life of the asset.
ii) In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit & loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March 2011. Exchange differences relating to long-term monetary items that have been recognized in the profit and loss account in the previous year have been reversed from General Reserve and accounted for accordance with (i) and (ii) above. All other exchange differences are dealt with in the profit and loss account.

- **INVESTMENTS**

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

- **DIVIDEND INCOME**

Dividend on investments is accounted for as and when right to receive is established.

- **SALES**

Sales are inclusive of trial run sales, excise duty and net of sales tax/ vat.

- **INVENTORY VALUATION**

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable 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 are accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

- **INCOME TAX**

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company. In accordance with the Accounting Standard 22-Accounting for Taxes on income as notified under Companies (Accounting Standard) Rules, 2006, the deferred tax for timing differences between the book & tax profit for the period is accounted for using the tax rates and the tax laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from temporary timing difference are recognized to the extent there is virtual certainty that the asset will be realized in future. Provision for fringe benefit tax is made on fringe benefits taxable under the Income Tax Act, 1961.

- **BORROWING COST**

Borrowing costs that are attributable to the acquisition or the construction of qualifying assets are capitalized as part of 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.

- **MODVAT / CENVAT / VAT**

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

- **CLAIMS**

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

- **PROPOSED DIVIDEND**

Dividend as proposed by the Board of Directors is provided for in the books of account, pending approval at the

Annual General Meeting.

- **RETIREMENT/POST RETIREMENT BENEFITS**

i. Short term employee benefits are recognized as an expense at the undiscounted amount in the year in which related service is rendered.
ii. The Company has defined contribution plan for post retirement benefits, namely Employees Provident Fund scheme administered through provident fund commissioner. The Company's contribution is charged to revenue every year.
iii. Company's contribution to state plans namely Employees State Insurance Fund is charged to revenue every year.
iv. The Company has defined benefits plans namely Leave encashment/ Compensated absence and Gratuity, the liability for which is determined on the basis of Actuarial valuation at the end of the year. Gratuity Trust is administered through "Life Insurance Corporation of India".
v. Termination benefits are recognized as an expense immediately.
vi. Gain or Loss arising out of actuarial valuation are recognized in the profit and loss account as income or expense.

- **PROVISIONS AND CONTINGENT LIABILITIES**

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the Company then these are classified as possible obligations. Provisions involving substantial degree of estimation in measurement are recognised 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.

- **FINANCIAL DERIVATIVE TRANSACTION**

In respect of the Financial derivative contracts the premium /interest paid and profit/ loss on settlement is charged to Profit & Loss account. The contracts entered into are marked to market at year end and the resultant profit/ loss is charged to profit & loss account except where these relate to fixed assets in which case it is adjusted to the cost of fixed assets.

30. Details of pending litigations against the Acquirer are as under:

Details of VAT / Sales Tax cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs.)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	Punjab VAT Act, 2005	0.57	2006-07	Penalty imposed by Department.	Appeal file before Dy. ETC (Appeal) Patiala. Pending for adjudication
3	Punjab VAT Act, 2005	1.57	2007-08	Penalty imposed by Department.	Case remanded to AETC in Feb 2009. Pending for decision
4	Punjab VAT Act, 2005	69.35	2006-07	Additional demand Raised by Department.	In the process of filing of appeal in before Central Tribunal Delhi against order of The VAT Tribunal, Punjab---Relief given by the Tribunal, Punjab for Rs.40.23 lakh.
5	Punjab VAT Act, 2005	5.66	2007-08	Penalty imposed by Department.	In the process of filing of appeal against order of AETC.
6	Punjab VAT Act, 2005	1.35	2007-08	Penalty imposed by Department.	In the process of filing of appeal against order of AETC (MW).
7	Punjab VAT Act, 2005	2.17	1994-95	Penalty imposed by Department.	Appeal filed before Dy. ETC (appeal), Jalandhar. Pending for adjudication
8	Punjab VAT Act, 2005	0.80	2001-02	Penalty imposed by Department.	Appeal filed before Dy. ETC (appeal), Jalandhar. Pending for adjudication
9	Punjab VAT Act, 2005	0.75	2005-06	Penalty imposed by Department.	Case remanded to AETC in Feb 2009. Pending for decision
10	Punjab VAT Act, 2005.	2.08	2007-08	Penalty imposed by Department	Appeal pending before Punjab & Haryana High Court.
11	Punjab VAT Act,	0.66	2009-10	Penalty imposed by	Case is pending for hearing before

	2005			Department	A.E.T.C (M.W), Punjab, Chandigarh.
12	Punjab VAT Act, 2005	1.31	2009-10	Penalty imposed by Department	Appeal pending for hearing before D.E.T.C (Appeals) Patiala.
13	U.P VAT Act, 2008	1.61	2007-08	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner (Appeals) Com. Taxes, Ghaziabad.
14	U.P VAT Act, 2008	1.91	2008-09	Penalty imposed by Department	Appeal is pending before Asstt. Commissioner (M.W) , Muzaffar Nagar.
15	U.P VAT Act, 2008	2.25	2008-09	Penalty imposed by Department	Appeal is pending before Asstt. Commissioner (Com.Taxes) , Ghaziabad.
16	U.P VAT Act, 2008	0.53	2008-09	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner (Appeals) Com. Taxes, Ghaziabad
17	U.P VAT Act, 2008	7.57	2009-10	Penalty imposed by Department	Appeal is pending before Asstt. Commissioner Com.Taxes(M.W) , Shamli.
18	U.P VAT Act, 2008	69.34	2006-07	Penalty imposed by Department	Appeal to be filed before Central Tribunal, Delhi
19	Maharashtra VAT Act, 2005	2.84	2005-06	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner of S.Tax.
20	Maharashtra VAT Act, 2005	7.34	2006-07	Penalty imposed by Department	Appeal pending for hearing before Joint Commissioner of S.Tax.
21	Central Sales Tax Act	148.43	2003-04 & 2004-05	Demand Raised by Department.	Appeal filed before High Court Cuttack. HC Cuttack directed Sales Tax Tribunal to dispose of the Case. Case in pending before Sales Tax Tribunal Cuttack.
22	Orissa Entry Tax Act	270.00	2005-06	Demand Notice against assessment	Writ filed before High Court Cuttack. Stay granted by High Court Cuttack for not depositing the balance amount. Government of Orissa has filed SLP before Supreme Court which is pending for decision. Simultaneously case is pending before ACST for disposal.
23	Central Sales Tax Act	90.85	2005-06	Penalty imposed by Department	Appeal filed against the orders of Asst Commissioner of Sales Tax Sambalpur before Sales Tax Tribunal Cuttack. Stay petition also moved before Commissioner Sales Tax Cuttack. Both appeal and petition are pending for adjudication.
24	Orissa VAT Act	9.51	2005-06	Demand Notice against assessment	Appeal filed before Asst Commissioner of Sales Tax (Appeal) Sambalpur against the order of Sales Tax Officer. Case is pending for adjudication.
25	Central Sales Tax Act	2159.85	2005-06	Demand Raised by Department.	Appeal filed against the orders of Dy. Commissioner Sales Tax before Additional Commissioner Sales Tax. Case in pending for adjudication.
26	West Bengal VAT Act 2003	1120.81	2005-06	Demand Raised by Department.	Appeal filed against the orders of Dy. Commissioner Sales Tax before Additional Commissioner Sales Tax. Case in pending for adjudication.
27	Punjab VAT Act 2005	470.32	2007-08	Demand Raised by Department	Case is currently pending before High Court of Punjab & Haryana at Chandigarh.
28	Punjab VAT Act, 2005.	559.27	2008-09	Penalty imposed by Department	Writ Petition before Punjab & Haryana High Court at Chandigarh.

Details of CENVAT cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	Cenvat Credit Rules , 2004	12.01	2007-2008	Disallowed Cenvat credit on inputs/capital goods availed	Appeal filed before Addl. Commissioner (Adj) Bhubneshwar. Case is pending for adjudication.
2	Cenvat Credit Rules , 2004	9.25	2007-2008	Disallowed Cenvat credit on inputs/capital goods availed	Appeal filed before. Commissioner Central Excise, Bhubneshwar. Case is pending for adjudication.
3	Cenvat Credit Rules , 2004	286.47	2007-2008	Disallowed Cenvat credit on inputs/capital goods availed	Appeal filed before. Commissioner Central Excise, Bhubneshwar. Case is pending for adjudication.
5	Cenvat Credit Rules, 2004	1722.76,	April-2008 to November 2008	Disallowed Cenvat Credit on inputs/capital goods availed	Appeal filed before Commissioner Central excise, Bhubaneswar-II. Case is pending for adjudication .
6	Cenvat Credit Rules, 2004	1434.48	2006-07 and 2007-08	Disallowed Cenvat Credit on inputs of electricity	Appeal Filed before Commissioner Central excise, Bhubaneswar Case is pending for adjudication.
7	Cenvat Credit Rules, 2004	11,3.65	November 2006 to March-2007 (50% + 50% in April-07)	Cenvat Credit disallowed on being input/capital goods.	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication.
8	Cenvat Credit Rules, 2004	52.14	2nd 50% of April-2006 to October 2006 taken in April	Cenvat Credit disallowed on inputs/capital goods .	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication.
9	Cenvat Credit Rules, 2004	62.96	1st 50% of April-2007 to November 2007	Cenvat Credit disallowed on inputs/capital goods	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication.
10	Cenvat Credit Rules, 2004	62.38	2nd 50% of April-2007 to November-	Cenvat Credit disallowed on inputs/capital goods.	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication

			2007		
11	Cenvat Credit Rules, 2004	248.22	FY 2004-05 to FY 2007-08 (up to August 2007)	Service Tax on Service received from Foreign Banking/Financial Institution	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication
12	Cenvat Credit Rules, 2004	842.32	January, 2010	Disallowed Cenvat credit on inputs/capital goods availed	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication
13	Cenvat Credit Rules, 2005	100.61	February, 2010	Disallowed Cenvat credit on inputs/capital goods availed	Appeal pending before Commissioner Central excise, Bhubaneswar for adjudication
	Cenvat Credit Rules, 2004	67.83	April-09 to June-09 (50% credit	Cenvat Credit- on capital goods like Cement ,TMT,Railway Track item etc	Pending before Commissioner Central excise, Bhubaneswar-II
	Cenvat Credit Rules, 2004	365.26	April-08 to March-09 (Balance 50% credit taken in April 09	Cenvat Credit- on capital goods like Cement ,TMT,Railway Track item, SS Plate and semi-trailer propene tank etc.	Pending before Commissioner Central excise, Bhubaneswar-II
	Cenvat Credit Rules, 2004	201.94	April-09 to June-09	Cenvat Credit- on Input goods of Iron & steel ,LPG,Oxygen,Electrode etc	Pending before Commissioner Central excise, Bhubaneswar-II
	Cenvat Credit Rules, 2004	85.97	MAY-03 TO MARCH-04 & Balance 50% in June-04	Appeal Against Order No.V(72)15/Adjn/B-II/18/07/2792A,dtd. 30.01.08 out of SCN No.V(72)15/SCNMC/SBP-I/39/2006/5458-A, dtd.29.03.07	Pending before CESTAT, KOLKATA BENCH APPEAL FILED ON DTD.19.05.08
	Cenvat Credit Rules, 2004	6790.31	MAY-03 TO NOV-07	Appeal Against Common Order passed by the CCE, BBSR -II vide their O-I-O NO.CCE/BBSR-II/NO.20-26/Commissioner/2008, DTD.19.12.08	Pending Before CESTAT, KOLKATA BENCH APPEAL FILED ON DTD.23.03.2009 and additional submissions filled on 19.05.2009

				,SCN.NO.19239A,DTD.08.11.04, SCN.NO.12906A,DTD.22.08.06, SCN.NO.18238A,DTD.27.11.06,SCN.NO.5448A,DTD.29.03.07, SCN.NO.21	

Details of cases under the various Labour Laws.

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1.	Factories Act, 1948	Nil	2007-08	Complaint for non compliance of safety measures under factories Act	Case is pending for hearing before Special District Judicial Magistrate. Sambalpur. In the matter of Mr. Sahabuddin ent.

Details of Income Tax cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	Income Tax Act, 1961	5.00	1998-99	Expenses disallowed	Appeal filed before High Court for States of Punjab & Haryana. Pending for adjudication.
2	Income Tax Act, 1961	49.00	1999-00	Expenses disallowed	Appeal filed before High Court for States of Punjab & Haryana. Pending for adjudication.

Miscellaneous Cases

Sr No	Name of Statute	Amount involved (Rs. in Lakhs)	Year	Nature of Dues/Subject matter in Brief	Forum where case in pending
1	C. P.C	200.00	2008-09	Suit for damages	Pending in the Court of Civil Judge, Jr. Division, Chandigarh.
2	C. P.C	679.94	2007-08	Suit for damages	Pending in the Court. Rejoinder by plaintiff yet to file. Company has also filed the counter claim of Rs 8540.17 lakhs against the said party M/s Subhash Project.
3	Consumer Protection Act, 1986	1.50	2008-09	Claim under various labour laws filed by an ex-employee	Pending before District Consumer Forum. Pending for adjudication.
4	Cr. P. C	Nil	2005-06	Criminal compliant filed with Police station Serampur against employees of the BPSL	Complaint is pending for investigation with the Police Department. Compliant filed for illegal occupation of land where factory has been set up.
5	West Bengal Land	Nil	2005-06	Writ Petition filed for wrong	High Court Calcutta vide interim order dated 14.03.2005 directed the Collector to

	Acquisition Act			acquisition of land by State given to the Company at Serampur	complete all stages of acquisition except making or publishing compensation award. Company is Performa party in this case. Case filed by Dilip Kumar Jaiswal & Others. Compensation is yet to be ascertained in this case. Pending for decision .
6	West Bengal Land Acquisition Act	Nil	2005-06	Writ Petition filed for wrong acquisition of land by State given to the Company at Serampur	High Court Calcutta vide interim order dated 17.03.2005 directed the Collector to complete all stages of acquisition except making or publishing compensation award. Company is Performa party in this case. Case filed by Kaniska Engineering Industries Ltd & others. Compensation is yet to be ascertained in this case. Pending for decision.
7	C.P.C	2.58	1995-96	Suit for recovery filed	M/s Maha Plasto Ltd has filed a recovery suit before Registrar City Civil Court, Kolkata claiming damages arising out of breach of contract. Case is pending for adjudication. Company has also filed criminal complaint against the plaintiff.
8	C.P.C	1.09	1995-96	Suit for recovery filed along with another company	M/s Vinay Dalmia has filed a recovery suit before Registrar City Civil Court, Kolkata claiming damages arising out of breach of contract. Case is pending for adjudication.
9	C.P.C & Indian Contract Act	1.04	2005-06	Suit for recovery filed	A recovery suit filed before City Civil Court, Kolkata claiming wrongful deduction of amount from consideration on account of short supply of coal. Case is pending for adjudication.
10	Companies Act, 1956	Nil	2006-07	Petition under section 397-398	Case in pending for adjudication before Company Law Board. At present the proceedings of CLB has been stayed by High Court Delhi.
11	Contempt of Courts Act, 1971	Nil	2009-10	Contempt Petition for violation of CLB Order dated 21.11.2006. Regarding status quo of shareholdings	Case in pending for adjudication before High Court of Delhi.

Notes:

1. The company has received some legal notices for recovery of dues which has been suitably replied/ being replied. However, the company does not foresee any liability that may arise in the matter.
2. The Income tax department on March 3, 2010 conduced search and survey in our offices with respect to some business transactions. The Matter is currently pending for investigation.
3. Besides the above stated cases of employees against the Company under various Labour laws, there are certain cases which have been filed by ex-employees before conciliation officer/presiding officer, Labour Tribunal where the company does not foresee any liability arising out of decision of the court. In any case such liability is not of material affect. In such cases the proceeding are pending at respective authorities.

Details of pending litigations filed by BPSL

Except as mentioned below there are no material litigations filed by BPSL

The matter is pertaining to grant of mining lease in the State of Orissa pursuant to a Memorandum of Understanding entered into with the State Government of Orissa in 2002. The High Court had ruled the case against BPSL for which BPSL has appealed in the Supreme Court of India. The matter is currently pending with the Supreme Court of India. The Acquirer does not anticipate any material financial implication / liability with respect to the above litigation.

31. The Compliance Officer of BPSL is Mr. R.K. Gupta, Company Secretary, address 4-th Floor, Tolstoy House, 15-17 Tolstoy Marg, Connaught Place, New Delhi -110 001; Tel: + 91 30451000 Fax: + 91 23712737.

32. The Acquirer has not entered into any scheme of arrangement like merger / demerger in the past three years.

33. The Acquirer has not promoted any companies in the last 3 years. However, Acquirer has formed a Joint Venture under the name and style of Rhone Coal Company Private Limited with JSW Steel Limited and Jai Balaji Industries Limited. The Joint Venture pertains to mining of Rohne coking coal block jointly under the directions of Ministry of Coal, Government of India. BPSL equity stake in the Joint Venture is at 24.09%.

VI. INFORMATION ABOUT TSIL

34. TSIL was incorporated on February 15, 2005 in Jalandhar, India. TSIL has its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002. TSIL is engaged in trading of iron and steel. TSIL does not hold any shares in the Target Company. TSIL is not listed on any stock exchanges and is not prohibited by SEBI from dealing in securities.

35. The promoters hold entire issued share capital of the TSIL. TSIL is an unlisted entity and since it has never acquired shares in the Target Company the reporting requirements under Chapter II of the SEBI (SAST) Regulations are not applicable.

The shareholding pattern of TSIL as on June 18, , 2010 is as follows:

Sr. No.	Shareholder's Category	No. of Shares Held	% Holding
1.	**Promoters**	**18,50,700**	**30.72**
	Sh. Sanjay Singal	3,08,450	5.12
	Smt. Aarti Singal	3,08,450	5.12
	Miss Priyanka Singal	3,08,450	5.12
	Miss Radhika Singal	3,08,450	5.12
	Master Aniket Singal	3,08,450	5.12
	Sh. Sanjay Singal HUF	3,08,450	5.12
2.	**Body Corporates promoted by Promoters**	**41,77,050**	**69.28**
	Flawless Holdings & Industries Ltd	4,12,500	6.84
	Railtrack India Ltd	5,72,800	9.50
	Gainda Mal Chiranji Lal Ltd	5,66,000	9.39
	Kishorilal Constructions Ltd	5,72,000	9.49
	Marble Finvest Ltd	42,800	0.71
	BIC Investments (P) Ltd	40,000	0.66
	ASL Investments (P) Ltd	60,000	1.00
	Adhunik Investments (P) Ltd	60,000	1.00
	Décor Investment & Finance (P) Ltd	60,000	1.00
	Reward Capital Services (P) Ltd	549570	9.12
	Olympian Steel Industries Ltd	3,10,095	5.14
	Vintage Steel (P) Ltd	3,11,095	5.16

	Aromatic Steel (P) Ltd	2,85,095	4.73
	Aarti Iron & Power Ltd	3,35,095	5.56
	Total	**60,27,750**	**100.00%**

36. TSIL in the past has not made any acquisitions in the Target Company including acquisition through open offers.

The details of the board of directors are given below:

Sr. No.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	Area of Experience	Address	Qualification
1	**Ms. Aarti Singal** (W/o Sanjay Singal) Designation: Director **Date of Appointment: February 15, 2006**	49	27	Administration	57, Jor Bagh, New Delhi	Graduate
2	**Mr. D.R. Sharma** (S/o Sh. Kanshi Ram Sharma) **Designation:** Independent Director **Date of Appointment: February 15, 2005**	64	36	Material Management	H.No. 926, Sector –41 A, Chandigarh	Graduate
3	**Sh. Satwant Singh** (S/o Sh. Pritam Singh) **Designation:** Independent Director **Date of Appointment:** August 9, 2007	54	31	Production	H.No. 542, Phase-VI, Sahibzada Ajit Singh Nagar, Mohali	B. E.

Profile of Directors

Aarti Singal, aged about 49 years, director of the company, is the promoter of the company and takes care of over all administration and finance of the company. She was whole time director of BPSL from October 19, 2005 to September 10, 2006. She has completed her graduation in arts from Punjab University and has wide experience in steel industry.

D.R. Sharma, aged about 64 years, an independent director of the company has vast experience in material management. He joined the company in February 2005.

Satwant Singh, aged about 54 years, an independent director of the company has vast experience in planning and production management. He has completed his post graduation in Industrial Planning from CSIO, Indo Swiss Centre, Chandigarh and currently looks after the production planning of products of the company. He was previously working with Steel Strips & Tubes Limited as production engineer.

TSIL standalone audited financials for the last 3 financial years as certified by the auditors are highlighted below.

(Rs in lakhs)

Profit & Loss Statement	Financial year ended March 31, 2010 (provisional)	Financial year ended March 31, 2009 (audited) *	Financial year ended March 31, 2008 (audited)*	Financial year ended March 31, 2007 (audited)*
Sale of Products and Other Income	7181.65	1510.12	560.38	7.69
Total Income	7181.65	1510.12	560.38	7.69
Total Expenditure	7160.04	1500.47	557.31	5.40
Profit / (Loss) Before Tax	21.60	9.65	3.07	2.29
Provision for Tax	6.89	4.19	2.27	1.80

Profit / (Loss) After Tax	14.71	5.46	0.80	0.49

* Source: Annual Reports of the company for FY2007-08 and FY 2006-07

(Rs in lakhs)

Balance Sheet Statement	Financial year ended March 31, 2010 (unaudited)	Financial year ended March 31, 2009 (audited)*	Financial year ended March 31, 2008 (audited)*	Financial year ended March 31, 2007 (audited)*
Sources of Funds				
Paid-up equity share capital	602.77	590.27	539.16	539.16
Preference share capital	2809.12	2809.12	2809.12	2809.12
Reserves and Surplus	7190.69	6688.47	5200.68	5199.88
Networth#	**7793.46**	**7275.38**	**5733.12**	**5728.96**
Share Application Money				
Total	**10602.58**	**10087.86**	**8548.96**	**8548.16**
Application of Funds				
Investments	10438.26	10364.59	9113.20	9088.20
Deferred Tax Asset	NIL	NIL	NIL	NIL
Net Current Assets	164.32	(280.09)	(570.97)	(550.13)
Total miscellaneous expenditure not written off	NIL	3.36	6.72	10.08
Total	**10608.23**	**10087.86**	**8548.96**	**8548.16**

* Source: Annual Reports of the company for FY2007, 2008 and 2009

#Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital

Other Financial Data	Financial year ended March 31, 2009	Financial year ended March 31, 2008	Financial year ended March 31, 2007
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	.10	0.01	0.00
Return on Networth (%)*	0.00	0.00	0.00
Book Value Per Share** (Rs.)	123.25	106.33	106.25

* Profit After Tax/Networth **Networth/No of equity shares.

37. As per the audited financials as of March 31, 2009, there are no contingent liabilities.

38. There have been no accounting changes over last 3 financial years warranting any change in financials.

39. Reasons for the fall/rise in total income:
The profit after tax for the FY 2008-09 was Rs 5.46 lakhs compared to Rs 0.80 lakhs in FY 2007-08. The increase in profit was due to increase in sales. The profit after tax for the FY 2007-08 was Rs 0.80 lakhs compared to Rs 0.49 lakhs in FY 2006-07. The increase in profit was due to increase in sales.

40. Significant accounting policies of TSIL (annual report 2008-09)

- **BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under historical cost convention, on accrual basis and in accordance with applicable accounting standards in India.

- **INVENTORY VALUATION**

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method and include cost incurred in bringing the inventories to their present location and conditions and applicable taxes.

- **INVESTMENTS**

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

- **RETIREMENT BENEFITS**

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

- **MISCELLANEOUS EXPENDITURE**

Deferred & preliminary expenses are amortised over a period of five years.

- **TAXATION**

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

b) Deferred tax is recognised, 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.

c) Deferred tax assets are not recognised on unabsorbed depreciation & 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 realised and are reviewed at each balance sheet date to reassure the realization.

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

41. There are no pending litigations against the TSIL.

VII. INFORMATION ABOUT OFL

42. OFL was originally incorporated on February 15, 2005 in Jalandhar, India in the name of Olympian Steel Industries Limited. Vide fresh certificate of incorporation consequent upon change of name dated April 24, 2009 Olympian Steel Industries was renamed to Olympian Finvest Limited. OFL has its registered office at Plot no 3, Industrial Area, Phase 1, Chandigarh 160002. OFL is engaged in trading of iron and steel. OFL does not hold any shares in the Target Company. OFL is not listed on any stock exchanges and is not prohibited by SEBI from dealing in securities.

43. The promoters hold entire issued share capital of the OFL. Since OFL is an unlisted entity and since it has never acquired shares in the Target Company the reporting requirements under Chapter II of the SEBI (SAST) Regulations are not applicable.

The shareholding pattern of OFL as on June 18, 2010 is as follows:

Sr. No.	Shareholder's Category	No. of Shares Held	% Holding
1.	**Promoters**	**18,50,700**	**29.74**
	Sh. Sanjay Singal	308,450	4.96
	Smt. Aarti Singal	308,450	4.96
	Ms Priyanka Singal	308,450	4.96
	Ms Radhika Singal	308,450	4.96
	Master Aniket Singal	308,450	4.96

	Sh. Sanjay Singal HUF	308,450	4.96
2.	**Body corporates promoted by Promoters**	**43,71,450**	**70.26**
	Bhushan Information Tech Ltd	5,89,000	9.47
	Flawless Holdings & Industries Ltd	6,05,000	9.72
	Railtrack India Ltd	5,25,000	8.44
	Gainda Mal Chiranji Lal Ltd.	3,50,000	5.63
	Kishorilal Constructions Ltd	2,62,500	4.22
	Marble Finvest Ltd	54,000	0.87
	BIC Investments (P) Ltd	35,000	0.56
	ASL Investments (P) Ltd	65,000	1.04
	Adhunik Investments (P) Ltd	70,000	1.13
	Décor Investment & Finance (P) Ltd	50,000	0.80
	Reward Capital Services (P) Ltd	5,49,570	8.83
	Titanic Steel Industries Ltd	3,10,095	4.98
	Vintage Steel (P) Ltd.	3,11,095	5.00
	Aromatic Steel Private Ltd.	2,85,095	4.58
	Aarti Iron & Power Ltd.	3,10,095	4.98
	Total	**62,22,150**	**100.00**

44. OFL in the past has not made any acquisitions in the Target Company including acquisition through open offers.

The details of the board of directors are given below:

Sr. No.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	Area of Experience	Address	Qualification
1	**Ms. Aarti Singal** (W/o Sanjay Singal) **Designation:** Director **Date of Appointment:** February 15, 2006	49	27	Administration	57, Jor Bagh, New Delhi	Graduate
2	**Mr. Jeewan Rai Chodha** (S/o R.S. Chodha) **Designation:** Independent Director **Date of appointment:** February 15, 2005	54	25	Indirect Taxation	H. No 136, Sector 27 –A Chandigarh	Law graduate
3	**Mr. Praveen Bansal** (S/o Ram Kumar) **Designation:** Independent Director **Date of appointment:** August 9, 2007	51	26	Marketing	Plot No 22, Industrial Area, Phase -1, Chadigarh	Graduate

Profile of Directors

Aarti Singal, aged about 48 years, director of the company, is the promoter of the company and takes care of over all administration and finance of the Company. She was whole time director of BPSL from October 19, 2005 to September 10, 2006. She has completed her graduation in arts from Punjab University and has wide experience in steel industry.

Jeewan Rai Chodha, aged about 53 years, an independent director of the company has 24 years of experience in excise and taxation matters. He is a law graduate by qualification from Kanpur University.

Praveen Bansal, aged about 50 years, an independent director of the company, has vast experience in sales and marketing of iron and steel products and handles sales of the company. He has joined the company in August 2007. He is a commerce graduate from Kurukshetra University.

45. OFL standalone audited financials for the last 3 financial years as certified by the Auditors are highlighted below:

(Rs in lakhs)

Profit & Loss Statement	**Financial year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Total Income	5162.90	1009.10	457.48	6.50
Total Expenditure	5141.20	1002.83	455.27	5.24
Profit / (Loss) Before Tax	21.71	6.27	2.21	1.25
Provision for Tax	6.93	3.13	2.00	1.45
Profit / (Loss) After Tax	14.78	3.14	0.21	(0.20)

*Source: Annual Reports of the company for FY2007, 2008 and 2009

(Rs in lakhs)

Balance Sheet Statement	**Financial year ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)***	**Financial year ended March 31, 2008 (audited)***	**Financial year ended March 31, 2007 (audited)***
Sources of Funds				
Paid-up equity share capital	622.21	609.71	568.05	568.05
Preference share capital	2809.12	2809.12	2809.12	2809.12
Reserves and Surplus	6420.74	5918.47	4707.04	4706.83
Networth#	**7042.96**	**6528.18**	**5268.37**	**5264.80**
Share Application Money				
Total	**9852.07**	**9337.30**	**8084.20**	**8084.10**
Application of Funds				
Investments	9404.26	9347.84	8087.20	8063.20
Deferred Tax Asset	NIL	NIL	NIL	NIL
Net Current Assets	447.81	(13.90)	(9.72)	10.71
Total miscellaneous expenditure not written off	NIL	3.36	6.72	10.08
Total	**9852.07**	**9337.30**	**8084.20**	**8084.10**

*Source: Annual Reports of the company for FY2007, 2008 and 2009

Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital)

Other Financial Data	**Financial year ended March 31, 2009**	**Financial year ended March 31, 2008**	**Financial year ended March 31, 2007**
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	0.06	0.00	0.00
Return on Networth (%)*	0.00	0.00	0.00

Book Value Per Share**	107.01	92.74	92.68

* Profit After Tax/Networth **Networth/No of equity shares.

46. As per the audited financials as of March 31, 2009, there are no contingent liabilities.

47. There have been no accounting changes over last 3 financial years warranting any change in financials.

48. Reasons for the fall/rise in total income:
The profit after tax for the FY 2008-09 was Rs. 3.14 lakhs compared to profit of Rs. 0.21 lakhs of FY 2007-08. The increase in profit was due to increase in sales. The profit after tax for the FY 2007-08 was Rs 0.21 lakhs compared to loss of Rs 0.20 lakhs in FY 2006-07. The increase in profit was due to increase in sales.

49. Significant accounting policies of OFL (annual report 2008-09)

- **BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under historical cost convention, on accrual basis and in accordance with applicable accounting standards in India.

- **INVESTMENTS**

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

- **RETIREMENT BENEFITS**

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

- **MISCELLANEOUS EXPENDITURE**

Deferred & preliminary expenses are amortised over a period of five years.

- **TAXATION**

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

b) Deferred tax is recognised, 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.

c) Deferred tax assets are not recognised on unabsorbed depreciation & 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 realised and are reviewed at each balance sheet date to reassure the realization.

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

50. There are no pending litigations against OFL.

51. As on the date of this Letter of Offer none of the directors of Acquirer and PACs are on the board of directors of the Target Company.

52. None of the directors of Acquirer and PACs have acquired any Equity Shares of the Target Company in the twelve month period prior to the Public Announcement. Further, none of the directors of Acquirer and PACs have acquired any Equity Shares of the Target Company since the date of the Public Announcement and upto the date of this Letter of Offer.

VIII. Disclosure in terms of Regulation 21(2)

53. Pursuant to this Offer, if the public shareholding reduces below 25% of the Share Capital of the Target, the Acquirer undertakes to comply with the continuous listing guidelines laid out in the Listing Agreement of the Target with stock exchanges as required by regulation 21(2) of the Regulations. The Acquirer may choose any of its legal options including a sell-down of its shareholding in the Target Company in a transparent and non-disruptive manner or endeavor to get the Target to issue additional Shares to the public or any other manner such that the minimum public holding threshold of 25% is regained within the timeline specified in the Listing Agreement.

IX. BACKGROUND OF THE TARGET COMPANY

(All information in this section has been compiled solely from publicly available sources such as Stock Exchanges, the Target Company's annual reports, quarterly reports and website of the Target Company.)

54. OSIL was incorporated on April 9, 1979 under company identification number L27102OR1979PLC000819 and was promoted in the joint sector by the Industrial Promotion & Investment Corporation of Orissa and Torsteel Research Foundation and its associates.

55. The registered office of the Target Company is at OSIL House, Gangadhar Meher Marg, Bhubaneswar 751024, Orissa. The Target Company manufactures sponge iron and has a project consultancy division which provides technical consultancy and project engineering services to sponge iron plants. The promoters of the Target Company as per shareholding pattern filed with BSE for the quarter ended March 31, 2010 hold 49.12% of equity capital of the Target Company.

56. The manufacturing plant of OSIL is located at Palaspanga on the NH-215 and is 20 km away from Keonjhar district. The plant comprise of:
    - Two rotary kiln based sponge iron plants with production capacity of 1,00,000 TPA and 1,50,000 TPA
    - Two waste heat recovery power plants with the capacity of 15 MVA and 30 MVA
    - A steel billet plant of 1,00,000 TPA capacity, through induction furnace route.

57. Share Capital of the Target Company as on the date.

Particulars	Number of shares / voting rights	% of shares / voting rights
Fully paid-up equity shares	2,70,00,000	100
Partly paid-up equity shares	NIL	NIL
Total paid-up equity shares	2,70,00,000	100
Total voting rights in the Target Company	**2,70,00,000**	**100**

58. Fully diluted voting rights of the Target Company as on the date.

Particulars	Number of shares / voting rights
Fully paid-up equity shares (including 30,00,000 warrants since converted)	2,70,00,000
Total outstanding warrants as on date (*sub judice*)	35,00,000
Total emerging voting capital of the Target Company	**3,05,00,000**

However, matter relating to 30,00,000 (since converted) and 35,00,000 warrants allotted to TRFI Investment Pvt limited and Prakausali Investments (India) Limited respectively are *sub judice*. (Source: Annual report of OSIL 2008-09)

Note: The Shareholders of the Target Company has approved issuance of 70,00,000 warrants which are not included above as there is no publicly available information for allotment of the 70,00,000 warrants.

59. Based on the information available in the public domain the build-up of the equity capital structure of the Target Company is as under:

Date of Allotment	No of equity shares issued	% of shares issued	Cumulative paid-up equity capital	Mode of Allotment	Identity of Allottees (Promoters / Others)
April 9, 1979	70	0.00	70	Allotted to the subscribers to memorandum of association	Promoter
Not Available	36,59,930	13.56	36,60,000	Previous Issue(s)	Promoters & Others

Not Available	23,40,000	8.67	60,00,000	Public Issue	Others
Not Available	12,37,958	4.59	72,37,958	Conversion of Loan	Promoter
Not Available	35,83,004	13.27	1,08,20,962	Rights Issue	Promoters & Others
Not Available	10,80,122	4.00	1,19,01,084	Bonus Issue	Promoters & Others
Not Available	(15,100)	(0.06)	1,18,85,984	Shares Forfeited	Not Available
Not Available	15,100	0.06	1,19,01,084	Re-issue of forfeited shares	Promoter
January 31, 2006	11,88,916	4.40	1,30,90,000	Conversion of warrants	Promoter
Not Available	14,10,000	5.22	1,45,00,000	Conversion of warrants	Promoter
December 20, 2007	55,00,000	20.37	2,00,00,000	Preferential Allotment	Others
March 2, 2009	40,00,000	14.81	2,40,00,000	Conversion of warrants	Promoter
March 5, 2009	30,00,000	11.11	2,70,00,000	Conversion of warrants	Promoter

60. The Manger to the Offer vide its letter dated March 13, 2010 had written to the Target Company inter alia seeking information with respect to Chapter II compliance of the Target Company. However, the same has not been furnished by the Target Company till date. Except as mentioned below, Information relating to Chapter II compliance with respect to the Target Company / major shareholders is not available in the public domain.

Sr. No.	Regulation/Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1	2	3	4	5	6
1	6(2)	20.05.1997	Not Available		
2	6(4)	20.05.1997	Not Available		
3	8(3)	30.04.1998	Not Available		
4	8(3)	30.04.1999	Not Available		
5	8(3)	30.04.2000	Not Available		
6	8(3)	30.04.2001	Not Available		
7	8(3)	30.04.2002	Not Available		
8	8(3)	30.04.2003	Not Available		
9	8(3)	30.04.2004	Not Available		
10	8(3)	30.04.2005	Not Available		
11	8(3)	30.04.2006	Not Available		
12	8(3)	30.04.2007	Not Available		
13	8(3)	30.04.2008	Not Available		
14	8(3)	30.04.2009	Not Available		
15	8(3)	30.04.2010	Not Available		
16	7(3)	Not Available	24.11.2008		
17	7(3)	Not Available	29.01.2008		
18	7(3)	Not Available	29.01.2008		
19	7(3)	Not Available	31.01.2008		
20	7(3)	Not Available	04.02.2009		
21	7(3)	04.03.2009	26.02.2009		
22	7(3)	Not available	07.03.2009		
23	7(3)	03.03.2009	25.02.2009		

(Source: www.corpfiling.co.in)

Sr. No.	Regulation/Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1	2	3	4	5	6
1	6(1)	20.04.1997	Not Available		
2	6(3)	20.04.1997	Not Available		
3	8(1)	21.04.1998	Not Available		
4	8(2)	21.04.1998	Not Available		
5	8(1)	21.04.1999	Not Available		

6	8(2)	21.04.1999	Not Available		
7	8(1)	21.04.2000	Not Available		
8	8(2)	21.04.2000	Not Available		
9	8(1)	21.04.2001	Not Available		
10	8(2)	21.04.2001	Not Available		
11	8(1)	21.04.2002	Not Available		
12	8(2)	21.04.2002	Not Available		
13	8(1)	21.04.2003	Not Available		
14	8(2)	21.04.2003	Not Available		
15	8(1)	21.04.2004	Not Available		
16	8(2)	21.04.2004	Not Available		
17	8(1)	21.04.2005	Not Available		
18	8(2)	21.04.2005	Not Available		
19	8(1)	21.04.2006	Not Available		
20	8(2)	21.04.2006	Not Available		
21	8(1)	21.04.2007	Not Available		
22	8(2)	21.04.2007	Not Available		
23	8(1)	21.04.2008	Not Available		
24	8(2)	21.04.2008	Not Available		
25	8(1)	21.04.2009	Not Available		
26	8(2)	21.04.2009	Not Available		
27	8(1)	21.04.2010	Not Available		
28	8(2)	21.04.2010	Not Available		
29	7(1)	01.09.2007	05.09.2007	4	
30	7(1)	26.12.2007	28.12.2007	2	
31	7(1)	28.12.2007	28.12.2007	--	
32	7(1)	30.12.2007	31.12.2007	1	
33	7(1)	07.08.2008	18.08.2008	11	
34	7(1)	31.10.2008	06.11.2008	6	
35	7(1)	31.01.2009	29.01.2009	--	
36	7(1)	26.02.2009	25.02.2009		
37	7(1)	26.02.2009	24.02.2009		
38	7(1)	05.03.2009	05.03.2009		
39	7(1)	11.03.2009	13.03.2009	2	
40	7(1)	14.03.2009	13.03.2009		
41	7(1)	14.03.2009	13.03.2009		
42	7(1A)	Not Available	25.02.2009		

(Source: www.corpfiling.co.in)

Sr. No	Regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance
1	8A(1)	Not Available	Not Available
2	8A(2)	Not Available	Not Available
3	8A(3)	Not Available	Not Available
4	8A(4)	Not Available	20.11.2009
5	8A(4)	Not Available	15.01.2010
6	8A(4)	Not Available	05.04.2010

Note: *All the dates mentioned in column 4 of the above mentioned tables are the dates as displayed on the (www.corpfiling.co.in.) We have not independently verified the actual date of filing.*
"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 regulations and provisions of the SEBI Act for delayed compliance of the Takeover Regulations".

61. Based on information available in public domain the Acquirer is not aware of any instance where trading in Shares of the Target Company has been suspended.

62. Based on the information available in the public domain, the Target Company does not have any un-listed shares on any Stock Exchanges.

63. The shares of the Target Company are listed on the Bombay Stock Exchange, Kolkata Stock Exchange, and Bhubaneshwar Stock Exchange. The board of directors of the Target Company has also applied to the National Stock Exchange for listing of its equity shares. Further, shareholders of the Target Company at the Annual General Meeting of the Target Company have approved delisting of equity shares from Kolkata Stock Exchange. Based on the information available (Source: www.bseindia.com), the Shares are frequently traded on the BSE within the meaning of Regulation 20(5) of the SEBI (SAST) Regulations. Public information on the trading of the Shares on the Kolkata Stock Exchange and Bhubaneshwar Stock Exchange are not readily available. For the purpose of Regulation 20(4) of the SEBI (SAST) Regulations, the Shares are frequently traded on the BSE.

64. As on the date of PA, the Target Company had 1,05,00,000 equity share warrants outstanding which may be converted into same number of equity shares subject to compliance with relevant guidelines issued by SEBI.

65. Based on information available in public domain the Acquirer and PACs are not aware of any instance where the Target Company has received any directions from SEBI under section 11B of the SEBI Act or under any of the regulations made under the SEBI Act, prohibiting them from dealing in securities.

66. The board of directors of the Target Company as at May 10, 2010 is as under:

Name of director	**Composition of Board**	**Date of appointment**
Dr. Prashanta Kumar Mohanty	Vice Chairman and Managing Director	June 23, 2005
Mr. Mansoor Ahmed Khan	Non Executive Director	August 1, 2009
Mr. Rajendra Prasad Panda	Non – Executive Director	June 1, 2001
Mr. Prashanta Kumar Paul	Non – Executive Director & Independent	January 17, 1980
Mr. Laxmi Dhar Sahoo	Non Executive Director	December 28, 1993
Mr. Hemant Sharma	Chairman	July 30, 2009
Mr. Munir Kamal Mohnaty	Executive Director	April 30, 2007
Mr. S.K. Khetan	Non Executive Director	June 6, 2009
Mr. B.K. Sarkar	Additional Director, Independent Director	May 10, 2010

Note: The profile of directors are not available in public domain.

67. Based on the information available in the public domain the Acquirer is not aware of any instance where the Target Company has undergone any merger/demerger/spinoff during the last 3 years.

68. The latest financials of the Target Company are as follows:

(Rs. in lakhs)

Profit & Loss Statement	**Period ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)**	**Financial year ended March 31, 2008 (audited)**	**Financial year ended March 31, 2007 (audited)**
Income from operations	17590.90	18883.16	11049.08	8199.49
Other Income	616.70	76.81	1231.59	588.13
Total Income	18206.97	18959.97	12280.67	8787.62
Total Expenditure	18018.78	18478.47	10534.77	10105.30
Profit Before Depreciation Interest and Tax	188.19	481.50	1745.90	(1317.68)
Depreciation	1152.60	958.17	551.93	471.69

Interest	2313.17	2484.45	1685.82	1446.26
Profit / (Loss) Before Tax	(3277.58)	(2961.12)	(491.85)	(3235.63)
Less: Provision for Tax	NIL	NIL	118.68	1,365.79
Deferred Tax	472.21	632.75		
Fringe Benefit Tax	NIL	39.66		
Profit / (Loss) After Tax	(2805.37)	(2720.20)	(373.17)	(1,869.84)

Source: Annual Reports of the company for FY 2007, 2008 and 2009 and www.bseindia.com

(Rs. in lakhs)

Balance Sheet Statement	**Period ended March 31, 2010 (unaudited)**	**Financial year ended March 31, 2009 (audited)**	**Financial year ended March 31, 2008 (audited)**	**Financial year ended March 31, 2007 (audited)**
Sources of Funds				
Paid-up Share Capital	2700.00	2700.00	2000.00	1450.00
Equity Share Warrants	Not Available	601.50	1804.50	0.00
Reserves and Surplus	Not Available	23305.01	12,081.62	2,426.47
Networth*		**22391.23**	**13081.43**	**3020.37**
Secured Loans	Not Available	20719.58	22832.96	25179.29
Unsecured Loans	Not Available	25.00	117.95	489.95
Deferred Tax Liability	Not Available	(437.28)	195.47	343.69
Total		**46913.81**	**39,032.50**	**29,889.40**
Application of Funds				
Net Fixed Assets (including CWIP)	Not Available	28096.83	28,869.38	25,816.74
Investments	Not Available	232.09	245.99	239.15
Net Current Assets	Not Available	15646.32	9,698.76	3,833.51
Deferred Tax Asset	Not Available	NIL	NIL	NIL
Profit & Loss Account	Not Available	2938.57	218.37	NIL
Total		**46913.81**	**39,032.50**	**29,889.40**

Source: Annual Reports of the company for FY 2007, 2008 and 2009 and www.bseindia.com.
* Networth = Paid up equity share capital + reserves and surplus – revaluation reserve – profit and loss debit balance / miscellaneous expenditure – preference share capital)

Other Financial Data	**Financial year ended March 31, 2009**	**Financial year ended March 31, 2008**	**Financial year ended March 31, 2007**
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	(13.22)	(2.33)	(12.90)
Return on Networth(%)*	NIL	NIL	NIL
Book Value Per Share** (Rs.)	82.93	65.40	20.83

Source: Annual Reports of the company for FY 2007, 2008 and 2009; * Profit After Tax/Networth **Networth/No of equity shares

69. For FY 2009 inadequate infrastructure (breakages of road) continued and though the second sponge iron unit of 150,000 TPY was in operation, the Company could only produce 105,284 MT of sponge Iron and 25,332 MT of steel

billets during the year and had suffered heavy losses. For FY 2008 the rise in income is attributable mainly due higher sales volume of sponge iron as compared to FY 2007. Plants which operated in the past at more than 100 % capacity for many years could no longer operate above 60-70 % due to infrastructural bottlenecks which resulted in large cash loss in FY 2007. With the 2nd kiln going into operation even at 60-70 % level, OSIL has been able to avoid cash loss during FY 2008. For FY 2007 due to road break-down OSIL was not able to operate the plant to full capacity and thus suffered severe erosion of earnings as compared to FY 2006.

70. Significant accounting policies of OSIL (Source: Annual Report 2008-09)

- **Basis of preparation of financial statements**

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAPP). Financial statements comply with the applicable Accounting Standards (AS) specified in Companies (Accounting Standard) Rules, 2006 and presentational requirement of the Companies Act, 1956.

- **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the result of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

- **Fixed Assets / Depreciation**

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of the assets, upto the date of commissioning of the assets. Depreciation for the year is computed on the straight line method, as per the rates prescribed in Schedule XIV to the Companies Aet,T956. Additional charge of depreciation on amount added on revaluation is adjusted against revaluation reserve. Fixed assets are reviewed for impairment on each Balance Sheet date, in accordance with AS 28 "Impairment of Assets".

- **Revenue Recognition**

Revenue from sale of products is recognized when the products are despatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards. Sales are stated inclusive of excise duty and net of rebates, trade discounts and sales tax. Revenue from services are recognized when services have been rendered in accordance with the contract terms.

- **Carbon Credit**

Under the United Nations Framework of Climate Changes (UNFCCC), the Kyoto Convention of the UN has provided for allotment of Certified Emission Reduction (CER) credits to projects that comply with relevant UNFCCC criteria. The CERs on allotment can be sold either as spot sale or forward sale for future delivery. OSIL's Waste Heat Power Project which commenced operation in July 2001 has become eligible for allotment of CER credits, having been certified as a valid project for this purpose by TUV Rheinland (agency approved by the UN as Designated Operational Entity) for quality of the project and its intended generation of certified emission reduction-vide validation reports dated December 2005 and July 2006 (draft & final validation reports). In view of the authorized validation of the project the company was professionally advised that it is appropriate to accrue the CER credits in its accounts. The Directors have framed this accounting policy following professional advice and on the basis of their own opinion on the validity of the accrual. The CER sales during the year has been considered as sales income, CER credit accrued, based on conservative basis, has been valued at net realizable value.

- **Investments**

Investments are stated at cost less amount written off / provided where there is permanent diminution in value.

- **Inventories**

Finished goods and saleable products are valued at lower of costs, computed on weighted average basis, and net realizable value. Cost includes on appropriate portion of manufacturing and other overheads. Excise duty on finished goods is included in the value of finished goods. Raw materials are carried at cost computed on a weighted average basis, after providing for obsolescence. In case there is a decline in replacement cost of such material and the net realizable value of finished product in which they will be used is expected to be below cost, the value is appropriately written down. Stores and Spare parts are valued at cost and are computed on a weighted average basis.

- **Retirement Benefits and Employee Benefits Schemes**

The Company has various Schemes of Retirement Benefit such as Provident Fund, Gratuity Fund, Superannuation Fund (for certain class of employees), Employees' Family Pension Fund, Leave Encashment Benefit. Provident Fund, Gratuity Fund and Superannuation Fund are duly recognized by the Income Tax Authorities and contribution charged to revenue every year. The Provident Fund, Employees' Family Pension Fund and Superannuation Fund benefits are "Defined Contribution" plan. Provident Fund is administered by a Trust formed, for the purpose. Superannuation Fund is administered by a Trust formed for the purpose through a Group Scheme of Life Insurance Corporation of India (LIC). Employees' Family Pension Fund is administered by Regional Provident Fund Commissioner. The Gratuity Fund and Leave Encashment are "Defined Benefit" plan. The Gratuity Fund is administered by a Trust formed for this purpose through a Group Scheme of LIC. The annual contribution / premium paid to LIC is charged to the Accounts. Leave Encashment Benefit is accounted for on the basis of actuarial valuation as per Accounting Standard-AS-15 (Revised) and charged to Accounts accordingly.

- **Research and Development**

Revenue expenditure on research and development is charged to Profit and Loss Account. Capital expenditure on tangible assets for research and development is shown as additions to Fixed Assets.

- **Foreign Currency Transaction**

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of transaction. Exchange difference arising on foreign currency transaction other than fixed assets, are recognized as income or expenses in the Profit and Loss Account. Exchange differences on unpaid liability arising on foreign currency transaction for fixed assets are adjusted with the cost of the fixed assets.

- **Relining Expenses**

Expenditure on relining of kiln and cooler is charged to profit and loss account in the year in which it is incurred.

- **Taxation**

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. Currant tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantially enacted on the Balance Sheet date. Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognized only if there is virtual certainty of realization of such amounts. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed at each Balance Sheet date to reassess their reliability.

- **Provisions and Contingent Liabilities**

A provision is recognized when it is more likely than not that an obligation will result in an outflow of resources. Provisions are not discounted at their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates. A disclosure for a contingent liability is made where it is more likely than a present obligation or possible obligation would not result in or involve an outflow of resources.

71. Pre and post Offer shareholding pattern of the Target Company is as follows:

Shareholder's category	**Shareholding as on March 31, 2010 prior to the Offer (A)**		**Shares / voting rights acquired which triggered off the Regulations (B)**		**Shares to be acquired in the Offer (Assuming full acceptance) (C)**		**Shareholding after the Offer (A+B+C=D)**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Promoter Group	1,32,63,933 (refer note 2)	49.12					Refer Note 1	
Total	1,32,63,933	49.12						
Acquirer / PACs			NIL	NIL	52,00,000	[•]	52,00,000	Refer Note
Total	1,32,63,933	49.12						
Public (other than Acquirer and PACs)								
(a) FIs/ MFs/ FIIs/Banks/SFIs	18,367	0.07					Refer Note 1	
(b) Others	1,37,17,700 (refer note 2)	50.81						
Total (a)+(b)	1,37,36,037	50.88	**NIL**	**NIL**				
Total	2,70,00,000	100.00					2,70,00,000	100.00

Note:

1. Shares of the Target Company are envisaged to be acquired by the Acquirer would be from existing shareholders (excluding warrant holders) and therefore the post offer holding of the Acquirer is not ascertainable at this stage and would depend on the quantum of shares offered and conversion of warrants into equity shares. The Acquirer vide its letter dated October 29, 2009 to SEBI has undertaken to comply with 21(5) of Takeover Regulations.
2. Matter relating to 30,00,000 (since converted) and 35,00,000 warrants allotted to TRFI Investment Pvt limited and Prakausali Investments (India) Limited respectively are *sub judice. (source: Annual report of OSIL 2008-09)*

72. As on March 31, 2010, the promoters of OSIL hold 1,32,63,933 equity shares of the Target Company. There is no publicly available information on change in shareholding of promoters.

73. As per the audited financials as of March 31, 2009, contingent liabilities amounted to Rs. 4118.81 lakhs.

74. The Target Company has complied with the conditions of corporate governance as stipulated in the listing agreement for the year ended March 31, 2009. A.K.Labh, Company Secretary vide its certificate dated August 22, 2009 has certified the same. The Corporate Governance Report as well as the certificate from the A.K.Labh forms a part of the Annual Report of the Target Company for the year ended March 31, 2009.

75. The Manger to the Offer vide its letter dated March 13, 2010 had written to the Target Company inter alia seeking information with respect to pending litigations. However, the same has not been furnished by the Target Company till date and there is no publicly available information in respect of the pending litigations involving the Target Company.

76. Miss Shikha Ruia is the Compliance Officer of the Target Company. Address: CIC Building, 11th Floor, 33A, Jawahar Lal Nehru Road, Kolkata – 700071; Phone: 033-22263114, 22262636, 22266442, 22887336, 22883910-16. Fax: 033-22267470.

X. OFFER PRICE

Justification of Offer Price

77. The Shares of the Target Company are listed on the Bombay Stock Exchange, Kolkatta Stock Exchange, and Bhubaneshwar Stock Exchange. The Shareholders of the Target Company at the Annual General Meeting of the Target Company have approved delisting of equity shares from Kolkata Stock Exchange. (Source: www.bseindia.com). The Equity shares of OSIL are frequently traded on BSE within the meaning of explanation (i) to Regulation 20(5) of the Regulations. The Acquirer has neither acquired nor has been allotted any shares of the Target Company in the 12 months prior to the date of the PA.

78. Trading data is as follows:

Name of Stock Exchanges	**Total no of Shares traded during the 6 calendar months prior to month in which PA was made (taken annualized)**	**Total No of Listed Shares**	**Annualized Trading Turnover(% of Total Listed Shares)**
BSE	3,644,179	20,000,000	36.44%

Source: www.bseindia.com

The Offer Price of Rs. 300/- per Share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is higher of the following:

a)	Negotiated Price	N.A.
b)	The average of the weekly high and low of closing prices of the shares of the Target Company on BSE for the 26 weeks preceding the date of the PA	Rs. 164.23
c)	The average of the daily high and low prices of the shares of the Target Company on BSE for the two weeks preceding the date of the PA	Rs. 127.38
d)	The highest price paid by the Acquirer for any acquisition of equity shares of the Target Company during the 26-week period prior to the date of the Public Announcement	Nil

79. Based on the above and in the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

80. The Acquirer and PACs have not entered into any non-compete agreement either singly or jointly with the promoters of the Target Company.

XI. FINANCIAL ARRANGEMENTS

81. The Acquirer has made firm financial arrangements for financing the acquisition of Shares under the Offer, in terms of Regulation 16 (xiv) of the Regulations. The same has been certified by Mehra Goel & Co, Chartered Accountants vide its certificate dated June 18, 2010. The maximum fund requirement for the acquisition of 52,00,000 fully paid-up Equity Shares of Target Company of face value Rs.10/- each at the Offer price of Rs. 300 per equity share assuming full acceptance of the shares tendered would be Rs. 156 crores. The source of funds would be internal accruals / liquid assets. In accordance with Regulation 28 of the Regulations, The Acquirer has deposited Rs. 10 crore with HDFC Bank, Maneckji Wadia Building, Ground Floor, Nanik Motwani Marg, Mumbai- 400001 ("the Escrow Bank") in an escrow account (the "BPSL - OSIL - Escrow Account") under the terms of the Escrow agreement dated February 6, 2009 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank and bank guarantee of Rs. 25 crore has been furnished by Bank of Maharashtra, New Delhi on behalf of the Acquirer. The Bank guarantee is valid until 20 days after the completion of the Offer. The said amount in aggregate is in excess of the minimum prescribed amount as per the Regulations. The Manager to the Offer has been empowered to operate the escrow account in terms of the Regulations.

82. The Acquirer has made firm financial arrangements for the Open Offer. Mehra Goel & Co, Chartered Accountants having its office at 505, Chiranjiv Tower, 43 Nehru place, New Delhi 110019, Tel: 011-26419527, Fax: 011-26217981 and membership number 6102 have confirmed vide their letter dated June 18, 2010 that the Acquirer has made the firm arrangements for meeting their obligations under the Regulations. On the basis of the foregoing, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer in full.

XII. STATUTORY AND OTHER APPROVALS REQUIRED FOR THIS OFFER

83. The Acquirer and PACs have received approval to acquire shares from non-residents under the Offer from the Reserve Bank of India vide its letter dated January 1, 2010.

84. As of the date of this Letter of Offer, there are no other statutory approvals required to acquire the Shares validly accepted under 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.

85. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations.

86. No approvals are required from Financial Institutions/Banks for the Offer.

XIII. TERMS AND CONDITIONS OF THE OFFER

87. This Offer is made to all Shareholders (except the Acquirer and PACs) and also to persons who acquire Shares before or during the Offer Period and tender these Shares into the offer so as to credit those Shares to the account designated for the Offer on or before July 26, 2010. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the Shareholders whose names appear on the Register of Members of the Target Company and the beneficial owners of the Shares of the Target Company, whose names appear as beneficiaries on the records of the respective Depositories, on February 27, 2009. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

88. The Acquirer will acquire the Offer Shares, free from all lock–in, liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Based on the information available in public domain except for 7,000,000 Shares held by TRFI Investments Private limited there are no other locked-in Shares in the Target Company.

89. All the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

90. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to 7 working days prior to the closure of the Offer viz. upto July 15, 2010 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Offer Shares that are validly tendered pursuant to the Offer.

91. Each equity shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

92. The Offer is not conditional on any minimum level of acceptance i.e. the Acquirer will acquire all the Shares that are tendered in terms of the Offer up to 52,00,000 Shares, subject to the conditions specified in the Public Announcement published on February 7, 2009 and this Letter of Offer and Form of Acceptance-cum-Acknowledgement. The Acquirer has vide its letter dated October 29, 2009 has undertaken that it will comply with 21(5) of the Takeovre Regulations.

93. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer titled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers mentioned under paragraph 114 of this Letter of Offer, either by hand delivery during business hours or by registered post so that the same are received on or before the closing date i.e. July 26, 2010.

94. In respect of dematerialized Shares, the credit for the Shares tendered must be received in the special account (as specified in paragraph 97) on or before 4.30 p.m. Indian Standard Time on July 26, 2010. If the Shareholders hold

their Shares through NSDL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the special depository account with CDSL.

95. The Acquirer will not be responsible in any manner for any loss of Share certificate(s) and/or Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

96. The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.

XIV. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

97. The Shareholders, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by registered post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in paragraph 114 below before 4.30 pm Indian Standard Time on July 26, 2010. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect; otherwise the same is liable to be rejected. In the case of dematerialized Shares, the Shareholders are advised to ensure that their Shares are credited in favour of the special depository account before 4.30 pm Indian Standard Time on July 26, 2010. The Form of Acceptance-cum-Acknowledgment of such dematerialized Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected. The details of special depository account are as under:

DP Name	Centrum Broking Private Limited
DP ID Number	12012200
Client ID	1201220000042169
Account name	"Centrum Capital Limited - Orissa Sponge Iron & Steel Limited Open Offer – Escrow"
Depository	CDSL

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.

(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special depository account as on the date of closure of the Offer.

98. Documents to be delivered by all Shareholders

(a) For Shares held in the DEMATERIALIZED FORM

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP"); (ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are mention in paragraph 97 above; and (iii) In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the Shareholder.

(b) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer; (ii) Original equity share certificate(s); and (iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity Shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s) and (iv) If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders.

(c) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:
(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein; (ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and (iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case. (iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the company/its transfer agents, of the share certificate(s) and the transfer deed(s). (v) No indemnity is required from persons not registered as Shareholders.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

99. While tendering the Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit their previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of OSIL. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

100. Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the Shareholder should be received on or before the close of the Offer i.e. July 26, 2010, else the application will be rejected.

101. In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:

(a) In case Shares are held in the dematerialized form by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 4.30 p.m. Indian Standard Time on July 26, 2010, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "Centrum Capital Limited - Orissa Sponge Iron & Steel Limited Open Offer – Escrow" filled as specified in paragraph 97 above.

(b) In case of Shares held in the physical mode by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in paragraph 114 below), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 4.30 p.m. Indian Standard Time on July 26, 2010.

102. 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):

- Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
- Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

103. In case the number of Shares validly 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 Regulations, on a proportionate basis in such a way that the acquisition from any Shareholder shall not

be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE, the minimum marketable lot for the Shares is 1 (one).

104. In terms of the Regulations 22(5A) of the Regulations, Shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. upto July 21, 2010. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at any of the collection centres either by hand delivery or by registered post and up to three working days prior to the closure of the Offer.

105. In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

(a) In case of physical Shares: Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn.

(b) In case of dematerialized Shares: Name, address, number of Shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of 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 Depository Escrow Account.

106. As per the provisions of section 195(1) of the 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). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the Income Tax Act or as business profits as the case may be, Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate on the gross consideration payable to the following categories of Shareholders, as given below:

- **Non-resident Indians:** The Acquirer will deduct tax at source at the applicable rate on the Offer Price in case of short-term capital gains or business profits or long-term capital gains, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates.

- **Non-domestic companies:** The Acquirer will deduct tax at source (including cess and surcharge) at the applicable tax rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be.

- **FIIs:** As per the provisions of section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor ('FII') as defined in section 115AD of the Income Tax Act, 1961. However the Acquirer will not deduct tax at source only if the shares are held by the FII on investment/capital account.
  Tax will be deducted at source at the maximum applicable rate for foreign companies on the Offer Price if the Shares are held on trade account or if the FII fails to certify in the bid form that the Shares are held by it on investment/capital account if the FII is a company. The FII may attach a certificate received from its Bank / Authorised Dealer / Chartered Accountant in this regard. If the FII is a person other than a company, then tax will be deducted at the maximum applicable rate for person other than a company and will be further increased by the applicable surcharge and education cess.
  However, the interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the amount of tax to be deducted. In absence of the same, Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of shareholder under the Income Tax Act, 1961.

- **Other persons who are not resident in India:** The Acquirer will deduct tax at source at the applicable rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates. In the case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, the capital gain shall be assumed to be short-term in nature. For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take the following actions based on the information submitted by the Shareholders.

107. For the purpose of determining as to whether the capital gains are short-term or long-term in nature:

- In the case of physical Shares registered with the Target Company, the date of registration of the Shares with the Target Company shall be taken as the date of acquisition.
- In the case of physical Shares not registered with the Target Company, the capital gain shall assumed to be short-term in nature.
- In the case of dematerialized Shares, the date of credit of the Shares to the shareholders demat account shall be taken as the date of acquisition.
- In case of any ambiguity, incomplete or conflicting information or the information not being available with the Target Company regarding the same, the capital gain shall be assumed to be short-term in nature.

108. In the event Shareholders require non-deduction of tax or deduction of tax at a lower rate or on a lower amount, they would need to obtain an order from the Income Tax authorities under section 195(3) or section 197 of the Indian Income Tax Act, 1961 and submit the same while submitting the Form. On failure to produce such certificate from the Income Tax authorities, tax will be deducted as aforesaid, and a certificate in the prescribed form shall be issued to that effect.

109. In the case of non residents, where the investor is a tax resident of a country which has entered into a tax treaty with India, it may be possible for the investor to avail the beneficial rate (if any) under the tax treaty. The tax rates may change from treaty to treaty. In order to claim the lower rate under the tax treaty, the shareholder should provide a certificate from the tax authorities from the country of his residence certifying that he is a resident of the specified foreign country.

110. Securities transaction tax will not be applicable to the shares accepted in this Offer.

111. As per the prevailing laws as regards deduction of income tax at source, no tax will be deducted at source for resident Shareholders.

112. All Shareholders are advised to consult their tax advisors for 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 and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income. The tax rate and other provisions may undergo changes

113. Subject to the Statutory Approvals as stated in section XII above, the Acquirer intends to complete all formalities, including the payment of consideration under the Regulations within a period of 15 days from the closure of the Offer, i.e. August 10, 2010 and for the purpose open a special account as provided under regulation 29 of the Regulations, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, 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, grant extension of time for the purpose under regulation 22(12) of the Regulations, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI from time to time. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable.

114. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centres below.

Sr. No	City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
1.	Mumbai	Nilesh Chalke	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, (W),Mumbai - 400078.	022-25960320	022-25960329	nilesh.chalke@linkintime.co.in	Hand Delivery & Registered Post

2.	Mumbai	Vivek Limaye	Link Intime India Pvt. Ltd, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai -400 001	022-22694127	022-25960329	vivek.limaye@linkintime.co.in	Hand Delivery
3.	Ahmedabad	Hitesh Patel	Link Intime India Pvt. Ltd, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009	079-2646 5179	079-2646 5179 (Telefax)	ahmedabad@linkintime.co.in	Hand Delivery
4.	Bangalore	Prashant D. Shedbal	Link Intime India Pvt. Ltd., 543/A, 7TH Main , 3rd Cross, Hanumanthanagar, Bangalore - 560 019	080-26509004	080-26509004 (Telefax)	bangalore@linkintime.co.in	Hand Delivery
5.	Baroda	Alpesh Gandhi	Link Intime India Pvt. Ltd., First Floor, Jaldhara Complex, Nr. Manisha Society, Old Padara Road, Vadodara -390015	0265-2250241 / 3249857	0265-2250246 (Telefax)	vadodara@linkintime.co.in	Hand Delivery
6.	Coimbatore	S. Dhanalakshmi	Link Intime India Pvt. Ltd,Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028	0422-2314792 / 2315792	0422-2314792 (Telefax)	coimbatore@linkintime.co.in	Hand Delivery
7.	Kolkata	Debu Ghosh	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata - 700020	033-22890539/40	033-22890539 /40 (Telefax)	kolkata@linkintime.co.in	Hand Delivery
8.	New Delhi	Swapan Naskar	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028	011-41410592/93/94	011-41410591	delhi@linkintime.co.in	Hand Delivery
9.	Pune	P. N Albal	Link Intime India Pvt. Ltd, Block No 202 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001.	020 - 26051629 / 0084	020 - 26053503 (Telefax)	pune@linkintime.co.in	Hand Delivery
10.	Chennai	Mrs. Solly Soy	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	044-2815 2672, 044-4207 0906	044- 2815 2672 (Telefax)	chennai@saspartners.com	Hand Delivery

The documents can be tendered at the above centres between 10.00 am to 1.00 pm and 2.00 pm to 4.30 pm from Monday to Friday. The centres will be closed on Saturday, Sundays and public holidays.

The Applicants who cannot hand deliver their documents at the collection centre, may send their documents only by Registered post, at their own risk, to the Registrar to the Offer at Link Intime Private Limited, Unit: Orissa Sponge Iron & Steel – Open Offer, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078 so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. July 26, 2010. **NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER/TARGET COMPANY /MANAGER TO THE OFFER**

115. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance-cum-Acknowledgement.

116. The Registrar to the Offer will hold in trust the Share(s) / share certificate(s), shares lying in credit of the special depository account, Form of Acceptance-cum-Acknowledgement and the transfer deed(s), if any, on behalf of the shareholders / unregistered owner(s) of OSIL who have accepted the Offer, till the Acquirer complete the Offer obligations in terms of the Regulations latest by August 10, 2010. Upon completion of the above, the Registrar to the Offer will debit the special depository account to the extent of Shares accepted by the Acquirer and give instruction to credit the beneficial account of the Acquirer.

117. The payment of consideration for accepted applications will be made by the Acquirer in cash either through National Electronic Clearing System, Direct credit, RTGS, NEFT, account payee cheques, drafts, warrants, etc. in accordance with the Regulations, and the same will be in the name of the first named person in case of joint Shareholders. It is desirable that Shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the payment of consideration can be made accordingly.

118. A copy of this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

XV. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the corporate office of the Manager to the Offer at Centrum Capital Limited, on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 4:30 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of the Memorandum and Articles of Association of BPSL;
- Copy of Board Resolutions/letters from the Acquirer authorizing the Offer;
- Copies of Audited Annual Reports for BPSL / TSIL / OFL and OSIL for the years ended 31st March 2009, 2008 and 2007;
- Unaudited Financial Statements of BPSL / TSIL / OFL for year ended March 31, 2010;
- Certificate from Mehra Goel & Co, Chartered Accountants (Membership number 6102) dated June 18, 2010 stating that the Acquirer has adequate financial resources for fulfilling all its obligations under the Offer for a value up to the maximum consideration; and
- A published copy of the Public Announcement dated February 7, 2009.

XVI. DECLARATION BY THE ACQUIRER

The Acquirers and the Boards of Directors of the Acquirers respectively accept full responsibility for the information contained in this Letter of Offer (except for the information relating to the Target Company, which has been compiled from publicly available sources or as received from the Target Company) and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer and PAC shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. R.K. Gupta have been severally authorised by the boards of directors of BPSL, TSIL and OFL respectively to be the authorised signatories to the Letter of Offer.

Signed for and on behalf of the Acquirer

Sd/-	Sd/-	Sd/-
Authorised Signatory	Authorised Signatory	Authorised Signatory
Bhushan Power and Steel Limited	Titanic Steel Industries Limited	Olympian Finvest Limited

Name: Mr. R.K. Gupta

Place: New Delhi
Date: June 25, 2010