PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF

ORISSA SPONGE IRON & STEEL LIMITED

[Registered Office: OSIL House, Gangadhar Meher Marg, Bhubaneshwar 751 024, Orissa.]

This Public Announcement **('PA' or the 'Public Announcement'**) for Competitive Bid is being issued by ICICI Securities Limited (**'ICICI Securities'**), (the **'Manager to the Competitive Bid/ Offer'**), on behalf of Mounteverest Trading & Investment Ltd. **('Mounteverest'** or the **'Acquirer'**) along with Torsteel Research Foundation in India ('TRF' or 'PAC 1'), TRFI Investment Private Ltd ('TRFI' or 'PAC 2'), Monnet Ispat & Energy Ltd ('MIEL' or 'PAC 3') (PAC 1 , PAC 2 and PAC 3 collectively referred to as 'Persons Acting in Concert') (Acquirer and Persons Acting in Concert collectively referred to as 'Acquirers' or 'Competitive Bidders') to the equity shareholders of Orissa Sponge Iron & Steel Limited (**'Orissa Sponge'** or the **'Target Company'**) pursuant to and in compliance with Regulations 10, 11 (1), 12, 25 (1) and 25 (3) and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as amended (**'SEBI (SAST) Regulations'** or **'Regulations'**).

1 Competitive Bid

1.1 This Competitive Bid (the 'Competitive Bid' or 'Open Offer') is being made by Mounteverest, a company having its registered office at 216, Sector C, Urla Industrial Complex, Raipur-493221 along with TRF, a Trust which is registered with the Registrar of Assurances, Kolkata in August 01, 1973 and having its registered office at Chaterjee International Centre, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata – 700071, TRFI, a private limited company incorporated on March 11, 1993 having its registered office at Chaterjee International Centre, 11th Floor, 33A, J. L. Nehru Road, Kolkata – 700071 and MIEL, a company having its registered office at Monnet Marg, Mandir Hasaud, Raipur – 492101, to the equity shareholders of Orissa Sponge.

1.2 The Acquirer and PAC 3 are a part of Monnet Group which is predominantly engaged in manufacture of Sponge Iron, Steel & Ferro alloys backed by captive resources of raw material viz. coal, iron ore & captive power. Further, PAC 1 and PAC 2 are part of the promoter group of the Target Company.

1.3 As on the date of this Public Announcement, Mounteverest has acquired/ holds 2,990,000 equity shares of Rs. 10/- each of the outstanding 20,000,000 equity shares representing 14.95% of the current equity share capital of the Target Company.

1.4 Further, TRF and TRFI hold 3,237,505 equity shares and 1,502,190 equity shares of Rs. 10/- each representing 16.19% and 7.51% of the current equity share capital of the Target Company respectively. As per the shareholding pattern available on the website of Bombay Stock Exchange Limited ('BSE'), TRF and TRFI form a part of the Promoter Group of the Target Company.

1.5 TRF, TRFI and MIEL are the Persons Acting in Concert with the Acquirer for the purpose of this Competitive Bid. However, due to the operation of Regulation 2(1)(e)(2) of the SEBI (SAST) Regulations, there could be other entities who could be deemed to be persons acting in concert with the Acquirers.

1.6 The Acquirers are making an offer to acquire up to 6,100,000 equity shares of Rs. 10/- each ('Shares'), representing in the aggregate 20% of the 'Emerging Voting Capital' (detailed in para 3.4 below) of the Target Company at a price of Rs. 310/- per equity share ('Offer Price') payable in cash subject to the terms and conditions mentioned hereinafter. This Competitive Bid is being made to all the public shareholders of the Target Company except parties to the Share Purchase cum Shareholders' Agreement ("SPSA" or 'the Agreement') and PAC3.

1.7 Neither of the Acquirers, nor their respective directors / trustees have acquired any shares in the Target Company (except for 2,990,000 equity shares acquired by the Acquirer in various tranches since January 2009) including by way of allotment in public or rights issue or by way of preferential allotment by the Target Company during the 26-week period prior to the date of this Public Announcement.

1.8 Since January 2009, the Acquirer has acquired 2,990,000 equity shares in various tranches.

Except for the above neither the Acquirers nor their respective directors/ trustees have acquired any shares of the Target Company during the 12-month period prior to the date of this Public Announcement.

1.9 Further, on February 24, 2009, the Acquirer has entered into a SPSA with a) TRF and b) TRFI (collectively referred to as 'Sellers') for purchase of 5,420,000 equity shares of Rs.10/- each ('Sale shares') which represents 27.10 % of the current equity share capital of the Target Company at a price of Rs. 283/- ('Negotiated Price') per equity share in cash (the 'Purchase Consideration'). The total consideration payable for the sale shares is Rs. 1533,860,000/- (One Thousand Five Hundred Thirty Three Million Eight Hundred and Sixty Thousand only . As per the stock exchange filings done by Orissa Sponge, the Sellers belong to the promoter group of the Target Company. No other monetary consideration, whether by way of any non-compete fees or otherwise, is payable by the Acquirer to the Sellers for the Acquisition.

The SPSA, *inter-alia,* provides for mechanism, steps by which the Acquirer seeks to share control of the Target Company (including by way of reconstitution of the Board of the Target Company) with the existing promoters of the Target Company, subject to completion of all conditions, formalities relating to this Offer and in accordance with laws as may be applicable.

The salient features of SPSA are given as under :

(i) The Acquirer would be classified as the 'New Promoter' of the Target Company in addition to the Sellers as existing "promoters" of the Company.

(ii) The Acquirer would have the right to nominate directors on the Board of Directors of the Target Company.

(iii) On the completion of purchase of shares by the Acquirer from PAC1 and PAC2, subject to the necessary approvals, the Board of Directors of the Target Company would be re-constituted such that it will consist of 9 members, comprising of 3 directors nominated by the Acquirer, 2 directors nominated by the Sellers, 1 director nominated by IPICOL and 3 independent directors nominated as per mutual agreement of the Acquirer and TRF. The nominee director appointed by IPICOL shall remain as Chairman of the Board and the Vice Chairman of the Board would be nominated by TRFI.

(iv) There are certain Reserved Matters which would require affirmative vote in writing of at least one Director appointed by the Acquirer and one Director appointed by the Sellers.

(v) An Advisory Committee shall be constituted comprising a representative each from the Acquirer as well as the Sellers.

(vi) The Parties to the SPSA will discuss in good faith an appropriate candidate to jointly appoint as CEO of the Company.

1.10 The Competitive Bid is not conditional upon any minimum level of acceptance. The Acquirer will acquire all the equity shares of the Target Company that are validly tendered as per the terms of the Offer up to a maximum of 6,100,000 equity shares. During the Competitive Bid period, the Acquirers may acquire additional shares of the Target Company in accordance with the Regulations.

1.11 In the event the equity shares tendered in the Competitive Bid by the shareholders of the Target Company are more than the equity shares to be acquired under the Competitive Bid, the acquisition of equity shares from each shareholder will be on a proportionate basis as per the provisions of Regulation 21(6) of the Regulations.

1.12 The shares of the Target Company are listed on Bombay Stock Exchange Limited ('BSE') and on Bhubaneshwar Stock Exchange. The Company has applied for listing of equity share on the National Stock Exchange of India Limited ("NSE"). Further, shareholders of the Target Company at the Annual General Meeting of the Target Company on September 26, 2008, have approved delisting of equity shares from Kolkata Stock Exchange. (Source Annual Report 2007-08 and www.bseindia.com).

Based on the information available, the shares of Orissa Sponge are frequently traded on BSE (Source: www.bseindia.com) within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.

1.13 The Competitive Bid Price of Rs. 310/- per share is justified in terms of Regulation 20 of the SEBI (SAST) Regulations being the highest of the following:-

(a)	The negotiated price as per the SPSA	Rs. 283.00
(b)	The highest price paid by the Acquirers for acquisition of equity shares of the Target Company during the 26-week period prior to the date of this public announcement for the Target Company	Rs. 269.04
(c)	The average of the weekly high and low of closing prices of the equity shares of the Target Company on BSE for the 26 weeks preceding the date of this public announcement for acquisition of equity shares of Target Company by the Acquirer	Rs. 136.46
(d)	The average of the daily high and low prices of the equity shares of the Target Company on BSE for the two weeks preceding the date of this public announcement for acquisition of equity shares of Target Company by the Acquirer	Rs. 217.95

This is a competitive bid as per Regulation 25(1) and 25(3) of the SEBI (SAST) Regulations. A Public Announcement for an Offer ('Offer') has been made by Bhushan Power and Steel Limited alongwith persons acting in concert, viz., Titanic Steel Industries Limited and Olympian Steel Industries Limited (collectively known as 'Original Bidders') to the shareholders of Orissa Sponge to acquire upto 5,200,000 fully paid up equity shares of Rs.10/- each (representing 26% of the current issued equity share capital) of the Target Company at a price of Rs.300/- (Rupees Three Hundred only) per share. As per the information available to the Manager to the Competitive Bid, this Public Announcement dated February 6, 2009 has been published on February 7, 2009 edition of Business Standard in New Delhi. Further, the public announcement dated February 6, 2009 is available on the website of SEBI (www.sebi.gov.in) and announced on website of BSE (www.bseindia.com) on February 9, 2009.

1.14 As on the date of this Public Announcement, ICICI Securities Limited, the Manager to the Competitive Bid does not hold any shares of the Target Company.

2 Information about the Acquirer and Persons Acting in Concert

2.1 Mounteverest is having its registered office at 216, Sector C, Urla Industrial Complex, Raipur - 493221. The company was incorporated on March 22, 2002 and its Company Identification Number is L51102CT2002PLC015041.

The current issued and paid-up equity share capital of Mounteverest consists of 1,277,087 equity shares of Rs. 10/- each aggregating to Rs. 12,770,870/-. The equity shares of Mounteverest are listed on BSE and Madhya Pradesh Stock Exchange Limited ('MPSE').

The Acquirer is engaged in trading and investing in various types of securities.

The financial highlights of Mounteverest are as follows:

Rs. In Lakhs

Particulars	March 31, 2008	March 31, 2007	March 31, 2006
	Audited	Audited	Audited
Total Income	1184.47	389.79	1456.03
Profit After Tax	423.20	323.44	1428.67
Paid up Equity Share Capital	127.71	127.71	127.71
Reserves & Surplus	4555.09	4131.88	3809.66
Earnings Per Share	33.14	25.33	111.87

(Source: Annual Reports of 2007-08, 2006-07, 2005-06)

As per the unaudited financial statements for the nine months ended December 31, 2008, the net income of Mounteverest was Rs. 14.68 lakhs, Net Loss was Rs. 898.73 lakhs, paid-up equity share capital was Rs. 127.70 lakhs, reserves excluding revaluation reserve was Rs. 3657.59 lakhs, basic EPS before extraordinary items was (Rs. 70.37), return on net worth was (23.74%), book value per share was Rs. 296.42. Since EPS is negative, the price earning ratio is not applicable.

(Source: Unaudited Financial Statements (subjected to limited review) of Mounteverest for the nine months ended December 31, 2008 and www.bseindia.com)

None of the Mounteverest's directors are on the board of the Target Company.

Since January 2009, the Acquirer has acquired / holds 2,990,000 equity shares in various tranches, for which relevant disclosures have been made under SEBI (SAST) Regulations, 1997, as applicable. Mounteverest has not been prohibited by Securities and Exchange Board of India from dealing in securities in terms of directions issued under section 11B of the SEBI Act

2.2 TRF ('PAC 1') is a Trust which is registered with the Registrar of Assurances, Calcutta in August 1, 1973 with the registered office at Delta House, 4 Govt. Place North, 7th Floor, Kolkata -700001. Since January 01, 2004, the registered office of the Trust was shifted to Chaterjee International Centre, 11th Floor, 33A, Jawaharlal Nehru Road, Kolkata - 700071.

TRF is exclusively involved in development and consultancy activities especially for advance technology in Iron & Steel Industry. TRF also renders consultancy & supervisory services on structural evaluation of old & new structures, restoration, quality control and audit of construction, soil investigation & foundation designs, non-destructive testing, laboratory & field testing of materials & components etc. TRF has its branches at Bangalore, Mumbai, New Delhi and Chennai. Dr. P.K. Mohanty is the Trustee of TRF.

The financial highlights of TRF are given below:

Rs. In Lakhs

Particulars	March 31, 2008	March 31, 2007	March 31, 2006
	Audited	Audited	Audited
Total Income	174.34	774.29	596.06
Profit After Tax	(162.58)	326.37	33.96
Trust Fund	680.57	852.21	525.83

(Source: Annual Reports of 2007-08, 2006-07, 2005-06)

As per the unaudited financial statements for the nine months ended December 31, 2008, the total income of TRF was Rs. 128.40 lakhs, Net Loss was Rs. (91.76 lakhs), Trust Fund was Rs. 610.74 lakhs. Since TRF is a trust there is no EPS, Book Value, Return on Net Worth and Price Earnings Multiple.

[Source: Unaudited Financial Statements (subjected to limited review) of TRF for nine months ended December 31, 2008]

TRF belongs to the promoter group of the Target Company and is represented by Dr. P.K. Mohanty, Mr. Munir Mohanty and Mr. M.A. Khan as whole time directors on the Board of the Target Company. TRF also provides technical services to the Target Company on a regular basis.

TRF currently holds 3,237,505 equity shares of the Target Company constituting 16.19% of the current equity share capital of the Target Company.

TRF has not been prohibited by Securities and Exchange Board of India from dealing in securities in terms of directions issued under section 11B of the SEBI Act.

2.3 TRFI ('PAC 2') is a private limited company incorporated on March 11, 1993 with registered office located at 4th Govt. Place, Kolkata – 700001. The Company Identification Number of TRFI is U65999WB1993PTC058034. Since February 28, 2004, the registered office was shifted to Chaterjee International Centre, 11th Floor, 33A, J.L.Nehru Road, Kolkata – 700071. TRFI is an investment company which is engaged in the business of investing in, acquiring, selling, transferring, subscribing for, holding or otherwise dealing in and investing in any shares, stocks, units, debentures, debenture stocks, bonds, etc.

The current issued and paid up equity share capital of TRFI consists of 2,000,000 equity shares of Rs. 10/- each aggregating to Rs. 20,000,000/-. The shares of TRFI are not listed on any stock exchange. TRFI is a 100% subsidiary of TRF.

The Financial highlights of TRFI are given below:

Rs. In Lakhs

Particulars	March 31, 2008	March 31, 2007	March 31, 2006
	Audited	Audited	Audited
Total Income	0.40	0.16	42.75
Profit After Tax	(52.22)	(5.32)	29.64
Paid up Equity Share Capital	200	200	200
Reserves & Surplus	12.68	64.91	70.23
Earnings Per Share	(2.61)	(0.27)	1.48

(Source: Annual Reports of 2007-08, 2006-07, 2005-06)

As per the unaudited financial statements for nine months ended December 31, 2008 total income of TRFI was Rs. 340.60 lakhs, net profit was Rs. 320.06 lakhs, paid up equity share capital was Rs. 200 lakhs, Reserves & Surplus was Rs. 332.75 lakhs, Return on Net Worth was 60.07%, Earning per share was Rs. 16, book value was Rs. 26.63. Since TRFI is an unlisted entity, there is no price earnings multiple.

(Source: Unaudited Financial Statements (subjected to limited review) of TRFI for nine months ended December 31, 2008.)

TRFI currently holds 1,502,190 equity shares of the Target Company constituting 7.51% of the current equity share capital of the Target Company. TRF has not been prohibited by Securities and Exchange Board of India from dealing in securities in terms of directions issued under section 11B of the SEBI Act.

2.4 MIEL ('PAC 3') is a company incorporated on February 1, 1990, in Kolkata as Monnet Ispat Limited. The name of the Company was changed to Monnet Ispat & Energy Limited w.e.f March 21, 2006. Since August 16, 1995, the registered office of MIEL has been shifted to Monnet Marg, Mandir Hasaud, Raipur – 492101. The Company Identification Number of MIEL is L02710CT1990PLC009826. MIEL is engaged in manufacture of sponge iron, steel, Ferro Alloys, Power generation and Coal Mining.

The current, issued and paid up equity share capital of MIEL constitutes of 48,006,029 equity shares of Rs. 10/- each aggregating to Rs. 480,060,290/-. The equity shares of MIEL are listed on BSE, NSE, CSE and MPSE. The Company has applied to Calcutta Stock Exchange for delisting on June 21, 2004, which is pending. MIEL got its shares delisted from Delhi Stock Exchange with effect from November 17, 2003 vide letter no. DSE/LIST/NR113. MIEL also got its shares delisted from Jaipur Stock Exchange with effect from November 29, 2003.

The financial highlights of MIEL are given below:

Rs. In Lakhs

Particulars	March 31, 2008	March 31, 2007	March 31, 2006
	Audited	Audited	Audited
Total Income	118873.97	66248.45	54203.69
Profit After Tax	16616.34	13478.51	10584.62
Paid up Equity Share Capital	4799.72	3434.18	3429.83
Reserves & Surplus	101983.62	53659.53	37759.31
Earnings Per Share	42.98	39.36	33.28

(Source: Annual Reports of 2007-08, 2006-07, 2005-06)

As per the unaudited financial statements for the nine months ended December 31, 2008, the net income of MIEL was Rs. 1178.59 crores, net profit was Rs. 165.83 crores, paid-up equity share capital was Rs. 49.24 crores, reserves excluding revaluation reserve was Rs. 1224.13 crores, basic EPS before extraordinary items was Rs. 33.68, return on net worth was 12.81%, book value per share was Rs. 258.81 and the price earning ratio as on February 24, 2009 was 3.12 based on annualised EPS and the closing price of Rs. 140/- on the BSE.

(Source: Unaudited Financial Statements (subjected to limited review) of MIEL for nine months ended December 31, 2008 and www.bseindia.com)

None of the MIEL's directors are on the board of the Target Company.

MIEL does not hold any shares in the Target Company.

MIEL has not been prohibited by Securities and Exchange Board of India from dealing in securities in terms of directions issued under section 11B of the SEBI Act.

The shareholding of MIEL as on February 20, 2009 is distributed as follows:

Shareholder's Category	Number of Shares held	% of shareholding
Promoters	18,856,170	39.28
FII/ Mutual-Funds/ FIs/Banks	20,427,605	42.55
Public	8,722,254	18.17
Total Paid Up Capital	**48,006,029**	**100.00**

2.5 The Acquirer and PAC 3 belong to the Monnet group and PAC 1 and PAC 2 belong to the promoter group of the Target Company.

3 Information on the Target Company

(Information relating to the Target Company has been obtained from information available in the public domain and neither the Acquirer nor the Manager to the Competitive Bid has independently verified the same.)

Orissa Sponge is a public limited company with its registered office at OSIL House, Gangadhar Meher Marg, Bhubaneshwar 751024, Orissa, India. The company was incorporated on April 9, 1979 and bears the company identification number L27102OR1979PLC000819. The name of the Company was changed from Orissa Sponge Iron Limited to Orissa Sponge Iron & Steel Limited w.e.f November 18, 2005.The Company was promoted jointly by the Industrial Promotion & Investment Corporation of Orissa Limited ('IPICOL') and TRF & its associates.

3.1 The Target Company manufactures sponge iron and has a project consultancy division which provides technical consultancy and project engineering services to sponge iron plants.

3.2 As on December 31, 2008, the subscribed and paid-up equity share capital of the Orissa Sponge consists of 20,000,000 equity shares of Rs. 10/- each aggregating Rs. 200,000,000/-. The equity shares of Target Company are listed on BSE and on Bhubaneshwar Stock Exchange. The Board of Directors of the Target Company has approved the listing of equity share on the National Stock Exchange of India Limited ("NSE") 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. (Source Annual Report 2007-08).

3.3 As on December 31, 2008, Orissa Sponge does not have any outstanding partly-paid up shares.

3.4 Based on the information available in the public domain, the fully diluted voting rights ('Emerging Voting Capital') of the Target Company is calculated as follows:

Particulars	No. of equity shares
Total current equity shares issued (A)	20,000,000
Total outstanding convertible warrants for which equity shares may be issued (B)	10,500,000
Emerging Voting Capital (C) = (A) + (B)	30,500,000

3.5 As on December 31, 2008, the promoters of Orissa Sponge held 41.51% of equity capital of the Target Company as per shareholding pattern filed with BSE on January 15, 2009.

The shareholding pattern of Orissa Sponge as on December 31, 2008 is as follows:

Shareholder	No. of shares	% holding
Total Promoters' shareholding	8,301,249	41.51%
Total non-promoter shareholding	11,698,751	58.49%
Total	**20,000,000**	**100.00%**

3.6 The brief audited consolidated financials of Orissa Sponge for the latest financial year (year ending on March 31, 2008) are as follows:

Particulars	Rs. Lakhs
Total Income	12,280
Loss After Tax	373
Book Value [Equity Capital = Rs. 2000 Lakhs Add: Reserves and Surplus = Rs 12,081 Lakhs]	14,081
Book Value per share (Rs.)	70.41
Earnings per share (Rs.)	(2.33)
Share Capital	2000.00
Reserves and Surplus	12081.62

Source: Annual Report of Orissa Sponge for the year ending March 31, 2008

As per the unaudited financial statements for the nine months ended December 31, 2008, the total income of Orissa Sponge was Rs. 14600.10 lakhs, Net Loss was Rs. 756.90 lakhs, equity share capital was Rs. 2000.00 lakhs and basic EPS before extraordinary items was Rs. (3.78)

(Source: Unaudited Financial Statements (subjected to limited review) of Orissa Sponge for nine months ended December 31, 2008 and www.bseindia.com)

3.7 Since EPS is negative, the Price Earning Ratio is not applicable.

4 Reasons for the Offer and Future Plans about the Target Company

Pursuant to completion of the Competitive Bid, the combined shareholding of the Acquirer and the Persons Acting in Concert would be 69.15% of the current equity share capital resulting in substantial acquisition of shares and change in control of the Target Company in terms of the SEBI (SAST) Regulations. Hence, this Offer is in compliance with Regulation 10, 11(1) 12, 25 (1) and 25 (3) and other applicable provisions of the SEBI (SAST) Regulations.

The transactions as contemplated vide the SPSA would lead to the joint control of the Target Company by the Acquirer and PAC3 with the existing Promoters of the Target Company. The Acquirer and PAC3 are part of Monnet Group which is engaged in similar line of business as that of Target company and the Acquirers would shared its experience and resources for the expansion of the business of the Target Company.

4.1 Except to the extent that may be required (i) in the ordinary course of business of the Target Company and/or (ii) for the purposes of restructuring, rationalising and/or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company, the Acquirers currently do not intend to sell, dispose of or otherwise encumber any assets of the Target Company in the succeeding two years. Further, except with the prior approval of shareholders of Target Company and to the extent required by the SEBI (SAST) Regulations and applicable laws, the Acquirers undertake not to sell, dispose off or otherwise encumber any substantial assets of Orissa Sponge.

5 Statutory Approvals and Conditions of the Offer

5.1 To the best of the knowledge of the Acquirers, as on the date of this Public Announcement, there are no statutory approvals required to implement the Competitive Bid. In case any statutory approvals are required to be obtained, the Competitive Bid would be subject to such statutory approvals, and the Acquirers, in terms of Regulation 27 of SEBI (SAST) Regulations, will have a right not to proceed with the Competitive Bid in the event any such statutory approvals are refused.

5.2 In case of delay in receipt of statutory approvals, if any required, SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the tendering shareholders of the Target Company, subject to the Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by the Acquirers in obtaining the requisite approvals, if any required, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

5.3 To the best of the knowledge of the Acquirers, as on the date of this Public Announcement, there are no approvals required from financial institutions / banks for the said Offer. However, the Acquirers may require certain approvals under the terms of the Memorandum and Articles of Association of the Company.

6 Public shareholding for Continuous Listing of Shares

As per the listing agreement ("Listing Agreement") with the BSE and Bhubaneshwar Stock Exchange, the Target Company is required to maintain at least 25% public shareholding on a continuous basis. This Competitive Bid will not result in public shareholding being reduced to a level below the limit specified in the Listing agreement with the stock exchange for the purpose for listing on continuous basis.

7 Financial Arrangements

7.1 The total funds required for implementation of the Offer at Rs. 310/- per share is Rs. 189.10 Crores (Rupees One Hundred and Eighty Nine Crores and Ten Lakhs only) assuming that full acceptance for the Offer is received.

7.2 In accordance with Regulation 28 of the SEBI (SAST) Regulations, 1997, the Acquirer has created a lien of 17.97% of the Offer size of Rs. 189.10 Crs in favour of ICICI Securities Ltd. against a fixed deposit of Rs. 34 Crs standing in the name of Mounteverest with ICICI Bank Limited. The fixed deposit receipt is duly discharged in favour of ICICI Securities Ltd, the Manager to the Competitive Bid.

7.3 M/s. O. P. Bagla & Co, Chartered Accountants, vide its letter dated February 24, 2009 has certified that Acquirer and PAC3 have adequate resources to meet the financial obligations under this Offer. The Acquirer has raised debt funds from PAC3 for the purpose of meeting the obligations of the offer..

7.4 Based on the above, the Manager to the Offer confirms that it is satisfied about the ability of the Acquirer and the PAC3 to implement the Offer in accordance with the SEBI (SAST) Regulations as firm arrangements for funds and money for payment through verifiable means are in place to fulfil the Competitive Bid obligations.

8 Other Terms of the Competitive Bid

8.1 A Letter of Offer specifying the detailed terms and conditions of the Competitive Bid, together with a Form of Acceptance-cum-Acknowledgement will be mailed on or before March 27, 2009 to the shareholders of Orissa Sponge whose names appear on the Register of Members of Orissa Sponge and to the owners of the shares of Orissa Sponge whose names appear as beneficiaries on the records of the respective Depositories, at the close of business hours on February 27, 2009 (the 'Specified Date for the Competitive Bid').

8.2 All public shareholders of Orissa Sponge, registered or unregistered, are eligible to participate in the Competitive Bid anytime before closure of the Competitive Bid, except for the parties to the SPSA and PAC3.

The shareholders who hold Shares in the physical form and wish to offer the Shares for sale pursuant to the Competitive Bid shall be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to Karvy Computershare Private Limited, who are acting as the Registrar to the Competitive Bid (the **'Registrar to the Competitive Bid** or **'Karvy'**), either by hand delivery during business hours (Mondays to Fridays between 10.00 a.m. to 4:00 p.m. and on Saturdays between 10.00 a.m. to 1.00 p.m.) or by registered post so that the same are received on or before the close of the Competitive Bid, i.e. by 4.00 p.m. on April 23, 2009, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

8.3 The Registrar to the Competitive Bid has opened a special depository account, details of which are as follows:

DP Name	KARVY STOCK BROKING LTD
DP ID	IN302470
Client ID	40235377
Account Name	KCPL Escrow A/c - Orissa Sponge - Competitive Bid
Depository	NSDL

Shareholders holding their beneficiary account in Central Depository Services India Limited ('CDSL') will have to use an inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.

8.4 Beneficial owners (holders of Shares in dematerialised form) who wish to tender their Shares will be required to send their Form of Acceptance-cum-Acknowledgement along with a photocopy of the delivery instructions in 'off-market' mode or counterfoil of the delivery instructions in 'off-market' mode, duly acknowledged by the Depository Participant ('DP'), in favour of the above mentioned special depository account, to the Registrar to the Competitive Bid – either by hand delivery during business hours (Mondays to Fridays from 10.00 a.m. to 4:00 p.m. and on Saturdays from 10.00 a.m. to 1.00 p.m.) or by registered post so as to reach on or before the close of the Competitive Bid, i.e. by 4:00p.m on April 23, 2009, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. Beneficial owners should ensure that they credit their Shares in favour of the aforementioned special depository account before the close of the Competitive Bid i.e. before 4:00 p.m. on April 23, 2009.

8.5 Persons who own Shares and whose names do not appear on the Register of members of the Target Company on the Specified Date are also eligible to participate in this Open Offer. Unregistered owners of Shares of Orissa Sponge can send their applications in writing to the Registrar to the Competitive Bid on a plain paper stating the name, address, number of Shares held, number of Shares offered, distinctive numbers, folio numbers, together with the original share certificate(s), transfer deeds and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered shareholders.

8.6 Owners of Shares who have sent their Shares for transfer should enclose, Form of Acceptance-cum-Acknowledgement duly completed and signed, copy of the letter sent to Orissa Sponge for transfer of Shares and valid share transfer form(s). Shareholders who have sent their physical Shares for dematerialisation need to ensure that the process of getting Shares dematerialised is completed well in time so that the credit in the aforesaid special depository account is received on or before the date of close of the Competitive Bid, i.e. by 4:00 p.m. on April 23, 2009, else the application will be rejected.

8.7 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent, to the Registrar to the Competitive Bid, on a plain paper stating the name, address, number of Shares held, number of Shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Competitive Bid on or before the close of the Competitive Bid, i.e. by 4:00 p.m. on April 23, 2009 or in the case of beneficial owners, they may send the application in writing to the Registrar to the Competitive Bid, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in 'off- market' mode or counterfoil of the delivery instruction in the 'off-market' mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Competitive Bid, on or before the close of the Competitive Bid, i.e. by 4:00 p.m. on April 23, 2009.

8.8 In addition to the above mentioned address, all owners of Shares of Orissa Sponge, registered or unregistered, who wish to avail of and accept the Competitive Bid can also hand deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All centres mentioned herein below would be open on all working days as follows:

Business Hours: (Mondays to Fridays from 10.00 a.mto 4:00 p.m. and on Saturdays from 10.00 a.m. to 1.00 p.m.). The centres will be closed on Sundays and any other public holidays.

	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax	Mode of delivery
1.	Mumbai	16-22 Bake House Maharashtra Chamber of Commerce. Lane, Opp. MSC Bank, Fort Mumbai – 400 023	Ms. Varija Salian	022-66382666	022-66331135	Hand Delivery
2.	New Delhi	2E/23, Jhandewalan Extn, New Delhi 110 055	Mr. Rajendra/ Michael George	011- 43681700	011-43681710	Hand Delivery
3.	Ahmedabad	201-203, Shail, Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad ~ 380 006	Mr.Aditya Gupta/ Robert Joeboy	079-26403134/71	079-26407543	Hand Delivery
4.	Chennai	No. 33/1, Venkatraman Street, T.Nagar, Chennai - 600017.	Mr. Gunashekhar	044 – 28151793/ 1794/ 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-23420818	040-23420814	Hand Delivery/ Regd Post
6.	Kolkata	49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bangalore	No.59, Skanda, Putana Road, Basavanagudi Bangalore 560 004	Ms. Pratibha	080- 26621192	080-26621169	Hand Delivery
8.	Pune	Office No.6, Third Floor, Rachana Trade Estate, SNDT Circle, Law College Road, Erandwane, Pune 411004	Ms. Sarika Belote	020-66048790-95	020-25456842	Hand Delivery
9.	Vadodara	Picadilly, Office no 5, Opp Mcube Shopping Mall, Jetalpur Rd, Vadodara 390 005	Mr. Rahul Patel/ Mr. Harish Purabiya	0265-6640871	N A	Hand Delivery

8.9 The Registrar to the Competitive Bid will hold in trust the Shares / share certificates, shares lying to the credit of the special depository account, Form of Acceptance-cum-Acknowledgement, if any, and the transfer form on behalf of the shareholders of Orissa Sponge until the Acquirer and the PAC 3 complete their obligations in accordance with the SEBI (SAST) Regulations.

8.10 April 4, 2009 (Saturday) shall be the date of opening of the Competitive Bid and April 23, 2009 (Thursday) shall be the closing date of the Competitive Bid.

8.11 The payment of consideration to those shareholders whose Shares or share certificates and / or other documents are found complete, valid and in order will be made by way of a crossed account payee cheque, demand draft or pay order. The decision regarding the acquisition (in full or part), or rejection of, the Shares offered for sale by the shareholders of Orissa Sponge pursuant to the Competitive Bid and (i) any corresponding payment for the acquired Shares and / or; (ii) share certificates for any rejected Shares or Shares withdrawn, will be communicated and despatched to the shareholders by registered post or by ordinary post as the case may be, at the shareholders sole risk. Shares held in dematerialised form to the extent not acquired or Shares withdrawn will be credited back to their beneficiary account with their respective depository participants as per the details furnished by their beneficial owners in the Form of Acceptance-cum-Acknowledgement.

8.12 Despatches involving payment of a value in excess of Rs. 1,500/- will be made only by registered/speed post at the shareholders' sole risk.

8.13 All Shares tendered in the Competitive Bid shall be free from lien, charges and encumbrances of any kind whatsoever.

8.14 Any Shares that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of Orissa Sponge may be precluded from transferring the Shares during pendency of the said litigation are liable to be rejected unless directions / orders regarding the free transferability of such Shares are received together with the Shares tendered under the Competitive Bid prior to the date of closure of the Competitive Bid.

8.15 As per the provisions of Section 196D (2) of the Income Tax Act, 1961 ('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 of the Income Tax Act payable to a Foreign Institutional Investor ('FII') as defined in section 115AD of the Income Tax Act. However, the interest payment for delay in payment consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their Tax Clearance Certificate, 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.

8.16 Securities Transaction Tax will not be applicable to the shares accepted in this Offer.

8.17 In case of Resident Shareholder of the Target Company, the Acquirer will deduct the tax on the interest component exceeding Rs. 5,000/- at the applicable current prevailing rates, if applicable. If the Resident Shareholder of the Target Company requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit a No Objection Certificate from the income tax authorities indicating the rate at which tax is to be deducted by the Acquirer or self declaration in Form 15G or Form 15H as may be applicable. Shareholders of the Target Company eligible to receive interest component exceeding Rs. 5,000/-, would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.

8.18 While tendering their Shares under the Competitive Bid, Non Resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and foreign shareholders (excluding FIIs) will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company and a No Objection Certificate (NOC) or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income Tax authorities under the Income Tax Act, indicating the rate at which the tax is to be deducted by the Acquirer before remitting the consideration. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer will deduct tax at the current prevailing rate as advised by their tax advisors on the entire consideration amount payable to such NRI/OCB/Non-domestic companies/Other persons who are not resident in India.

8.19 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered/speed post at the shareholder's / unregistered owner's sole risk to the sole / first shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise.

8.20 A schedule of some of the major activities in respect of the Competitive Bid is given below:-

Activity	Date	Day
Original PA	February 7, 2009	Saturday
Last date for Competitive Bid	February 28, 2009	Saturday
Current Competitive Bid PA	February 25, 2009	Wednesday
Specified Date	February 27, 2009	Friday
Complete dispatch of Letter of Offer to Shareholders	March 27, 2009	Friday
Offer Opens	April 4, 2009	Saturday
Last date for revision of offer price	April 9, 2009	Thursday
Last date for withdrawal by shareholders	April 17, 2009	Friday
Offer Closes	April 23, 2009	Thursday
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	Friday

9 General

9.1 The Acquirers reserve the right to withdraw the Competitive Bid pursuant to Regulation 27 of the SEBI (SAST) Regulations. Any such withdrawal will be notified in the form of a public announcement in the same newspapers in which this Public Announcement appears.

9.2 In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders who have accepted the Competitive Bid by tendering the requisite documents in terms of the public announcement / Letter of Offer can withdraw the same up to three working days prior to the date of closure of the Competitive Bid.

9.3 Should the Acquirers decide to revise the Competitive Bid Price or Offer size upwards, such upward revision will be made in accordance with Regulation 26 of the SEBI (SAST) Regulations not later than April 9, 2009, which is 7 (seven) working days prior to the date of closure of the Competitive Bid. If the Competitive Bid Price is revised upwards, such revised price will be payable to all shareholders who have accepted this Offer and submitted their Shares at any time during the period between the date of opening of the Competitive Bid and the date of closure of the Competitive Bid to the extent that their Shares have been verified and accepted by the Acquirer. Any such upward revision will be announced in the same newspapers where this Public Announcement appears.

9.4 As this is a competitive bid :

(i) The Offer under all the subsisting bids shall close on the same date.

(ii) The Original Bidders would have the option to make an announcement revising the offer within fourteen (14) days of this announcement.

(iii) As the Competitive Bid Price cannot be revised during the seven working days prior to the closing date of the Competitive Bids, it would, therefore, be in the interest of shareholders to wait until the commencement of that period to know the final offer price of each bid and tender their acceptances accordingly.

9.5 The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities Exchange Board of India Act, 1992.

9.6 Pursuant to Regulation 13 of the SEBI (SAST) Regulations, ICICI Securities Limited has been appointed as the Manager to the Competitive Bid/ Offer.

9.7 The Acquirers and the directors/ trustees of the Acquirers, accept full responsibility for the information contained in this Public Announcement. The Acquirers and the directors/ trustees of the Acquirers are jointly and severally responsible for fulfilment of their obligations under the SEBI (SAST) Regulations, as amended.

9.8 Please note that some financial data contained in this public announcement has been rounded off to the nearest million or crore or lakh (as the case may be), except where stated otherwise.

9.9 For further details please refer to the Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

9.10 Shareholders can also download a copy of this public announcement, a copy of the Letter of Offer, the Form of Acceptance-cum-Acknowledgement which will be available on SEBI's website www.sebi.gov.in from the Competitive Bid opening date, i.e. April 4, 2009 and send in their acceptance by filing the same.

Issued on behalf of the Acquirers by
Manager to the Competitive Bid

ICICI Securities

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Date : February 24, 2009