

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS OF LLOYDS STEEL INDUSTRIES LIMITED

Registered Office: Modern Centre, B Wing, 2nd Floor, Sane Guruji Marg, Mahalaxmi, Mumbai- 400 011.

CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM PUBLIC SHAREHOLDERS OF LLOYDS STEEL INDUSTRIES LIMITED ("Target Company"/"LSIL")

This Public Announcement ("PA") is being issued by Centrum Capital Limited ("Manager to the Offer", for and on behalf of the Acquirer, Shree Global TradeFin Limited ("SGTL") and Person Acting in Concert (PAC), Trump Investments Limited ("TIL") to the Public Equity Shareholders (as defined in para 1(I) below) of the Target Company in compliance with Regulations 10 & 11(1) and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "SEBI (SAST) Regulations").

I. BACKGROUND TO THE OFFER

- Shree Global TradeFin Limited is the Acquirer in terms of Regulation 2(1) (b) and Trump Investments Limited is the PAC in terms of Regulation 2(1) (e) of SEBI (SAST) Regulations in the present Offer. The Acquirer and the PAC form part of the Promoter group of the Target Company.
- The Committee of Directors of the Target Company in its meeting to be held on October 29, 2010 will consider the proposal to convert 16,85,00,000 warrants ("Warrants") issued and allotted to the Acquirer and the PAC on February 6, 2010 on a preferential basis into 16,85,00,000 Equity Shares of ₹10/- each of the Target Company in compliance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI (ICDR) Regulations") and subsequent amendments thereto. The issue of Warrants was authorized by the Board of Directors at its meeting held on December 31, 2009 and by the shareholders vide an Extra Ordinary General of the Target Company held on January 25, 2010. Further the Board of Directors in their meeting held on December 31, 2009 have also authorized a Committee of Directors to decide the terms of allotment of Warrants and to allot/ issue Warrants and Equity Shares on exercise of option and to do all acts, deeds, things as may be necessary or incidental thereto. The Warrants were issued at a price of ₹ 10/- per Warrant and are convertible into equivalent number of fully paid Equity Shares of ₹ 10/- each, which was higher than the price of ₹ 9.36/- calculated in accordance with Chapter VII of the SEBI (ICDR) Regulations. The Warrants are convertible at the option of the holder at any time within a period of 18 months from the date of allotment.
- On receipt of in-principle listing approvals from the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (jointly referred to as the "Stock Exchanges") vide their letters no. DCS/ PRE/ SR/ PRE/ 1516/09-10 dated January 18, 2010 and NSE/IST/127598-7 dated January 11, 2010 respectively and pursuant to the receipt of subscription monies from the Acquirer and the PAC in respect of the Warrants, the Committee of Directors of the Target Company allotted 13,80,00,000 Warrants to SGTL and 3,05,00,000 Warrants to TIL on February 06, 2010. The total consideration payable in cash towards the acquisition and conversion of Warrants is ₹ 1,68,50,00,000 (Rupees One Hundred and Sixty Eight Crore and Fifty Lakh Only).
- This mandatory Offer is being made pursuant to Regulations 10 & 11(1) and other applicable provisions of the SEBI (SAST) Regulations, consequent upon the exercise by the Acquirer and the PAC of their option to convert 16,85,00,000 Warrants into equivalent number of Equity Shares, resulting in increase of the equity shareholding and voting rights of the Acquirer and the PAC in the Target Company from 9.08 % (prior to conversion) to 48.23 % (post conversion).
- Pursuant to the conversion, their respective shareholding in the Target Company will be enhanced as stated hereunder:

Sr. No.	Category	Before Conversion		After Conversion	
		No. of Shares	% of Total Capital	No. of Shares	% of Total Capital
1.	SGTL	1,33,45,753	5.99	15,13,45,753	38.67
2.	TIL	69,04,966	3.10	3,74,04,966	9.56
	Total	2,02,50,719	9.09	18,87,50,719	48.23

- The aggregate holdings of the Promoter group will increase from 3,92,51,713 Equity Shares representing 17.61% (Pre Conversion Capital) to 20,77,51,713 Equity Shares representing 53.09% (Post Conversion Capital).

II. THE OFFER

- This Offer is being made by the Acquirer along with the PAC to the Public Equity Shareholders (i.e. Shareholders other than Promoter group) of the Target Company (the "Public Shareholders") to acquire 7,82,67,650 (Seven Crore Eighty Two Lakh Sixty Seven Thousand Six Hundred and Fifty) fully paid up Equity Shares of face value of ₹ 10/- each, constituting 20% of the Emerging Voting Capital (as defined in paragraph 2 below) of the Target Company from the Public Shareholders (the "Offer Shares"), at a price of ₹ 13.95/- (Rupees Thirteen and paisa ninety five only) per fully paid up Equity Share (the "Offer Price") aggregating ₹ 1,09,18,33,718/- (Rupees One Hundred Nine Crore Eighteen Lakh Thirty Three Thousand Seven Hundred and Eighteen only) (the "Offer Size"), payable in cash in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions mentioned hereinafter and the conditions that will be set out in the Letter of Offer to be subsequently mailed to all Public Shareholders as on the Specified Date (as defined in paragraph X(1) below) (the "Offer").
- Save as excepted above, and upon conversion of the Warrants held by the Acquirer and the PAC, as of the date of this PA, the Target Company has no outstanding warrants/convertibles/options which, when converted would result in an increase in the Equity Shares of the Target Company up to 15 days post the expected closure of the Offer. As of date, there are no partly paid up shares in the Target Company. The Voting Capital in the Target Company, as of the date of this PA, is 22,28,38,241 Equity Shares ("Voting Capital") and the voting capital post full conversion of Warrants will be 39,13,38,241 Equity Shares ("Emerging Voting Capital") which has been calculated as under:

Particulars	Issued & Subscribed shares	Paid - up Shares	Voting Rights	% of Outstanding paid-up shares	% of Voting Rights
Fully paid up equity capital	22,55,52,692	22,28,38,241	22,28,38,241	100%	100%
Partly paid up equity capital	Nil	Nil	Nil	Nil	Nil
Total	22,55,52,692	22,28,38,241	22,28,38,241	100%	100%
Emerging Voting Capital					No. of Equity Shares
Fully paid - up equity share capital as on date of the PA (Voting Capital)					22,28,38,241
Add: Equity Shares to be allotted to the Acquirer and PAC pursuant to exercise of option for full conversion of Warrants					16,85,00,000
Emerging Voting Capital					39,13,38,241

- As of the date of this PA, the Target Company has 27,14,451 forfeited Equity Shares pending for reissue. The forfeited Equity Shares have been excluded in calculating 20 % of the Emerging Voting Capital to constitute the Offer within the meaning of Regulation 21(5) of the SEBI (SAST) Regulations.
- Other than 2,02,50,719 Equity Shares representing 9.09% of the Voting Capital of the Target Company, the Acquirer and the PAC do not hold any Equity Share in the Target Company as of the date of this PA.
- The Manager to the Offer does not hold any Equity Share in the Target Company as of the date of this PA. Save in their capacity as Managers to the Offer, they declare and undertake that they shall not deal in the Equity Shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.
- Subject to the receipt of regulatory approvals as set out in paragraph VII herein below, and other terms and conditions as set out in this PA and the Letter of Offer to be sent to the Public Shareholders, the Acquirer will acquire the Equity Shares tendered pursuant to the Offer up to the aggregate number of the Offer Shares.
- The Acquirer will acquire the Equity Shares of the Target Company under the Offer together with all rights attached thereto, which shall not be the subject matter of litigation and shall be free from all liens, charges and encumbrances and lock-in restrictions.
- This Offer is being made to all the Public Shareholders and is not conditional on any minimum level of acceptance by the Public Shareholders. Upon completion of the Offer, assuming full acceptances in the Offer, the Acquirer along with the PAC will hold atleast 26,70,18,369 Equity Shares of the Target Company representing 68.23% of the fully paid up Emerging Voting Capital of the Target Company. The aggregate holdings of the Promoter group will increase to 26,03,93,363 Equity Shares representing 73.09% of the fully paid-up Emerging Voting Capital of the Target Company.
- During the Offer period, the Acquirer and the PAC may, subject to Regulation 21 (2) of the SEBI (SAST) Regulations purchase additional Equity Shares of the Target Company in accordance with the SEBI (SAST) Regulations and in such an event, the same shall be disclosed to the Stock Exchanges and to the Manager to the Offer in accordance with Regulation 22(17) of the SEBI (SAST) Regulations.
- This is not a competitive bid.
- Neither the Acquirer nor the PAC have entered into any formal agreement with respect to the acquisition of Equity Shares through this Offer and are acting together under an informal understanding.
- There is no agreement between the Acquirer, the PAC and any other person, in connection with this Offer. The entire Equity Shares proposed to be acquired under the Offer will be acquired by the Acquirer and no other person or entity proposes to participate in the acquisition. Due to the operation of Regulation 21(e)(2) of the SEBI (SAST) Regulations, there could be persons who could be deemed to be acting in concert with the Acquirer. However, such persons are not persons acting in concert for the purposes of this Offer.
- This PA is being released, as per Regulation 15(1) of the SEBI (SAST) Regulations, in The Financial Express, English national daily - all editions; Jansatta, Hindi national daily - all editions; Nav Shakti, regional language daily - Mumbai edition since the registered office of the Target Company is situated in Mumbai, Maharashtra also being the region of the Stock Exchanges where the shares of the Target Company are most frequently traded.

III. OFFER PRICE

- The annualized trading turnover in the Equity Shares of the Target Company during the six calendar months preceding the month in which the PA is made (April, 2010 - September, 2010) on the Stock Exchanges, is detailed below:

Name of Stock Exchange	Total no. of Equity Shares traded during the 6 calendar months prior to the month in which the PA was made	Total no. of listed Equity Shares	Annualized trading turnover (in terms of % of total listed Equity Shares)
BSE	5,33,38,183	22,31,35,701	47.81%
NSE	5,79,34,371	22,31,35,701	51.93%

(Source: www.bseindia.com and www.nseindia.com)

- Based on the above information, the Equity Shares of the Target Company are frequently traded on the Stock Exchanges within the meaning of Regulation 20(1) of SEBI (SAST) Regulations as the annualized trading turnover is more than 5% (by number of shares) of the total number of listed shares.
- The Offer Price of ₹ 13.95/- (Rupees Thirteen and paisa ninety five only) per fully paid up Equity Share of the Target Company is justified and computed in terms of Regulation 20(4) of the SEBI (SAST) Regulations and is not lower than the highest of the following:

(i)	Negotiated Price	Not Applicable
(ii)	Highest price paid by the Acquirers / PACs for acquisition of equity shares of the Target Company, including by way of allotment in a public or rights or preferential issue, during the 26 weeks period preceding the date of the PA.	₹ 10.00
(iii)	The average of the weekly high and low of the closing prices of the equity shares of the Target Company 26 weeks preceding the date of the PA, on NSE where the shares of the Target Company are most frequently traded.	₹ 13.92
(iv)	The average of the daily high and low prices of the equity shares of the Target Company, on NSE where the shares of the Target Company are most frequently traded, during the 2 weeks preceding the date of the PA.	₹ 12.69

For calculating the Offer Price in terms of regulation 20(4)(c) of SEBI (SAST) Regulations, the price volume data of the stock exchange where the shares of the Target Company are most frequently traded during the period has been considered. The above working is certified by M/s M. V. Krishnamoorthy (Membership No. 5859, having his office at 15, Srivali, Rifle Range, Ghatkopar (W)) vide their certificate dated October 23, 2010.

- In the opinion of the Manager to the Offer, the Offer Price of ₹ 13.95/- per Equity Share offered by the Acquirer to the Public Shareholders of the Target Company under the proposed Offer is justified in terms of Regulation 20 (4) of SEBI (SAST) Regulations. If the Acquirer acquires Equity Shares of the Target Company after the date of the PA and up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid applications received under the Offer.

IV. INFORMATION ON THE ACQUIRER AND THE PAC

- Shree Global TradeFin Limited ("SGTL")**
 - SGTL (CIN L27100MH1986PLC041252) is a public company incorporated on October 15, 1986, in Mumbai, Maharashtra, under the Companies Act, 1956 under the name and style of "Bensons Steels Limited." It received its certificate for commencement of business on November 10, 1986. Its name was changed to "Shree Global TradeFin Limited" and fresh certificate of name change was issued by the Registrar of Companies, Maharashtra on October 24, 1996. The registered office of SGTL is 35 Ashok Chambers, Broach Street, Devji Ratansjee Marg, Masjid Bunder, Mumbai 400 009, Tel No: (022) - 23480526.
 - SGTL is presently engaged in the business of trading in steel products and dealing in shares, stock, debentures and other securities.
 - The promoters of SGTL are Teamwork Stocktin Ltd. and Blossom Stocktin Ltd.
 - As on date, the authorized share capital of SGTL is ₹ 7,50,00,00,000 consisting of 30,00,00,000 equity shares of ₹ 5/- each and 6,00,00,000 redeemable preference shares of ₹ 100 each. The issued, subscribed and paid up capital of SGTL as on September 30, 2010 is ₹ 6,42,85,30,000 comprising of 20,58,10,000 fully paid up equity shares of face value ₹ 5/- each and 5,39,94,800 non-cumulative preference shares of face value ₹ 100/- each.
 - The shareholding pattern of SGTL as on September 30, 2010 is as follows:

Category of Shareholder	No. of Shares	% of Holding
A. Promoter & Promoter Group	15,40,91,800	74.87
B. Others	5,17,18,200	25.13
Total	20,58,10,000	100.00

- The board of SGTL comprises of four directors namely Mr. Sanath Joshi, Mr. N.K. Mohan, Mr. V. Vasudevan and Mr. R.A. Deshpande.
- As of the date of this PA, SGTL has no holding company and only one wholly owned subsidiary company, Pragma Realty Developers Pvt. Ltd. having its registered office at 208, Ashwinwad CHS, 2nd Floor, Ahmedabad Street, Carnac Bunder, Mumbai-400009.
- The equity shares of SGTL are listed at the BSE. SGTL is complying with the listing requirements of BSE and there are no arrears of listing fee. Total number of shares of SGTL listed on BSE are 20,58,10,000 equity shares. The closing price of equity shares of SGTL on the BSE on October 22, 2010, the immediately preceding trading date from date of PA was ₹ 223.00/-

- The audited financial highlights of SGTL are given below: -

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Total Income	35,365.56	31,118.98	25,978.27
Profit after Tax	123.28	8.16	4.32
Net Worth	21,916.36	21,793.08	21,784.92
No. of Fully paid up Equity Shares	20,58,10,000	20,58,10,000	20,58,10,000
Earnings per share (Basic) (₹)*	0.060	0.004	0.002
Return on Net Worth (%)**	0.56%	0.04%	0.02%
Book Value per equity share (₹)***	10.65	10.59	10.58

(Source: Annual Reports)

*Earning per share calculated as Profit After Tax / Number of outstanding shares as at the end of the year

**Return on Networth calculated as Profit After Tax / Networth as at the end of the year

***Book Value per share computed as the Networth / Number of outstanding shares as at the end of the year

As per the un-audited statements for the quarter ended June 30, 2010 filed with BSE, the total income of the SGTL was ₹ 11,764.72 Lakh with a net profit of ₹ 49.90 Lakh.

1.10 Post conversion of warrants SGTL will hold 38.67% Equity Shares in the Target Company.

The PAC

1. Trump Investments Limited ("TIL")

- Trump Investments Limited (CIN: U67120MH1993PLC073593) is a public company incorporated in Mumbai, Maharashtra on August 23, 1993 under the Companies Act, 1956 with the main object of carrying on the business of acquisition and holding and otherwise dealing in shares, stock, debentures and other securities as an investment company. The registered office of TIL is situated at Modern Centre, "B" Wing, 2nd floor, Sane Guruji Marg, Mahalaxmi-400011, Tel. No:022-30418111, Fax No:022-30418260.
- SGTL is a promoter of TIL and holds 39.94 % of the total equity shares.
- The authorized share capital of TIL is ₹ 50,00,00,000 consisting of 5,00,00,000 equity shares of ₹ 10/- each. The issued, subscribed and paid up equity share capital of TIL as on September 30, 2010 is ₹ 49,95,000/- comprising of 4,99,500 fully paid up equity shares of ₹ 10/- each.
- The equity shares of TIL are not listed on any stock exchange. The shareholding pattern of TIL as on September 30, 2010 was as follows:

Name of Shareholder	No. of Shares	% of Holding
Shree Global TradeFin Limited	1,99,494	39.94
Prawas Leasing and Finance Pvt. Ltd.	1,50,000	30.03
ASP Technologies Ltd	1,50,000	30.03
Mukesh R Gupta	1	0.00
Rajesh R Gupta	1	0.00
Babulal Agarwal	1	0.00
Chitralakha R Gupta	1	0.00
Ravi Agarwal	1	0.00
JK Sarda	1	0.00
Total	4,99,500	100.00

- The board of TIL comprises of three directors namely Mr. Dinesh Vishwanath Chathurvedi, Mr.P.R. Ravi Ganeshan and Mr. Riyaz Nisar Shaikh.

- The audited financial highlights of TIL are given below: -

Particulars	March 31, 2010	March 31, 2009	March 31, 2008
Total Income	Nil	Nil	Nil
Profit after Tax	(0.08)	(3.98)	(0.11)
Net Worth	11.38	11.47	15.45
No. of Fully paid up Equity Shares	4,99,500	4,99,500	4,99,500
Earnings per share (Basic) (₹)*	0.00	0.00	0.00
Return on Net Worth (%)**	-	-	-
Book Value per equity share (₹)***	2.28	2.30	3.09

(Source: Annual Reports)

*Earning per share calculated as Profit After Tax / Number of outstanding shares as at the end of the year.

**Return on Networth calculated as Profit After Tax / Networth as at the end of the year.

***Book Value per share computed as the Networth / Number of outstanding shares as at the end of the year.

- Post conversion of Warrants, TIL will hold 9.56% Equity Shares in the Target Company which would entitle TIL to more than 5% of the voting rights of the Target Company, and will be obliged to make disclosures under the SEBI (SAST) Regulations to the Target Company and the Stock Exchanges.

- TIL is a PAC in terms of Regulation 2(1) (e) of the SEBI (SAST) Regulations. However TIL is neither financing the Offer nor acquiring any Equity Shares or voting rights through the Offer.

General Information

- During the 12 month period preceding this PA, neither the Acquirer nor the PAC has acquired any Equity Shares of the Target Company, except the right to acquire Equity Shares on conversion of Warrants.
- As on the date of this PA, neither the Acquirer nor the PAC have any common directors on the Board of the Target Company and none of the Directors of the Acquirer/PAC have acquired any shares of the Target Company in the 12 months period preceding the date of this PA except the following:

Details of Shares purchased and sold by Mr. N.K. Mohan, Director of SGTL:

Date	Type of Transaction	No. of Shares	Price (₹)
27.11.09	Purchase	1000	8.15
01.12.09	Sale	500	9.51
16.02.10	Sale	300	11.05
05.03.10	Sale	200	13.35
23.08.10	Purchase	1000	13.20
15.09.10	Sale	1000	12.77

- There is no pending litigation against the Acquirer/ the PAC or their promoters / directors
- The Acquirer and the PAC have no overdue liabilities to Banks/ FIs/ Deposit holders.
- The Acquirer/ the PAC/ their promoters/directors and the Target Company, its Promoters/Directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act, 1992 ("SEBI Act") or under any other regulations under the SEBI Act and no action has been taken by SEBI against them thereunder.
- No action has been taken by SEBI or BSE against the Acquirer or against ventures promoted by the Acquirer or the PAC.
- Equity Shares of the Target Company to be acquired pursuant to Warrant conversion are subject to mandatory lock-in, in compliance with Regulation 78(1) of SEBI (ICDR) Regulations.

V. INFORMATION ABOUT THE TARGET COMPANY

- The Target Company was promoted by Late Shi R. N. Gupta. It was originally incorporated as a private company under the Companies Act, 1956 in Mumbai, Maharashtra on April 27, 1970 under the name and style of Gupta Tubes and Pipes Private Limited. On September 10, 1985, it changed its name to Lloyds Steel Industries Private Limited. It was converted to a public company by resolution dated April 28, 1986, and its name was changed to **Lloyds Steel Industries Limited** with effect from June 3, 1986. The Corporate Identity Number of the Company is L27100MH1970PLC014621. The Registered Office of LSIL is situated at Modern Centre, B Wing, 2nd Floor, Sane Guruji Marg, Mahalaxmi, Mumbai- 400 011.
- The Equity Shares of the Target Company are listed on BSE and NSE.
- The Target Company has been declared a sick company in terms of section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 and Regulation 19 of the Board of Industrial and Financial Reconstruction Regulations 1987. The Target Company is in the process of rehabilitation and has submitted a Draft Scheme to the Board of Industrial and Financial Reconstruction.
- As on the date of this PA, the shareholding of Promoter & Promoter Group of the Target Company is 17.61% comprising of 3,92,51,713 fully paid up Equity Shares
- The Target Company is engaged in the business of manufacturing steel/capital equipments and execution of turnkey projects. It has an engineering plant at Mumbai, Thane and a steel manufacturing plant at Wardha, Maharashtra. As on the date of this PA, the authorized share capital of the Target Company is ₹ 7,50,00,00,000/- divided into 50,00,00,000 Equity Shares of ₹ 10/- each and 25,00,00,000 non-cumulative redeemable preference shares of ₹ 100/- each. The issued and subscribed Equity Share Capital is ₹ 2,25,55,26,920 comprising of 22,55,52,692 Equity Shares of ₹ 10/- each. The paid-up Equity Share capital of the Target Company is ₹ 2,24,16,16,369/- comprising of 22,28,38,241 fully paid up Equity Shares of ₹ 10/- each. As on the date of this PA, the Target Company has 27,14,451 forfeited Equity Shares pending for reissue. The paid up preference share capital of the Target Company is ₹ 2,36,27,54,200 comprising of 23,62,75,420 redeemable preference shares of ₹ 10/- each fully paid up.
- Except for the (i) 16,85,00,000 convertible Warrants allotted to the Acquirer and the PAC and (ii) conversion of loan of ₹ 50,00,00,000 of Asset Reconstruction Company of India Limited into equity shares on September 15, 2011 at a mutually agreed price which would not be more than the price determined in accordance with SEBI (ICDR) Regulations, there are no outstanding instruments of whatsoever nature convertible into Equity Shares on any later date. As of date, there are no partly paid up shares in the Target Company.
- The audited financial highlights of the Target Company are given below: -

Particulars	As on March 31, 2010	As on March 31, 2009	As on March 31, 2008
Total Income	2,90,319.15	2,61,193.63	2,24,575.01
Profit after Tax	(7,751.68)	(16,512.13)	(4,853.27)
Net Worth	(32,949.63)	(42,178.50)	(40,976.58)
No. of Fully paid up Equity Shares	22,51,06,371	21,21,06,371	19,21,06,371
Earnings per share (Basic) (₹)	(3.65)	(8.33)	(2.44)
(Face Value ₹10)			
Book Value per equity share (₹)	-	-	-

(Source: Annual Reports)

*Earning per share calculated as Profit After Tax / Number of outstanding shares as at the end of the year

**Return on Networth calculated as Profit After Tax / Networth as at the end of the year

***Book Value per share computed as the Networth / Number of outstanding shares as at the end of the year

As per the un-audited statements for the period ended June 30, 2010 filed with BSE, the total income of the Target Company was ₹ 58,432.11 Lakh with a net loss of ₹ 7,775.64 Lakh.

- As on the date of this PA, the Target Company has seven Directors namely Mr. Mukesh Gupta, Mr. Rajesh Gupta, Mr. B.L. Agarwal, Mr. K.A. Krishna Rao, Mr. B. Ravindranath, Mr. R. Parthasarathy and Mr. S.K Gupta
- As on the date of this PA, the Target Company has no holding or subsidiary company.

REASON FOR ACQUISITION, OFFER AND FUTURE PLANS ABOUT TARGET COMPANY

- This Offer is being made pursuant to Regulation 10 & 11(1) of the SEBI (SAST) Regulations and other provisions of Chapter III of the SEBI (SAST) Regulations.
- The Acquirer and the PAC had invested in the Target Company by subscription to the Warrants convertible into Equity Shares through preferential allotment under section 81(A) of the Companies Act, 1956 according to and subject to the SEBI (ICDR) Regulations to fund the working capital requirements and for modernization/ debottlenecking of the steel plant of the Target Company at Wardha. Pursuant to the conversion of Warrants into Equity Shares, the shareholding of the Acquirer and the PAC and the aggregate holding of the Promoter group will cross the threshold limit under Regulation 10 & 11(1) of the SEBI (SAST) Regulations. This will result in substantial acquisition of shares or voting rights resulting in consolidation of holdings of the Promoter and Promoter Group without change in control or management of the Target Company.
- As of the date of this PA, the Acquirer and the PAC have not finalized any specific future plan for the Target Company and do not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. The Target Company's future policy of disposal of its existing assets, if any, will be decided by its Board of Directors and where required under Statute, with the prior approval of the shareholders of the Target Company.
- Statutory And Other Approvals**
 - Non-resident shareholders who wish to tender their shares in this Offer will be required to submit all the previous RBI approvals (final/specific) that they would have obtained for acquiring the Equity Shares of the Target Company. In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject the Equity Shares tendered in the Offer.
 - The Offer is subject to approval from RBI under Foreign Exchange Management Act, 1999 ("FEMA") for acquisition of shares from non-resident shareholders under the Offer. The Acquirers will make applications for the requisite approval(s) from the RBI, if any, at the appropriate time.
 - To the knowledge of the Acquirer and the PAC, no other statutory/ regulatory approval is required for the purpose of this Offer. If any statutory approvals become applicable at a later date, the Offer would be subject to such approvals. The Acquirer and the PAC, in terms of Regulation 27 of the SEBI (SAST) Regulations, will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused.
 - To the knowledge of the Acquirer and the PAC, no approval from any Bank/ Financial Institutions is required for the purpose of this Offer.
 - Subject to receipt of such statutory approval, the Acquirer shall complete the procedure relating to the Offer including payment of consideration within a period of 15 days from the Offer Closing Date to those Public Shareholders whose share certificates and / or other documents are found valid and in order and are approved for acquisition by the Acquirer. In case of delay due to non-receipt of requisite statutory approval, if any, SEBI may, if satisfied that non-receipt of any such approvals was not due to any willful default or neglect of the Acquirer/ PAC or the failure of the Acquirer/ PAC to diligently pursue the application for such approval, grant extension of time for the payment of consideration, subject to the Acquirer agreeing to pay interest to the Public Shareholders for delay beyond 30 days as directed by SEBI under Regulation 22(12). If the offer occurs due to willful default of the Acquirer/ PAC in obtaining the requisite approval, Regulation 22(13) will become applicable.

VIII. COMPLIANCE WITH REGULATION 21(2) OF THE SEBI (SAST) REGULATIONS

- As per Clause 40 A of the Listing Agreement with the Stock Exchanges (the "Listing Agreement") and the notifications of Central Government dated June 04, 2010 and August 09, 2010. The Target Company is required to maintain at least 25% public shareholding on a continuous basis.
- As the Public Shareholding will not reduce to a level below the limit specified in the Listing Agreement as a consequence of the Offer, assuming full acceptance, the provisions of Regulation 21(2) of SEBI (SAST) Regulations do not apply.
- FINANCIAL ARRANGEMENT**
 - The total financial resources required under the Offer, assuming full acceptance, by the Public Shareholders of the Target Company, will be ₹ 1,09,18,33,718/- (Rupees One Hundred Nine Crore Eighteen Lakh Thirty Three Thousand Seven Hundred and Eighteen only) (the "Maximum Consideration").
 - The Acquirer has adequate and firm financial resources to meet the financial requirements of the Offer in terms of the SEBI (SAST) Regulations and has made firm financial arrangements to meet its obligations in full under the Offer. For this purpose the Acquirer intends to utilize its internal accruals and current assets.
 - As security for performance of the Acquirer's obligations under the SEBI (SAST) Regulations, an unconditional, irrevocable and on demand bank guarantee dated October 23, 2010 ("Bank Guarantee") has been issued by Kotak Mahindra Bank Limited, 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai - 400 02