DRAFT RED HERRING PROSPECTUS
Dated May 18, 2012
Please read Section 60B of the Companies Act, 1956
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Book Built Offer

RASHTRIYA ISPAT NIGAM LIMITED

Our Company was incorporated on February 18, 1982 in Visakhapatnam as a private limited company with the name of 'Rashtriya Ispat Nigam Limited', under the Companies Act, 1956, as amended ("**Companies Act**") with the Registrar of Companies, Andhra Pradesh ("**RoC**"). Subsequently, pursuant to the approval of the Ministry of Steel (letter no. 5(5)/2010-VSP) dated December 21, 2011 and the resolution passed by the shareholders at the extraordinary general meeting dated April 21, 2012 our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on May 10, 2012. For further details in relation to the corporate history of our Company and for details of changes in the registered office of our Company, see the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.

Registered and Corporate Office: Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam 530 031, Andhra Pradesh, India; **Telephone**: + 91 891 275 9482; **Facsimile**: +91 891 251 8249
Contact Person: Mr. P. Mohan Rao, Company Secretary and Compliance Officer; **Telephone**: + 91 891 251 8015; **Facsimile**: +91 891 251 8249; **Email**: csipo@vizagsteel.com; **Website**: www.vizagsteel.com

PROMOTER OF OUR COMPANY: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF STEEL, GOVERNMENT OF INDIA

PUBLIC OFFER OF 488,984,620 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF RASHTRIYA ISPAT NIGAM LIMITED ("RINL" OR "OUR COMPANY") THROUGH AN OFFER FOR SALE BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF STEEL, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER") FOR CASH AT A PRICE OF ₹ [●]* PER EQUITY SHARE AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES A NET OFFER TO PUBLIC OF 440,086,158 EQUITY SHARES (THE "NET OFFER") AND A RESERVATION OF 48,898,462 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER SHALL CONSTITUTE 10% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY AND THE NET OFFER SHALL CONSTITUE 9% OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE SELLING SHAREHOLDER AND OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS") AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE OFFER OPENING DATE.

**A discount up to5% (equivalent to ₹[●]) on the Offer Price is being offered to Retail Bidders ("Retail Discount") and to Eligible Employees (the "Employee Discount"). Eligible Employees and Retail Bidders should note that the benefit of the Retail Discount and Employee Discount can be availed at the time of submitting the Bid.*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

In case of any revision in the Price Band, the Offer Period shall be extended for a minimum three additional Working Days after such revision of the Price Band, subject to the total Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Offer Period, if applicable, shall be widely disseminated by notification to the BSE Limited (the "**BSE**") and the National Stock Exchange of India Limited (the "**NSE**"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to Self Certified Syndicate Banks ("**SCSBs**").

This Offer being made is in terms with Rule 19 (2) (c) of the Securities Contract (Regulation) Rules, 1957, as amended, and pursuant to Regulation 26(1) of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, (the "**ICDR Regulations**"), through the Book Building Process, wherein not more than 50% of the Net Offer will be Allotted on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"). Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. In the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIBs (including Mutual Funds) subject to valid Bids being received from them at or above the Offer Price. In addition not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further 48,898,462 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees (as defined hereafter), subject to valid Bids being received from them at or above the Offer Price. Any Bidder may participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing the details of the bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs and Non-Institutional Bidders are mandatorily required to utilize the ASBA process to participate in this Offer. Specific attention of investors is invited to the section titled "***Offer Procedure***" on page 337 of this Draft Red Herring Prospectus.

RISK IN RELATION TO FIRST OFFER

This being the first public offer of the Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Offer Price (as determined by the Selling Shareholder and our Company, in consultation with Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section titled "***Basis for Offer Price***" on page 71 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the section titled 'Risk Factors' carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "***Risk Factors***" on page 14 of this Draft Red Herring Prospectus.

COMPANY'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Each of our Company and the Selling Shareholder, having made all reasonable inquiries, accept responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to our Company, the Selling Shareholder and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.

IPO GRADING

This Offer has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●], through its letter dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For details regarding the grading of the Offer, see the section titled "***General Information***" on page 50 of this Draft Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, the BSE Limited shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
UBS SECURITIES INDIA PRIVATE LIMITED 2/F, 2 North Avenue, Maker Maxity Bandra-Kurla Complex, Bandra East Mumbai - 400 051, Maharashtra, India Telephone: +91 22 6155 6000 Facsimile: +91 22 6155 6300 Email: OL-ProjectMani@ubs.com Investor Grievance Email: customercare@ubs.com Contact Person: Mr. Ankur Aggarwal Website: www.ubs.com/indianoffers SEBI registration number: INM000010809	**DEUTSCHE EQUITIES (INDIA) PRIVATE LIMITED** DB House, Hazarimal Somani Marg, Fort, Mumbai 400 001, Maharashtra, India Telephone: +91 22 7158 4600 Facsimile : +91 22 2200 6765 Email: rinl.ipo@db.com Website: www.db.com/India Investor Grievance Email: db.redressal@db.com Contact Person: Mr. Vivek Pabari SEBI Registration Number: INM000010833	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot No. 17 to 24, Vittal Rao Nagar Madhapur, Hyderabad 500 081, Andhra Pradesh, India Telephone: +91 40 4465 5000 Facsimile: +91 40 2343 1551 Email: murali@karvy.com Website: http://karisma.karvy.com Contact Person: Mr. M. Muralikrishna SEBI Registration Number: INR000000221

OFFER PROGRAMME

FOR ALL BIDDERS	**OFFER OPENS ON [●]**
FOR QIBs	**OFFER CLOSES ON [●]**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)	**OFFER CLOSES ON [●]**

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the following meanings in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Unless the context otherwise indicates, all references in this Draft Red Herring Prospectus to "our Company" or to "Rashtriya Ispat Nigam" or to "Vizag Steel" or to "RINL" or to "Visakhapatnam Steel Plant" or to "VSP" are to Rashtriya Ispat Nigam Limited, a public limited company incorporated under the Companies Act, with its Registered and Corporate Office at Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam - 530 031, Andhra Pradesh, India. All references in this Draft Red Herring Prospectus to "we" or "us" or "our" are to our Company and our Subsidiaries, on a consolidated basis.

Company Related Terms

Term	Description
Articles/Articles of Association	The articles of association of our Company, as amended.
Audit Committee	The audit committee constituted by our Board of Directors on July 26, 2006 and further reconstituted on October 15, 2010 and May 16, 2012.
Auditor	The statutory auditor of our Company, M/s B.V. RAO & Co., Chartered Accountants.
Board of Directors/Board	The board of directors of our Company or any committee thereof, as constituted from time to time.
Director(s)	The director(s) on the Board of our Company.
EIL	Eastern Investments Limited.
Equity Shares	The equity shares of our Company of face value ₹ 10 each.
ICVL	International Coal Ventures Private Limited.
IPO Committee	The IPO committee constituted by our Board of Directors on May 16, 2012.
Joint Venture Companies/JVC(s)	The joint ventures of our Company as referred to in the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.
Key Management Personnel	The personnel listed as Key Management Personnel in the section titled "***Our Management***" on page 136 of this Draft Red Herring Prospectus.
Memorandum/Memorandum of Association	The memorandum of association of our Company, as amended.
OMDC	Orissa Minerals Development Company Limited.
Promoter	The President of India, acting through the Ministry of Steel, GoI.
Redeemable Preference Shares	7% non-cumulative redeemable preference shares of ₹ 10 each.
Registered Office and Corporate Office	Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam - 530 031, Andhra Pradesh, India.
Remuneration Committee	The remuneration committee constituted by our Board of Directors on October 15, 2010.
RMFA	RINMOIL Ferro Alloys Private Limited.
RoC/Registrar of Companies	Registrar of Companies, Andhra Pradesh, situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500195, Andhra Pradesh, India.
Selling Shareholder	The President of India, acting through the Ministry of Steel, GoI.
Shareholders'/Investors' Grievance Committee	The shareholders'/investors' grievance committee constituted by our Board of Directors on May 16, 2012.
Subsidiaries	The direct and indirect subsidiaries of our Company i.e. Eastern Investments Limited, Orissa Minerals Development Company Limited, Bisra Stone Lime Company Limited and Uttarbanga RINL Rail Karkhana Limited.
URRKL	Uttarbanga RINL Rail Karkhana Limited.

Offer Related Terms and Abbreviations

Term	Description
Allot/Allotment/Allotted	The transfer of Equity Shares pursuant to this Offer to successful Bidders.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder to make a Bid authorizing an SCSB to block the Bid Amount in its specified bank account maintained with such SCSB. QIBs and Non-Institutional Bidders are mandatorily required to utilize the ASBA process to participate in this Offer.
ASBA Account	An account maintained by an ASBA Bidder with the SCSB and specified in the Bid-cum-Application Form for blocking the amount mentioned in the Bid-cum-Application Form.
ASBA Bidder	Prospective investors in this Offer who intend to Bid/apply through the ASBA process.
Banker(s) to the Offer/Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to an issue and with whom escrow account has been opened, in this case being [●].
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in the section titled "***Offer Procedure***" on page 337 of this Draft Red Herring Prospectus.
Bid	An indication to make an offer during the Offer Period by a Bidder pursuant to submission of Bid-cum-Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder upon submission of the Bid. For Eligible Employees Bidding in the Employee Reservation Portion and Retail Bidders, the Bid shall be net of the Retail Discount and Employee Discount, as applicable.
Bid-cum-Application Form	The form in terms of which the Bidder (including ASBA Bidder) shall make an offer to subscribe to the Equity Shares and which will be considered as the application for Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including an ASBA Bidder.
Bidding	The process of making a Bid.
Bidding Centres	A centre for acceptance of the Bid-cum-Application Form.
Bid Price	The prices indicated against each optional Bid in the Bid-cum-Application Form.
Book Building Process	The book building process as described in Part A Schedule XI of the ICDR Regulations and in terms of which this Offer is made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to this Offer, in this case being, UBS Securities India Private Limited and Deutsche Equities (India) Private Limited.
Cap Price	The higher end of the Price Band, in this case being ₹ [●], and any revisions thereof, above which the Offer Price will not be finalized and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band determined by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers, at which only the Retail Individual Bidders and Eligible Employees are entitled to Bid.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depositories	NSDL and CDSL.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the Bid-cum-Application Form from ASBA Bidders and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1329905803160.html or at such other

Term	Description
	website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue instructions for transfer of funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Offer Account or the Refund Account after the Prospectus is filed with the RoC, following which the Selling Shareholder shall give delivery instructions for the transfer of the Equity Shares constituting the Offer.
Designated Stock Exchange	BSE Limited.
DEIPL	Deutsche Equities (India) Private Limited.
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus filed with SEBI and issued in accordance with the ICDR Regulations.
Eligible Employees	A permanent and full-time employee of our Company or a Director of our Company (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid-cum-Application Form and who continue to be in the employment of our Company until submission of the Bid-cum-Application Form. The Directors, Key Management Personnel and other Company employees involved in the price fixation process cannot participate in the Offer (as per Model Conduct, Discipline and Appeal Rules of CPSEs and Office memorandum of DPE dated June 16, 2009 and July 28, 2009) and will not constitute eligible employees for the purposes of this Offer. An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid-cum-Application Form will also be deemed a 'permanent employee' of our Company.
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby.
Employee Discount	A Discount upto 5% on the Offer Price shall be offered to Eligible Employees. The difference of ₹ [●] between the Offer Price and differential lower price at which our Company and the Selling Shareholder may decide to Allot Equity Shares to Eligible Employees bidding in the Employee Reservation Portion. The Rupee amount of the Employee Discount will be published by our Company at least two Working Days prior to the Offer Opening Date, in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and a widely circulated edition of Telugu newspaper.
Employee Reservation Portion	The portion of the Offer being 48,898,462 Equity Shares available for allocation to Eligible Employees on a proportionate basis.
Escrow Account	An account opened with Escrow Collection Bank(s) for the Offer and in whose favor the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting the Bid.
Escrow Agreement	An agreement to be entered among our Company, the Selling Shareholder, the Registrar to the Offer, the Escrow Collection Bank(s), the Refund Bank(s), the Book Running Lead Managers and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or the Revision Form.
Floor Price	The lower end of the Price Band below which no Bids will be accepted, in this case being ₹ [●], subject to any revisions thereof.
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
IPO Grading Agency	[●].
Listing Agreement	Equity listing agreements to be entered into by our Company with the Stock Exchanges.
Mutual Funds	Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion available for allocation to Mutual Funds only, on a proportionate

Term	Description
	basis.
Net Offer	The Offer less the Employee Reservation Portion.
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals who are not Qualified Institutional Buyers, Retail Individual Bidders or Eligible Employees Bidding under Employee Reservation Portion) who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of this Offer being not less than 15% of the Net Offer consisting of 66,012,924 Equity Shares, available for allocation to Non-Institutional Bidders.
Non Resident or NR	A person resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
Non-Resident Indian/NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000.
Offer/Offer for Sale	Public offer of 488,984,620 Equity Shares through an offer for sale by the Selling Shareholder for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million, consisting of the Net Offer and the Employee Reservation Portion.
Offer Closing Date	The date after which the Syndicate and the SCSBs will not accept any Bids, which shall be notified in English national daily newspaper, a Hindi national daily newspaper and a Telugu daily newspaper, each with wide circulation and in case of any revision, the extended Offer Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the ICDR Regulations. In case of QIBs, the Bidding may close one day prior to the Offer Closing Date.
Offer Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids, which shall be the date notified in English national daily newspaper, a Hindi national daily newspaper and a Telugu daily newspaper, each with wide circulation and in case of any revision, the extended Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the ICDR Regulations.
Offer Period	The period between the Offer Opening Date and the Offer Closing Date (inclusive of both days) and during which Bidders can submit their Bids, inclusive of any revision thereof.
Offer Price	The final price (net of Retail Discount and Employee Discount as applicable) at which Allotment will be made, as determined by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers.
Price Band	The price band between the Floor Price and Cap Price, including any revisions thereof. The price band will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and advertised in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and a widely circulated edition of Telugu newspaper at least two Working Days prior to the Offer Opening Date.
Pricing Date	The date on which the Offer Price is finalized by the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers.
Prospectus	The prospectus, to be filed with the RoC pursuant to Section 60 of the Companies Act after the Pricing Date, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process and certain other information.
Public Offer Account	The bank account opened under Section 73 of the Companies Act with the Banker to the Offer to receive money from the Escrow Accounts on the Designated Date and where the funds transferred by the SCSBs from the ASBA Accounts shall be received.
Qualified Foreign Investor(s) or QFIs	Qualified Foreign Investor means a person resident in a country, which is compliant with Financial Action Task Force standards and is a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding. However, a QFI cannot be a resident in India or a SEBI registered FII or a Sub-account or FVCI. The expressions 'person' and 'resident in India' shall have the meaning as ascribed in the IT Act.

Term	Description
	QFIs are not permitted to invest in this Offer.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs (subject to appropriate approvals received by the FVCI from the appropriate regulatory authorities), multilateral and bilateral financial institutions, Mutual Funds, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹ 250 million, the NIF and insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the department of posts, India, eligible for bidding in this Offer.
QIB Portion	The portion of the Offer, being not more than 50% of the Net Offer or 220,043,079 Equity Shares, available for allocation to QIBs on a proportionate basis.
RHP or Red Herring Prospectus	The red herring prospectus to be issued in accordance with Sections 56, 60 and 60B of the Companies Act and the ICDR Regulations which will not have complete particulars of the price at which the Equity Shares are offered. The Red Herring Prospectus will be filed with the RoC at least three days before the Offer Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Refund Account(s)	The account opened with the Refund Bank(s), from which a refund of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank(s)	[●].
Registrar/Registrar to the Offer	Karvy Computershare Private Limited.
Retail Discount	A Discount upto 5% on the Offer Price shall be offered to Retail Individual Bidders. The difference of ₹ [●] between the Offer Price and differential lower price at which our Company and the Selling Shareholder may decide to Allot Equity Shares to Retail Individual Bidders. The Rupee amount of the Retail Discount will be published by our Company at least two Working Days prior to the Offer Opening Date, in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and a widely circulated edition of Telugu newspaper. The Retail Discount is being offered to Retail Individual Bidders Bidding in the Retail Portion at the time of making a Bid.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their karta and Eligible NRIs), excluding Eligible Employees, who have Bid for Equity Shares of an amount less than or equal to ₹ 200,000 in any of the Bid options in the Offer. The Retail Discount is being offered to Retail Individual Bidders Bidding in the Retail Portion at the time of making a Bid.
Retail Portion	The portion of this Offer being not less than 35% of the Net Offer or 154,030,155 Equity Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis.
Revision Form	The form used by the Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
SCSBs or Self Certified Syndicate Banks	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, including blocking of funds in bank accounts, are recognised as such by the SEBI and a list of whom is available at http://www.sebi.gov.in.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
Stock Exchanges	The BSE and the NSE.
Syndicate	The Book Running Lead Managers and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among our Company, the Selling Shareholder, the Registrar to the Offer and the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders submitting their Bids at centers other than cities as specified in the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Baroda and Surat).
Syndicate Members	[●].
Transaction Registration Slip/TRS	The slip or document issued by the members of the Syndicate or an SCSB (only on demand), as the case maybe, to a Bidder as proof of registration of the Bid.

Term	Description
UBS Securities	UBS Securities India Private Limited.
Underwriters	The Book Running Lead Managers and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date.
U.S. Person	As defined in Regulation S under the U.S Securities Act.
U.S. QIBs	Qualified institutional buyers, as defined in Rule 144A under the U.S Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Offer Closing date and listing of the Equity Shares on the BSE, "Working Days", shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

Conventional/General Terms/Abbreviations

Term	Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981.
Alpha Coal	M/s. Alpha Coal Sales Co., LLC, USA.
Anglo American	Anglo American Metallurgical Coal Pty. Limited.
AP Electricity Duty Act	Andhra Pradesh Electricity Duty Act, 1939.
APPCB	Andhra Pradesh Pollution Control Board.
AY	Assessment Year.
Bank of Tokyo	Bank of Tokyo-Mitsubishi UFJ Limited.
BCIPL	M/s Balaji Coke Industry Private Limited.
Behre Dolbear ISP Report	The executive summary of the report prepared by Behre Dolbear International Limited.
BM Alliance	M/s BM Alliance Coal Marketing Pty Limited.
BHP Billiton	M/s BHP Billiton Marketing AG.
BSE	The BSE Limited.
BSLC	Bisra Stone Lime Company.
CCI	Competition Commission of India.
CDSL	Central Depository Services (India) Limited.
CE Act	Central Excise Act, 1944.
CESTAT	Central Excise and Service Tax Appellate Tribunal.
CET Act	Central Excise Tariff Act, 1985.
CE Rules	Central Excise Rules, 1944.
CENVAT Rules	CENVAT Credit Rules, 2004.
CEVR	Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
CIL	Coal India Limited.
Citi Bank	Citi Bank, N.A.
CNMCL	M/s. China National Minerals Company Limited.
Companies Act	Companies Act, 1956.
Competition Act	The Competition Act, 2002.
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970.
CrPC	Criminal Procedure Code, 1973.
CPC	Civil Procedure Code, 1908.
CPSE	Central Public Sector Enterprises.
CSR	Corporate Social Responsibility.
CST Act	Central Sales Tax Act, 1956.
Customs Act	Customs Act, 1962.
DBK	Duty Drawback Scheme.
DDA	Delhi Development Authority.
Deutsche Bank	Deutsche Bank AG.

Term	Description
DFIA	Duty Free Import Authorization Scheme.
EEA	European Economic Area.
EGM	Extraordinary General Meeting.
EIA Notifications	Environment Impact Assessment Notification (No. 1533(E), 2006).
EIML	Eastern India Minerals Limited.
Environment Act	Environment (Protection) Act, 1986.
EPCG Scheme	Export Promotion of Capital Goods.
EPS	Earnings Per Share.
ERP	Enterprise Resource Planning.
ERPS	Enterprise resource planning system.
EXIM Policy	Export Import Policy.
Explosives Act	The Explosives Act, 1884.
FDI Circular	Circular 1 of 2012 which consolidates the policy framework on FDI, with effect from April 10, 2012.
FIPB	Foreign Investment Promotion Board of the Government of India.
Fiscal/ Financial Year/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Forest Act	Forest (Conservation) Act, 1980.
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
FVCI Regulations	SEBI (Foreign Venture Capital Investors) Regulations, 2000.
GPL	Gangavaram Port Limited.
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, and the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.
HDFC	HDFC Bank Limited.
HSBC	Hongkong and Shanghai Banking Corporation Limited.
HUF	Hindu Undivided Family.
IDBI	IDBI Bank Limited.
IEC	Importer Exporter Code.
India GAAP	Generally accepted accounting principles in India.
IndusInd	IndusInd Bank Limited.
IPC	Indian Penal Code, 1860
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999.
ISN Raju	M/s ISN Raju Engineers and Contractor.
IT Act	Income Tax Act, 1961.
IT Department	Income Tax Department, GoI.
JISL	JSW Ispat Steel Limited.
JORC Code	The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
J. P. Morgan	JP Morgan Chase Bank, N.A.
JSPL	Jindal Steel Power Limited.
JSWL	JSWL Steel Limited.
Kotak Mahindra	Kotak Mahindra Bank Limited.
LAM	Low Ash Metallurgical.
Logan & Kanawha	Logan & Kanawha Coal Company, LLC.
LTCG	Long Term Capital Gain.
MAT	Minimum Alternate Tax.
MCL	Mahanadi Coalfields Limited.
MC Rules	Mineral Concession Rules, 1960.
MCD Rules	Mineral Conservation and Development Rules, 1988.
MF	Mutual Fund.

Term	Description
MICR	Magnetic Ink Character Recognition.
MIEL	Monnet Ispat Energy Limited.
2011 MMDR Bill	Draft Mines and Minerals (Development and Regulation) Bill, 2011.
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957.
MMTC	Minerals and Metal Trading Corporation Limited.
MoEF	Ministry of Environment and Forest, Government of India.
MOIL	MOIL Limited.
MoS	Ministry of Steel, Government of India.
MoU	Memorandum of Understanding.
MRTP Commission	Monopolies and Restrictive Trade Practices Commission.
N.A./NA	Not Applicable.
NAV	Net Asset Value.
NECS	National Electronic Clearing System.
NEDO	New Energy and Industrial Technology Development Organization.
NI Act	Negotiable Instruments Act, 1881.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
NMDC	National Mineral Development Corporation Limited.
NMP	National Mineral Policy, 2008.
No.	Number.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NTPC	NTPC Limited.
OCB(s)	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
OECD	Organisation for Economic Cooperation and Development.
Orissa Forest Act	Orissa Forest Act, 1972.
OSL	M/s Orissa Stevedors Limited
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
PASL	M/s. Pratyusha Associates Shipping Private Limited.
PCBs	Pollution Control Boards.
P/E Ratio	Price/Earnings Ratio.
PGCIL	Power Grid Corporation of India Limited.
PSU	Public sector undertaking.
Ras Al Khaimah	M/s Ras Al Khaimah Rock Company, United Arab Emirates.
RBI	Reserve Bank of India
RBS	Royal Bank of Scotland N.V.
Regulation S	Regulation S under the U.S. Securities Act.
RoNW	Return on Net Worth.
Rs./Rupees/₹	Indian Rupees.
RTGS	Real Time Gross Settlement.
Rule 144A	Rule 144A under the U.S. Securities Act.
SAIL	Steel Authority of India Limited.
SBI	State Bank of India.
SCRA	The Securities Contracts (Regulation) Act, 1956.

Term	Description
SCRR	The Securities Contracts (Regulation) Rules, 1957.
SCCVPL	M/s. Sarat Chatterjee & Co. (Visakhapatnam) Private Limited.
SEBI Act	The Securities and Exchange Board of India Act, 1992.
SEIAA	State Environment Impact Assessment Authority.
SFA	Sharp Ferro Alloys Limited.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985.
STT	Securities Transaction Tax.
Solid Energy	Solid Energy New Zealand Limited.
SPV	Special Purpose Vehicle.
STCG	Short Term Capital Gain.
Steel Policy	National Steel Policy, 2005.
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
Takeover Regulations	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number allotted the IT Act.
UCO	UCO Bank Limited.
ULIP(s)	Unit Linked Insurance Plans.
U.S./US/U.S.A/United States	The United States of America, together with its territories and possessions.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933.
ULIP(s)	Unit Linked Insurance Plans.
URCIL	Usha Rectifiers Corporation India Limited
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996.
VMPL	Vishakha Machinery Private Limited.
VPT	Vishakhapatnam Port Trust.
VSL	Visa Steel Limited
Water Act	Water (Prevention and Control of Pollution) Act, 1974.
Water Cess Act	Water (Prevention and Control of Pollution) Cess Act, 1977.

Industry or Technical Terms and Abbreviations

Term	Description
CRISIL	CRISIL Research.
EU27	EU of 27 countries.
E&Y	Ernst and Young.
IMF	International Monetary Fund.
ISG	International Steel Group.
Mt	Million tonnes.
Mtpa	Million tonnes per annum.
QATD	Quality Assurance and Technology Department.
SIAM	Society of Indian Automotive Manufacturers.
WSA	World Steel Association.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in sections titled "***Main Provisions of the Articles of Association***", "***Statement of Possible Tax Benefits Available to our Company and its Shareholders***" and "***Financial Statements***" on pages 378, 74 and 159 of this Draft Red Herring Prospectus respectively, shall have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in this Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions and all references to the “US”, the “USA”, the “United States” or the “U.S.” are to the United States of America, together with its territories and possessions.

Reserve and Resource Information

In connection with this Offer, Behre Dolbear International Limited, independent mining and geological consultancy firm, has reviewed our technical assessment and resource and reserve reporting practices and the integrity of the resource and reserve estimates we produce. The executive summary of the report prepared by Behre Dolbear International Limited dated May 17, 2012 (the “**Behre Dolbear ISP Report**”) is annexed to this Draft Red Herring Prospectus.

Financial Data

Unless indicated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Company’s standalone financial statements for the nine months ended December 31, 2011 and for the years ended March 31, 2007, 2008, 2009, 2010 and 2011 and consolidated financial statements as of and for the nine months ended December 31, 2011 and for the years ended March 31, 2007, 2008, 2009, 2010 and 2011, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with ICDR Regulations, as stated in the report of our Auditors, M/s B.V. RAO & Co., Chartered Accountants, and included in this Draft Red Herring Prospectus. Our fiscal/financial year commences on April 1 and ends on March 31 of a particular year. Unless otherwise stated, references herein to a fiscal year or a financial year or to “FY” are to the year ended March 31 of a particular year.

There are significant differences between generally accepted accounting principles in India (“**Indian GAAP**”), International Financial Reporting Standards (“**IFRS**”) and generally accepted accounting principles in the United States of America (“**U.S. GAAP**”). Accordingly, the degree to which the Indian GAAP financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. See “***Risk Factors – Risks Relating to India – The proposed adoption of the International Financial Reporting Standards (“IFRS”) could result in our financial condition and results of operations appearing materially different than under Indian GAAP***” on page 35 of this Draft Red Herring Prospectus.

Unless otherwise indicated in the Draft Red Herring Prospectus, all figures have been expressed in millions and billions. One million represents 1,000,000 and one billion represents 1,000,000,000. In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Any percentage amounts, as set forth in the sections “***Risk Factors***”, “***Our Business***”, “***Management’s Discussion and Analysis of Financial Condition and Results of Operations***” on pages 14, 93 and 249, respectively, and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial information prepared in accordance with Indian GAAP.

Currency of Presentation

All references to “Rupees” or “Rs.” or “INR” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “$”, “US$”, “USD”, “U.S.$”, “U.S. Dollar(s)” or “US Dollar(s)” are to United States Dollars, the official currency of the United States of America.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications, government data and public websites. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been verified by any independent source. Accordingly, no investment decision should be made solely on the basis of such information.

In this Draft Red Herring Prospectus, we have used industry and market data prepared by consultants and organizations, some of whom we have also retained or may retain and compensate for various engagements in the ordinary course of business.

In accordance with the ICDR Regulations, we have included in the section titled "***Basis for Offer Price***" on page 71 of the Draft Red Herring Prospectus, information relating to our peer group companies. Such information has been derived from publicly available sources and our Company has not independently verified such information.

Further, the extent to which the market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information.

Exchange Rates

This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented to comply with the requirements of Item VIII(G) of Part A to Schedule VIII of the ICDR Regulations and for the convenience of the readers. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged. The row titled 'Period Average' in the table below is the average of the daily rate for each day in the period.

Fiscal	**Period End (₹)**	**Period Average (₹)**
2008	39.97	40.24
2009	50.95	45.91
2010	45.14	47.42
2011	44.65	45.58
2012	51.16	47.95
April 2012	52.52	51.80

Source: www.rbi.org.in

These currency translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be, converted into Indian Rupees, at any particular rate or at all.

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "**QIBs**"), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or another available exemption and (ii) outside the United States in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S.

Each purchaser of Equity Shares outside the United States will be required to represent and agree, among other things, that such purchaser is acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will likely result", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to steel industries and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- decline in the demand for steel products;
- highly cyclical nature of steel industry;
- our ability to procure adequate raw materials at favourable prices;
- our estimates of our reserves and resources;
- our ability to renew our mining leases and obtain new mining leases;
- our obtaining the necessary environmental, forest and other approvals in a timely manner;
- our ability to successfully integrate acquired businesses;
- unexpected loss, shutdown or slowdown of operations at VSP;
- claims against us due to an environmental disaster, mining accidents or any other uninsured event;
- disruption in the supply and transport of our raw materials;
- law and order problems;
- the unavailability of skilled and qualified labor and contractors;
- our plans and objectives for future operations and expansion;
- the effectiveness of our cost-control measures;
- our relationship with, and other conditions affecting, our customers;
- adverse weather and natural disasters, such as heavy rains, flooding and other natural events affecting operations, transportation or customers;
- regulatory and court decisions;
- future legislation, including regulations and rules as well as changes in enforcement policies;
- changes in laws, policies, regulations including environmental and labor regulations and compliance costs, taxation or accounting standards or practices that apply to our business, our customers and suppliers, and our ability to respond to them;
- general economic and business conditions in India and elsewhere and particularly the steel industry in India; and
- changes in the political and social conditions in India and other countries.

For further discussion of factors that could cause our actual results to differ from our expectations, see the sections titled "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 14, 93 and 249 of this Draft Red Herring Prospectus, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements speak only as of the date of this Draft Red Herring Prospectus. Neither our Company, our Directors, the Selling Shareholder nor any of the Book Running Lead Managers, any member of the Syndicate nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements our Company and the Book Running Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section addresses general risks relevant to the country and the industry in which our Company operates. To obtain a complete understanding of our business, you should read this section in conjunction with the sections "Our Business" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 93 and 249 of this Draft Red Herring Prospectus, respectively, as well as other financial information contained in this Draft Red Herring Prospectus. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Draft Red Herring Prospectus. Further, the risks set out below may not be exhaustive, and additional risks not presently known to us or that we currently deem immaterial may arise or become material in the future. If any of the following risks, as well as the other risks and uncertainties discussed in this Draft Red Herring Prospectus, or other risks that are not currently known or are now deemed immaterial actually occur, our Company's business, financial condition and results of operations could be materially and adversely affected, the trading price of the Equity Shares and the value of your investment in the Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Unless otherwise stated, the financial information of our Company used in this section is derived from our restated audited consolidated financial statements.

INTERNAL RISK FACTORS

Risk Factors Relating to our Company's Business and Operations

1. ***There are certain criminal proceedings against our Company and one of our Subsidiaries.***

There are currently 14 criminal proceedings pending against our Company, all of which have been initiated by the State Government of Andhra Pradesh in relation to alleged violations under the Factories Act, 1948 ("**Factories Act**") and the rules made thereunder. In addition to the above, there are four criminal cases currently pending against one of our Subsidiaries, in relation to varied subject matters including cheque bouncing, unauthorised occupation of official quarters, the violation of the provisions of the Forest Conservation Act, 1980 ("**Forest Act**") and theft of iron ore at the Thakurani mines. Any adverse order or direction by the relevant authority, although not quantifiable, could have a material adverse impact on our business and reputation or cause the price of our Equity Shares to decline. For further details in relation to outstanding litigation against our Company and our Subsidiaries, please refer to the section titled "***Outstanding Litigation and Material Developments***" on page 280 of this Draft Red Herring Prospectus.

2. ***We are involved in a number of legal proceedings that, if determined against us, could have a material adverse impact on our financial condition and results of operations.***

Our Company and our Subsidiaries are, among others, involved in a number of proceedings including criminal proceedings, land acquisition proceedings, civil suits, arbitration proceedings, consumer cases, service and employee grievances, labour disputes, accident-related proceedings, and tax disputes, which are related primarily to our ordinary course of business. These proceedings are currently pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our liabilities. We cannot assure you that these legal proceedings will be decided in our favour. Any adverse decision may have a material adverse effect on our business, reputation, financial condition and results of operations and cash flow. Our outstanding legal proceedings and the amounts claimed in these proceedings have been disclosed to the extent ascertainable in the summary below.

Litigation against our Company

Except for the legal proceedings as disclosed below, there are no proceedings initiated against our Company including for any economic offences or penalties imposed in the past or any adverse findings against our Company as regards compliance with the securities laws, related matters.

S. No	Nature of case/claims	No. of cases outstanding	Amount involved (₹ Million approx) only in matters where amount could be ascertained
1.	Arbitration matters	24	840.89
2.	Civil suits	189	968.03
3.	Consumer cases	3	0.60
4.	Criminal proceedings	14	Unascertainable
5.	Labour cases	141	8.62
6.	Potential litigations/notices received	21	27.13
7.	Other miscellaneous matters	27	5.98
8.	Public interest litigation	2	31.65
9.	Tax cases	335	17,932.10
10.	Competition matters	1	Unascertainable
11.	Contempt cases	2	Unascertainable

Litigation against our Subsidiaries

S. No	Nature of case/claims	No. of cases outstanding	Amount involved (₹ Million approx) only in matters where amount could be ascertained
1.	Arbitration matters	7	238.49
2.	Civil suits	30	Unascertainable
3.	Criminal proceedings	4	Unascertainable
4.	Labour cases	21	Unascertainable
5.	Other miscellaneous matters	1	Unascertainable
6.	Public interest litigation	3	Unascertainable
7.	Tax cases	2	264,802

There may also be additional claims against our Company and our Subsidiaries in the future, which could damage our business and/or reputation, which would in turn adversely affect our results of operations and financial condition. For further details of legal proceedings involving our Company and our Subsidiaries, please refer to the section titled "***Outstanding Litigation and Material Developments***" on page 280 of this Draft Red Herring Prospectus.

3. Demand for our products is affected by global and national economic conditions. Any development which decelerates the demand for steel products would have an adverse impact on our Company.

The steel industry in India and our business and results of operations are affected by global and national economic conditions. Changes or a downturn in the global or national economy could add uncertainty to currency inflation or deflation, interest rates, taxation, stock market performance, consumers' confidence, consumers' perception of economic conditions and consumers' willingness to purchase. A weak global or national economy could materially affect commitment to infrastructure funding, public spending on construction projects and demand in the automobile sector, which may therefore reduce the domestic and global demand for steel products. Continued financial weakness among substantial consumers of steel products, such as the infrastructure, construction and automobile industries, or the bankruptcy of any large company in such industries, would exacerbate the negative trend in market conditions. As we sell a majority of our products to the domestic market, protracted declines in steel consumption as a result of the global or national economic distress would cause a material adverse effect on the demand for our products and hence on our business and results of operations. There can be no assurance that the steel industry in India and our Company can sustain growth in business and operations if the global economic conditions continue to be fragile or if the Indian government alters its economic policy.

4. The steel industry is highly cyclical and a decrease in steel prices may have an adverse effect on our Company's results of operations and financial condition.

Steel prices are volatile, reflecting the highly cyclical nature of the global steel industry. There are many factors causing the fluctuation of steel prices, including, among others, consumer confidence, employment rates, cost of raw materials, interest rates and inflation rates in the economies in which the steel producers sell their products and which are sensitive to the trends of particular industries, such as the automotive, construction, packaging, appliance, machinery, equipment and transportation industries, which are among the biggest consumers of steel products. When downturns occur in these economies or sectors, we may experience decreased demand for our products, which may lead to a decrease in steel prices. There can be no assurance that there will not be a depression in steel prices.

5. ***We rely on leased mines to secure certain raw materials and if we are unable to renew these leases, obtain new leases or are required to pay more royalties under these leases, we may be forced to purchase such raw materials for higher prices in the open market or pay increased royalties, which could negatively affect our results of operations and financial condition.***

Our Company extracts minerals pursuant to mining leases granted by the State Governments in the areas in which such mines are located, upon payment of a certain royalty. We currently have seven mining leases located in the state of Andhra Pradesh. These leases are granted under the Mines and Minerals (Development and Regulation) Act, 1957 (the "**MMDR Act**"). They are typically for a term of 20 years, which can be renewed upon application to the requisite authority in the state of Andhra Pradesh, with the approval of the Government of India ("**GoI**"). Renewal applications are filed one year before expiration and there is an implied extension if the State Government does not respond before the expiration of the mining lease. The mining leases of our Subsidiaries, Orissa Minerals Development Company Limited ("**OMDC**") and Bisra Stone Lime Company ("**BSLC**"), have currently expired. Whilst applications for renewal of such mining leases have been filed, we cannot assure you that the concerned authorities will grant these mining leases in favour of OMDC and BSLC in a timely manner, or at all.

Further, in relation to the mines at Thakurani, Dalki and Kolha Roida, the mining leases for Thakurani and Dalki are in the name of Bird and Company Private Limited (which was subsequently nationalized into the Bird Group) and the mining lease for Kolha Roida is in the name of Bharat Process and Mechanical Engineers Limited ("**BPME**"), an erstwhile group company of the Bird Group. The renewal applications for these mines have been filed in the name of BPME. Subsequently, BPME, which is under liquidation, granted OMDC authorisation for the purpose of securing mining leases and renewals thereof. Accordingly, we cannot assure you that such mining leases will be renewed in favour of OMDC or at all.

If our mining leases are not renewed or royalties charged against our leases are increased, we may be forced to purchase such raw materials in the open market or pay increased royalties. For further information on our mining leases, see the risk factors titled ***"Our Company's estimates of our mineral reserves of limestone and dolomite and the mineral reserves of our other mining investments are subject to assumptions, and if the actual amounts of such reserves are less than estimated, our results of operations and financial condition could be adversely affected."*** and ***"If our Company is unable to obtain the new mining leases applied for, or the related approvals and licences, our expansion plans, and therefore our business, results of operations and financial condition would be adversely affected"*** on page 22 and page 25 of this Draft Red Herring Prospectus.

6. ***If we are unable to integrate acquired businesses such as Eastern Investments Limited ("EIL") successfully, our business, results of operations and financial condition may be adversely affected.***

In order to secure access to raw materials, our Company, in January 2011, acquired a 51.0% share interest in EIL, at a cost of ₹3.61 billion. EIL holds a 50.01% stake in BSLC and a 50.01% stake in OMDC. BSLC and OMDC are both mining companies. While the acquisition of EIL is expected to provide us with additional sources of iron ore, limestone, dolomite and manganese ore, these companies do not currently conduct any active mining operations. Our ability to achieve the benefits we anticipate from this acquisition depends largely upon whether we are able to integrate the acquired businesses into the rest of our Company in an efficient and effective manner.

Acquisitions involve numerous risks and uncertainties, including but not limited to: potential negative effects on our liquidity position; the diversion of resources and management attention from our existing businesses; potential ongoing financial obligations and unforeseen hidden or acquired liabilities of our acquisition; the costs of and difficulties in managing enlarged business operations; and our failure to deliver the expected synergies, to achieve the intended objectives or benefits, or to generate sufficient revenue to recover the costs and expenses of an acquisition. For example, our acquisition of EIL has required significant management time and resources. EIL's subsidiaries face manpower challenges, and we will need to spend additional time integrating them into our Company and adjusting their operations. Any difficulties encountered in combining the operations of our Company and EIL could result in higher integration costs and lower returns than expected.

In addition, the mining leases of both BSLC and OMDC have expired, and no mining is being carried out in these companies at present. Whilst renewal applications for these miming leases have been filed with the requisite authorities, we cannot guarantee the renewal of these leases, and if they are not renewed, we shall not be able to secure access to the raw materials from these companies as intended from our acquisition, as a result of which, our business, results of operations and financial condition may be adversely affected.

Furthermore, we may make additional acquisitions which may require us to incur or assume substantial new debt, expose us to future funding obligations and expose us to integration risks, and we cannot assure prospective investors that such acquisitions will contribute to our profitability. The failure to successfully integrate EIL or other future acquired businesses or the inability to realise the anticipated benefits of such acquisitions could materially and adversely affect our business, results of operations and financial condition.

7. ***Significant increases in prices of key raw materials or our inability to continue to procure raw materials at favourable terms could have an adverse effect on our Company's results of operations and financial position.***

We do not have any captive mines to produce iron ore or coking coal, the two most important raw materials in steel production, and have to depend on third-party suppliers to procure these raw materials. Accordingly, our profits are sensitive to changes in raw material prices. The cost of raw materials comprises the single most significant percentage of our manufacturing costs. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, raw materials accounted for 75.7%, 61.4%, 73.4% and 74.6%, respectively, of our expenditure in the production of steel, excluding certain adjustments for raw material mining costs, depreciation, and interest and finance charges. Volatility in the prices of raw materials, including mismatches between trends in prices for raw materials and steel, as well as limitations on or disruptions in the supply of raw materials, could adversely affect our profitability. In addition, some of our raw materials purchase agreements are short-term in nature and our inability to renew these agreements on terms more favourable, or at all, may constrain our raw material supply, resulting in an adverse effect our business, financial condition and results of operations.

During the Calendar Years 2009-11, average iron ore prices increased at a CAGR of 46.7% and coking prices increased by 30.2%, according to the Ernst and Young Global Steel - 2010 Trends, 2011 Outlook Report ("**E&Y 2010**"). Starting in 2010, certain suppliers of iron ore and coking coal have moved to quarterly fixed price schemes from annual fixed price schemes, causing steel producers to face increased exposure to changes in prices. The increase of raw material prices has affected the profitability and margins of our Company in previous years and any prolonged interruption in the supply of raw materials, or failure to obtain adequate supplies of raw materials at reasonable prices, or increases in costs which we cannot pass on to our customers, would adversely affect our business, financial condition and results of operations. Furthermore, despite the fact that steel and raw material prices are historically highly correlated, with both having experienced significant declines during the global economic crisis, there can be no assurance that this correlation will continue, so the significant increase in the cost of raw materials may not be offset by a commensurate increase in steel prices.

8. ***If the Indian Government implements the Draft Mines and Minerals (Development and Regulation) Bill, 2011 (the "2011 MMDR Bill"), the financial condition and results of operations of our Company may be adversely affected.***

The GoI is presently contemplating a new law, as envisaged in the 2011 MMDR Bill, to regulate mining in India. As our Company conducts, and proposes to conduct in the future, mining activities through mining leases from various State Governments in India to obtain part of the raw materials required for producing steel, we will need to comply with such law once enacted.

The 2011 MMDR Bill is being enacted to consolidate and amend the laws relating to the scientific development and regulation of mines and minerals under the control of the GoI. Among other provisions, the 2011 MMDR Bill:

- requires a mining company to pay annual compensation to certain categories of "affected persons," defined as persons holding occupations, usufruct or traditional rights related to the surface of the land over which the company possesses mining licences;
- empowers the relevant State Government to set the aforesaid annual compensation in the event the mining company and such affected persons are unable to agree on such annual compensation;
- requires a mining company to allot at least one free equity share to each member of a family affected by mining related operations of the company;

- obligates the holder of the mining lease to provide employment and other assistance to such affected persons in accordance with the rehabilitation and resettlement policy of the concerned State Government;
- requires the mining lease holder to pay annually to the district mineral foundation, created under the bill, an amount equivalent to the royalty paid during the financial year; and
- proposes to address the eligibility norms for obtaining new mining blocks, renewing existing mining blocks, obtaining new mining licences and determining the levels of compensation and royalties to be paid to the central and State Governments.

The foregoing is based on the last publicly available version of the 2011 MMDR Bill, which had been approved by the union cabinet on September 30, 2011. The 2011 MMDR Bill has not been finalised by the GoI. We cannot therefore know the final form and substance of the proposed law, or the time period within which it will be enacted, and, therefore, we are currently unable to predict the impact the 2011 MMDR Bill will have on our business, financial condition, results of operations and prospects. However, if the 2011 MMDR Bill were enacted as proposed, the resulting law may adversely affect the business, financial condition, results of operations and prospects of our Company.

9. Our Company does not own the land on which Visakhapatnam Steel Plant ("VSP") and our Registered and Corporate Office are located.

Our Registered and Corporate Office and our sole steel production plant, VSP, consisting of four coke oven batteries, three blast furnaces, including one commissioned in April 2012, along with the related processing units, three converters, three rolling facilities and a thermal power plant and its ancillary facilities, are located on a land area of 19,653.33 acres in Visakhapatnam. We have been granted a power of attorney by the GoI to use the land for the purpose of setting up the steel manufacturing facility and related purposes. Whilst we have occupied the land pursuant to the duly executed power of attorney, we do not possess title to the land. We have issued 11,354 Equity Shares with a then face value of ₹1,000 to the GoI in consideration of the initial expenditure incurred by the GoI in relation to the acquisition of the land. Although the GoI owns the land, it has never claimed rent for the use of the land by us nor demanded its return. However, it may do so in the future, which would disrupt our operations and materially and adversely affect our business, financial condition and results of operations.

10. The unexpected loss, shutdown or slowdown of operations at VSP, the sole steel production plant our Company operates, could have a material adverse effect on our business, financial condition and results of operations.

Our facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, directives and regulations of relevant State Governments or the GoI, or natural disasters and industrial accidents. There can be no assurance that one or more of the factors mentioned above will not occur. As we rely on one plant for our entire steel production, namely VSP, which is a shore based plant, our Company is particularly vulnerable to the effects of natural disasters and bears a higher risk of losing part or all of its assets and production capacity if a flood or tsunami occurs. While we maintain an insurance policy that covers loss to our property, this may not cover our entire loss, including any damage to our machinery. We focus our business only on steel production, so any significant loss of our production capacity would adversely affect our business, results of operations and financial condition.

In addition, our manufacturing processes depend on critical items of steelmaking equipment. Certain of our production units have been in service for more than 20 years. As such, they may not operate on the same level of efficiency as newer production units. They may also require more frequent and expensive upkeep than newer equipment. We are preparing to undergo a modernisation by the Financial Year 2015, in line with our planned expansion from 6.3 million tonnes per annum ("**mtpa**") to 7.3 mtpa. This modernisation would involve upgrading our existing blast furnaces, LD converters, continuous casting machines and our Light and Medium Merchant Mill. However, any equipment may, on occasion, be out of service as a result of unanticipated failures, which could require us to close part or all of the relevant production facility or cause us to reduce production of one or more of our production lines. We do not maintain any insurance coverage for losses arising out of machinery breakdown and the consequential loss of profits. Thus, any interruption in production capability may require us to make significant and unanticipated capital expenditures to effect repairs, which could have a negative effect on our profitability and cash flows. A sustained disruption to our business operations could also result in a loss of customers. Any or all of these occurrences could materially and adversely affect our current business, results of operations, financial condition and future prospects.

11. ***Environmental matters, including compliance with laws and regulations and remediation of contamination, could result in substantially increased capital requirements and operating costs.***

Our Company's business is subject to numerous laws, regulations and contractual commitments relating to the environment in India. Our operations generate large amounts of pollutants and waste, some of which are hazardous. These laws, regulations and contractual commitments concern air emissions, waste water discharges, solid and hazardous waste material handling and disposal, and the investigation and remediation of contamination or other environmental restoration. The risk of incurring substantial costs and liabilities related to compliance with these laws, regulations and contractual commitments is an inherent part of our business. Facilities currently or formerly owned or operated by us, or where wastes have been disposed or materials extracted, are all subject to the risk of environmental cost and liabilities, which includes the costs or liabilities relating to the investigation and remediation of past or present contamination or other environmental restoration. In addition, future environmental conditions and contamination may develop, arise or be discovered that could create substantial compliance, remediation or restoration liabilities and costs. There are currently two environment cases each pending against our Company and our Subsidiary, OMDC. For details, see the section titled "***Outstanding Litigation and Material Developments***" on page 280 of this Draft Red Herring Prospectus. We have made extensive efforts to comply with environmental laws and regulations in view of the significant consequences resulting from violations of such laws and regulations. Nevertheless, there can be no assurance that we will not continue to face significant environmental remediation and compliance costs in the future.

12. ***The environmental clearance obtained from the MOEF for the expansion of our operations in the Dolomite mine located in Madharam village is subject to the outcome of the writ petition filed by Mr. Gurram Veerabhadram and others. Any adverse development in this case could impact the entire environmental clearance at Madharam village and may impact our mining operations.***

Mr. Gurram Veerabhadram and others have filed a writ petition against our Company, the Government of Andhra Pradesh and the Andhra Pradesh Pollution Control Board ("**APPCB**") before the Andhra Pradesh High Court in 2002, contending that the crushing of large quantities of dolomite at the Madharam dolomite mine resulted in discharge of high pollution effluents and heavy dust into the environment which resulted in health hazards to the petitioners and affected the yield of crops from the agricultural land and gardens of the petitioners who were located near the mines. The petitioners, by way of interim relief, also sought a direction from the Andhra Pradesh High Court to direct the respondents, including our Company, to pay monetary compensation at the rate of ₹0.03 million per acre per year to some of the petitioners, including Mr. Gurram Veerabhadram, and at the rate of ₹0.10 million per acre per year to one other petitioner, commencing from 1989 onwards till date, pending the disposal of the aforementioned writ petition. For further details, see the section titled "***Outstanding Litigation and Material Developments***" on page 280 of this Draft Red Herring Prospectus. The Madharam dolomite mine is the only dolomite mine that our Company currently operates, and any adverse outcome of this writ petition against us could result in our having to incur significant liabilities to settle claims by the petitioners, which may have not been accounted by us in our financial statements, and may also result in the cancellation of our environmental clearance for expansion of the dolomite mine at Madharam, as well as reputational damage to our Company, which would affect our business, results of operations and financial condition.

13. ***We currently obtain most of our iron ore required for producing steel from NMDC ("National Mineral Development Corporation Limited"). Any decrease in supply of iron ore by NMDC would have a material adverse effect on our business, results of operations and financial condition.***

Iron ore is one of the most important raw materials for steel production. We currently do not have any captive iron ore mines, and we purchase most of our iron ore requirement from NMDC's iron ore mining complexes at Kirandul and Bacheli in the state of Chhattisgarh. For more information on the agreement with NMDC, please refer to the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, the cost of our iron ore purchases accounted for 27.4%, 34.3%, 38.6% and 34.4%, respectively, of our total raw material purchases.

NMDC's mining operations are located in geographically remote areas and some of them are exposed to risks of attack by armed groups due to political unrest. Such attacks could be directed at NMDC's property or personnel or at the state-owned infrastructure used by NMDC to transport goods to its customers. For example, NMDC's iron ore supplies through the railway (KK Line) from the Kirandul and Bacheli complexes to the Visakhapatnam port have been restricted from time to time in the past due to security concerns in the area. Additionally, time overruns have been experienced at the Bailadila Iron Ore Project Deposit 11B due to unrest in the state of Chhattisgarh. Our Company cannot assure that such threat may not continue, or increase, in the future to the extent of affecting the mining operations at NMDC or the transportation of iron ore.

NMDC's supply of iron ore to our Company has been relatively stable in the past, but there cannot be any assurance that NMDC would be able to continue producing adequate quantities of iron ore for us, as their mining operations could be disrupted by a number of factors including, but not limited to, the insufficient supply of power, unexpected equipment failures or maintenance problems, labour strike and other interruptions, or that NMDC would agree to supply additional quantities on commercially acceptable terms to us. Given our expansion plans, if NMDC is not able to produce or supply sufficient quantities of iron ore to our Company, or if it refuses to renew the contract with our Company on favourable terms or at all, our steel production capacity would be severely impaired, which would materially and adversely affect our business, results of operations and financial condition.

14. ***Any disruption to our supply of coking coal would have a material adverse effect on our Company's business, results of operations and financial condition.***

We import coking coal mainly from Australia, with a minor portion from New Zealand and the United States. Supplies of coking coal are affected by many factors including, but not limited to, our relationship with the suppliers, the condition of the suppliers' mining operations, international and domestic transportation infrastructure, the tax and customs systems of each country, and the mining and coking coal export policies of each country. There cannot be any assurance that we will continue to have a stable and sufficient supply of coking coal from Australia, New Zealand and the United States.

During December 2010 and January 2011, Australian coal mines suffered unprecedented flooding, affecting the production of coking coal and forcing Australian suppliers to invoke the force majeure clause in their long-term agreements. During November 2011 and February 2012, one of our Australian suppliers could not supply coking coal due to a roof collapse at their mines. On both occasions, our advanced planning allowed us to avoid a shortage in coking coal and maintain production levels by arranging additional deliveries of coking coal from other sources. However, there cannot be any assurance that we will be able to foresee future weather emergencies or guard against them, nor can there be any assurance that our Company will be able to offset the decreased quantities of the Australian coking coal imports by obtaining more from other sources. Any situation that would cause the disruption of coking coal imports from Australia, New Zealand or the United States could impair our ability to produce steel, thus having a material adverse effect on our business, results of operations and financial condition.

15. ***We are dependent on third-party transportation providers for the supply and delivery of some of our raw materials and an unexpected increase in costs or delay in transportation could adversely affect our business, results of operations and financial condition.***

Third-party transportation providers are typically used for the supply of some of our raw materials and equipment. Transportation costs are borne by our Company. In certain instances, disagreements may arise between our Company and our third-party transportation providers, especially truck transports, which may result in delay or non-delivery of certain raw materials. Furthermore, there has also been a steady trend of increasing transportation costs which may have an adverse effect on our business and results of operations. Additionally, any increase in the demand for our products and any proposed increase in our production capacity will increase our dependence on third-party transportation providers.

The occurrence of natural disasters may also impair the conditions of the railway and highway infrastructure to the point of making them unavailable. Any transportation problems that occur could have a material adverse effect on our business, results of operations and financial condition.

16. ***We purchase raw materials from foreign suppliers with foreign currencies and therefore face foreign exchange risks.***

Our Company purchases raw materials from a number of sources including Australia, New Zealand, the United Arab Emirates and the United States in foreign currency. In view of the fluctuation in the value of the Rupee against foreign currencies, we face a degree of foreign exchange risk. For example, the value of the Rupee as measured against the U.S. Dollar has decreased substantially since December 2011. The value of the Rupee against foreign currencies is affected by, among other things, the demand and supply of the Rupee and changes in India's political and economic conditions. In addition, exchange rates also affect domestic steel prices in India, as such prices are affected by the landed costs of imports of raw materials. We do not hedge against currency rate fluctuations in respect of our purchase contracts, given the duration of our purchase contracts, as it would not be commercially beneficial for us to do so. This exposes us to exchange rate movements which may have a material effect on our operating results in a given period. Thus, we cannot assure that we will not suffer any loss because of the fluctuation of the value of the Rupee, which may have a material adverse effect on our cash flows, revenue and financial condition.

17. Our strategic initiatives to enhance raw materials security may not succeed, which could adversely affect our Company's business and results of operations.

The cost of raw materials comprises the single most significant percentage of our manufacturing costs. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, raw materials accounted for 75.7%, 61.4%, 73.4% and 74.6%, respectively, of expenditure in the production of steel. As a result, we have taken the initiative to form strategic alliances through joint ventures and memorandums of understanding ("**MoUs**") to enhance our raw materials security. For instance, we formed a joint venture company, RINMOIL Ferro Alloys Private Limited ("**RMFA**") with MOIL Limited ("**MOIL**"), pursuant to an agreement entered on May 7, 2009 for the purpose of setting up a ferro alloys unit at Vizianagaram district in the state of Andhra Pradesh, which is envisaged to have the capacity to produce 37,500 tonnes per annum of silico manganese ore and 20,000 tonnes per annum of ferro manganese ore. We also established International Coal Ventures Private Limited ("**ICVL**") with Steel Authority of India Limited ("**SAIL**"), Coal India Limited ("**CIL**"), NMDC and NTPC Limited ("**NTPC**") to acquire overseas coking coal and non-coking coal assets with an aim to secure at least 10.0% of the coal requirement of our Company. For a more complete description of the strategic joint venture partnerships, see the sections titled "***Our Business" and*** "***History and Certain Corporate Matters***" on page 93 and 116, respectively, of this Draft Red Herring Prospectus.

There are several operational risks with regard to these joint venture arrangements which may hinder our objective of enhancing raw materials security. We cannot assure that we have, or will continue to have, full control of the projects run by the joint venture companies or that there would be no disagreement between us and our strategic partners regarding the business and operations of the projects. If disagreements do arise between our Company and our strategic partners regarding the business and operations of the projects, we cannot assure that we will be able to resolve such disagreement in a manner that will be in our best interests. In addition, our strategic partners may have economic or business interests or goals that are inconsistent with those of our Company, take actions contrary to our instructions, requests, policies or objectives, be unable or unwilling to fulfil their obligations, have financial difficulties, or have disputes with us as to their rights, responsibilities and obligations. Any of these or other factors may have a material adverse effect on the operation of our raw materials joint ventures, which would in turn force us to purchase additional raw materials in the open market, thus exposing us to a greater risk of raw materials price volatility. Consequently, if our strategy to acquire raw materials through joint ventures does not succeed, our business, results of operations and financial condition could be materially and adversely affected.

18. Recent developments in the global steel industry towards consolidation could have an adverse effect on our competitive position and hence on our business, financial condition and results of operations.

We believe that the key competitive factors affecting our business include product quality, changes in manufacturing technology, the skill and productivity of our workforce, cash operating costs, pricing power with large buyers, access to outside funds, the degree of regulation and access to low-cost raw materials. Although our Company believes that we are a competitive steel producer, there can be no assurance that we will be able to compete effectively against our current or emerging competitors with respect to each of these key competitive factors.

In the global steel industry, there has been a trend in recent years towards industry consolidation among our competitors. For example, the merger of Mittal Steel Company and Arcelor S.A. in 2006 created a company that continues to be the largest steel producer in the world, representing approximately 6.9% of total global steel production in 2010, according to the World Steel Association (**WSA**). Similarly, in 2006, Tata Steel Limited and Corus Group RLC also merged, becoming the seventh-largest steel producer in the world, as of 2010, according to the WSA. The consolidated companies may be able to negotiate preferential prices for certain products or receive discounted prices for bulk purchases of certain raw materials that may not be available to our Company. With greater resources and expanded production capacity, consolidated companies may make additional acquisitions, invest more aggressively in product development and capacity and further displace demand for our products. In addition, competition from these companies could result in significant price competition, which would lead to declining margins and reductions in our revenue, thus causing a material adverse effect on our business, results of operations and financial condition.

19. Our concentration on the domestic market in India could have an adverse effect on our business, financial condition and results of operations.

We sell the majority of our products to the domestic market, with Indian customers accounting for approximately 96.7% of our sales as of December 31, 2011, of which 52.4% was in south India. We have chosen to pursue such a strategy in order to lower transportation and supply costs, since our main production facility, Visakhapatnam Steel Plant ("**VSP**"), is also located in south India. Such domestic market concentration has caused significant challenges to our Company. First, there are many small, secondary steel companies supplying long products to the markets in India. These producers comprise mini steel plants, which make steel by melting scrap or sponge iron, or a mixture of the two. Because of their size, these companies have lower overhead costs and fewer investments in facilities and projects. If the overall demand for steel in India decreases, they would suffer less loss compared to our Company, which has a higher fixed cost. Secondly, because we are dependent on our customers, particularly in south India, if the demand for steel products drops in this region, our business and results of operations would be severely affected. We have not yet placed or planned to place exceptional efforts and investments in marketing our products in international markets with a view to expanding our market coverage. Thus, we may not be able to offset any such loss caused by the drop in the demand for steel products in this region by selling more products to export markets.

20. Overcapacity and oversupply in the Indian steel industry may adversely affect our Company's profitability.

The production capacity of steel in India has significantly grown in recent years. Besides our plans to expand our capacity of liquid steel to 6.3 mtpa by the Financial Year 2013, and to 7.3 mtpa by the Financial Year 2015, approximately 222 MoUs were signed by public and private sector companies with various State Governments in India for an additional capacity of approximately 275.7 million tonnes ("**mt**") by 2020, according to the MoS Annual Report, 2010-2011. In addition, a significant amount of steel is imported from other countries, according to E&Y 2010.

The increased production capacity in India could result in overcapacity if the rate of the increase in steel demand does not keep pace with the production increase. Such production overcapacity in India would intensify if overseas demand for steel decreases because of the slowdown or weak recovery of the global economy against the fragile economic conditions in Europe. Any production overcapacity and oversupply in the steel industry would likely cause increased competition in steel markets around the world, which would likely lead to reduced profit margins for steel producers, and also would likely have a negative effect on our Company's ability to increase steel production and profits in general.

21. Our focus on producing a single type of product may adversely affect our Company's profitability.

We hold a strong position in the long steel products market, with a market share of approximately 9.0% in the Financial Year 2012. However, this may pose to be a challenge to our Company as our mills are only equipped to produce long steel products. Unlike many of our competitors, including SAIL and Tata Steel Limited, we do not produce flat products. If overall demand for long steel products decreases, we would suffer more loss compared to our competitors, who have more flexibility to change their product mix, and our business and results of operations would be adversely affected.

22. We have certain contingent liabilities that have not been provided for in our accounts, and if such contingent liabilities materialise, the same could adversely affect our Company's financial condition.

As per the audited restated consolidated financial statements of the Company for the nine months ended December 31, 2011, we have certain contingent liabilities not provided for, amounting to ₹29.69 billion, including tax cases. The contingent liability amounts disclosed in our audited restated consolidated financial statements represent estimates and assumptions of our management based on advice received. If any or all of these contingent liabilities materialise, it could have a material adverse effect on our business, financial condition and results of operations. For further information on such contingent liabilities, please refer to the section titled "***Financial Statements***" on page 159 of this Draft Red Herring Prospectus.

23. Our Company's estimates of our mineral reserves and the mineral reserves of our indirect subsidiaries, OMDC and BSLC are subject to assumptions, and if the actual amounts of such reserves are less than estimated, our results of operations and financial condition could be adversely affected.

Our estimates, and the estimates of our third-party consultant, Behre Dolbear, of our mines as well as those of OMDC and BSLC are subject to probabilistic assumptions based on interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Actual reserves and production levels may differ significantly from reserve estimates.

If we have overestimated our mineral reserves, or the quality of such reserves, our existing mineral reserves would be depleted more quickly than estimated, and we would be forced to purchase such minerals from the open market. Prices of minerals in the open market may significantly exceed the cost at which we might otherwise be able to extract these minerals from our mines which could adversely affect our businesses, results of operations and financial condition.

24. Mining operations are subject to substantial risk, including those related to operational hazards and environmental issues.

We currently operate a limestone mine at Jaggayyapeta, a dolomite mine at Madharam, a manganese ore mine in Garbham and a sand mine in Saripalli. Furthermore, we have valid leases for a quartz mine in Kintada and two silica sand mines in Karzada and Nellimarla, all located in the state of Andhra Pradesh, and we plan to increase the scope of our mining activities in the future. These operations are subject to hazards and other general risks normally associated with the exploration, development and production of natural resources including industrial accidents, such as explosions, fires, transportation interruptions and inclement weather. The occurrence of any of these events, or similar events, could delay production, increase production costs, increase the cost of raw materials and result in death or injury to persons, damage to property and liability for our Company, some or all of which may not be covered by insurance, as well as substantially harm our reputation.

These operations are also subject to hazards and risks relating to negative environmental consequences such as those resulting from tailings and sludge disposal, effluent management and disposal of mineralised waste water and rehabilitation of land disturbed during mining processes. In addition, environmental awareness throughout the world, including in India and other emerging markets, has grown significantly in recent years, and opposition to mining operations have also increased due to the perceived negative impact they have on the environment. For example, in 2005, there were protests in the state of Odisha (formerly Orissa) against the commencement of mining operations by a bauxite-mining consortium in forest lands. Public protest over our mining operations could result in proceedings being filed against our Company and may also cause operations to slow down, damage our reputation and goodwill with the governments or public in locations where we operate, or cause damage to our facilities. For further information on environmental litigation against us, see the section and the risk factor titled "***Outstanding Litigation and Material Developments***" and "***The environmental clearance obtained from the MOEF for our dolomite mine located in Madharam village is subject to the outcome of the writ petition filed by Mr. Gurram Veerabhadram and others. Any adverse development in this case could impact the relevant environmental clearance and may impact our mining operations***" on pages 280 and 19 of this Draft Red Herring Prospectus, respectively.

Public protest could also affect our ability to obtain the necessary licences to expand existing facilities or establish new operations. In addition, we may be exposed to significant expenses from the rehabilitation and resettlement of communities affected by our mining projects. Consequently, negative environmental consequences of as well as public opposition to our Company's current or planned mining operations could have a material adverse effect on our results of operations and financial condition.

25. If we are unable to obtain adequate funding for our expansion plans, our business, results of operations and financial condition would be adversely affected.

Our expansion plans require substantial capital expenditures. These expenditures include capital expenditures for new facilities and units to be installed and operated, where payments will be made in advance of any additional revenue that will be generated. The expansion target of 6.3 mtpa by the Financial Year 2013 is estimated to cost approximately ₹123.00 billion and as of December 31, 2011 we have spent ₹87.00 billion on the expansion. We have so far financed most of the expenses out of our internal accruals. However, considering the scale of the financial resources required for carrying out future expansion plans and our internal sources of liquidity, we may have to raise funds through external financing activities to support the growth of our production capacity and business, such as issuing further equity, equity-related or debt instruments or borrowing loans denominated in rupees or foreign currencies. Our ability to arrange external financing and the cost of such financing is dependent on numerous factors. These factors include general economic and capital market conditions, the relatively high cost of capital for Indian steel producers, interest rates generally, credit availability from banks or other lenders, investor confidence in our Company, the success of our Company, provisions of tax and securities laws that may be applicable to our efforts to raise capital, the then prevailing political and economic conditions in

India, the amount of capital that other entities may seek to raise in the capital markets, the liquidity of the capital markets and our financial condition and results of operations.

In the event of a fragile global and domestic economy, there can be no assurance that we will be able to obtain bank loans or renew existing credit facilities granted by financial institutions in the future on reasonable terms or at all, or that any fluctuation in interest rates will not adversely affect our ability to fund required capital expenditures. We may be unable to raise additional equity on terms or with a structure that is favourable to us. If we are unable to arrange adequate external financing on reasonable terms, or at all, our business, operations and financial conditions would be adversely and materially affected.

26. Our expansion plans may not result in expected benefits.

We believe that our operations have been among the most competitive in the steel industry and capacity expansion has been one of the key strategies for our Company. VSP has an original liquid steel production capacity of 3.0 mtpa, and expanded liquid steel production capacity of 6.3 mtpa, which is in the advanced stages of completion by the Financial Year 2013, with expansion to 7.3 mtpa planned by the Financial Year 2015. To meet such target, we have drawn up expansion plans to increase our production capacity in phases, which consist of the establishment of new facilities, plants, machinery and equipment, and the improvement of energy efficiency, productivity and yield. For a more complete description of the expansion plans, see the section titled "***Our Business”*** on page 93 of this Draft Red Herring Prospectus.

The success of our expansion plan is subject to various potential problems and uncertainties, including changes in economic conditions, delays in delivery of supplies, delays in completion, cost overruns, shortages in material or labour, timely and proper performance of our third-party contractors' obligations, defects in design or construction and delays in obtaining equipment and machinery. Furthermore, our expansion plans in the past have been affected, and may be affected in the future, by unfavourable weather conditions. We have incurred time overruns in relation to some of our projects in the past and may incur time and cost overruns for some of our projects in the future. We cannot assure you that we will be able to implement our expansion and new projects in a timely manner, or at all, and any failure to do so would adversely affect our business and results of operations. Additionally, actual capital expenditures for our capital investment projects may significantly exceed our budgets because of various factors beyond our control. If our actual capital expenditures for expansion programs and capital investment projects significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects.

We also cannot guarantee that there will be increased demand to match our increased supply of steel products. If we fail to sell the additional steel products manufactured upon the expansion of our capacity, this could result in lower capacity utilisation.

We expect that the execution of our expansion plan will place significant demands on our management, financial and other resources. Furthermore, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficiently skilled technical and management personnel. Our inability to manage our expansion effectively could have an adverse effect on our operations, results, financial condition and cash flows.

27. If we are unable to secure sufficient supply of the raw material resources required for our expansion plans, our business, results of operations and financial condition would be adversely affected.

The success of the implementation of our expansion plans rests largely on our ability to obtain the necessary amount of certain raw materials to support the implementation of our proposed growth projects.

Our expansion plans to 6.3 mtpa will require approximately 9.8 mt of iron ore a year and approximately 4.5 mt of coking coal a year in order to support full capacity production. We have already entered into a long term agreement, valid until March 3, 2015, with NMDC for the supply of iron ore in order to meet the requirements of our expanded capacity. We have also made 29 applications seeking the grant of mining leases and prospecting licences for iron ore, to various State Governments. However, there can be no assurance that NMDC will be able to provide the full amount of iron ore promised, or we will be able to import the full amount of coking coal required for full capacity production. If so, our business, results of operations and financial condition would be materially affected.

We plan to import our requirement of coking coal from overseas suppliers. Besides coking coal, we also require non-coking coal to generate electricity to operate our facilities and plants. We purchase most of our non-coking coal from Mahanadi Coalfields Limited ("**MCL**"**)**, a subsidiary of CIL. We cannot assure that MCL will be able to provide a sufficient amount of non-coking coal to support the operations of our Company following the capacity expansion at commercially acceptable prices, or at all. Our business, results of operations and financial condition would be materially affected if we are unable to obtain adequate raw materials for production.

28. If we are unable to obtain the new mining leases applied for, or the related approvals and licences, our expansion plans, and therefore our business, results of operations and financial condition, would be adversely affected.

Besides the supply of raw materials from third-parties, another factor that could affect our ability to complete our expansion plans include securing the new mining leases our Company has applied for and obtaining or renewing the required mining-related approvals and licences.

We have applied to various State Governments for 34 new mining leases, and in relation to our Subsidiaries, OMDC and BSLC, applications have been made to renew their mining leases, with a view to reducing the cost of obtaining raw materials from external sources and securing more raw materials on our own. Iron ore and coking coal are the primary raw materials used in steel production by our Company, and during the Calendar Years 2009-11, average iron ore prices increased at a CAGR of 46.7% and coking prices increased by 30.2%. To mitigate the risk of the increased cost of raw materials, we have made 29 mining applications and prospecting license applications for iron ore, one application for dolomite, three applications for non-coking coal and one application for manganese ore. There can be no assurance that any or all of our mining-lease applications would be granted by State Governments, nor can there be any assurance that commercial levels of raw materials will be discovered or that the mines will produce raw materials at the estimated amounts sufficient for capacity expansion.

Failure to acquire the new mining leases and regulatory approvals and licences may cause us to delay, modify or forego some or all aspects of our expansion plans. Consequently, our Company cannot assure that we will be able to execute these projects and, to the extent that they proceed, that we will be able to complete them on schedule or within budget. If we are unable to carry out our expansion plans because of any of the reasons herein, our business, financial condition and results of operations would be adversely affected.

29. Our customers and suppliers can suspend or cancel delivery of products in certain cases.

Events of force majeure such as disruption of transportation services, weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities or other events that are beyond the control of the parties and allow our suppliers to suspend or cancel the deliveries of the raw materials could impair our ability to source raw materials and components and our ability to supply products to our customers. Similarly, our customers may suspend or cancel delivery of our products during a period of force majeure and any suspensions or cancellations that are not replaced by deliveries under new contracts or sales on the spot market to third-parties would reduce cash flows and could adversely affect our Company's financial condition and results of operations. There can be no assurance that such disruptions will not occur.

30. Failure to maintain adequate health and safety standards may cause our Company to incur significant costs and liabilities and may damage our reputation.

We are subject to a broad range of health and safety laws and regulations in India. These laws and regulations, as interpreted by the relevant authorities and the courts, impose increasingly stringent health and safety protection standards. The costs of complying with, and the imposition of liabilities pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and/or criminal penalties, the suspension of permits or operations and significant liabilities pursuant to lawsuits by third-parties.

Our Company has implemented OHSAS-18001 standards to support our efforts to create a safe work environment. However, despite our efforts to monitor and reduce accidents at our facilities, there remains a high risk that health and safety incidents may occur, as some of our industrial activities involve the use, storage and transport of hazardous chemicals and toxic substances. Such incidents may include explosions or gas leaks, fires or collapses in underground mining operations, vehicular accidents, and exposure to potentially hazardous materials, any of which could have severe consequences for our workers and facilities as well as people living in the nearby areas and the environment. For example, on May 1, 2012, two fatalities involving contract workers occurred in an accident following a fire in a slag pit near one of the blast furnaces. Such incidents could severely damage our Company's reputation, which could adversely affect our business, financial condition and results of operations.

31. Our business is dependent on the delivery of an adequate and uninterrupted supply of electric power at a reasonable cost and any supply insufficiency or interruption could adversely affect our business, financial condition and results of operations.

Steel production operations are energy intensive and we consume large amounts of energy in our operations. We own a thermal power plant with capacity of 247.5 megawatts as of March 31, 2012. This power plant supplied approximately 86.1%, 83.8% and 85.0% of our total power needs in the Financial Years 2010, 2011 and the nine months ended December 31, 2011, respectively. We are dependent on public utilities for the remainder of our power requirements. In the nine months ended December 31, 2011, purchased power accounted for 1.5% of our total expenditure. An adequate, uninterrupted and cost effective supply of electrical power is critical to our operations.

While we believe that our current supply of electricity will be sufficient to meet our existing and future requirements, and we believe our steel plant has sufficient captive power generation to meet our power requirements, there can be no assurance that we will have an adequate, uninterrupted and cost effective supply of electrical power, the lack of which could disrupt our operations, thereby adversely affecting our business, financial condition and results of operations.

32. New materials, products or technologies could reduce the demand for our steel products.

In many applications, steel competes with other materials that may be used as substitutes, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Government regulatory initiatives mandating or incentivising the use of such materials in lieu of steel, whether for environmental or other reasons, as well as the development of other new substitutes for steel products, could significantly reduce market prices and demand for steel products and thereby reduce our Company’s cash flow and profitability.

In addition, the steel market is characterised by evolving technology standards that require improved quality and changing customer specifications. The products or manufacturing processes of the customers that use our steel products may change from time to time due to improved technologies or product enhancements. These changes may require us to develop new products and enhancements for our existing products to keep pace with evolving industry standards and changing customer requirements. In addition, some of our machinery may be old and if we are not able to upgrade them or keep up with industry standards, then we might suffer from operational setbacks. If we cannot keep pace with market changes and produce steel products that meet market preferences, customers' specifications and quality standards in a timely and cost-effective manner, there is a risk that the demand for our products would decrease.

33. We are subject to trade union activity, and labour problems and disputes could adversely affect our results of operations and financial condition.

Our non-executive employees are represented by several labour unions under collective wage settlement agreements which have different terms at different locations and are subject to periodic renegotiation. The majority of our non-executive employees are members of several unions including certain registered trade unions such as All India Trade Union Congress (AITUC), Centre of India Trade Unions (CITU) and Indian National Trade Union Congress (INTUC). The last collective wage settlement agreement, which only applies to our unionised employees, was effective from January 1, 2007 until December 31, 2011. A new agreement is being negotiated. We may not be able to satisfactorily renegotiate our wage settlement agreement and may face tougher negotiations or higher wage demands from unionised labour than would be the case for non-unionised labour.

In addition, we have in the past faced, and may in the future face, strikes or work stoppages, which could have an adverse impact on our mining operations, particularly given our dependence on our workforce. Further, threats of strikes, work stoppages or other labour actions often have occurred in the past with government companies that were proposing public offerings or other significant transactions in order to disrupt these transactions. Whilst we continue to work with our trade unions to resolve such issues and foster good relations with our employees, we cannot assure you that our existing labour agreements will prevent a strike or lockout, work stoppage or decline in productivity by our employees, or the threat of such actions in the future, and any strike or work stoppage by our employees, whether relating to this Offer or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we engage independent contractors who in turn engage on-site contract labour to perform certain of our operations. Although our Company does not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund these wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, ("**Contract Labour Act**") as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, if we are required to undertake any such action, it may have an adverse effect on our business, results of operations and financial condition.

34. Our insurance policies provide limited coverage, potentially leaving us uninsured or under insured against certain business risks.

As part of our risk management, we maintain insurance policies that cover all sudden and accidental physical loss, destruction or damage to our property. We currently do not maintain insurance coverage for third party liability or for the storage of goods or products. Notwithstanding the insurance coverage that we carry, the occurrence of any event that causes losses in excess of limits specified under the policy, or losses arising from events not covered by insurance policies, could have a material adverse effect on our Company's business, financial condition and results of operations.

35. Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business, or to meet the applicable statutory and regulatory requirements, could have a material adverse effect on our business.

We require certain statutory and regulatory permits and approvals for our business. For further details, please refer to the section titled "***Governmental and Other Approvals***" on page 306 of this Draft Red Herring Prospectus. There can be no assurance that the relevant authorities will issue such permits or approvals in the time frame anticipated by our Company, or at all, or fail to renew or maintain existing permits or approvals. If we are unable to obtain the requisite licences in a timely manner or at all, or are unable to renew or maintain existing permits or approvals, our operations may be materially and adversely affected.

Our operations are also subject to continued regulatory review, and the applicable statutory and regulatory requirements may be amended or modified. There can be no assurance that we have in the past obtained or complied with all the conditions stipulated in all relevant statutory and regulatory approvals and permits in connection with our operations, or that we will comply at all times in the future. For instance, our Company does not have authorization under Hazardous Waste Rules for its limestone mine at Jagyyapet and dolomite mine at Madharam. There also can be no assurance that the approvals, licences, registrations and permits issued in our Company's favour will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If we fail to comply with any applicable statutory and regulatory requirements, or if such statutory and regulatory requirements relating to our business and operations or the implementation thereof are altered, we may incur increased costs, be subject to penalties and suffer a disruption in our operations, any of which could materially and adversely affect our business and results of operations.

Further, we have in the past carried out mining activities in our sand mine at Nellimarla in the state of Andhra Pradesh, from 2001-04, with a valid mining lease but without other requisite approvals, including approvals from the MOEF and the Andhra Pradesh Pollution Control Board. Whilst we have paid the state government of Andhra Pradesh the requisite royalty for carrying such mining activities and currently do not conduct any mining at Nellimarla, we cannot assure you that we will not be subject to any penalty or fines from the GoI or the state government of Andhra Pradesh for conducting mining operations during that period.

In addition, certain of our contractors and other counterparties are required to obtain approvals, licences, registrations and permits with respect to the services they provide to our Company. There can be no assurance that such contractors or counterparties have obtained and will maintain the validity of such approvals, licences, registrations and permits.

36. Any significant indebtedness in the future could adversely affect our financial condition and results of operations. We are subject to certain restrictive covenants under our current financing arrangements.

As of April 30, 2012, we had total outstanding indebtedness of ₹28.46 billion. Although we are currently not significantly leveraged, we may incur additional indebtedness in the future. Any significant indebtedness in the future could have important consequences, such as a portion of our cash flow being used towards the servicing and repayment of our indebtedness, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements.

Most of our current financing arrangements are secured by our current assets, including a charge on our raw materials, stocks in progress, finished goods, receivables, vehicles, movable machinery and equipment. Some of our current financing agreements also include various conditions and covenants that require us to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, altering our capital structure, changing the business of our Company, merging, consolidating, selling significant assets or making certain acquisitions or investments. In the past, and for this Offer, we have been able to obtain required lender consents for such activities. However, there can be no assurance that our Company will be able to obtain such consents in the future. In the event we are unable to obtain such consents, we will not be able to undertake such actions. Further, any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and/or acceleration of all amounts due under such facilities and may adversely affect our ability to conduct our business and operations or implement our business plans. A default by us under the terms of any financing document may also trigger a cross-default under our other financing documents, or any other agreements or instruments containing cross-default provisions. If all or a part of our outstanding indebtedness is accelerated, we may not have cash to repay such indebtedness, which could adversely impact our ability to operate. Further, in the event we default in our obligation to repay any amounts that become due and payable as a result of any non-compliance with the terms of the financing documents, the relevant lenders may provide our information as a wilful defaulter to the relevant regulatory authorities. In addition, several of our lenders retain the right to cancel the credit facilities extended to us by them, and under the provisions of some of our financing agreements our lenders have the right to recall the payments of the amounts due under the loan facility at any time at their discretion. If our lenders recall the payments of the outstanding amounts before they fall due, it may adversely affect our financial condition.

Furthermore, our Company's ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt. In addition, lenders under our credit facility could foreclose on and sell our assets if we default under our credit facilities. Many of our loan agreements allow our lenders to call upon additional security in relation to existing facilities.

37. Unsecured loans taken by us may be recalled by our lenders at any time.

Unsecured loans taken by us amounting to ₹20.67 billion were outstanding as of April 30, 2012, and may be recalled by our lenders at any time. Any failure to service our indebtedness, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross-default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. For details of our indebtedness, see the section titled "***Financial Indebtedness***" on page 273 of this Draft Red Herring Prospectus.

38. We have substantial capital expenditure and working capital requirements and may require additional financing to meet those requirements.

Our business is capital intensive. We continuously need to expand and upgrade our existing production facilities. The cost of implementing new technologies or expanding capacity and allocation of resources to research and development could be significant and could adversely affect our results of operations.

The actual amount and timing of future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes and technological changes, including additional market developments and new opportunities in our industry. Our sources of additional financing, if required, to meet our capital expenditure plans may include the incurrence of debt or the issue of equity or debt securities or a combination of both. For further details, see the risk factor titled "***If we are unable to obtain adequate funding for our expansion plans, our business, results of operations and financial condition would be adversely affected***" on page 23 of this Draft Red Herring Prospectus.

If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. If we decide to raise additional funds through the issuance of equity, your shareholding in our Company may be diluted.

In many cases, a significant amount of our working capital is required to finance the purchase of materials and the performance of engineering, procurement, manufacturing and other work before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. These factors may result in increases in the amount of our receivables and short-term borrowings.

Continued increases in our working capital requirements may have an adverse effect on our business, financial condition and results of operations and we cannot assure that we will be able to raise the full amount we believe is necessary to fund our capital expenditure and working capital requirements, or that such amounts will be available at costs acceptable to us.

39. Some of our regional and branch offices and stock yards are leased or procured by our Company on an agreement to sell basis.

Some of our regional and branch offices and stock yards through which we operate our business are leased by us from third-parties or have been procured by us on an agreement to sell basis. We may in the future also enter into such transactions with third-parties. Any adverse impact on the title/ownership rights/development rights of our landlords from whose premises we operate our offices or a breach of the contractual terms of such lease and license agreements may impede our Company's operations. Also, in the event the leases are not renewed or sale/conveyance deeds are not executed, our operations may be adversely affected until this has been done or alternative arrangements have been made.

Additionally, some of our lease agreements and agreements to sell are not adequately stamped, and some of our lease agreements, which exceed a term of one year, are not registered. The non-registration of such lease agreements renders these leases voidable. Besides this, such inadequately stamped and unregistered agreements are inadmissible in evidence before the courts, and could attract a penalty that can be up to ten times the deficiency in the stamp duty that is payable on the document. In case a dispute arises in respect of any of our leased premises between the lessor and our Company, our operations may be adversely affected.

In addition, the lease deed for our branch office at Hyderabad has expired. Though we have received a Letter of Renewal from the landlord, we have not entered into a renewed lease deed as on the date of this Draft Red Herring Prospectus. Non-execution of the renewal lease deed may affect our right to occupy the premises.

40. Failure to protect our intellectual property rights may adversely affect our business.

We operate in an extremely competitive environment, where generating brand recognition is an element of our business strategy. We do not hold a trademark registration for our logo as appearing on the cover page of this Draft Red Herring Prospectus. There can be no assurance that we will be able to register all our trademarks, or that third-parties will not infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill. If we fail to protect our intellectual property rights, including patents, trademarks, trade secrets and copyrights, our business and financial condition may be adversely affected. In the event we fail to obtain registration of our trademarks for such logo, or there is otherwise an inability to use such logo in the future, this may result in the loss of any goodwill associated with such logo. Our ability to enforce our trademarks and other intellectual property is subject to general litigation risks and an action for passing-off may not sufficiently protect our trademarks or trade names. If we are not successful in enforcing our intellectual property rights for any reason, it may have an adverse effect on our business and competitive position. For further details on our intellectual property rights, see the section titled "***Government and Other Approvals***" on page 306 of this Draft Red Herring Prospectus.

41. We depend on the experience and skill of certain of our Directors and key management personnel.

Our efforts to continue our growth will place significant demands on our management and other resources, and we will be required to continue to improve operational, financial and other internal controls. Our Company's ability to maintain and grow the existing business and integrate new businesses will depend on our ability to maintain the necessary management resources and the ability to attract, train and retain personnel with skills that enable us to keep pace with growing demands and evolving industry standards. We are in particular dependent on the continued service and performance of key team members in our business units. These key team members possess technical and business capabilities that are difficult to replace. The loss or diminution in the services of our key team members, or our failure otherwise to maintain the necessary management and other resources to maintain and grow the business, could have a material adverse effect on our business, results of operations and financial conditions.

Competition for skilled personnel in the steel industry is intense, and we may not be able to retain key personnel or attract and retain such personnel in the future. We are a public sector undertaking ("**PSU**") created by the GoI to undertake commercial activities on behalf of the government. Thus, GoI policies regulate and control the emoluments, benefits and perquisites that we pay to our employees, including our key managerial and technical personnel. We may be unable to compete with private sector companies for qualified personnel because of more competitive salaries and benefits packages offered by them. We have entered into service contracts with our executive directors and key management personnel. All these contracts are terminable by these respective Directors or key management personnel without assigning any cause by giving a notice of three months. In case any of these executive directors or key management personnel terminates their employment, then our Company may take a longer time to find or may not be able to find the requisite person for such positions.

42. The interests of our Directors may cause conflicts of interest in the ordinary course of our business.

Conflicts may arise in the ordinary course of decision-making by our Board. Some of our non-executive Directors may also be on the board of directors of certain companies engaged in businesses similar to the business of our Company. There can be no assurance that our Directors will not provide services to our competitors or otherwise compete in business lines in which we are already present or will enter into in future.

43. We may be subject to product liability claims.

As of March 31, 2012, as far as we are aware and after making all reasonable enquiries, no legal claim has been made against us arising from product defects. We believe that, however, if the products manufactured by us contain defects which adversely affect our customers, we may incur additional costs in curing such defects or defending any legal proceedings or claims brought against us and may result in negative publicity. There can be no assurance that there will not be any product liabilities claims against us in the future. If any of our customers make any claim against us due to the defects of our products, our profitability, business and reputation may be adversely affected.

44. The security of our IT systems may fail and adversely affect our business, operations, financial condition and reputation.

Our Company is dependent on the effectiveness of our information security policies, procedures and capabilities to protect our computer and telecommunications systems and the data such systems contain or transmit. Any delay in implementation or disruption of the functioning of our information technology systems could disrupt our ability to track, record and analyse work in progress or cause loss of data and disruption to our operations, process financial information or manage creditors/debtors or engage in normal business activities. An external information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although we maintain procedures and policies to protect our IT systems, such as a data back-up system, disaster recovery and business continuity system, any failure of our IT systems as mentioned above could result in business interruption, material financial loss, initiation of regulatory actions and legal proceedings and harm to our reputation.

45. Any disruptions to our Enterprise Resource Planning ("ERP") and disaster recovery platforms or to our business systems could adversely affect our ability to carry on our business efficiently.

Our Company has invested in information technology systems designed to help us better monitor and run our business. We are implementing the ERP platform at all our offices which will cover business processes related financial and cost accounting, sales and marketing, production planning and monitoring, human capital management and customer and supplier management.

Our ERP servers and data centre facilities are vulnerable to damage, power loss, third-party disruptions, natural calamities, fire and similar events. Any significant disruption to these servers or other computer or communication systems may damage our ability to carry on our business efficiently.

46. One of our subsidiaries has experienced negative cash flows in prior periods. Any negative cash flows in the future could adversely affect our business and working capital.

Our Subsidiary, EIL, is the majority shareholder in BSLC and OMDC. BSLC has experienced negative cash flows of ₹49.30 million in the Financial Year 2011 and ₹40.30 million in the nine months ended December 31, 2011.

Negative cash flows of our Company and our subsidiary companies over extended periods, or significant negative cash flows in the short term, could materially impact our working capital and our ability to operate our business.

47. Our Subsidiary has incurred losses.

Our Subsidiary, EIL, is the majority shareholder in BSLC and OMDC. BSLC has experienced losses in the past. The following table sets forth the loss suffered by BSLC for the period indicated:

(₹ in millions)

Name of the Company	Loss incurred	
	Financial Year 2011	Nine months ended December 31, 2011
BSLC	54.51	43.81

48. The GoI will continue to control our Company following listing of our Equity Shares, and its interests as a controlling shareholder may conflict with prospective investors' interests as a shareholder.

Upon the completion of this Offer, the GoI, acting through the MoS, will hold 4,400,861,580 Equity Shares, or 90.0% of our post-Offer paid up Equity Share capital. Under the MoU signed with the MoS and our Company's Articles of Association, the President of India may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned Company, as defined under the Companies Act. Consequently, the GoI will continue to control us and will have the power to appoint, specify the terms and conditions of their appointment, and remove our Directors, including our Chairman and Managing Director, and determine the outcome of most proposals for corporate action requiring approval of our Company's Board or shareholders, such as revenue budgets, capital expenditure, dividend policy, determination of the borrowing powers of the Board, etc. Under the Companies Act, we will continue to be a public sector undertaking which is owned and controlled by the GoI, which represents the interests of the general public in India. This may affect the decision making process in certain business and strategic decisions taken by us going forward. We may pursue public interests during the course of our operations rather than focusing mainly on maximising our profits.

The interests of the GoI may be different from our interests or the interests of our other shareholders. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our Company or our Company's other shareholders' best interests. The GoI could, by exercising its powers of control, delay or defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another public sector undertaking or any other entity.

In particular, given the importance of the steel industry to the economy, the GoI has historically played a key role, and is expected to continue to play a key role, in regulating, reforming and restructuring the Indian steel industry. The GoI also exercises substantial control over the growth of the coal and power industry, which are essential raw materials for us and may formulate policies which are in conflict with our interests. Whilst the pricing of steel is not currently regulated by the GoI and is decided by our Company based on market demand and insight and competition, there can be no assurance that rules and regulations governing the pricing of steel will not be introduced and implemented by the GoI in the future. As the GoI is our majority shareholder and therefore has substantial controlling interest in our Company, such implementation may result in us having to adopt a pricing policy that may not be in line with market practices and may result in a material adverse effect on our business, financial condition and result of operations.

49. Any future capital raising exercise or sale of our Equity Shares by the GoI could significantly affect the price of our Equity Shares and may dilute your shareholding.

To fund future growth plans, our Company may raise further capital by way of a subsequent issuance of Equity Shares in either the domestic or the international market. Any such issuance of our Equity Shares would dilute the shareholding of our existing investors. Any such future issuance of Equity Shares or sale of Equity Shares by the GoI, our Company's significant shareholder, may adversely affect the price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities.

50. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.***

Pursuant to guidelines issued by the Department of Expenditure, Ministry of Finance, GoI in September 2004, all profit making PSUs are required to declare a minimum dividend on equity of 20.0% or a minimum dividend payout of 20.0% of post-tax profits, whichever is higher. According to this guideline, our minimum payout is 20.0% of profits after tax. For the Financial Year 2011, our Company paid only 10.0% of profit after tax as dividend on equity capital, but we also paid a dividend on preference capital. For details of dividends paid in previous years, please see the section titled "***Dividend Policy***" and page 158 of this Draft Red Herring Prospectus. However, the amount of our future dividend payments, if any, is subject to the discretion of the Board of Directors, and will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. Additionally, we are restricted by the terms of certain of our debt financing instruments from making dividend payments in the event we default in any of the debt repayment obligations. There can be no assurance as to whether our Company will pay a dividend in the future, and if so, the level of such future dividends.

Risk Factors Relating to the Equity Shares

51. ***The proceeds from this Offer will not be available to us.***

As this Offer is an offer for sale of Equity Shares by the Selling Shareholder, the proceeds from this Offer will be remitted to the Selling Shareholder. Our Company will not benefit from such proceeds.

52. ***Investors will not receive the Equity Shares they purchased in this Offer until 12 Working Days after the date on which this Offer closes, which will subject investors to market risk.***

The Equity Shares purchased in this Offer will not be credited to investors' demat accounts with depository participants until approximately 12 Working Days from the Offer Closing Date and investors can start trading such Equity Shares only after receipt of listing and trading approvals in respect of these Equity Shares. Investors will be subject to the risk of devaluation of our Equity Shares after they purchase and investors may not be able to sell our Equity Shares until they receive them and approval for listing and trading is obtained.

53. ***Investors will not be able to immediately sell any of our Equity Shares purchased in this Offer through the Indian Stock Exchanges until the receipt of appropriate trading approvals from Stock Exchanges.***

Our Equity Shares will be listed on the BSE and the NSE of India. Pursuant to Indian regulations, permission for the listing and trading of our Equity Shares on the Stock Exchanges will not be granted until after certain actions are completed. Investors' book entry or demat accounts with depository participants in India are expected to be credited within two Working Days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We are required to Allot and list our Equity Shares within 12 Working Days of the Offer Date. The investors can start trading in our Equity Shares only after they have been credited to their demat account and listing and trading permissions are received from the Stock Exchanges. There can be no assurance that our Equity Shares will be credited to investors' demat accounts, or that trading in our Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict investors from disposing of the Equity Shares they subscribed to.

54. ***There are restrictions on daily movements in the price of our Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which he can sell, Equity Shares at a particular point in time.***

Subsequent to listing, the Company may be subject to a circuit breaker imposed by the Stock Exchanges in India which does not allow transactions beyond a certain level of volatility in the price of Equity Shares. If any of these circuit breaker thresholds are reached, trading in all equity and equity derivatives markets nationwide is halted. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of our Equity Shares. The stock exchanges may change such limits without our knowledge. This circuit breaker will effectively limit upward and downward movements in the price of our Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell our Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

55. There has been no public market for our Equity Shares prior to this Offer. The Offer Price therefore may not be indicative of the value of our Equity Shares.

Prior to this Offer, there has been no public market for our Equity Shares in India or elsewhere. The Offer Price as determined by our Company in consultation with the Selling Shareholder and the Book Running Lead Managers could differ significantly from the price at which our Equity Shares will trade subsequent to completion of this Offer. There can be no assurance that even after our Equity Shares have been approved for listing on the stock exchanges, any active trading market for our Equity Shares will develop or be sustained after this Offer, or that the offering price will correspond to the price at which our Equity Shares will trade in the Indian public market subsequent to this Offer.

56. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company, including our Equity Shares, are generally taxable in India. Any gain realised on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by the domestic stock exchange on which our Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Furthermore, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares. For further details, see the section titled "***Statement of Possible Tax Benefits Available to our Company and its Shareholders***" beginning on page 74 of this Draft Red Herring Prospectus.

57. Our Company and investors resident outside India are subject to foreign investment restrictions under Indian law which may adversely affect our operations and their ability to freely sell our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of Equity Shares from non-residents to residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the Reserve Bank of India ("**RBI**"). If the transfer of Equity Shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the specified exceptions, then the prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. Our Company may also be subject to restrictions relating to downstream investment under the foreign direct investment policy of the Government. Pursuant to the FDI Circular issued by the Government, in the event that more than 50.0% of equity interest of our Company comes to be beneficially owned by non-residents, or the majority of our Board is nominated by non-resident shareholders, we would be classified as owned by non-resident entities and the downstream investments made by our Company will be considered indirect foreign investment and will therefore be subject to the sectoral limits of foreign investment.

EXTERNAL RISK FACTORS

58. Global financial turmoil or conditions in the Indian market could materially and adversely affect our financial condition and the market value of our Equity Shares.

Beginning in mid-2011, the United States and the European debt crisis has led to a significant loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the effects of this global financial turmoil. The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Continued concerns about the systemic impact of potential long-term and wide-spread economic recession, energy costs, geopolitical issues, and the availability and cost of credit have led to increased market uncertainty and instability in international capital and credit markets. These conditions, combined with declining business, consumer confidence and the high unemployment rate, have contributed to volatility of unprecedented levels. These market and economic conditions have had, and continue to have, an adverse effect on the global and Indian financial markets and the global and Indian economy in general, which has had, and may continue to have, a material adverse effect on our Company's business and financial performance, and may have an impact on the price of our Equity Shares.

In addition, the Indian securities markets are less developed and are more volatile than the securities markets in certain other economies, especially countries which are members of the Organisation for Economic Cooperation and Development ("**OECD**"). Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges (including the BSE and NSE) have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Furthermore, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Also, disputes have occurred on occasions between listed companies and the Indian stock exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

59. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries, as well as natural disasters, could adversely affect the financial markets and our Company's operations directly, or may result in a more general loss of customer confidence which would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Terrorist attacks, civil unrest and other acts of violence or war involving India or other neighbouring countries may adversely affect the Indian markets and the worldwide financial markets. South Asia more generally has experienced instances of civil unrest and hostilities among neighbouring countries from time to time. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and generally have an adverse effect on our business, results of operations, financial condition and cash flows. In addition, any deterioration in international relations may result in investor concern regarding regional stability, which could adversely affect the price of our Equity Shares. If India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations. Military activity or terrorist or rebel group attacks in the future could adversely affect the Indian economy by disrupting communications and making travel more difficult or by disrupting our operations directly, including through disruptions to the transportation lines over which we transport our goods, such as domestic railway lines. Any of these conditions could have an adverse effect on our business, financial condition and results of operations.

India has experienced natural disasters such as earthquakes, tsunamis, cyclones, droughts and floods in recent years. As our operations, production capabilities, distribution chains and facilities and mines are all located in a region of India prone to natural disasters, such natural catastrophes could disrupt our Company and cause serious harm to our business. For example, in the event of a drought, the State Government in which our facility is located could cut or limit the supply of water to our facility, thus adversely affecting our production capabilities, and reducing the volume of products we can manufacture and consequently reducing our revenues. Our Company cannot assure that such events will not occur in the future, or if such events occur, that our business, results of operations, financial condition and prospects will not be adversely affected.

60. Changes in the policies of the Indian Government could adversely affect economic conditions in India, and thereby adversely affect our results of operations and financial condition.

Our Company is incorporated in India, derives our revenues from operations in India and all of our assets are located in India. Consequently, the performance of our Company and the market price of our Equity Shares may be affected by interest rates, government policies, price controls, taxation, social instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. The current government has announced that its general intention is to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations. Political instability or changes in the government could delay further liberalisation of the Indian economy and adversely affect economic conditions in India generally, which could have a material adverse effect on our Company's business, results of operations, financial condition and prospects.

The MoS, GoI is responsible for coordinating and formulating policies for the growth and development of the Indian iron and steel industry. Prior to 1992, the MoS, GoI controlled the price that Indian primary steel producers could charge for steel. Today, the Indian steel industry is deregulated, and steel prices in India are generally determined by market forces. Such deregulation notwithstanding, the MoS has initiated measures to maintain a balance between the demand and availability of steel in India. No assurance can be given that the GoI will not reinstitute price controls in the future or otherwise interfere with market prices. If the MoS, GoI intervenes in determining the price of steel in India, our results of operations and financial condition could be adversely affected. In addition, the GoI may enact monetary or fiscal policies to contain India's fiscal deficit or curb inflation that may decrease the demand for Indian steel, which could adversely affect our business, operations and financial condition.

Taxes and other levies imposed by the GoI or State Governments that affect our industry include import duties on raw materials and consumables; import duties on imports of steel, including hot rolled coils; central excise duty; central sales tax; income tax; value added tax; royalties; service tax; entry tax and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

Increases or decreases in any of the above taxes or levies may significantly affect our business, financial condition, results of operations and prospects. Similarly, a withdrawal or changes in export incentives that we take advantage of may reduce realisation on exports.

61. Any downgrade of India's sovereign debt rating by international rating agencies could adversely affect our Company's results of operations and financial condition.

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise financing and the interest rates and commercial terms on which such financing is available. This could have an adverse effect on our ability to obtain financing to fund our growth on favourable terms or at all and, as a result, could have a material adverse effect on our business, results of operations, financial condition and performance, and the price of the Equity Shares.

62. The proposed adoption of the International Financial Reporting Standards ("IFRS") could result in our financial condition and results of operations appearing materially different than under Indian GAAP.

Public companies in India, including our Company may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI through a press note released in January 2010. The Ministry of Corporate Affairs, on February 25, 2011, announced that it will implement converged accounting standards in a phased manner. The date of implementing such converged Indian accounting standards has not yet been determined, and will be notified by the Ministry of Corporate Affairs in due course after various tax-related and other issues are resolved.

Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have an effect on the amount of income recognised during that period and in the corresponding period in the comparative period. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

Prominent Notes:

- Public Offer of 488,984,620 Equity Shares for cash at a price of ₹[●] per Equity Share aggregating up to [●] million, of our Company through an Offer for Sale by the Selling Shareholder. The Offer comprises a Net Offer and an Employee Reservation Portion. The Offer shall constitute 10.0% of the post-Offer paid-up Equity Share capital of our Company and the Net Offer shall constitute 9.0% of the post-Offer paid-up Equity Share capital of our Company. The Selling Shareholder and our Company may offer a discount of ₹ [●] per Equity Share to the Retail Individual Investors and the Eligible Employees bidding under the Employee Reservation category.

- The average cost of acquisition of Equity Shares by our Promoter is ₹[●] which has been calculated on the basis of the average of amounts paid by it to acquire the Equity Shares currently held by it.

- Except as disclosed in the section titled "***Financial Statements***" on page 159 of this Draft Red Herring Prospectus, there have been no transactions between our Company and our Subsidiaries/joint ventures during the last Financial Year.

- The net worth of our Company on a consolidated basis and standalone basis as of December 31, 2011 was ₹137,320.20 million and ₹137,316.40 million, respectively, as per the restated stand-alone financial statements and as per the audited restated consolidated financial statements.

- The NAV/ book value per Equity Share of ₹1,000.00 each, as of December 31, 2011 was ₹2,808.19 as per our restated stand alone financial statements and ₹2,808.27 as per our restated consolidated financial statements. For more information, see the section titled "***Financial Statements***" on page 159 of this Draft Red Herring Prospectus. The face value of our Equity Shares have been split from ₹1,000.00 per equity share to ₹10.00 per Equity Share on April 12, 2012. For further details on the stock split, see the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.

- There has been no financing arrangement whereby the Directors and/ or their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this DRHP with SEBI.

- Our Company was converted to a public company on May 10, 2012, pursuant to the approval of the MoS (letter no 5(5)/2010-VSP) dated December 21, 2011 and the resolution passed by the shareholders at their EGM dated April 21, 2012.

Investors may contact the Book Running Lead Managers who have submitted the due diligence certificate to the SEBI, for any complaint pertaining to this Offer. All grievances relating to ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the Bid-cum-Application Form has been submitted by the ASBA Bidder.

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

The Global Steel Industry

According to the World Steel Association Crude Steel Production 2011 ("**WSA**"), global crude steel production (of the 64 countries reported) in 2011 was approximately 1,490.1 mt, while global apparent steel consumption (which reflects the deliveries of steel to the marketplace from domestic steel producers and imported steel) of finished steel was 1,373.3 mt (Source: WSA Short Range Outlook, Apr. 2012).

The global steel industry is cyclical in nature and the growth or decline of the steel industry is linked to the economic cycle of a country and, in particular, to industrial production and infrastructure development. Global production capacity, trade policies of countries and the regional demand-supply scenario also strongly influence the industry. Steel producers may attempt to reduce the impact of cyclicality through various measures, such as diversification of manufacturing operations to various geographies (preferably emerging markets with low-cost operations), vertical integration into raw material production, diversification of customer base and focus on value-added products.

Global Steel Production

Growth in steel production has been volatile. According to the WSA, global steel production declined on average by 0.5% per year from 1990 to 1995 and grew on average by 2.4% per year from 1995 to 2000 and 6.1% per year from 2000 to 2005. Over the period from 2005 to 2011, global steel production increased by approximately 8.0% per year. Individual rates for these years ranged from a 14.9% growth in 2010 to a 7.9% reduction in 2009.

Overall global crude steel production (based on the 64 countries reporting) in 2011 was 1490.1 mt, a 5.1% increase in production over the previous year. In 2011, according to the WSA, crude steel production increased by 5.6% in Asia (9.0% increase in China, 5.7% increase in India, 14.7% increase in Taiwan and 1.8% decrease in Japan); increased by 6.8% in North America (7.1% increase in the United States); increased by 2.8% in the EU of 27 countries ("**EU27**") (1.0% increase in Germany and 11.3% increase in Italy); increased by 10.7% in Other Europe (17.0% increase in Turkey); and increased by 3.9% in CIS Countries (2.7% increase in Russia and 5.7% increase in Ukraine).

Over the past decade, steel production has continued to shift from its traditional base in heavily industrialised countries to fast-growing emerging markets such as China and India. In 2000, the United States and EU27 accounted for approximately 34.8% of global steel production, and Japan accounted for 12.5%. At the same time, China and India accounted for 15.1% and 3.2%, respectively, of global steel production. By 2005, however, contribution by the United States and EU27 decreased to 25.4% of global steel production and Japan decreased to 9.8%, while China and India accounted for 30.9% and 4.0%, respectively. In 2011, the United States and EU27 accounted for only 17.7% of global steel production, Japan accounted for 7.2%, while China and India contributed 45.9% and 4.8%, respectively. According to the WSA, in 2011, China was the single largest producer of crude steel in the world, producing approximately 683.3 mt of crude steel, which represents a 9.0% increase in production over 2010. In 2011, India was the fourth largest producer of crude steel, producing approximately 72.2 mt of crude steel.

The recent production shift to Asia has largely been the result of proximity to the major growth markets for steel consumption and the greater availability of key raw materials. While both Europe and the United States are experiencing weakness in Gross Domestic Product ("**GDP**") and industrial production, the GDP of China and India is expected to grow by 8.2% and 6.9% in 2012, respectively, according to the World Economic Outlook published by the International Monetary Fund (Apr. 2012) ("**IMF**"). Moreover, while production in Europe, Japan and the United States has improved following the economic slowdown in 2008 and 2009, steel producers in those regions face continued challenges due to slowing demand. The recent shift to Asia is also evident in the number of Asia based steel producers who are ranked among the top ten in crude steel production. In 2001, there were four European companies in the top ten steelmakers. In 2010, the only steelmaker in the top ten with headquarters in Europe was ArcelorMittal.

The Indian Steel Industry

The Indian economy is one of the largest economies in the world, with a GDP at current prices estimated at US$1.7 trillion (₹52.8 trillion) for 2010, according to the World Bank. Its economy is better insulated from the global economy than several other Asian countries due to the fact that it does not rely heavily on exports to developed markets. This is compounded by strong economic fundamentals, which include high savings and investment rates and a rapidly growing middle class, helping to ensure a relatively stable economic performance for the country. India's economy has grown significantly in recent years with a GDP growth rate estimated at 7.2% in 2011, 6.9% in 2012 and 7.3% in 2013 according to the IMF.

Indian Steel Production

India is currently the fourth largest crude steel producer in the world, according to the Ministry of Steel, Government of India, and is forecasted to be the second largest steel producer in coming years, according E&Y 2010. Unlike China, where there is significant excess steelmaking capacity, (Chinese crude steel capacity is expected to be 840.0 mt in 2012, which would be 22% in excess of the expected 688.0 mt of consumption), India remains a net importer of steel, which should allow for more growth in steelmaking capacity for domestic Indian steel companies. Indian crude steel production increased by a CAGR of 10.5% from 27.3 mt in 2001 to 66.8 mt in 2010, according to the WSA. In 2011, production increased by 5.7%. Production is expected to further increase by 15.3% in 2012 and by 13.4% in 2013, according to according to the Ernst and Young Global Steel - 2011 Trends, 2012 Outlook Report ("**E&Y 2011**"). In addition, steel producers have signed a total of 222 MoUs with the State Governments for a planned capacity addition of about 275.7 mt by 2020.

SUMMARY OF OUR BUSINESS

We are the second largest government owned steel company in India (Source: Steelworld, Jun. 2011 newsletter), with original liquid steel production capacity of 3.0 mtpa and expanded liquid steel production capacity of 6.3 mtpa, which is in the advanced stages of completion by the Financial Year 2013. Our plant at Visakhapatnam, VSP, was originally established in 1971 as part of SAIL, a PSU producing iron and steel products. In 1982, our Company was incorporated and the assets and liabilities of VSP were transferred from SAIL to us.

In November 2010, we were conferred *Navratna* status by the GoI, which provides us with a considerable degree of operational and financial autonomy from the GoI. As of March 31, 2012, we are one of only 16 PSUs in India with *Navratna* status. The Promoter of our Company is the President of India, acting through the Ministry of Steel, GoI.

We have our Registered and Corporate Office in Visakhapatnam, in the state of Andhra Pradesh, India, with regional offices in Visakhapatnam, Delhi, Kolkata, Mumbai and Chennai. We conduct our production activities at a single production site in Visakhapatnam. Our steel production facilities consist of four coke oven batteries, three blast furnaces, including one commissioned in April 2012, along with the related processing units, three converters, three rolling facilities and a thermal power plant and its ancillary facilities, including waste heat recovery facilities. The expansion of our production capacity to more than double our liquid steel capacity from 3.0 mtpa to 6.3 mtpa is well advanced, with major units, including finishing mills, to be commissioned in phases during the Financial Year 2013. We purchase most of our key raw materials, including iron ore and coking coal, but we also have mines which provide limestone, dolomite, manganese ore, quartz and silica sand. We own a majority stake in EIL, a holding company for mining companies with iron ore, manganese ore, limestone and dolomite reserves.

We produce a broad range of steel products, including plain wire rods, rebars, rounds, squares, structurals, billets, blooms and pig iron. We sell most of our products domestically, with Indian customers accounting for approximately 96.7% of our sales as of December 31, 2011, of which 52.4% was in south India. Our customers consist mainly of companies in the construction, infrastructure, manufacturing, automobile, general engineering and fabrication sectors.

As of March 31, 2012, we employed 18,079 permanent employees. We sell our products through a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents and six consignment sales agents. We sell our steel products to project users, industrial users and retailers.

In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we recorded net sales of ₹91.28 billion, ₹98.09 billion, ₹105.74 billion and ₹90.66 billion, respectively, on a restated consolidated basis. During the same period, we recorded a profit after taxes of ₹13.36 billion, ₹7.97 billion, ₹6.67 billion and ₹4.96 billion, respectively. As of December 31, 2011, we had total assets and total net worth of ₹224.70 billion and ₹137.32 billion, respectively.

For details on our Company's strengths and strategies, see the section titled "***Our Business”*** on page 93 of this Draft Red Herring Prospectus.

SUMMARY FINANCIAL INFORMATION

The following tables set forth our selected financial information derived from our Company's standalone financial statements for the nine months ended December 31, 2011 and for the Financial Years 2007, 2008, 2009, 2010 and 2011 and consolidated financial statements as of and for the nine months ended December 31, 2011 and for the Financial Years ended March 31, 2007, 2008, 2009, 2010 and 2011, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with ICDR Regulations, as described in the Auditors' Report included in the section titled "***Financial Statements***" on page 159 of this Draft Red Herring Prospectus.

The summary financial information of our Company presented below should be read in conjunction with the restated financial statements and the notes (including accounting policies) thereto included in the sections titled "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 159 and 249, respectively of this Draft Red Herring Prospectus.

ANNEXURE I

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY OF ASSETS AND LIABILITIES - RESTATED

(₹ in Million)

	PARTICULARS		As at	As at March 31st				
			31-12-2011	2011	2010	2009	2008	2007
A	**Fixed assets**							
	(a)	Gross block	99083.7	97829.3	94629.1	89956.0	88910.1	88660.4
	(b)	Less : Depreciation	84934.3	82545.6	80013.0	77401.5	75068.0	72487.1
	(c)	Net block	14149.4	15283.7	14616.1	12554.5	13842.1	16173.3
	(d)	Held for disposal	0.3	0.3	0.5	0.5	0.4	0.0
	(e)	Net block	14149.7	15284.0	14616.6	12555.0	13842.5	16173.3
	(f)	Capital work in progress	106651.3	95481.1	75255.9	46340.8	20910.3	5990.8
	(g)	Total fixed assets	120801.0	110765.1	89872.5	58895.8	34752.8	22164.1
B	**Investments**		3625.8	3616.0	2.5	0.5	0.5	0.5
C	**Current assets, loans and advances**							
	(a)	Inventories	40630.4	32547.1	24641.7	32342.1	17797.2	12312.3
	(b)	Sundry debtors	3768.1	3305.4	1809.1	1886.9	912.4	2133.6
	(c)	Cash and bank balances	19392.9	19988.9	54155.4	66241.7	76991.1	71946.8
	(d)	Other current assets	2365.5	759.6	1374.0	2589.1	2924.3	3082.4
	(e)	Loans and advances	26473.3	19275.3	13422.0	15553.7	19573.5	15177.7
	(f)	Total current assets, loans and advances	92630.2	75876.3	95402.2	118613.5	118198.5	104652.8
D	**Total assets**	**[A + B + C]**	217057.0	190257.4	185277.2	177509.8	152951.8	126817.4
E	**Liabilities and provisions**							
	(a)	Secured Loans	8007.4	2748.9	3873.2	9077.2	3327.8	6044.5
	(b)	Unsecured Loans	20671.9	8618.7	8452.3	1000.4	1079.5	3125.1
	(c)	Current liabilities	40549.1	32713.3	28252.1	26083.6	16389.5	10140.9
	(d)	Provisions	10074.2	13104.3	14228.4	16227.3	15824.8	11041.4
	(e)	Total current liabilities and provisions	79302.6	57185.2	54806.0	52388.5	36621.6	30351.9
	(f)	Deferred tax liabilities	438.0	811.2	995.2	1227.6	1624.9	2249.4
	(g)	Total liabilities	79740.6	57996.4	55801.2	53616.1	38246.5	32601.3
	Net worth	**[D - E]**	**137316.4**	**132261.0**	**129476.0**	**123893.7**	**114705.3**	**94216.1**
F	**Represented by :**							
	(a)	Share capital	78273.2	78273.2	78273.2	78273.2	78273.2	78273.2
	(b)	Reserves and surplus	59043.2	53987.8	51202.8	45620.5	36432.1	15942.9
	Net worth	**F [(a) + (b)]**	**137316.4**	**132261.0**	**129476.0**	**123893.7**	**114705.3**	**94216.1**

ANNEXURE II

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

PARTICULARS		For the Nine months ended	For the year ended March 31 st				
		31-12-2011	2011	2010	2009	2008	2007
A	**Income**						
(a)	Net sales	90347.4	104711.8	98091.5	91283.8	90883.7	79326.6
(b)	Internal Consumption	611.9	877.0	1210.7	1141.0	884.6	284.0
(c)	Interst earned	1741.2	3475.4	5347.1	7872.1	7246.4	5572.1
(d)	Other revenue	561.2	903.2	1017.5	750.2	912.7	753.6
(f)	Total	**93261.7**	**109967.4**	**105666.8**	**101047.1**	**99927.4**	**85936.3**
B	**Expenditure**						
(a)	Raw-material consumed	62223.1	71883.6	55351.1	58962.5	42802.2	38890.4
(b)	Depletion/(Accretion) to stocks	(5353.9)	(5323.2)	4153.5	(9166.5)	(3431.7)	237.6
(c)	Employees' remuneration & benefits	10641.3	12729.5	13997.4	11566.8	10307.2	7409.4
(d)	Stores & Spares consumed	3594.0	4712.2	4664.8	5012.3	3640.6	3572.7
(e)	Power & fuel	3348.7	4250.3	4082.7	3403.1	2588.1	2429.5
(f)	Repairs & maintance	1212.8	1451.8	1421.3	1498.1	1257.9	1097.0
(g)	Freight outward	2488.9	3007.2	3126.5	2865.3	3069.6	3152.6
(h)	Other Expenses & provisions	4557.5	3975.1	3350.8	3780.1	5104.1	3239.5
	Total expenditure	**82712.4**	**96686.5**	**90148.1**	**77921.7**	**65338.0**	**60028.7**
(i)	Less: Inter account adjustments raw-material mining cost	321.0	491.0	432.6	380.6	391.5	284.9
(j)	Total operating expenses	82391.4	96195.5	89715.5	77541.1	64946.5	59743.8
C	**Profit before depreciation, interest and taxation**	**10870.3**	**13771.9**	**15951.3**	**23506.0**	**34980.9**	**26192.5**
D	Less : Depreciation	2376.6	2659.4	2771.7	2404.6	4715.5	3516.0
	Less : Interest and finance charges	1295.0	1645.5	775.5	881.4	315.7	484.2
E	Add/(Less) : Prior period items (Net Credit)	(74.6)	(349.6)	(72.4)	(45.9)	(3.9)	(31.1)
F	**Profit before tax and Extra Ordinary Items**	**7273.3**	**9816.6**	**12476.5**	**20265.9**	**29953.6**	**22223.4**
G	**Extraordinary items**	-	-	-	-	-	-
H	**Provisions for taxation**						
(a)	Income tax for current year	2783.6	3691.0	4630.8	7463.8	11881.3	7937.5
(b)	Income tax for earlier years	(106.6)	(280.8)	146.2	(213.9)	(117.7)	863.8
(d)	Fringe benefits tax for current year	-	-	(0.5)	46.6	44.3	42.1
(e)	Fringe benefits tax for earlier years	-	-	-	-	-	-
(f)	Total	2677.0	3410.2	4776.5	7296.5	11807.9	8843.4
(g)	Deferred tax adjustment for the period	(361.6)	(178.5)	(266.7)	(386.3)	(1281.7)	(254.3)
(h)	Total provisions for taxation	2315.4	3231.7	4509.8	6910.2	10526.2	8589.1
I	**Net profit after tax as per audited accounts**	**4957.9**	**6584.9**	**7966.7**	**13355.7**	**19427.4**	**13634.3**
J	**Adjustments on account of -**						
(a)	Changes in accounting policies	-	-	-	-	(1717.4)	(84.7)
(b)	Other adjustments & Prior period items	(275.8)	448.7	22.8	53.5	(86.7)	(12.0)
(c)	Arrear Salary & Wages	-	339.6	(835.7)	145.8	189.6	98.5
(d)	Current Tax impact of Adjstments	192.4	(125.8)	(152.5)	11.9	(103.6)	(931.1)
(e)	Deffered tax impact adjustments	(11.6)	(5.5)	34.3	(11.0)	657.2	(146.7)
	Total of Adjustments after Tax impact	**(95.0)**	**657.0**	**(931.1)**	**200.2**	**(1060.9)**	**(1076.0)**
K	**Profit after tax (as restated)**	**5052.9**	**5927.9**	**8897.8**	**13155.5**	**20488.3**	**14710.3**

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RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

K	**Profit after tax (as restated)**	**5052.9**	**5927.9**	**8897.8**	**13155.5**	**20488.3**	**14710.3**
	Profit / (Loss) brought forward from previous year	24576.9	21804.3	16232.9	36420.4	15932.2	1221.9
L	**Profit / (Loss) available for appropriation**	29629.8	27732.2	25130.7	49575.9	36420.5	15932.2
M	**Appropriations**						
	Reserve for Redemption of Preference shares	-	-	-	29374.7	-	-
	Proposed Dividend on Equity & Preference Shares						
	Interim & Final	-	2714.7	2852.9	3391.8	-	-
	Tax on Dividend	-	440.4	473.8	576.4	-	-
	Total Appropriations	-	3155.1	3326.7	33342.9	-	-
	BALANCE CARRIED TO BALANCE SHEET	**29629.8**	**24577.1**	**21804.0**	**16233.0**	**36420.5**	**15932.2**

ANNEXURE III

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY CASH FLOW STATEMENT - RESTATED

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
(A) Cash flow from Operating activities						
Net Profit / (Loss) before taxation	7549.0	9028.2	13289.5	20066.5	31568.0	22221.5
Add / (Less) Adjustments for:						
Depreciation	2378.5	2657.1	2795.1	2405.8	3001.1	3679.9
Interest and Finance Charges	1295.0	1645.5	775.5	874.7	315.7	484.2
Provisions	845.7	625.7	(1071.4)	(3713.7)	1131.9	631.3
Unrealised Foreign Exchange (Gain) /Loss	(58.6)	(53.0)	(112.1)	478.5	-	-
(Profit)/Loss on sale of fixed assets	(15.0)	(32.6)	(10.2)	(4.7)	(0.4)	(208.1)
Finished goods consumed for capital jobs	(41.5)	(66.5)	(949.0)	(808.7)	-	-
Interest Income	(1741.2)	(3475.4)	(5347.1)	(7872.1)	(7246.4)	(5572.1)
Operating Profit Before working capital changes	**10211.9**	**10329.0**	**9370.3**	**11426.3**	**28769.9**	**21236.7**
Adjustments for						
(Increase) / Decrease in Inventories	(8083.3)	(7905.5)	7700.5	(14545.0)	(5484.9)	(2.2)
(Increase) / Decrease in Sundry debtors	(462.7)	(1496.3)	77.8	(974.5)	1221.2	(473.8)
(Increase) / Decrease in Other Current assets	-	-	-	-	(212.5)	(44.1)
Increase/Decrease in Loans & Advances	(7198.0)	(5853.4)	2131.7	4019.9	(2120.3)	(379.6)
Increase in Liabilities	7927.8	5521.0	1876.9	4010.0	6383.8	2161.1
Cash generated from Operations	**2395.7**	**594.8**	**21157.2**	**3936.7**	**28557.2**	**22498.1**
Less: Income Tax paid	(3590.1)	(4862.6)	(4910.0)	(7160.4)	(10179.6)	(9553.4)
Net cash from / (used in) Operating activities	**(1194.4)**	**(4267.8)**	**16247.2**	**(3223.7)**	**18377.6**	**12944.7**
(B) Cash flow from Investing activities						
Purchase of Fixed Assets	(12511.3)	(24480.1)	(32784.0)	(20504.9)	(15594.0)	(4853.0)
Investments	(9.8)	(3613.5)	(2.0)	-	-	(0.5)
Proceeds from sale of Fixed Assets	131.1	35.5	352.8	22.9	5.4	4.4
Interest received	135.3	4089.8	6562.2	8207.3	7467.5	4271.4
Net cash from / (used in) Investing activities	**(12254.7)**	**(23968.3)**	**(25871.0)**	**(12274.7)**	**(8121.1)**	**(577.7)**
(C) Cash flow from Financing activities						
Proceeds from/(Repayment of) Secured Loans	5258.5	(1124.3)	(5004.4)	5749.4	(2716.7)	4305.8
Proceeds from/(Repayment of) unsecured Loans	12053.2	166.4	7252.3	(79.1)	(2045.6)	(569.3)
Proceeds from Prime Minister's Trophy Fund	-	10.0	-	-	1.0	10.7
Interest and Finance charges	(1303.5)	(1655.8)	(742.2)	(921.3)	(450.9)	(384.4)
Dividend Paid	(2714.7)	(2852.9)	(3391.8)	-	-	-
Dividend Tax Paid	(440.4)	(473.8)	(576.4)	-	-	-
Net cash from / (used in) Financing activities	**12853.1**	**(5930.4)**	**(2462.5)**	**4749.0**	**(5212.2)**	**3362.8**
Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(596.0)**	**(34166.5)**	**(12086.3)**	**(10749.4)**	**5044.3**	**15729.8**
Opening Balance of Cash & Cash equivalents	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**	**56217.0**
Closing Balance of Cash & Cash equivalents	**19392.9**	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**
(Represented by Cash & Bank Balances - Schedule IV D)						

ANNEXURE A

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY OF ASSETS AND LIABILITIES - RESTATED

(₹ in Million)

PARTICULARS			As at 31-12-2011	As at March 31st 2011	2010	2009	2008	2007
A	**Goodwill**		1777.4	1777.4	-	-	-	-
B	**Fixed assets**							
	(a)	Gross block	100741.8	99459.9	94629.1	89956.0	88910.1	88660.4
	(b)	Less : Depreciation	85614.6	83131.5	80013.0	77401.5	75068.0	72487.1
	(c)	Net block	15127.2	16328.4	14616.1	12554.5	13842.1	16173.3
	(d)	Held for disposal	0.3	0.3	0.5	0.5	0.4	0.0
	(e)	Net block	15127.5	16328.7	14616.6	12555.0	13842.5	16173.3
	(f)	Capital work in progress	106677.3	95492.6	75255.9	46340.8	20910.3	5990.8
	(g)	Total fixed assets	**121804.8**	**111821.3**	**89872.5**	**58895.8**	**34752.8**	**22164.1**
C	**Investments**		107.2	107.3	2.5	0.5	0.5	0.5
D	**Current assets, loans and advances**							
	(a)	Inventories	40984.2	32895.6	24641.7	32342.1	17797.2	12312.3
	(b)	Sundry debtors	3793.7	3365.3	1809.1	1886.9	912.4	2133.6
	(c)	Cash and bank balances	26626.4	27264.5	54155.4	66241.7	76991.1	71946.8
	(d)	Other current assets	2648.4	1041.9	1374.0	2589.1	2924.3	3082.4
	(e)	Loans and advances	26958.8	20070.0	13422.0	15553.7	19573.5	15177.7
	(f)	Total current assets, loans and advances	**101011.5**	**84637.3**	**95402.2**	**118613.5**	**118198.5**	**104652.8**
E	**Total assets**	**[A + B + C + D]**	**224700.9**	**198343.3**	**185277.2**	**177509.8**	**152951.8**	**126817.4**
F	**Liabilities and provisions**							
	(a)	Secured Loans	8007.4	2748.9	3873.2	9077.2	3327.8	6044.5
	(b)	Unsecured Loans	20671.9	8618.7	8452.3	1000.4	1079.5	3125.1
	(c)	Minority Interest	5168.2	5227.7	-	-	-	-
	(d)	Current liabilities	41476.3	33784.9	28252.1	26083.6	16389.5	10140.9
	(e)	Provisions	11587.3	14874.8	14228.4	16227.3	15824.8	11041.4
	(f)	Total current liabilities and provisions	86911.1	65255.0	54806.0	52388.5	36621.6	30351.9
	(g)	Deferred tax liabilities	469.6	826.0	995.2	1227.6	1624.9	2249.4
	(h)	Total liabilities	**87380.7**	**66081.0**	**55801.2**	**53616.1**	**38246.5**	**32601.3**
	Net worth	**[E - F]**	**137320.2**	**132262.3**	**129476.0**	**123893.7**	**114705.3**	**94216.1**
G	**Represented by :**							
	(a)	Share capital	78273.2	78273.2	78273.2	78273.2	78273.2	78273.2
	(b)	Reserves and surplus	59047.0	53989.1	51202.8	45620.5	36432.1	15942.9
	Net worth	**G [(a) + (b)]**	**137320.2**	**132262.3**	**129476.0**	**123893.7**	**114705.3**	**94216.1**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd(EIL) by RINL during the year 2010-11,EIL has become a subsidiary of RINL and accordingly the figures as reported at 31/12/2011 and 31/03/2011 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE B

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

	PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
			2011	2010	2009	2008	2007
A	**Income**						
(a)	Net sales	90659.6	105736.2	98091.5	91283.8	90883.7	79326.6
(c)	Internal Consumption	611.9	877.0	1210.7	1141.0	884.6	284.0
(d)	Interest earned	2209.1	3987.1	5347.1	7872.1	7246.4	5572.1
(f)	Other revenue	606.5	1015.8	1017.5	750.2	912.7	753.6
	Total	**94087.1**	**111616.1**	**105666.8**	**101047.1**	**99927.4**	**85936.3**
B	**Expenditure**						
(a)	Raw-material consumed	62223.1	71893.2	55351.1	58962.5	42802.2	38890.4
(b)	Depletion/(Accretion) to stocks	(5360.3)	(5328.6)	4153.5	(9166.5)	(3431.7)	237.6
(c)	Employees' remuneration & benefits	10982.1	13195.4	13997.4	11566.8	10307.2	7409.4
(d)	Stores & Spares consumed	3602.2	4729.4	4664.8	5012.3	3640.6	3572.7
(e)	Power & fuel	3393.2	4311.0	4082.7	3403.1	2588.1	2429.5
(f)	Repairs & maintance	1220.4	1478.6	1421.3	1498.1	1257.9	1097.0
(g)	Freight outward	2488.9	3007.2	3126.5	2865.3	3069.6	3152.6
(h)	Other Expenses & provisions	4854.0	4649.2	3350.8	3780.1	5104.1	3239.5
	Total expenditure	**83403.6**	**97935.4**	**90148.1**	**77921.7**	**65338.0**	**60028.7**
(i)	Less: Inter account adjustments raw-material mining cost	321.0	491.0	432.6	380.6	391.5	284.9
(j)	Total operating expenses	83082.6	97444.4	89715.5	77541.1	64946.5	59743.8
C	**Profit before depreciation, interest and taxation**	**11004.5**	**14171.7**	**15951.3**	**23506.0**	**34980.9**	**26192.5**
D	Less : Depreciation	2469.2	2879.8	2771.7	2404.6	4715.5	3516.0
	Less : Interest and finance charges	1295.0	1649.9	775.5	881.4	315.7	484.2
E	Add/(Less) : Prior period items (Net Credit)	(74.6)	(349.6)	(72.4)	(45.9)	(3.9)	(31.1)
F	**Profit before tax and Extra Ordinary Items**	**7314.9**	**9991.6**	**12476.5**	**20265.9**	**29953.6**	**22223.4**
G	**Extraordinary items**	-	28.7	-	-	-	-
H	**Provisions for taxation**						
(a)	Income tax for current year	2803.5	3783.0	4630.8	7463.8	11881.3	7937.5
(b)	Income tax for earlier years	(106.6)	(280.8)	146.2	(213.9)	(117.7)	863.8
(d)	Fringe benefits tax for current year	-	-	(0.5)	46.6	44.3	42.1
(e)	Fringe benefits tax for earlier years	-	-	-	-	-	-
(f)	Total	2696.9	3502.2	4776.5	7296.5	11807.9	8843.4
(g)	Deferred tax adjustment for the period	(344.3)	(210.1)	(266.7)	(386.3)	(1281.7)	(254.3)
(h)	Total provisions for taxation	2352.6	3292.1	4509.8	6910.2	10526.2	8589.1
I	**Net Profit after Tax (as per audited accounts)**	**4962.3**	**6670.8**	**7966.7**	**13355.7**	**19427.4**	**13634.3**
J	**Adjustments on account of -**						
(a)	Changes in accounting policies	2.0	(7.5)	-	-	(1717.4)	(84.7)
(b)	Other adjustments & Prior period items	(225.8)	518.1	22.8	53.5	(86.7)	(12.0)
(c)	Arrear Salary & Wages	-	339.6	(835.7)	145.8	189.6	98.5
(d)	Current Tax impact of Adjstments	193.0	(128.3)	(152.5)	11.9	(103.6)	(931.1)
(e)	Deffered tax impact adjustments	(12.2)	(4.3)	34.3	(11.0)	657.2	(146.7)
	Total of Adjustments after Tax impact	**(43.0)**	**717.6**	**(931.1)**	**200.2**	**(1060.9)**	**(1076.0)**
K	**Profit after tax (as restated)**	**5005.3**	**5953.2**	**8897.8**	**13155.5**	**20488.3**	**14710.3**

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RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

K	**Profit after tax (as restated)**	5005.3	5953.2	8897.8	13155.5	20488.3	14710.3
	Profit / (Loss) brought forward from previous year	24572.9	22028.9	16232.9	36420.4	15932.2	1221.9
L	**Profit / (Loss) available for Appropriation**	29578.2	27982.1	25130.7	49575.9	36420.5	15932.2
M	**APPROPRIATIONS**						
	Reserve for Redemption of Preference shares	-	-	-	29374.7	-	-
	Proposed Dividend on Equity & Preference Shares						
	Interim & Final	-	2735.8	2852.9	3391.8	-	-
	Tax on Dividend	-	443.9	473.8	576.4	-	-
	Adjustment of Pre-acquisition Profit	-	140.8	-	-	-	-
	Adjustment of Minority Interest	(54.9)	53.4	-	-	-	-
	Transfer to General Reserve	-	22.7	-	-	-	-
	Transfer to Special Reserve	-	12.6	-	-	-	-
	Total Appropriations	(54.9)	3409.2	3326.7	33342.9	-	-
	BALANCE CARRIED TO BALANCE SHEET	**29633.1**	**24572.9**	**21804.0**	**16233.0**	**36420.5**	**15932.2**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd (EIL) by RINL during the year 2010-11, EIL has become a subsidiary of RINL and accordingly the figures as reported for the 9(nine) months ended on 31/12/2011 and for the year 2010-11 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE C

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY CASH FLOW STATEMENT - RESTATED

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
(A) Cash flow from Operating activities						
Net Profit / (Loss) before taxation	7538.6	9112.7	13289.5	20066.5	31568.0	22221.5
Add / (Less) Adjustments for:						
Depreciation	2473.0	2870.0	2795.1	2405.8	3001.1	3679.9
Interest and Finance Charges	1287.0	1645.5	775.5	874.7	315.7	484.2
Provisions	905.9	735.0	(1071.4)	(3713.7)	1131.9	631.3
Unrealised Foreign Exchange (Gain) /Loss	(58.6)	(53.0)	(112.1)	478.5	-	-
(Profit)/Loss on sale of fixed assets	(15.0)	(32.6)	(10.2)	(4.7)	(0.4)	(208.1)
Finished goods consumed for capital jobs	(41.5)	(66.5)	(949.0)	(808.7)	-	-
Interest Income	(2212.4)	(3969.0)	(5347.1)	(7872.1)	(7246.4)	(5572.1)
Operating Profit Before working capital changes	**9877.0**	**10242.1**	**9370.3**	**11426.3**	**28769.9**	**21236.7**
Adjustments for						
(Increase) / Decrease in Inventories	(8088.6)	(7909.7)	7700.5	(14545.0)	(5484.9)	(2.2)
(Increase) / Decrease in Sundry debtors	(428.4)	(1407.0)	77.8	(974.5)	1221.2	(473.8)
(Increase) / Decrease in Other Current assets	-	-	-	-	(212.5)	(44.1)
(Increase)/Decrease in Loans & Advances	(7198.0)	(5853.4)	2131.7	4019.9	(2120.3)	(379.6)
Increase /(Decrease) in Liabilities	8207.9	5575.9	1876.9	4010.0	6383.8	2161.1
Cash generated from Operations	**2369.9**	**647.9**	**21157.2**	**3936.7**	**28557.2**	**22498.1**
Less: Income Tax paid	(3557.6)	(4886.9)	(4910.0)	(7160.4)	(10179.6)	(9553.4)
Net cash from / (used in) Operating activities	**(1187.7)**	**(4190.4)**	**16247.2**	**(3223.7)**	**18377.6**	**12944.7**
(B) Cash flow from Investing activities						
Purchase of Fixed Assets	(12553.3)	(25335.7)	(32784.0)	(20504.9)	(15594.0)	(4853.0)
Investments	0.2	(3603.5)	(2.0)	-	-	(0.5)
Proceeds from sale of Fixed Assets	131.1	35.5	352.8	22.9	5.4	4.4
Interest received	143.3	4477.4	6562.2	8207.3	7467.5	4271.4
Net cash from / (used in) Investing activities	**(12278.7)**	**(24426.3)**	**(25871.0)**	**(12274.7)**	**(8121.1)**	**(577.7)**
(C) Cash flow from Financing activities						
Proceeds from/(Repayment of) Secured Loans	5258.5	(1124.3)	(5004.4)	5749.4	(2716.7)	4305.8
Proceeds from/(Repayment of) unsecured Loans	12053.2	166.4	7252.3	(79.1)	(2045.6)	(569.3)
Proceeds from Prime Minister's Trophy Fund	-	10.0	-	-	1.0	10.7
Interest and Finance charges	(1303.5)	(1655.8)	(742.2)	(921.3)	(450.9)	(384.4)
Dividend Paid	(2735.9)	(2979.4)	(3391.8)	-	-	-
Dividend Tax Paid	(443.9)	(492.8)	(576.4)	-	-	-
Net cash from / (used in) Financing activities	**12828.4**	**(6075.9)**	**(2462.5)**	**4749.0**	**(5212.2)**	**3362.8**
Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(638.0)**	**(34692.6)**	**(12086.3)**	**(10749.4)**	**5044.3**	**15729.8**
Opening Balance of Cash & Cash equivalents	**27264.5**	**61957.1**	**66241.7**	**76991.1**	**71946.8**	**56217.0**
Closing Balance of Cash & Cash equivalents	**26626.5**	**27264.5**	**54155.4**	**66241.7**	**76991.1**	**71946.8**
(Represented by Cash & Bank Balances - Schedule D IV)						

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd (EIL) by RINL during the year 2010-11, EIL has become a subsidiary of RINL and accordingly the figures as reported for the 9(nine) months ended on 31/12/2011 and for the year 2010-11 are on consolidated basis and for the periods prior to that are on standalone basis.

THE OFFER

The following table summarizes the Offer details:

Offer aggregating up to [●] million	488,984,620 Equity Shares[1]
Of which	
Employee Reservation Portion [2] [3]	48,898,462 Equity Shares
Therefore,	
Net Offer [2]	440,086,158 Equity Shares
Of which	
QIB Portion[4]	Not more than 220,043,079 Equity Shares[5]
Of which	
Mutual Funds	11,002,154 Equity Shares[5]
Balance for all QIBs including Mutual Funds	209,040,925 Equity Shares[5]
Non-Institutional Portion	Not less than 66,012,924 Equity Shares[5]
Retail Portion [3]	Not less than 154,030,155 Equity Shares[5]
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	4,889,846,200 Equity Shares
Equity Shares outstanding after the Offer	4,889,846,200 Equity Shares
Use of Offer Proceeds	See the section titled "***Objects of the Offer***" on page 70 of this Draft Red Herring Prospectus. Our Company will not receive any proceeds of this Offer.

(1)Equity Shares offered by the Selling Shareholder in the Offer have been held by it for more than a period of one year as on the date of this Draft Red Herring Prospectus. The MoS, through its letter (No. 5(5)2010-VSP) dated February 8, 2012 conveyed the approval granted by the GoI for the Offer.

(2) Under subscription, if any, in the Employee Reservation Portion, shall be added to the Net Offer. In the event of under subscription in the Net Offer, spill over to the extent of under subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price, under subscription, if any, in any other category would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

*(3) The Selling Shareholder and our Company shall offer a discount of ₹ [●] and ₹ [●] to the Retail Individual Investors and the Eligible Employees Bidding under the Employee Reservation Portion at the time of making the Bid. The amount of Retail Discount and Employee Discount shall be advertised in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation, at least two Working Days prior to the Offer Opening Date. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion Bidding at a price within the Price Band can make payment of the Bid Amount less the Retail Discount and Employee Discount, as applicable. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion should note that while filling the "Bid Option" block in the Bid-cum-Application Form, they must indicate the Bid Price without adjusting the Retail Discount or Employee Discount, as applicable. However, for the purpose of completing the "SCSB/payment details" block in the Bid-cum-Application Form, Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion must mention the payment amount, i.e. Bid Amount less Retail Discount or Employee Discount, as applicable. For further details, please see the section titled "**Offer Procedure**" on page 337 of the Draft Red Herring Prospectus.*

(4)Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. In the event of under-subscription below 5% of the Mutual Fund Portion would be included for allocation to the remaining QIBs on a proportionate basis.

(5)In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price.

GENERAL INFORMATION

Our Company was originally incorporated as a private limited company with the name 'Rashtriya Ispat Nigam Limited' on February 18, 1982 under the Companies Act. Subsequently, pursuant to the approval of the Ministry of Steel (No. 5(5)/2010-VSP) dated December 21, 2011and a resolution passed by the shareholders at their EGM dated April 21, 2012, our Company was converted into a public limited company with effect from May 10, 2012. For further details in relation to corporate history of our Company, please see the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.

Registered and Corporate Office of our Company

Administrative Building
Visakhapatnam Steel Plant
Visakhapatnam - 530 031
Andhra Pradesh, India
Telephone: +91 891 275 9482
Facsimile: +91 891 251 8249
Website: www.vizagsteel.com

For details of the changes to our Registered Office, please refer to the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.

Corporate Identification Number: U27109AP1982GOI003404
Registration Number: 03404

Address of the RoC

Our Company is registered with the Registrar of Companies, Andhra Pradesh, situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195, Andhra Pradesh, India.

Board of Directors

Our Board comprises the following:

Name, Designation and DIN	Age	Address
Mr. A.P. Choudhary *Designation:* Chairman and Managing Director *DIN:* 02697893	58	Steel House, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. Umesh Chandra *Designation:* Director (Operations), executive non independent Director *DIN:* 02398270	57	D-4, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. P. Madhusudan *Designation:* Director (Finance), executive non independent Director *DIN:* 02845996	54	D-6, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. T.K. Chand *Designation:* Director (Commercial), executive non independent Director *DIN:* 01710900	52	D-1, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. Y.R. Reddy *Designation:* Director (Personnel), executive non independent Director *DIN:* 03383459	58	D-7, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. N.S. Rao *Designation:* Director (Projects) executive non independent Director *DIN:* 02548172	58	108-B, Sector 6, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Dr. Dalip Singh *Designation:* Government nominee Director, non executive non independent Director *DIN:* 02211894	56	D-1/87, Ravindra Nagar, Near Khan Market, New Delhi - 110 003, India
Mr. A.P.V.N. Sarma	62	8-2-601/A/19, Panchavati Colony, Road No.10, Banjara

Name, Designation and DIN	Age	Address
Designation: Independent Director *DIN:* 03272585		Hills, Hyderabad – 500 034, Andhra Pradesh, India
Mr. H.S. Chahar *Designation:* Independent Director *DIN:* 01691383	63	B-402, Jagaran Apartments, Plot No.17, Sector-22 Dwarka, New Delhi – 110 075, India
Mr. Swashpawan Singh *Designation:* Independent Director *DIN:* 02600225	63	518-A, Hamilton Court, DLF-Phase-IV, Gurgaon – 122 002, Haryana, India
Dr. Upendra Dutta Choubey *Designation:* Independent Director *DIN:* 00153988	62	E-1, Antriksh Greens, Sector 50, Noida, Uttar Pradesh, India
Mr. Virendra Singh Jain *Designation:* Independent Director *DIN:* 00253196	65	B-12, 2nd Floor, Gyan Bharati School Lane, Saket, New Delhi – 110017, India
Prof. Sushil *Designation:* Independent Director *DIN**	55	32 Vikramshila Apartments, IIT Campus, Shaheed Jeet Singh Marg, Hauz Khas, New Delhi – 11006, India
Mr. Ashok Jain *Designation:* Independent Director *DIN**	60	1C/5, New Rohtak Road, New Delhi – 110005, India

** Prof. Sushil and Mr. Ashok Jain were appointed as Directors on our Board on May 14, 2012 and are in the process of obtaining DIN.*

For further details regarding our Board, see the section titled "***Our Management***" on page 136 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. P. Mohan Rao
Administrative Building
Visakhapatnam Steel Plant
Visakhapatnam - 530 031
Andhra Pradesh, India
Telephone: +91 891 251 8015
Facsimile: +91 891 251 8249
Email: csipo@vizagsteel.com

Investors can contact the Compliance Officer, the Registrar to the Offer or the Book Running Lead Managers in case of any pre-Offer or post-Offer related problems/redressal of complaints such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Managers, who shall respond to the same.

Book Running Lead Managers

UBS SECURITIES INDIA PRIVATE LIMITED
2/F, 2 North Avenue, Maker Maxity
Bandra-Kurla Complex, Bandra East
Mumbai - 400 051
Maharashtra, India
Telephone: +91 22 6155 6000
Facsimile: +91 22 6155 6300
Email: OL-ProjectMani@ubs.com
Investor Grievance Email: customercare@ubs.com
Contact Person: Mr. Ankur Aggarwal
Website: www.ubs.com/indianoffers
SEBI registration number: INM000010809

DEUTSCHE EQUITIES (INDIA) PRIVATE LIMITED
DB House
Hazarimal Somani Marg, Fort
Mumbai - 400 001

Maharashtra, India
Telephone: +91 22 7158 4600
Facsimile : +91 22 2200 6765
Email: rinl.ipo@db.com
Investor Grievance Email: db.redressal@db.com
Contact Person: Mr. Vivek Pabari
Website: www.db.com/India
SEBI Registration Number: INM000010833

Syndicate Members

The Syndicate Members will be finalised prior to filing of the Red Herring Prospectus with the RoC.

Legal Advisors

Domestic Legal Counsel to our Company and the Selling Shareholder

J. Sagar Associates
Sandstone Crest
Opposite Park Plaza Hotel
Sushant Lok - Phase 1
Gurgaon - 122 009
Haryana, India
Telephone: +91 124 4390 600
Facsimile: +91 124 4390 617

Domestic Legal Counsel to the Underwriters

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Amarchand Towers, 216 Okhla Industrial Estate
Phase – III
New Delhi – 110 020
India
Telephone : +91 11 2692 0500
Facsimile: +91 11 2692 4900

1-10-20/2b, 4th floor, Pooja Edifice
Chickoti Gardens, Begumpet
Hyderabad - 500 016
Andhra Pradesh, India
Telephone: +91 40 6633 6622
Facsimile: +91 40 6649 2727

International Legal Counsel to the Offer

Herbert Smith LLP
50 Raffles Place
#24-01 Singapore Land Tower
Singapore - 048623
Telephone: +65 6868 8000
Facsimile: +65 6868 8001

Registrar to the Offer

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad 500 081, Andhra Pradesh, India
Telephone: +91 40 4465 5000
Facsimile: +91 40 2343 1551
Email: murali@karvy.com
Website: http://karisma.karvy.com
Contact Person: Mr. M. Muralikrishna
SEBI Registration Number: INR000000221

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares Bid for, Bid Amount paid at the time of submitting the Bid-cum-Application Form and the bank branch or collection centre where the Bid-cum-Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSB or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Syndicate ASBA Bidding Locations, as the case may be, giving full details such as name of sole or First Bidder, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Bid-cum-Application Form was submitted by the ASBA Bidders.

Experts

Behre Dolbear International Limited
3rd Floor, International House
Dover Place, Ashford
Kent, TN23 1HU
United Kingdom
Telephone: +44 1233 650405
Facsimile: +44 1233 666828
Email: rob.hansen@dolbear.com
Website: www.dolbear.com
Contact Person: Mr. Robert Hansen

Auditor

B.V. RAO & Co.
Chartered Accountants
FF-1, 49-28-12
Satya Lakshmi Vinayaka Towers
Madhuranagar
Visakhapatnam – 530016
Andhra Pradesh, India
Telephone: +91 891 254 9707/254 9561
Facsimile: +91 891 2549707
Email: bvraoandco@gmail.com
Mr. B.V. Rao's Membership number: 091318
Firm Registration number: (F.R.N) 003118S

Escrow Collection Banks

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at http://www.sebi.gov.in/pmd/scsb.pdf for at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSBs collecting the Bid-cum-Application Form, please refer to the above mentioned link.

In relation to ASBA Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmadabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) named by the respective SCSBs to receive deposits of Bid-cum-Application Forms from the members of the Syndicate is provided on http://www.sebi.gov.in/pmd/scsb-asba.html.For more information on such branches collecting Bid-cum-Application Forms from the members of the Syndicate at Syndicate ASBA Bidding Locations, see the above mentioned SEBI link.

Bankers to our Company

State Bank of India 43-29-54/8, Balaji Metro Chambers Dondaparthy Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 255 5553 Facsimile: +91 891 255 5584 Email: sbi.14407@sbi.co.in Website: www.statebankofindia.com Contact Person: Mr. R. Srinivas	**State Bank of Hyderabad** Sector – 1, VSP Steel Township Ukkunagaram Visakhapatnam – 530 031 Andhra Pradesh, India Telephone: +91 891 254 8413 Facsimile: +91 891 251 8796 Email: vspsteelplant@sbhyd.co.in Website: www.sbhyd.com Contact Person: Mr. D. Srinivasa Rao	**Canara Bank** Steel Plant Branch Project Office Area Visakhapatnam – 530 031 Andhra Pradesh, India Telephone: +91 891 254 7931 Facsimile: +91 891 254 7930 Email: cb2430@canarabank.com Website: www.canarabank.com Contact Person: Mr. G.V. Ranga Rao
Bank of Baroda Vadlapudi Branch, "C" Block Project Office Complex Visakhapatnam – 530 031 Andhra Pradesh, India Telephone: +91 891 251 9197 Facsimile: +91 891 251 8629 Email: vadvis@bankofbaroda.com Website: www.bankofbaroda.com Contact Person: Mr. K. Nagabhushana Rao	**Andhra Bank** 0955, Steel Plant Township Branch Opposite Sector 5 Shopping Complex, Ukkunagaram Visakhapatnam – 530 032 Andhra Pradesh, India Telephone: +91 891 254 6812 Facsimile: +91 891 258 1142 Email: bmvpm955@andhrabank.co.in Website: www.andhrabank.in Contact Person: Mr. N. P. Sarangi	**UCO Bank Limited** Balacheruvu VSP Township , Sector – III Visakhapatnam – 530 032 Andhra Pradesh, India Telephone: +91 891 251 8560 Facsimile: +91 891 251 9121 Email: balach@ucobank.co.in Website: www.ucobank.in Contact Person: Mr. A. Behera
IDBI Bank Limited 30-15-35, Ground Floor Dabagardens Visakhapatnam – 530 020 Andhra Pradesh, India Telephone: +91 891 669 2845 Facsimile: +91 891 256 5267 Email: kanwadeb.das@idbi.co.in Website: www.idbi.com Contact Person: Mr. K. Das	**Vijaya Bank** 41/2, M.G. Road Trinity Circle Bengaluru – 560 004 Karnataka, India Telephone: +91 80 2558 4603 Facsimile: +91 80 2558 2915 Email: cmmbd@vijayabank.co.in Website: www.vijayabank.com Contact Person: Mr. Sasidharan N.	**The Hongkong and Shanghai Banking Corporation Limited** 76, Cathedral Road Chennai – 600 086 Tamil Nadu, India Telephone: +91 44 4391 2003 Facsimile: +91 44 2811 1845 Email: info@hsbc.co.in Website: www.hsbc.co.in Contact Person: Mr. Amit K. Gupta
Indusind Bank Limited 1st Floor, Mohini Complex Main Road, Gajuwaka Visakhapatnam – 530 026 Andhra Pradesh, India Telephone: +91 891 275 8223 Facsimile: +91 891 251 4124 Email: gaju@indusind.com Website: www.indusind.com Contact Person: Mr. S. Krishnamurthy	**Bank of America N.A.** 8th Floor, EA Chambers Express Avenue, Royapettah Chennai – 600 0014 Tamil Nadu, India Telephone: +91 44 4290 4589 Facsimile: +91 44 4352 8911 Email: Ashwin.narasimhan@baml.com Website: bankofamerica.com Contact Person: Mr. Ashwin Narasimhan	**Citi Bank N.A.** 1st Floor, Queens Plaza Sardar Patel Road, Begumpet Hyderabad – 500 003 Andhra Pradesh, India Telephone: +91 40 4000 5716 Facsimile: +91 40 4003 3240 Email: manish.daruka@citi.com Website: www.citibank.co.in Contact Person: Mr. Manish Daruka
HDFC Bank Limited 48-14-9, I Floor Potluri Castle, Dwarakanagar Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 653 3895 Facsimile: +91 891 271 4005 Email: krishnaprasad.pithani@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Krishna Prasad Pithani	**Deutsche Bank AG** 26-27, Raheja Towers M.G. Road Bengaluru – 560 001 Karnataka, India Telephone: +91 80 7193 5621 Facsimile: +91 80 7193 5594 Email: ravikiran.tanniru@db.com Website: www.db.com/india Contact Person: Mr. Ravi Kiran Tanniru	**Royal Bank of Scotland N.V.** Stamford Park, 8-2-269/4/B, Road No.2 Banjara Hills, Hyderabad – 500 034 Andhra Pradesh, India Telephone: +91 40 6685 8534 Facsimile: +91 40 6666 0567 Email: meher.dwibhashyam@rbs.com Website: www.rbs.in Contact Person: Mr. Meher Dwibhashyam
Bank of Tokyo – Mitsubishi UFJ Limited Seshachalam Centre , 6th and 7th Floor Door No. 636/1, Anna Salai, Nandanam Chennai – 600 035 Tamil Nadu, India Telephone: +91 44 4560 5800/4560 5900 Facsimile: +91 44 4560 5999 Email: sriram_g@in.mufg.jp Website: www.bk.mufg.jp Contact Person: Mr. G. Sriram	**Kotak Mahindra Bank Limited** 6-3-119/1/P, 2nd Floor Jewel Pawani Towers, Raj Bhavan Road, Somajiguda Hyderabad – 500 082 Andhra Pradesh, India Telephone: +91 40 6667 9900 Facsimile: +91 40 4003 7268 Email: Sreesuma.potluri@kotak.com Website: www.kotak.com Contact Person: Ms. Sreesuma Potluri	**JP Morgan Chase Bank NA** JP Morgan Tower Off. C.S.T. Road, Kalina Santacruz East Mumbai – 400 098 Maharashtra, India Telephone: +91 22 6157 3454 Facsimile: +91 22 2654 1083 Email: vinod.p.raghavan@jpmorgan.com Website: www.jpmorgan.com Contact Person: Mr. Vinod Raghavan
Axis Bank Limited D. No. 26-1-2/5, Padmasree Arcade, NH-5, Main Road, Chinagantyada Gajuwaka Visakhapatnam – 530 026 Andhra Pradesh, India	**Standard Chartered Bank** Crescenzo, CMS Department, Plot No. C-38 and 39, 3/F G-Block, Crescenzo BKC, Bandra East Mumbai – 400051	**ICICI Bank Limited** 47-14-18, Isnar Satyasri Complex First Floor Darakanagar Main Road Visakhapatnam – 530 016 Andhra Pradesh, India

Telephone: +91 891 653 3670 Facsimile: +91 891 275 0093 Email: gajuwaka.branchhead@axisbank.com Website: www.axisbank.com Contact Person: Mr. K. N. Gupta	Maharashtra, India Telephone: +91 22 2675 7227 Facsimile: +91 22 2675 7358 Email: ipo.scb@sc.com Website: www.standardchartered.com Contact Person: Ms. Priscilla Dsilva	Telephone: +91 891 669 2607 Facsimile: +91 891 669 2608 Email: varaprasad.n@icicibank.com Website: www.icicibank.com Contact Person: Mr. N. G. Vara Prasad
Central Bank of India 50-81-25,Seethammapeta Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 256 3595 Facsimile: +91 891 256 1720 Email: Cmvija0824@centralbank.co.in Website: www.centralbankofindia.co.in Contact Person: Mr. Anand Mohan	**Indian Overseas Bank** 47-15-12, Station Road Dwaraka Nagar Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 255 3330 Facsimile: +91 891 255 2201 Email: vizagbr@vissco.iobnet.co.in Website: www.iob.in Contact Person: Mr. N. Jagadeeswaran	**Indian Bank** 30-9-3, Sarada Street Daba Gardens Visakhapatnam – 530 020 Andhra Pradesh, India Telephone: +91 891 256 5644 Facsimile: +91 891 252 9479 Email: visakhapatnam@indianbank.co.in Website: www.indianbank.in Contact Person: Mr. D. Bhaskar Rao
Bank of India Visakhapatnam Branch Isnar Khazana Towers, II Lane Dwaraka Nagar Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 252 5172 Facsimile: +91 891 256 3883 Email: Vskpmain.Visakhapatnam@bankofindia.co.in Website: www.bankofindia.com Contact Person: Mr. N. Samantaray	**Union Bank** SME Branch 12-4-32, I Floor, Chandu's Plaza Green Park Road Visakhapatnam – 530 002 Andhra Pradesh, India Telephone:+91 891 270 6762 Fascimile:+91 891 256 0192 Email:cbs-ssivisakhapatnam@unionbankofindia.com Website: www.unionbankofindia.com Contact Person: Mr. A.K. Parichha	

Statement of responsibilities of the Book Running Lead Managers

The responsibilities and co-ordination for the various activities among the Book Running Lead Managers for this Offer are as follows:

	Activities Responsibility	Responsibility	Coordinating
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	UBS, DEIPL	UBS
2.	Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of the Prospectus and filing with the RoC.	UBS, DEIPL	UBS
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	UBS, DEIPL	UBS
4.	Appointment of registrar and grading agencies to the Offer.	UBS, DEIPL	DEIPL
5.	Appointment of all other intermediaries including bankers to the Offer, printers, advertising agency etc.	UBS, DEIPL	UBS
6.	Preparation of road show presentation.	UBS, DEIPL	DEIPL
7.	Institutional Marketing of the Offer • Finalise the list and division of investors for one to one meetings; and • Finalising the international and domestic institutional road show schedule and investor meeting schedules.	UBS, DEIPL	DEIPL
8.	Retail / Non-Institutional marketing strategy which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget; • Finalising media, marketing and public relations strategy; • Finalising centers for holding conferences for brokers, etc.; • Finalising bidding and collection centers; and • Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the issue material.	UBS, DEIPL	DEIPL
9.	Coordination with Stock Exchanges for Book Building software, bidding terminals and mock trading.	UBS, DEIPL	UBS
10.	Finalising of Pricing and Allocation.	UBS, DEIPL	DEIPL
11.	Post bidding activities including management of Escrow Accounts, co-ordinate non-	UBS, DEIPL	DEIPL

	Activities Responsibility	Responsibility	Coordinating
	institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Book Running Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.		

Credit Rating

As the Offer is of Equity Shares, a credit rating is not required.

IPO Grading

Our Company will be seeking an IPO Grading from a credit rating agency registered with the SEBI. Such rating and the rationale or description of the grading will be disclosed in the Red Herring Prospectus filed with the RoC.

Expert Opinion

Except for the report of [●] in respect of the IPO Grading of this Offer (a copy of which will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange, the "Statement of Possible Tax Benefits Available to our Company and Shareholders" and the audit reports of M/s B.V. RAO & Co., Chartered Accountants, the Auditors of our Company, included in this Draft Red Herring Prospectus and report provided by Behre Dolbear International Limited dated May 17, 2012, our Company has not obtained any expert opinions.

Trustees

As the Offer is of equity shares, the appointment of trustees is not required.

Monitoring Agency

As this is an Offer for Sale, there is no requirement for appointing a monitoring agency.

Project Appraisal

The objects of the Offer are to carry out the divestment of 488,984,620 Equity Shares by the Selling Shareholder and to achieve the benefits of listing the Equity Shares on the Stock Exchanges. Accordingly, no project appraisal is required.

Book Building Process

Book building refers to the process of collection of Bids from the investors on the basis of the Red Herring Prospectus and the Bid-cum-Application Forms, within the Price Band. The Price Band, the minimum Bid lot size and Rupee amount of the Retail Discount and Employee Discount for the Offer shall be determined by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers, and advertised in English, Hindi and Telugu newspaper, (i.e., [●] edition of [●], [●] edition of [●] and [●] edition of [●]), each with wide circulation, at least two Working Days prior to the Offer Opening Date. The Offer Price shall be determined by the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, after the Offer Closing Date. The principal parties involved in the Book Building Process are:

1. our Company;
2. the Selling Shareholder;
3. the Book Running Lead Managers;
4. Syndicate Members;
5. the Registrar to the Offer;
6. the Escrow Collection Banks; and
7. SCSBs.

The Offer is being made through the Book Building Process where not more than 50% of the Net Offer will be allocated to QIBs on a proportionate basis. Further, 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than 11,002,154 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Offer Price. Further, not less than 15% and 35% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Offer Price. Further, 48,898,462 Equity Shares will be made available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Any Bidder may participate in the Offer through the ASBA process by providing details of the Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Any unsubscribed portion in the Employee Reservation Portion will be added to the Offer. Under subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers and the Designated Stock Exchange. For more information, see the section titled "***Offer Procedure***" on page 337 of this Draft Red Herring Prospectus.

QIBs and Non-Institutional Bidders can participate in the Offer only through the ASBA process and Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion have the option to participate through the ASBA process.

In accordance with the ICDR Regulations, QIBs Bidding in the QIB Portion are not allowed to withdraw their Bids after the Offer Closing Date. For further details, see the section titled "***Offer Structure***" on page 332 of this Draft Red Herring Prospectus.

Our Company and the Selling Shareholder shall comply with the ICDR Regulations and any other ancillary directions issued by SEBI for this Offer. In this regard, the Selling Shareholder has appointed the Book Running Lead Managers to manage the Offer and procure subscriptions to the Offer.

The Book Building Process under the ICDR Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Offer.

Steps to be taken by the Bidders for Bidding:

(1) Check eligibility for making a Bid. See the section titled "***Offer Procedure***" on page 337 of this Draft Red Herring Prospectus.
(2) Ensure that you have a PAN number and an active demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
(3) Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form;
(4) Except for Bids (i) on behalf of Central or State Government and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who in terms of a SEBI circular dated July 20, 2006, may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN Allotted under the I.T. Act in the Bid-cum-Application Form. The exemption for Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors that by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids the Registrar will check under the Depository records for appropriate description under the PAN Field and whether PAN flag has been enabled. In accordance with the ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (please see the section titled "***Offer Procedure***" on page 337 of the Draft Red Herring Prospectus);

(6) Bids by QIBs and Non-Institutional Bidders shall be submitted only through the ASBA process;
(7) Ensure the correctness of your PAN, DPID and Client ID given in the Bid-cum-Application Form. Based on these three parameters, the Registrar to the Offer will obtain details of the Bidders from the Depositories including Bidder's name, bank account, number etc.; and
(8) Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches, except ASBA Bids in the Syndicate ASBA Bidding Centres. In case of the Syndicate ASBA Bidding Centres, the ASBA Bids may either be submitted with the Designated Branches or with the Syndicate. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid-cum-Application Form is not rejected.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Offer)

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the Offer Period. The illustrative book as shown below indicates the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with the selling shareholder and the Book Running Lead Managers, will finalise the issue price at or below such cut off, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Offer

Our Company, in consultation with the Selling Shareholder and the Book Running Lead Managers, reserves the right not to proceed with the Offer any time after the Offer Opening Date but before the Allotment of Equity Shares. Provided, if our Company and the Selling Shareholder withdraw from the Offer after the Offer Closing Date, our Company shall issue a public notice that shall include reasons for such withdrawal within two days of the Offer Closing Date. The notice of withdrawal shall be issued in the same newspapers where the pre-Offer advertisements had appeared and our Company shall also promptly inform the Stock Exchanges. The Book Running Lead Managers, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. If our Company and the Selling Shareholder withdraw the Offer after the Offer Closing Date and thereafter determine that any of them will proceed with an initial public offering of our Equity Shares, a fresh draft red herring prospectus will be filed with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event of withdrawal of the Offer any time after the Offer Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, *i.e.* from the date of withdrawal, then our Company, on and from such expiry of eight days, be liable to repay the money, with such interest as prescribed under section 73 of the Companies Act.

Offer Programme

FOR ALL BIDDERS	**OFFER OPENS ON [●]**

FOR QIBs	OFFER CLOSES ON [●]
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)	OFFER CLOSES ON [●]

Our Company and the Selling Shareholder in consultation with the Book Running Lead Managers may decide to close the Offer Period for QIBs in the Offer one day prior to the Offer Closing Date, subject to the following conditions:

(i) the Bidding for QIBs in the Offer shall have been kept open for a minimum of three days for all categories of Bidders; and

(ii) our Company shall make appropriate disclosures in the Red Herring Prospectus proposed to be filed with the RoC in this respect.

Bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Offer Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form **except that on the Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) [●] p.m. in case of Bids by QIBs and Non-Institutional Bidders and (ii) [●] p.m. in case of Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. **Due to limitation of the time available for uploading the Bids on the Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Offer Closing Date.** Bidders are advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. If such Bids are not uploaded, our Company, Book Running Lead Managers and Syndicate members will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In order that the data captured by the brokers in the electronic book is accurate, the members of the Syndicate, the SCSBs may be permitted one additional day, post the Offer Closing Date, to amend some of the data fields entered by them in the electronic Bidding system.

On the Offer Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the Book Running Lead Managers to the Stock Exchange within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid-cum-Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid-cum-Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask the relevant SCSB or the member of the Syndicate for rectified data.

The Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, reserve the right to revise the Price Band during the Offer Period in accordance with the ICDR Regulations. In such an event, the Cap Price should not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed and advertised at least two Working Days before the Offer Opening Date.

In case of revision of the Price Band, the Offer Period will be extended for a minimum of three additional Working Days after revision of the Price Band, subject to the Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Offer Period, if applicable, will be published in a widely read English, Hindi and Telugu newspaper, (i.e., [●] edition of [●], [●] edition of [●] and [●] edition of [●]), each with wide circulation and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate.

Underwriting Agreement

After the determination of the Offer Price but prior to filing of the Prospectus with the RoC, each of our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer except such Equity Shares as are required to be compulsorily allotted to QIBs under the QIB Portion. The underwriting arrangement shall not apply to the subscription by the ASBA Bidders in this Offer. It is expected that pursuant to the terms of the Underwriting Agreement, the Book Running Lead Managers shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the underwriting agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Name and Address of the Underwriters	**Indicated Number of Equity Shares to be Underwritten**	**Amount Underwritten (₹ Million)**
Book Running Lead Managers		
UBS Securities India Private Limited 2/F, 2 North Avenue, Maker Maxity Bandra-Kurla Complex, Bandra East Mumbai - 400 051, Maharashtra, India Telephone: +91 22 6155 6000 Facsimile: +91 22 6155 6300 Email: OL-Mani@ubs.com	[●]	[●]
Deutsche Equities (India) Private Limited DB House Hazarimal Somani Marg, Fort Mumbai - 400 001 Maharashtra, India Telephone: +91 22 7158 4600 Facsimile : +91 22 2200 6765 Email: rinl.ipo@db.com	[●]	[●]
Total	**[●]**	**[●]**

The above-mentioned number and amount is indicative and will be finalised after determination of the Offer Price and finalization of the 'Basis of Allotment'.

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. Each Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board of Directors, at its meeting held on [●] has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations mentioned in the underwriting agreement, will also be required to procure/subscribe for Equity Shares to the extent of the defaulted amount in accordance with the underwriting agreement.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

CAPITAL STRUCTURE

The share capital of our Company as at the date of filing this Draft Red Herring Prospectus with SEBI (before and after the proposed Offer) is set forth in the table below.

		Aggregate Nominal Value (₹)	Aggregate Value at Offer Price (₹)
A)	**AUTHORISED SHARE CAPITAL[(a)]**		
	4,890,000,000 Equity Shares	48,900,000,000	[●]
	3,110,000,000 Redeemable Preference Shares	31,100,000,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**		
	4,889,846,200 Equity Shares	48,898,462,000	[●]
	1,652,470,000 Redeemable Preference Shares	16,524,700,000	
C)	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS[(b)]**		
	Offer for sale of 488,984,620 Equity Shares	4,889,846,200	
	Which Comprises		
	Employee Reservation Portion of 48,898,462 Equity Shares[(c)]	488,984,620	
	Net Offer of 440,086,158 Equity Shares	4,400,861,580	
	Of which		
	QIB Portion of not more than 220,043,079 Equity Shares	2,200,430,790	
	Non-Institutional Portion of not less than 66,012,924 Equity Shares	660,129,240	
	Retail Portion of not less than 154,030,155 Equity Shares	1,540,301,550	
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	4,889,846,200 Equity Shares	48,898,462,000	[●]
	1,652,470,000 Redeemable Preference Shares	16,524,700,000	[●]
E)	**SHARE PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer	Nil	

(a) For details of the changes in our authorised share capital, see the section titled "***History and Certain Other Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.

(b) The Offer has been authorized by a resolution of our Board dated May 16, 2012. The MoS, through its letter No. 5(5)/2010-VSP dated February 8, 2012 conveyed the approval granted by the GoI for the Offer. The Offer is an Offer for sale of 488,984,620 Equity Shares by the President of India, acting through the MoS. The Equity Shares constituting the Offer for Sale portion have been held by the Selling Shareholder for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with the SEBI.

(c) The MoS, through its letter No. 5(5)/2010-VSP dated February 8, 2012 has conveyed the approval of the competent authority for reserving Equity Shares for employees of our Company in accordance with ICDR Regulations. The Board vide its resolution dated May 16, 2012 approved reservation of 10% of the Offer as Employee Reservation Portion. Under-subscription, if any, in the Employee Reservation Portion shall be added to the Net Offer. In case of under- subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion.

Notes to the Capital Structure

1. Share Capital History of our Company

1.1 The following is the history of the Equity Share capital of our Company as at the date of this Draft Red Herring Prospectus:

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (cash, bonus, other than cash)	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Share Capital (₹)	Cumulative Share Premium (₹)
April 8, 1982	3	1,000	1,000	Cash	Issued on signing of MoA[(1)]	3	3,000	Nil
April 8, 1982	1	1,000	1,000	Cash	Issued on signing of MoA[(2)]	4	4,000	Nil

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (cash, bonus, other than cash)	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Share Capital (₹)	Cumulative Share Premium (₹)
April 8, 1982	1	1,000	1,000	Cash	Issued on signing of MoA[(3)]	5	5,000	Nil
April 8, 1982	399,995	1,000	1,000	Cash	Issue to the President of India	400,000	4,00,000,000	Nil
May 18, 1982	2,100,000	1,000	1,000	Cash	Further issue to the President of India	2,500,000	2,500,000,000	Nil
March 24, 1983	999,999	1,000	1,000	Cash	Further issue to the President of India	3,499,999	3,499,999,000	Nil
August 13, 1983	1	1,000	1,000	Cash	Further issue to the President of India[(4)]	3,500,000	3,500,000,000	Nil
March 26, 1984	3,370,000	1,000	1,000	Cash	Further issue to the President of India	6,870,000	6,870,000,000	Nil
March 26, 1984	2,169,258	1,000	1,000	Other than cash[(5)]	Further issue to the President of India	9,039,258	9,039,258,000	Nil
June 23, 1984	4,050,000	1,000	1,000	Cash	Further issue to the President of India	13,089,258	13,089,358,000	Nil
March 15, 1985	1,600,000	1,000	1,000	Cash	Further issue to the President of India	14,689,258	14,689,258,000	Nil
June 6, 1985	100,000	1,000	1,000	Cash	Further issue to the President of India	14,789,258	14,789,258,000	Nil
June 6, 1985	11,354	1,000	1,000	Other than cash[(6)]	Further issue to the President of India	14,800,612	14,800,612,000	Nil
March 31, 1986	2,150,000	1,000	1,000	Cash	Further issue to the President of India	16,950,612	16,950,612,000	Nil
March 31, 1986	4,000,000	1,000	1,000	Cash	Further issue to the President of India	20,950,612	20,950,612,000	Nil
June 20, 1986	1,057,150	1,000	1,000	Cash	Further issue to the President of India	22,007,762	22,007,762,000	Nil
December 10, 1986	3,950,000	1,000	1,000	Cash	Further issue to the President of India	25,957,762	25,957,762,000	Nil
March 3, 1987	2,000,000	1,000	1,000	Cash	Further issue to the President of India	27,957,762	27,957,762,000	Nil
June 15, 1987	2,100,000	1,000	1,000	Cash	Further issue to the President of India	30,057,762	30,057,762,000	Nil
September 22, 1987	2,120,000	1,000	1,000	Cash	Further issue to the President of India	3,2177,762	3,2177,762,000	Nil
December 5, 1988	1,800,000	1,000	1,000	Cash	Further issue to the President of India	33,977,762	33,977,762,000	Nil
February 15, 1989	400,000	1,000	1,000	Cash	Further issue to the President of India	34,377,762	34,377,762,000	Nil
June 22, 1989	320,000	1,000	1,000	Cash	Further issue to the President of India	34,697,762	34,697,762,000	Nil
March 20, 1990	360,700	1,000	1,000	Cash	Further issue to the President of India	35,058,462	35,058,462,000	Nil
July 17, 1992	1,000,000	1,000	1,000	Cash	Further issue to the President of India	36,058,462	36,058,462,000	Nil
September 12, 1992	1,000,000	1,000	1,000	Cash	Further issue to the President of India	37,058,462	37,058,462,000	Nil
March 31, 1994	11,840,000	1,000	1,000	Cash[(7)]	Further issue to the President of India	48,898,462	48,898,462,000	Nil
On April 21, 2012, the face value of the equity shares of our Company was split into ₹ 10 each and consequently, the issued share capital was split from ₹ 48,898,462,000 divided into 48,898,462 equity shares of ₹ 1,000 each to ₹ 48,898,462,000 divided into 4,889,846,200 equity shares of ₹ 10 each.								
Total	4,889,846,200					4,889,846,200	48,898,462,000	**Nil**

(1) First allotment of equity shares of ₹ 1,000 each to Mr. A.S. Gill as nominee of the President of India.
(2) First allotment of equity shares of ₹ 1,000 each to Mr. D.N. Ghosh as nominee of the President of India.
(3) First allotment of equity shares of ₹ 1,000 each to Mr. Suresh Kumar as nominee of the President of India.
(4) Allotment of equity shares of ₹ 1,000 each to Mr. Sangameswaran as nominee of the President of India. MoS though its letter dated August 4, 1983 gave permission for the allotment of one equity shares of ₹ 1,000 each to Mr. Sangameswaran.
(5) 2,169,258 equity shares of ₹ 1,000 each were issued to the President of India in consideration of transfer of assets and liabilities of the Visakhapatnam steel project unit of Steel Authority of India Limited to our Company as requested by the MoS t letter (no. 12(29)/83-SAIL) dated June 29, 1983.
(6) 11,354 equity shares of ₹ 1,000 each were issued to the President of India against the expenditure incurred by the GoI towards acquisition of land and other preliminary expenses for setting up the steel plant for our Company as requested by the MoS through its letter (no. 10(4)/85-VSP) dated March 27, 1985.

(7) 11,840,000 equity shares of ₹ 1,000 each were issued to the President of India on account of the conversion of a loan amount of ₹ 11,840 million into 11,840,000 Equity Shares through letter (no. 10(13)/89-VSP(Vol.III) dated March 29, 1994 issued by the MoS conveying the approval of the Cabinet Committee on Economic Affairs for the financial restructuring of the loan.

1.2 16,040,000 7% non-cumulative redeemable preference shares of ₹ 1,000 each were issued on March 31, 1994 to the President of India on account of the conversion of a loan amount of ₹ 3,235 million, ₹ 955 million and ₹ 11,850 million pursuant to three letters, all bearing no. 10(13)/89-VSP (Vol. III) dated March 29, 1994 issued by the MoS conveying the approval of the Cabinet Committee on Economic Affairs for the financial restructuring of the loan. Further 13,334,700 7% non-cumulative redeemable preference shares of ₹ 1,000 each were issued on May 31, 1999 to the President of India on account of the conversion of a loan amount of ₹ 13,334.70 million pursuant to two letters, both bearing no. 10(13)/89-VSP(Vol. IV) dated March 26, 1999 issued by the MoS conveying the approval of the President of India for the financial restructuring of the loan. MoS through its letter no. 5(11)/2001-VSP dated February 7, 2002 extended the redemption period for the 7% non-cumulative redeemable preference shares of ₹1,000 each to 20 years from the date of initial issue of 7% non-cumulative redeemable preference shares of ₹ 1,000 each as against the initial redemption period of 10 years. On March 31, 2012 and April 1, 2012, our Company redeemed 1,000,000 and 11,850,000 7% non-cumulative redeemable preference shares of ₹1,000 each, respectively.

On April 21, 2012, the face value of the 7% non-cumulative redeemable preference shares of ₹ 1,000 each was split into ₹ 10 each and consequently, the issued preference capital was split from ₹ 16,524,700,000 divided into 16,524,700 7% non-cumulative redeemable preference shares of ₹ 1,000 each to ₹ 16,524,700,000 divided into 1,652,470,000 7% non-cumulative redeemable preference shares of ₹ 10 each (“**Redeemable Preference Shares”)**.

The Redeemable Preference Shares are to be redeemed in the following years:

Financial Year	Number of Redeemable Preference Shares	Value (in ₹)
2013	195,500,000	1,955,000,000
2014	606,970,000	6,069,700,000
2015	550,000,000	5,500,000,000
2016	300,000,000	3,000,000,000

2. Allotment of Equity Shares as per the schemes approved under Sections 391-394 of the Companies Act

Our Company has not issued any Equity Shares as per the schemes approved under sections 391-394 of the Companies Act.

3. Issue of Equity shares for consideration other than cash

Except as detailed below, no equity shares of our Company have been issued for consideration other than cash.

Date of allotment	Name of the Allottee	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Reasons for allotment
March 26, 1984	President of India	2,169,258	1,000	1,000	Equity Shares issued to the President of India in consideration of transfer of assets and liabilities of the steel project unit of SAIL in Visakhapatnam to our Company as requested by the MoS through its letter no. 12(29)/83-SAIL dated June 29, 1983.
June 6, 1985	President of India	11,354	1,000	1,000	Equity Shares issued to the President of India against the expenditure incurred by the GoI towards acquisition of land and other preliminary expenses for setting up the steel plant for our Company as requested by the MoS through its letter no. 10(4)/85-VSP dated March 27, 1985.

4. Issue of Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus

Our Company has not issued Equity Shares in the last one year at a price lower than the Offer Price.

5. Build up of Promoter's shareholding, Promoter's Contribution and Lock-in

(a) Build up of equity shareholding of the Promoter

All allotments of Equity Shares were made to the Promoter. For the allotments made to the Promoter, refer to the Equity Share capital history of our Company in the section titled "***Capital Structure***" on page 61 of this Draft Red Herring Prospectus.

(b) Details of Promoter's Contribution Locked-in for Three Years

Pursuant to Regulation 32 and 36 of the ICDR Regulations, Equity Shares aggregating to 20% of the post-Offer capital of our Company *i.e.* 977,969,240 Equity Shares held by our Promoter shall be considered as minimum promoter's contribution and locked-in for a period of three years from the date of Allotment in the Offer (the "**Promoter's Contribution**).

The MoS pursuant to its letter dated May 8, 2012 granted consent to include 977,969,240 Equity Shares held by the President of India as Promoter's Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber or dispose off in any manner, the Promoter's Contribution from the date of transfer in the Offer, for a period of three years, or for such other time as required under ICDR Regulations. Details of Promoter's Contribution are as provided below:

Name of Promoter	No. of Equity Shares	% of Pre-Offer Capital	% of Post-Offer Capital
The President of India	977,969,240	20.00	20.00

All Equity Shares, which are being considered for the purposes of the Promoter's Contribution, are eligible as per the ICDR Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution under Regulation 33 of the ICDR Regulations. In this connection, we confirm the following:

i. The Promoter's Contribution are has acquired in the last three years: (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's Contribution;

ii. The Promoter's Contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Offer;

iii. The Promoter's Contribution has not been formed by the conversion of partnership firm into a company;

iv. The Promoter's Contribution is not subject to any pledge;

v. The minimum Promoter's Contribution does not consist of any private placement made by solicitation of subscriptions from unrelated persons either directly or through any intermediary; and

vi. The Promoter's Contribution does not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the minimum Promoter's Contribution subject to lock-in.

(c) Details of Share Capital Locked-in for One Year

The MoS through its letter dated May 8, 2012 granted approval for the lock-in of its pre-Offer shareholding, less the Promoter's Contribution, i.e. 3,911,876,960 Equity Shares from the date of transfer in the Offer, for a period of one year from the date of Allotment.

(d) Other Requirements in respect of Lock-in

Pursuant to Regulation 39 of the ICDR Regulations, locked-in Equity Shares held by the Promoters can be pledged with any scheduled commercial bank or public financial institutions as collateral security for loans granted by such scheduled commercial bank or public financial institutions, provided that the pledge of shares is one of the terms of sanction of the loan.

In terms of Regulation 40 of the ICDR Regulations, the Equity Shares held by the Promoter may be transferred to any person of the promoter group or to new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

6. The Shareholding Pattern of our Company

The Shareholding Pattern of our Company as on the date of this Draft Red Herring Prospectus is as follows:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B	As a percentage A+B+C	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
A	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
B	Central Government/State Government	7*	4,889,846,200	0	100.00	100.00	0	0.00
C	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
D	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
E	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**7***	**4,889,846,200**	**0**	**100.00**	**100.00**	**0**	**0.00**
2	**Foreign**							
A	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**7***	**4,889,846,200**	**0**	**100.00**	**100.00**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**	0	0	0	0.00	0.00	0	0.00
A	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
B	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
C	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
D	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
E	Insurance Companies	0	0	0	0.00	0.00	0	0.00
F	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
G	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
H	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (1)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
B	Individuals	0	0	0	0.00	0.00	0	0.00
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	0	0	0	0.00	0.00	0	0.00
II	Individual Shareholders holding nominal Share Capital value in excess of ₹ 100,000	0	0	0	0.00	0.00	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	0	0	0	0.00	0.00	0	0.00
Ii	NRI's	0	0	0	0.00	0.00	0	0.00
Iii	OCB's	0	0	0	0.00	0.00	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total (A)+(B)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**7***	**4,889,846,200**	**0**	**100.00**	**100.00**	**0**	**0.00**

**The President of India through the MoS has 100% shareholding in our Company out of which 4,889,845,400 Equity Shares are held by itself and 300 Equity Shares are held by Mr. A.P. Choudhary, as nominee of the President of India and 100 Equity Shares each is held by Mr. P. Madhusudan, Mr. Machendra Nathan, Dr. Dalip Singh, Mr. Umesh Chandra and Mr. T.K. Chand as nominees of the President of India.*

As of the date of this Draft Red Herring Prospectus, there are no public shareholders in our Company who hold or will hold more than 1% of the pre-Offer or post-Offer capital of our Company.

7. None of our Key Management Personnel hold Equity Shares, as on the date hereof, in our Company. Further, except as set forth below, none of the Directors hold Equity Shares, as on the date hereof, in our Company:

S. No.	Name of the Director	Number of Equity Shares	Pre-Offer Percentage Shareholding (%)	Post-Offer Percentage Shareholding (%)
1.	Mr. A.P. Choudhary	300	Negligible	Negligible
2.	Mr. P. Madhusudan	100	Negligible	Negligible
3.	Dr. Dalip Singh	100	Negligible	Negligible
4.	Mr. T.K. Chand	100	Negligible	Negligible
5.	Mr. Umesh Chandra	100	Negligible	Negligible

8**.** The list of our top ten shareholders and the number of Equity Shares held by them is provided below:

(i) The top ten shareholders of our Company as of the date of the filing of the Draft Red Herring Prospectus with SEBI are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Offer %

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Offer %
1.	President of India, acting through the MoS	4,889,845,400	99.99
2.	Mr. A.P. Choudhary*	300	Negligible
3.	Mr. P. Madhusudan*	100	Negligible
4.	Mr. S. Machendra Nathan*	100	Negligible
5.	Dr. Dalip Singh*	100	Negligible
6.	Mr. T.K. Chand	100	Negligible
7.	Mr. Umesh Chandra	100	Negligible

*As a nominee of the President of India

(ii) The top ten shareholders of our Company as of the date ten days prior to the filing of the Draft Red Herring Prospectus with SEBI are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Offer %
1.	President of India, acting through the MoS	4,889,845,400	99.99
2.	Mr. A.P. Choudhary*	300	Negligible
3.	Mr. P. Madhusudan*	100	Negligible
4.	Mr. S. Machendra Nathan*	100	Negligible
5.	Dr. Dalip Singh*	100	Negligible
6.	Mr. T.K. Chand	100	Negligible
7.	Mr. Umesh Chandra	100	Negligible
	Total	**4,889,846,200**	**100**

*As a nominee of the President of India

(iii) The top ten shareholders of our Company as of the date two years prior to the date of filing of the Draft Red Herring Prospectus with SEBI are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Offer %
1.	President of India, acting through the MoS	48,898,456	99.99
2.	Mr P K Bishnoi*	3	Negligible
3.	Mr. P. Madhusudan*	1	Negligible
4.	Mr. B.S. Meena*	1	Negligible
5.	Dr. Dalip Singh*	1	Negligible
	Total	**48,898,462**	**100**

*As a nominee of the President of India

9. Our Company, the Selling Shareholder, our Directors, and the Book Running Lead Managers have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

10. The Selling Shareholder has not purchased or sold or financed any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.

11. There will be no further issue of capital whether by way of public issue, bonus shares, preferential allotment, rights issue, qualified institutional placement, or in any other manner during the period commencing from the submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be transferred pursuant to the Offer have been listed. Further, our Company does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split/consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Offer Opening Date except for any issuance in terms of Rule 19(2)(b)(ii) of the SCRR for compliance with the minimum public shareholding requirements set forth thereunder.

12. During the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus, no financing arrangements existed whereby our Promoter, our Directors and their relatives may have financed the purchase of Equity Shares by any other person.

13. None of the Book Running Lead Managers hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus. The Book Running Lead Managers and their respective affiliates may engage in the transactions with and perform services for our Company and our Subsidiaries in the ordinary course of business

and have engaged or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries, for which they have received, and may in future receive, customary compensation.

14. As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is seven, consisting of the President of India, acting through the MoS, GoI and six other members, holding shares as nominees of the President of India.

15. Our Company has not issued any Equity Shares out of its revaluation reserves.

16. Our Company does not have any scheme of employee stock option or employee stock purchase.

17. Except as disclosed our Company has not issued any Equity Shares for consideration other than cash.

18. Our Company has not issued any Equity Shares at a price less than the Offer Price in the last one year preceding the date of filing of this Draft Red Herring Prospectus.

19. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

20. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

21. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after the Offer.

22. Our Company will not, without the prior written consent of the Book Running Lead Managers, during the period commencing from the date of this Draft Red Herring Prospectus and ending 180 calendar days after the date of listing and commencement of trading of the Equity Shares, alter its capital structure in any manner including by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares or any securities convertible into or exchangeable, directly or indirectly, for the Equity Shares. If we enter into acquisitions or joint ventures for the purposes of our business, we may, subject to necessary approvals and consents, consider raising additional capital to fund such activities or use the Equity Shares as currency for acquisition or participation in such joint ventures.

23. Our Promoter will not participate in this Offer. Our Executive Directors will not participate in the Net Offer. However, our Executive Directors can apply under the Employee Reservation portion.

24. A total of 10% of the Offer, i.e. 48,898,462 Equity Shares, have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at the Offer Price and subject to maximum Bid Amount by each Eligible Employee not exceeding ₹ 200,000. An Employee Discount of ₹ [●] to the Offer Price may be offered to Eligible Employees Bidding in the Employee Reservation Portion. Eligible Employees Bidding under the Employee Reservation Portion can also Bid in the Net Offer and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 48,898,462 Equity Shares, allocation shall be made on a proportionate basis.

25. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Offer. Under-subscription, if any, in any category shall be met with spill-over from other categories, at the sole discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

26. The Equity Shares transferred pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

27. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

28. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

29. Our Company shall ensure that transactions in the Equity Shares by our Promoter between the date of filing of this Draft Red Herring Prospectus and the Offer Closing Date shall be intimated to the Stock Exchanges within 24 hours of such transaction.

OBJECTS OF THE OFFER

The objects of the Offer are to carry out the disinvestment of 488,984,620 Equity Shares by the Selling Shareholder and to achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all proceeds shall go to the Selling Shareholder.

Offer Related Expenses Activity	Total Expense*	As a % of Total Estimated Offer Expenses	As a % of Offer
Lead merchant banker's fee, underwriting and selling commissions, commission/processing fee for SCSBs and Syndicate for ASBA**	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Registrar to the Offer fees	[●]	[●]	[●]
Other (legal fees, auditor's fees, advertising and marketing expenses, grading expenses, fees for depositories *etc.*)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

*** To be completed after finalization of Offer Price**

****SCSBs would be entitled to a processing fee of ₹[●] for processing the Bid-cum-Application Forms procured by members of the syndicate and submitted to the SCSBs under the Syndicate ASBA process.**

All expenses with respect to the fees payable to the Book Running Lead Managers, Registrar to the Offer, legal advisors, brokerage and selling commission and expenses towards the publication of offer related advertisements in connection with the Offer would be paid by the Selling Shareholder, through the Department of Disinvestment, Ministry of Finance, GoI.

BASIS OF OFFER PRICE

The face value of our Equity Shares is ₹ 10 and the Offer Price of ₹ [●] is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price.

The Offer Price will be determined by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, on the basis of assessment of market demand from the Bidders for the offered Equity Shares by way of the Book Building Process, and on the basis of the following qualitative and quantitative factors. Bidders should also see sections titled "***Our Business***", "***Risk Factors***" and "***Financial Statements***" on pages 93, 14 and 159 of this Draft Red Herring Prospectus, respectively, to have an informed view before making an investment decision. The financial data presented in this section are based on the Company's audited restated consolidated and unconsolidated financial statements.

Qualitative Factors

- Strong position in a high growth market
- Strategically located operations
- Operational efficiency
- Diverse customer base served through an extensive marketing network
- Experienced management team and skilled workforce

For further details which form the basis for computing the Offer Price, see sections titled "***Our Business***" and "***Risk Factors***" on pages 93 and 14 of this Draft Red Herring Prospectus, respectively.

Quantitative Factors

The information presentation below relating to the Company is based on the audited restated consolidated and unconsolidated financial statements for Fiscals 2009, 2010 and 2011 and limited reviewed consolidated and unconsolidated financial statements for the nine months ended December 31, 2011, prepared in accordance with Indian GAAP. For more information, see "***Financial Statements***" page 159.

1. EARNING PER SHARE ("EPS") of ₹10 per share (Unconsolidated):

Fiscal	Basic & Diluted EPS (in ₹)	Weight
2009	2.7	1
2010	1.8	2
2011	1.2	3
Weighted Average	**1.7**	
31st December, 2011*	1.0	

EPS of ₹10 per share (Consolidated):

Fiscal	Basic & Diluted EPS (in ₹)	Weight
2009	2.7	1
2010	1.8	2
2011	1.2	3
Weighted Average	**1.7**	
31st December, 2011*	1.0	

** Not annualized*

Notes:
a) Basic EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of Equity Shares outstanding during the period/year.
b) Diluted EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of diluted Equity Shares outstanding during the period/year.
c) Face value per share is ₹ 10.
d) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.

2. PRICE EARNING RATIO ("P/E RATIO"):

Pre-Offer P/E Ratio in relation to Offer Price of ₹ [●] per Equity Share of face value of ₹ 10 each:

a. As per the Company's unconsolidated financial statements:

Particulars	P/E ratio
For the period ended December 31, 2010	[●]
For the year ended March 31, 2010	[●]
For the year ended March 31, 2009	[●]

b. As per the Company's consolidated financial statements:

Particulars	P/E ratio
For the period ended December 31, 2010	[●]
For the year ended March 31, 2010	[●]
For the year ended March 31, 2009	[●]

c. Industry P/E-

Particulars	P/E ratio
Highest	15.4
Lowest	6.2
Industry composite	8.2

Source: Capital Market Vol. XXVI1/02; March 19-April 01, 2012 (Industry- Steel Large) P/E Ratios based on TTM EPS and price as of March 12, 2012

3. RETURN ON NET WORTH ("RoNW") (Unconsolidated):

Fiscal	RoNW (%)	Weight
2009	10.6%	1
2010	6.9%	2
2011	4.5%	3
Weighted Average	**6.3%**	
31st December, 2011*	3.7%	

RoNW (Consolidated):

Fiscal	RoNW (%)	Weight
2009	10.6%	1
2010	6.9%	2
2011	4.6%	3
Weighted Average	**6.3%**	
31st December, 2010*	3.6%	

** Not annualized*

Note: RoNW has been computed by dividing net profit/(loss) after tax by the net worth.

4. Minimum Return on Total Net Worth after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2011:

Based on basic and diluted earning per share:

At the Floor Price: [●]% and [●]% based on the unconsolidated and the consolidated financial statements, respectively.

At the Cap Price: [●]% and [●]% based on the unconsolidated and the consolidated financial statements, respectively.

At the Offer Price: [●]% and [●]% based on the unconsolidated and the consolidated financial statements, respectively.

5. NET ASSET VALUE ("NAV") PER EQUITY SHARE (in ₹):

a. As at March 31, 2011 (Unconsolidated): 27.0
b. As at December 31, 2011 (Unconsolidated): 28.1
c. As at March 31, 2011 (Consolidated): 27.1
d. As at December 31, 2011 (Consolidated): 28.1
e. Offer Price : ₹ [●]*
f. As of December 31, 2012 (unconsolidated) after the Offer: ₹ [●]
g. As of December 31, 2012 (consolidated) after the Offer: ₹ [●]

** Since the Offer is being made through the Book Building Process, the Offer Price will be determined on the basis of market demand from the Bidders for the offered Equity Shares, on conclusion of the Book Building Process.*

Note: NAV per Equity Share has been computed by dividing net worth after by number of Equity Shares outstanding at the end of the period.

Bidders should note that discount of ₹ [●] to the Offer Price is being offered to Retail Bidders and Eligible Employees, respectively.

6. COMPARISON WITH OTHER LISTED COMPANIES

Unconsolidated

Fiscal 2011	Face Value (₹)	Total Income (₹ Millions)	Basic EPS (₹)	NAV (₹)	P/E Multiple [2]	RONW (%)
Rashtriya Ispat Nigam Limited[1]	10	109,967	1.2	27.0		4.5%
Peer Group						
Tata Steel Ltd. [3]	10	301,870	75.6	517.4		14.6%
Steel Authority of India Ltd. [3]	10	449,187	11.9	89.7		13.2%
JSW Steel Ltd. [3]	10	234,459	97.2	846.1		11.7%

Consolidated

Fiscal 2011	Face Value (₹)	Total Income (₹ Millions)	Basic EPS (₹)	NAV (₹)	P/E Multiple [2]	RONW (%)
Rashtriya Ispat Nigam Limited[1]	10	111,616	1.2	27.1		4.6%
Peer Group						
Tata Steel Ltd. [3]	10	1,197,341	99.0	392.3		25.3%
Steel Authority of India Ltd. [3]	10	450,234	12.2	91.0		13.3%
JSW Steel Ltd. [3]	10	241,843	84.6	811.9		10.6%

1) The Face value per equity share, Total Income, Basic EPS, RoNW and NAV per share figures for our Company are based on the restated, unconsolidated and restated, consolidated audited results for the year ended March 31, 2011.
2) P/E is computed based on the closing price on NSE as on [●] divided by Basic EPS based on the (unconsolidated and consolidated audited results for the year ended March 31, 2011.
3) The Face value per equity share, Total Income Basic EPS (on unconsolidated and consolidated basis), The RONW (on unconsolidated and consolidated basis) and NAV (on unconsolidated and consolidated basis are based on the respective annual reports for the year ended March 31, 2011.
4)) For the peers have been computed based on the respective annual reports for the year ended March 31, 2011 as follows:

Basic EPS = Profit/(Loss) after Tax and before extraordinary items/ paid-up number of equity shares
Return on Net Worth = Profit after Tax/ Shareholders' fund (Share Capital + Reserves and Surplus)
NAV = Shareholders' fund (Share Capital+ Reserves and Surplus)/ Paid-up number of equity shares

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND SHAREHOLDERS

AUDITORS REPORT ON STATEMENT OF TAX BENEFITS

To
The Board of Directors,
RINL,
Administrative building,
Visakhapatnam.

Dear Sirs,

We hereby report that the enclosed statements states the possible tax benefits available to RINL('RINL Limited' or 'Company') and to its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. The benefits outlined in the statement will be dependent upon the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statue. Hence, the ability of the Company or its shareholders to derive the tax benefits will be 'dependent upon such conditions being fulfilled. Additionally, in respect of the Company benefits listed, the business imperatives faced by the Company in the future will also affect the benefits actually claimed.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the offer.

We do not express any opinion or provide any assurance as to whether:

i. The company is currently availing any of these benefits or will avail these benefits in future; or
ii. The company's shareholders will avail these benefits in future; or
iii. The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanation and representations obtained from the company and on the basis of the understanding of the business activities and operations of the company.

This report is intended solely for informational purposes for the inclusion in the Offer Documents in connection with proposed offer for sale of Equity Shares of the "the company" by the president of India ("the offer") and is not to be used in, referred to or distributed for any other purpose.

For **B.V. Rao & Co.**
Chartered Accountants
F.R No: 003118S

Place: Visakhapatnam
Date: 04-05-2012

(CA. B.V. Rao)
Partner
Membership Number: 19138

Statement of Tax Benefit

The following key tax benefits are available to our Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible benefits available under the current direct tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill. This statement is only intended to provide tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

A. SPECIAL TAX BENEFITS

1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the company

2. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the company.

B. GENERAL TAX BENEFITS

1. Key benefits available to the Company under the Income Tax Act, 1961 ("the Act")

A) BUSINESS INCOME:

1. Depreciation:

Under section 32 of the Act, deduction is allowed towards depreciation on tangible and intangible assets owned by it and used for the purpose of its business.

In respect of any new plant and machinery (other than ships and aircraft) that is acquired and installed by the Company, a further sum equal to twenty percent of the actual cost of such machinery or plant is allowed as depreciation subject to conditions specified in section 32 of the Act.

Unabsorbed depreciation, if any, for an Assessment Year ("AY") can be carried forward and set off against any source of income in the subsequent AYs.

2. Preliminary Expenses:

Under section 35D of the Act, specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit, is allowed deduction for an amount equal to $1/5^{th}$ of such expenditure for each of the five successive previous years beginning with the previous year in which the business commences or, as the case may be, the previous year in which the extension of the undertaking is completed or the new unit commences production or operation.

3. Expenditure incurred on voluntary retirement scheme:

Under section 35DDA of the Act, any expenditure by way of payments made to its' employees in connection with their voluntary retirement in accordance with any scheme or schemes of voluntary retirement, is allowed as deduction for an amount equal to $1/5^{th}$ of such expenditure for each of the five successive previous years beginning with the year in which such expenditure is incurred.

4. Expenditure on Scientific Research:

a) Under section 35(1) of the Act – deduction is allowed in respect of any expenditure (not being expenditure on acquisition of land) on scientific research related to the business of the company, deduction is allowed for amount equal to one and three fourth times of any sum paid to a research association which has its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research:

provided that such association ,university, college or other institution for the purpose of this clause-

(A) is for the time being approved, in accordance with the guidelines, in that manner and subject to such conditions as may be prescribed; and

(B) such association ,university, college or other institution is specified as such, by notification in the Official Gazette, by the Central Government.

(b) Under section 35(2AA) of the Act, deduction is allowed for an amount equal to two times of the expenditure contribution to National Laboratory, University, IIT, Specified person as approved with a direction that the payment should be used for undertaking a Scientific Research Programme approved by the Prescribed Authority.

(c) Under section 35(2AB) of the Act, deduction is allowed for an amount equal to two times of the expenditure(not being expenditure in the nature of cost of any land or building) incurred, by a company engaged in the business of bio-technology or in any business of manufacture or production of any article or thing not being an article or thing specified in the list of eleventh schedule of the I.T. Act, on scientific research on in house research and development facility as approved by the prescribed authority, up to March 31, 2012 (proposed to be extended up to March 2017 in Union Budget 2012).

5. Expenditure on Skill development project :

Under section 35CCD of the Act, deduction is allowed equal to 150% of any expenditure (not being expenditure in the nature of cost of any land or building) incurred on any skill development project notified by the Board in this behalf (proposed in Union Budget 2012).

6. Deduction of Security Transaction Tax ("STT"):

Under section 36(1)(xv) of the Act, the STT paid in respect of taxable securities transactions entered into in the course of business is allowable as deduction, if income is computed under the head " Profits and Gains of Business and Profession"

7. Deductions under Chapter VI-A of the Act:

(a) Under sections 80-IA of the Act, the Company is eligible for deduction for an amount equal to specified percent of the profits and gains derived by specified industrial undertakings for ten consecutive assessment years subject to the fulfillment of the conditions specified in these sections.

(b) Under section 80G of the Act, the company is be eligible for deduction for an amount as specified in the Section in respect donations to certain funds, charitable institutions, etc.

8. Carry forward of business loss:

Under section 72 of the Act, Business losses, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

9. Set off of accumulated Loss on amalgamation/merger:

Under section 72A of the Act, the company is entitled to carry forward and set off of accumulated loss and unabsorbed depreciation allowance under amalgamation or demerger.

10. <u>Credit For Minimum Alternative Tax("MAT"):</u>

Under section 115JAA(1A) of the Act, the Company is eligible to set off the Minimum Alternate Tax('MAT") paid for in any AY commencing on or after April 1, 2006, against normal income-tax payable in any subsequent AY up to 10 AYs. MAT credit shall be allowed for any AY to the extent of difference of the tax paid for any AY under 115JB of the Act and the amount of tax payable as per the normal provisions of the I.T. Act for that AY.

(B) CAPITAL GAINS

1. (a) <u>Long Term Capital Gain(LTCG)</u>

LTCG means capital gain arising from the transfer of a capital asset being share/s held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under Clause (23D) of Section 10 or a Zero coupon bond, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

b) <u>Short Term Capital Gain (STCG)</u>

STCG means capital gain arising from the transfer of capital asset being share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit trust of India or a unit of a mutual fund specified under clause (23D) of section 10 of the Act or zero coupon bonds held for 12 months or less.

2. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under section 10 (23D) of the Act, on a recognized stock exchange on or after October 01, 2004 are exempt from tax under section 10 (38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

With effect from A.Y. 2007-08, income by way of long term capital gain which is exempt under section 10(38) of the Act, shall not be excluded for computing the book profit and income tax payable u/s 115JB of the Act.

3. As per second provisio to section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures(excluding capital indexed bonds issued by Central Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration:

(a) Under section 112 of the Act, the LTCG that is not exempt under section 10(38) of the Act, will be subject to tax at a rate of 20% with indexation benefit plus applicable surcharge thereon and 3% Secondary Education & Higher Education Cess on tax plus Surcharge (if any)

However, as per provisio to section 112(1) of the Act, if tax payable under section 112 exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored for computing the tax payable.

4. Under section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual funds (as defined) under section 10 (23D) of the Act, on a recognized stock exchange are subject to tax at the rate of 15 per cent, provided the transaction is chargeable to STT. No deduction under chapter VIA shall be allowed from such income.

5. In addition to the aforesaid tax rates discussed in 3 and 4 above, in the case of domestic companies where the income exceeds ₹ 10, 000, 000, a surcharge of 5% on such tax liability is also payable. 2% Education cess & 1% Secondary & Higher education cess, on the total income tax and applicable surcharge, is payable by all categories of taxpayers.

6. As per provisions of section 71 of the Act read with provisions of section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessments years and long term capital loss arising during a year is allowed to be set-off only against long term capital gains only. Balance loss, if any, is allowed to be carried forward and set-off against subsequent years' long term capital gains up to eight subsequent assessment years.

7. Under section 54EC of the Act, long term capital gain is exempt from capital gains tax to the extent such capital gains are invested, within a period of six months from the date of such transfer, in specified bonds issued by the following and subject to the conditions specified therein-

- National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988 (68 of 1988)
- Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956. (1 of 1956)

However, if the new bonds are transferred or converted into money within three years from date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion. The investment in the specified bonds is allowed up to ₹ 50 lacs in a financial year.

(C) <u>INCOME FROM OTHER SOURCES:</u>

1. <u>Dividend income:</u>

Under section 10(34) of the Act, dividend (both interim and final) received in respect of shares held in a Domestic Company, is exempt, if tax is paid under section 115O of the Act, by such Domestic Company dividend distributed. However as per the provisions of section 94(7) of the Act , the losses arising from the sale/transfer of any securities or units purchased up to three months prior to the record date and sold/transferred with in a period of three months in case of securities or within a period of nine months in case of units after such date, will be disallowed to the extent of dividend received on such shares which is claimed as tax exempt by shareholder.

Under section 10(35) of the Act, income received in respect of units of a mutual fund specified under section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) is exempt.

2. <u>Key benefits available to the Members/Shareholders of the Company</u>

2.1 <u>Resident Members/Shareholders</u>

(a) **<u>Dividend Income:</u>**

Under section 10(34) of the Act, dividend (both interim and final), received by a resident in respect of shares held in a Domestic Company, is exempt, if tax is paid under section 115O of the Act by such Domestic Company on the dividend distributed. However as per the provisions of section 94(7) of the Act, the losses arising from the sale/transfer of any securities or units purchased up to three months prior to the record date and sold/transferred with in a period of three months in case of securities or within a period of nine months in case of units after such date, will be disallowed to the extent of dividend received on such shares which is claimed as tax exempt by shareholder.

Under section 10(35) of the Act, income received in respect of units of a mutual fund specified under section 10(23D) of the Act(other than income arising from transfer of units in such mutual fund) is exempt.

(b) **<u>Capital gains:</u>**

i. Benefits outlined in paragraph 1(B) above to the extent also applicable to resident shareholders. In addition to the same, the following benefits are also available to a resident shareholder being an individual/HUF.

ii. As per section 54F of the I.T. Act, LTCG arising from transfer of shares will be exempt from tax if net consideration from such transfer is utilised within a period of one year before or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within a period of three years from the date of transfer and subject to conditions and to the extent specified therein.

2.2 Key Benefits available to Non-Resident Members/Shareholders

(a) Dividend Income:

Under section 10(34) of the Act, dividend (both interim and final) income received by a non resident, in respect of shares held in a Domestic Company, is exempt, if tax is paid under section 115O of the Act, by such Domestic Company dividend distributed. However as per the provisions of section 94(7) of the Act , the losses arising from the sale/transfer of any securities or units purchased up to three months prior to the record date and sold/transferred with in a period of three months in case of securities or within a period of nine months in case of units after such date, will be disallowed to the extent of dividend received on such shares which is claimed as tax exempt by shareholder.

(b) **Capital gains:**

Benefits outlined in paragraph 2.1(b) above to the extent also available to a non-resident shareholder except that as per first provisio to section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian Currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second provisio to section 48 is not available to non-resident shareholders.

(c) **Deduction of STT:**

Benefits outlined in paragraph 2.1(c) above are also applicable to the non-resident shareholders.

(d) **Tax Treaty Benefits**:

As per section 90 of the I.T. Act, the shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

(e) **Special provision in respect of income /LTCG from specified foreign exchange assets available to non-resident Indians under chapter XII-A:**

(i) Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

(ii) Specified foreign exchange assets include shares of an Indian company acquired/ purchased/subscribed by NRI in convertible foreign exchange.

(iii) As per section 115E of the Act, income [other than dividend which is exempt under section 10(34) of the Act] from specified foreign exchange assets and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20% (plus applicable surcharge plus Secondary education & Higher education cess). No deduction in respect of any expenditure allowance from such income will be allowed and no deductions under chapter VI-A will be allowed from such income.

(iv) Under section 115E of the Act, LTCG arising from transfer or specified foreign exchange assets shall be taxable @ 10% (plus applicable surcharge plus education and higher education cess).

(v) Under section 115F of the Act, LTCG on transfer of a foreign exchange asset shall be exempt, in proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under section 115F.

(vi) Under section 115G of the Act, if the income of an NRI taxable in India consists only of investment income or LTCG or both and tax has been deducted at source in respect of such income as per the relevant provisions of the Act, it is not necessary for the NRI to file return of income under section 139(1).

(vii) As per section 115H of the Act, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under Section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are converted into money.

(viii) As per Section 115I of the Act, the NRI can opt not be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 of the Act in which case the normal benefits as available to non-resident shareholders will be available.

2.3 Key Benefits available to Foreign Institutional Investors(FIIs):

(a) **Dividend Income:**

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt from tax under section 10(34) read with section 115O of the I.T. Act.

(b) **Capital Gains:**

(i) Under Section 115 AD, income (other than income by way of dividends referred in section 115O) received in respect of securities (other than units referred to in section 115AB) shall be taxable at the rate of 20%. No deduction in respect of any expenditure/allowance shall be allowed from such income.

(ii) Under section 115AD, capital gains arising from transfer of securities (other than units referred to in section 115AB), shall be taxable as follows:

As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 15%. STCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30%.

- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10%. The benefit of indexation cost of acquisition and Foreign currency fluctuation protection, as mentioned under 1st and 2nd provisio to section 48 would not be allowed while computing the capital gains.

- For corporate FIIs, the above tax rates will be increased by a surcharge of 2.5% on such tax liability in case income exceeds ₹ 10,00,000/-.

- A 2% education and 1% secondary and higher education cess of the total income tax (including surcharge wherever applicable) is payable by all categories of taxpayers.

(c) Exemption of capital gains from income – tax:

(i) LTCG arising on transfer of a long term capital asset, being an equity share in a company or unit of an equity oriented fund, where such transaction is chargeable to STT is exempted from tax under section 10(38) of the I.T. Act.

(ii) Benefit of exemption under section 54EC shall be available as outlined in paragraph 1(B)(vii) above.

(**d**) **Deduction of STT:**

Benefits as outlined in paragraph 2.1 (c) above are also available to FIIs.

(**e**) **Tax Treaty Benefits:**

As per section 90 of the I.T. Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

2.4 Key benefits available to mutual funds

As per provisions of Section 10 (23D) of the I.T. Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there-under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

3. Wealth Tax Act,1957:

Shares in a Company held by a shareholder are not treated as an asset within the meaning of section 2 (ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

Notes:

a) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.

b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country in which the non- resident has fiscal domicile.

c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participations in the scheme.

d) As the Direct Tax Code Bill, 2010 ("**DTC 2010**") is not enacted, we have not considered the provisions of DTC 2010 for the purpose of this statement.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Market data and certain industry information used in this section have been obtained from publicly available information and industry publications of the World Steel Association, the World Coal Organization, Ernst and Young, the International Monetary Fund, the Indian Ministry of Steel, Government of India, the Society of Indian Automobile Manufacturers, the Automotive Component Manufacturers Association of India, Corporate Catalyst India, CRISIL Research and the Joint Plant Committee of the Government of India. The dates may have been reclassified by us for the purposes of presentation. Such information has been accurately reproduced herein and, as far as our Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry publications referenced to in this section generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness and underlying assumptions of that information are not guaranteed, and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. Similarly, industry forecasts and market research, while believed to be generally reliable, have not been independently verified, and neither our Company nor any of the Book Running Lead Managers makes any representation as to the accuracy or completeness of this information.

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The Global Steel Industry

According to the WSA, global crude steel production (of the 64 countries reported) in 2011 was approximately 1,490.1 mt, while global apparent steel consumption (which reflects the deliveries of steel to the marketplace from domestic steel producers and imported steel) of finished steel was 1,373.3 mt (Source: WSA Short Range Outlook, Apr. 2012).

The global steel industry is cyclical in nature and the growth or decline of the steel industry is linked to the economic cycle of a country and, in particular, to industrial production and infrastructure development. Global production capacity, trade policies of countries and the regional demand-supply scenario also strongly influence the industry. Steel producers may attempt to reduce the impact of cyclicality through various measures, such as diversification of manufacturing operations to various geographies (preferably emerging markets with low-cost operations), vertical integration into raw material production, diversification of customer base and focus on value-added products.

Global Steel Production

Growth in steel production has been volatile. According to the WSA, global steel production declined on average by 0.5% per year from 1990 to 1995 and grew on average by 2.4% per year from 1995 to 2000 and 6.1% per year from 2000 to 2005. Over the period from 2005 to 2011, global steel production increased by approximately 8.0% per year. Individual rates for these years ranged from a 14.9% growth in 2010 to a 7.9% reduction in 2009.

Overall global crude steel production (based on the 64 countries reporting) in 2011 was 1490.1 mt, a 5.1% increase in production over the previous year. In 2011, according to the WSA, crude steel production increased by 5.6% in Asia (9.0% increase in China, 5.7% increase in India, 14.7% increase in Taiwan and 1.8% decrease in Japan); increased by 6.8% in North America (7.1% increase in the United States); increased by 2.8% in the EU of 27 countries ("**EU27**") (1.0% increase in Germany and 11.3% increase in Italy); increased by 10.7% in Other Europe (17.0% increase in Turkey); and increased by 3.9% in CIS Countries (2.7% increase in Russia and 5.7% increase in Ukraine). The following table sets forth total crude steel production by country or region for the periods indicated:

Country/Region	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011(1)
						Year ended December 31,				
						(in mt)				
China	182.4	222.3	282.9	353.2	419.1	489.3	500.3	573.6	626.7	683.3
EU 27	188.2	192.5	202.3	195.5	206.9	210.2	198.2	139.4	172.6	177.4
Japan	107.7	110.5	112.7	112.5	116.2	120.2	118.7	87.5	109.6	107.6
India	28.8	31.8	32.6	45.8	49.5	53.5	57.8	63.5	68.3	72.2
Russia	59.8	61.5	65.6	66.1	70.8	72.4	68.5	60.0	66.9	68.7
United States	91.6	93.7	99.7	94.9	98.6	98.1	91.4	58.2	80.5	86.2
South Korea	45.4	46.3	47.5	47.8	48.5	51.5	53.6	48.6	58.4	68.5
South America	40.9	43.0	45.9	45.3	45.3	48.2	47.4	37.8	43.9	48.4
Middle East	12.5	13.4	14.3	15.3	15.4	16.5	16.6	17.7	19.6	20.3
Rest of World	146.9	154.9	167.9	167.6	176.9	186.7	176.7	146.2	170.8	*157.5*
World	**904.2**	**969.9**	**1071.4**	**1144.0**	**1247.1**	**1346.6**	**1329.2**	**1232.4**	**1417.3**	*1490.1*

Source: WSA Steel Statistical Yearbook 2011
(1) 2011 figures taken from *WSA Crude Steel Production Data 2011*, pending publication of the *WSA Steel Statistical Yearbook 2012*, which only lists production data of 64 countries. Note that the *Rest of World* and *World* entries therefore only make reference to these 64 countries.

Over the past decade, steel production has continued to shift from its traditional base in heavily industrialised countries to fast-growing emerging markets such as China and India. In 2000, the United States and EU27 accounted for approximately 34.8% of global steel production, and Japan accounted for 12.5%. At the same time, China and India accounted for 15.1% and 3.2%, respectively, of global steel production. By 2005, however, contribution by the United States and EU27 decreased to 25.4% of global steel production and Japan decreased to 9.8%, while China and India accounted for 30.9% and 4.0%, respectively. In 2011, the United States and EU27 accounted for only 17.7% of global steel production, Japan accounted for 7.2%, while China and India contributed 45.9% and 4.8%, respectively. According to the WSA, in 2011, China was the single largest producer of crude steel in the world, producing approximately 683.3 mt of crude steel, which represents a 9.0% increase in production over 2010. In 2011, India was the fourth largest producer of crude steel, producing approximately 72.2 mt of crude steel.

The recent production shift to Asia has largely been the result of proximity to the major growth markets for steel consumption and the greater availability of key raw materials. While both Europe and the United States are experiencing weakness in GDP and industrial production, the GDP of China and India is expected to grow by 8.2% and 6.9% in 2012, respectively, according to the World Economic Outlook published by the IMF. Moreover, while production in Europe, Japan and the United States has improved following the economic slowdown in 2008 and 2009, steel producers in those regions face continued challenges due to slowing demand. The recent shift to Asia is also evident in the number of Asia based steel producers who are ranked among the top ten in crude steel production. In 2001, there were four European companies in the top ten steelmakers. In 2010, the only steelmaker in the top ten with headquarters in Europe was ArcelorMittal.

The following table sets forth the top ten steel producers in the world in 2010, according to the WSA:

Company	Steel Production
	(in mt)
ArcelorMittal	98.2
Baosteel	37.0
POSCO	35.4
Nippon Steel	35.0
JFE	31.1
Jiangsu Shagang	23.2
Tata Steel	23.2
U.S. Steel	22.3
Ansteel	22.1
Gerdau	18.7

RINL ranks 46th, with a production of 3.2 mt, amongst the largest steel producing companies in the World in 2010.
Source: WSA World Steel in Figures 2010. Includes only Worldsteel Member Companies with crude steel production over three mt.

Global Steel Consumption

According to the WSA, overall apparent steel consumption in 2011 was 1373.2 mt, representing a 6.2% increase over the previous year. The following table sets forth apparent steel consumption data by country or region for the periods indicated:

	Year ended December 31,									
Country/Region	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011(1)**
	(in mt)									
China	191.3	240.5	275.8	347.5	377.7	422.5	434.7	548.1	576.0	623.9
EU 27	162.4	164.2	172.4	166.1	189.5	200.6	182.5	118.9	147.3	152.8
Japan	71.7	73.4	76.8	76.7	79.0	81.2	77.9	52.8	63.5	
India	30.7	33.1	35.3	39.9	45.6	51.5	51.4	57.9	64.5	67.8
Russia	24.9	25.3	26.3	29.3	34.9	40.4	35.4	24.9	35.7	
United States	107.3	105.7	120.9	110.3	122.4	111.2	101.1	59.3	82.9	
South Korea	43.7	45.4	47.2	47.1	50.2	55.2	58.6	45.4	52.4	
South America	25.0	25.3	30.8	29.8	34.7	38.7	41.5	31.4	42.7	
Middle East	25.3	30.2	31.0	34.6	36.2	41.5	44.7	40.7	43.2	48.1
Rest of World	145.8	149.7	163.3	167.9	174.9	184.7	182.6	159.1	185.3	
World	**828.1**	**892.8**	**979.8**	**1049.2**	**1145.1**	**1227.5**	**1210.4**	**1138.5**	**1293.5**	**1373.3**

Source: WSA Steel Statistical Yearbook 2011
(1) 2011 figures taken from *WSA Short Range Outlook* (Apr. 2012), pending publication of the *WSA Statistical Yearbook 2012*. Note that many of the countries were not reported in the *Short Range Outlook*.

Global Steel Prices

Steel prices are volatile and fluctuate in response to changes in global supply and demand, raw material costs and general economic conditions. After a downturn in demand beginning in 1998, global steel prices reached a historic low in the third quarter of 2001. Since then, global steel prices have generally increased, reflecting stronger global demand, notably led by China. The steel industry also fluctuates in response to a combination of factors, including the availability and cost of raw materials, global production capacity, the existence of, and changes in, steel imports, exchange rates, transportation and labour costs and protective trade measures.

In recent years, global steel prices have also been increasingly volatile due to an increase in suppliers across global markets and levels of steel trading as a percentage of total steel production.

Market Trends

The emergence of China as a significant producer and consumer of steel has been, and will continue to be, a significant factor affecting the global steel industry. Several additional trends have emerged:

• *Higher raw material costs*. The cost of procuring key raw materials used in the production of steel, including iron ore and coking coal, has steadily increased due to the robust growth in global crude steel production levels. During the Calendar Years 2009-11, average iron ore prices increased at a CAGR of 46.7% and coking prices increased by 30.2%. In addition, many of these materials are concentrated in a limited number of locations, which add to the costs associated with transportation and logistics of sourcing such raw materials. Consequently, many major iron ore and coal producers are investing in new mines to increase production capacity. Some global steelmakers are also pursuing more vertically integrated business models, such as POSCO and Companhia Siderúrgica Nacional, who have acquired stakes in coking coal and iron ore assets in Africa and Australia in order to secure their future supplies. For example, in 2011, POSCO took a large foundation stake in the Roy Hill iron ore project in Western Australia. In 2009, our Company, SAIL, CIL, NTPC and NMDC formed a joint venture with the objective of acquiring coal assets abroad. Recently, several global steel producers have looked to Africa to secure their key raw materials. However, many have faced difficulties with relatively under-developed transportation infrastructure to and from Africa.

• *Increased bargaining power of raw material suppliers.* Continuous expansion of the steel industry has resulted in a greater level of competition for raw materials, including iron ore and coal. The top three mining companies, BHP Billiton Marketing AG ("**BHP Billiton**"), Companhia Vale do Rio Doce and Rio Tinto Group, supply the majority of the global market for processed iron ore to steel mills and therefore have significant bargaining power. Shortages of supplies in the market have allowed suppliers of iron ore and coal to restructure their pricing mechanisms, shifting from annual to shorter-term price contracts. These changes expose steel producers to additional volatility and price risk. While firmness in steel prices has given iron ore producers opportunities to increase prices in the contracts, steel companies do not always have the option to pass on the rise to end consumers due to the fragmented market. Thus, many leading steel companies are looking to pursue investments in mines as a safeguard measure against rising raw material costs.

Steel producers have responded to these industry trends in part through vertical integration. In 2011, steelmakers completed six deals in which they acquired additional coal or iron mining capabilities with a combined value of US$833 million. The largest deal was the acquisition of Baffinland Iron Ore Mines by ArcelorMittal and Nunavut Iron Ore Acquisition Company for US$514 million. Another response of steelmakers to industry trends is consolidation. In 2002, Europe's Usinor, Arbed and Aceralia merged to form Arcelor, and Japan's Kawasaki Steel Corporation and NKK merged to form JFE Holdings, Inc. Also in 2002, Nucor Corporation acquired the assets of Birmingham Steel, and International Steel Group ("**ISG**") acquired the assets of Acme, LTV and Bethlehem Steel in the United States. In late 2004, Ispat International N.V. and LNM Holdings N.V., which comprised the LNM Group, merged to form Mittal Steel, and in early 2005, Mittal Steel merged with International Steel Group, forming the world's then largest steel company. The merger of Arcelor and Mittal Steel in 2006 created a steel giant that continues to be the largest steel producer in the world accounting for approximately 98.2 mt of market participants steel production in 2010, representing approximately 6.9% of total global output, according to the WSA. Chinese steel producers are also consolidating to become major market participants.

Despite recent consolidation, the global steel market remains highly fragmented. According to the WSA, the five largest global steel producers in 2010 accounted for approximately 16.7% of total worldwide steel production, and the fifteen largest steel producers accounted for approximately 30.5% of total global steel production.

• *Shift to emerging markets.* Steel production and trade have become increasingly globalised, with production shifting from mature to emerging economies. Developed countries have experienced increased costs associated with labour, freight and raw materials, which in turn have reduced the economic viability of basic steel production. In contrast, emerging markets, such as India, have become targets for global steel producers because of their relatively low steel penetration alongside relatively strong GDP growth outlook. Global steel producers still looking to grow are developing new capacity closer to the Chinese and Indian markets, including forming joint ventures and setting up greenfield operations. Leading steel producers such as ArcelorMittal, Nippon Steel, POSCO and Severstal are setting up, or have announced plans to set up, steel operations in India, either through joint ventures or independently.

Global Steel Outlook

Despite a series of developments in 2011, including the European sovereign debt crisis, earthquakes in Japan, the political/social unrest in some countries of the MENA region leading to a related surge in oil prices and the tightening of government monetary measures in many emerging economies, world steel demand achieved a growth of 5.6% in 2011, according to the WSA.

According to the WSA, apparent steel consumption in the United States is forecast to rebound by 5.7% in 2012 and 5.6% in 2013. Consumption in the EU27, however, is expected to decrease by 1.2% in 2012, with a modest recovery of 3.3% in 2013, bringing it back to 77.0% of its 2007 level.

Japan's demand for steel is expected to decline by 0.6% in 2012 due to the impact of exchange rate appreciation. In 2013, apparent steel consumption in Japan is expected to further decline by 2.2%, reaching 77.0% of its 2007 level. China, on the other hand, is expected to witness a continual growth of 4.0% in 2012 and 4.0% in 2013. India is also expected to increase its steel consumption by 6.9% in 2012 and 9.4% in 2013.

Emerging economies are expected to continue to drive growth. According to the WSA, by 2013, steel use in the emerging economies is forecast to be 45.0% above 2007 levels, and will account for 73.0% of world steel demand, as opposed to 61.0% in 2007.

The following table sets forth the WSA's 2011 figures and 2012 and 2013 forecasts for global steel consumption based on apparent steel use by country or region:

Table: Apparent steel use (ASU)
Short range outlook for apparent steel use, finished steel products (2011-2013)

	ASU, mt			Growth Rates, %		
Country/Region	**2011**	**2012(f)**	**2013 (f)**	**2011**	**2012 (f)**	**2013 (f)**
European Union (27)	152.8	150.9	155.8	5.4	-1.2	3.3
Other Europe	33.0	35.0	37.2	11.3	6.2	6.1
CIS	54.0	56.2	59.1	12.1	4.1	5.1
NAFTA	121.2	127.5	134.0	9.0	5.2	5.1
Central & South America	46.0	49.1	52.5	1.9	6.8	6.7
Africa	22.7	25.1	28.2	-8.5	10.9	12.2
Middle East	48.1	49.8	53.0	2.7	3.5	6.4
Asia & Oceania	895.5	928.6	966.0	5.3	3.7	4.0
World	**1373.3**	**1422.3**	**1485.7**	**5.6**	**3.6**	**4.5**
Developing Economies	393.3	397.5	408.5	5.5	1.1	2.8
Emerging & Developing Economies	980.0	1024.9	1077.1	5.6	4.6	5.1
China	623.9	648.8	674.8	6.2	4.0	4.0
BRIC	757.2	789.9	826.1	6.0	4.3	4.6
MENA	59.8	63.2	68.5	-2.0	5.7	8.4
World Excluding China	749.4	773.5	810.9	5.1	3.2	4.8

Source: WSA Short Range Outlook for Apparent Steel Use April 2012 Table

f = forecast

The Indian Steel Industry

The Indian economy is one of the largest economies in the world, with a GDP at current prices estimated at US$1.7 trillion (₹52.8 trillion) for 2010, according to the World Bank. Its economy is better insulated from the global economy than several other Asian countries due to the fact that it does not rely heavily on exports to developed markets. This is compounded by strong economic fundamentals, which include high savings and investment rates and a rapidly growing middle class, helping to ensure a relatively stable economic performance for the country. India's economy has grown significantly in recent years with a GDP growth rate estimated at 7.2% in 2011, 6.9% in 2012 and 7.3% in 2013 according to the IMF.

Indian Steel Production

India is currently the fourth largest crude steel producer in the world, according to the Ministry of Steel, Government of India, and is forecasted to be the second largest steel producer by 2016, according to E&Y 2010. Unlike China, where there is significant excess steelmaking capacity, (Chinese crude steel capacity is expected to be 840.0 mt in 2012, which would be 22% in excess of the expected 688.0 mt of consumption), India remains a net importer of steel, which should allow for more growth in steelmaking capacity for domestic Indian steel companies. Indian crude steel production increased by a CAGR of 10.5% from 27.3 mt in 2001 to 66.8 mt in 2010, according to the WSA. In 2011, production increased by 5.7%. Production is expected to further increase by 15.3% in 2012 and by 13.4% in 2013, according to E&Y 2011. In addition, steel producers have signed a total of 222 MoUs with the State Governments for a planned capacity addition of about 275.7 mt by 2020.

The Indian steel industry is classified into main producers (SAIL, Tata Steel Limited and RINL), major producers (plants with crude steel making capacity above 0.5 mtpa including Jindal Steel Power Limited ("**JSPL**"), JSW Steel Limited, Essar Steel Limited and JSW Ispat Steel Limited) and other producers, according to the Joint Plant Committee. The other producers consist of a number of steel-making plants producing crude steel, semi-finished steel, non-flat steel and other downstream segments of flat steel.

The following table sets for crude steel production from 2005 to 2012 by public and private sector:

Indian Crude Steel Production							
							(in million tonnes)
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (prov)
Public Sector	17.0	17.0	17.1	16.4	16.7	17.0	16.5
Private Sector	29.5	33.8	36.8	42.1	48.2	52.6	55.3
Total Production	46.5	50.8	53.9	58.4	64.9	69.6	71.7
% Share of Public Sector	36.5	33.5	32.0	28.0	26.0	24.4	23.0

Source: Joint Plant Committee (JPC)

The following table sets forth existing capacity and estimates for likely capacity by 2013 for steel production by companies in India:

Likely Capacity Additions in the Country Mt		
	Existing Capacity	Capacity likely by 2012-13
Public sectors		
SAIL	12.84	21.40
RINL	3.00	6.30
Private Sectors		
Tata	6.80	13.00
Essar	4.60	14.50
JSW	6.60	11.00
Ispat Industries	3.60	4.20
JSPL	2.40	10.45
Bhushan Steel, Bushan Power & Steel	2.00	5.80
Others + secondary	31.00	34.20
	72.84	120.85

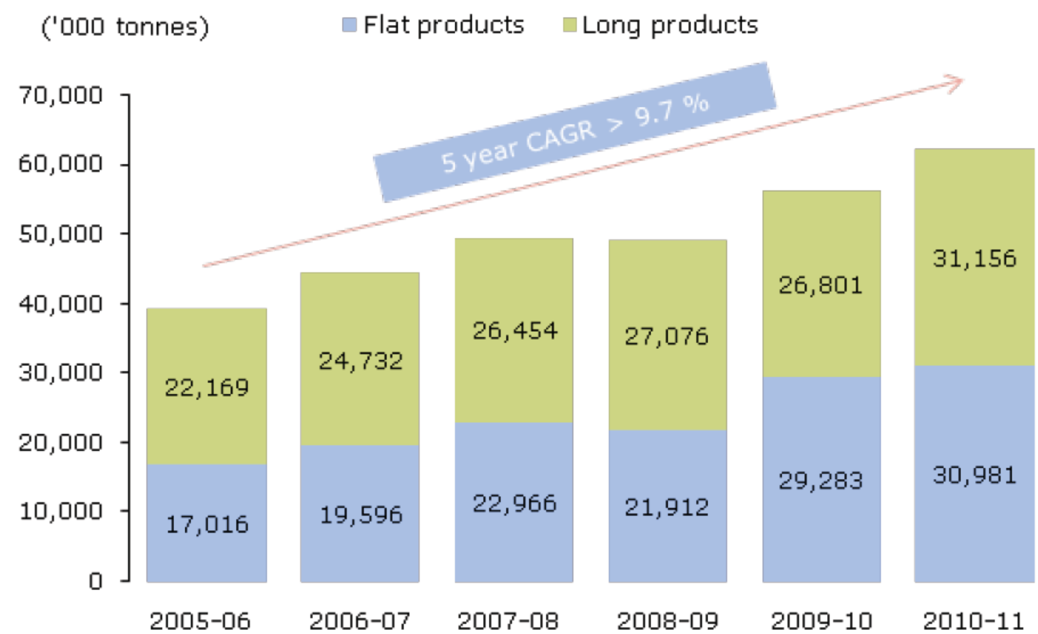
Source: I&S Review, Ministry reports

Indian Steel Consumption

Demand in India has been driven by the expanding oil and gas and power sectors and spending on infrastructural facilities, coupled with growth in the housing, consumer durables and automobile sectors. Apparent steel consumption in India is projected to grow 6.9% in 2012 and 9.4% in 2013 after recording a growth of 4.3% in 2011, according to the WSA.

The following chart sets out the domestic steel consumption for the periods indicated:

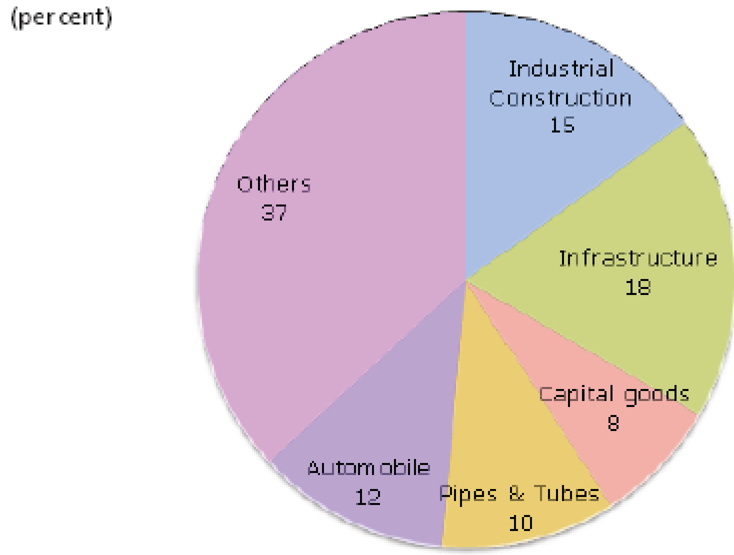
Domestic steel consumption (2005-06 to 2010-11)



Source: JPC, CRISIL Research

Among end-user sectors, the infrastructure and industrial construction sectors accounted for around one-third of total steel consumption in India in 2010-11, followed by the pipes and tubes industry, which accounted for 10% of total steel consumption and the automobile sector, which accounted for 12% of total steel consumption in the same period, according to CRISIL Research. (Source: CRISIL Research, Steel Products, Dec. 2011)

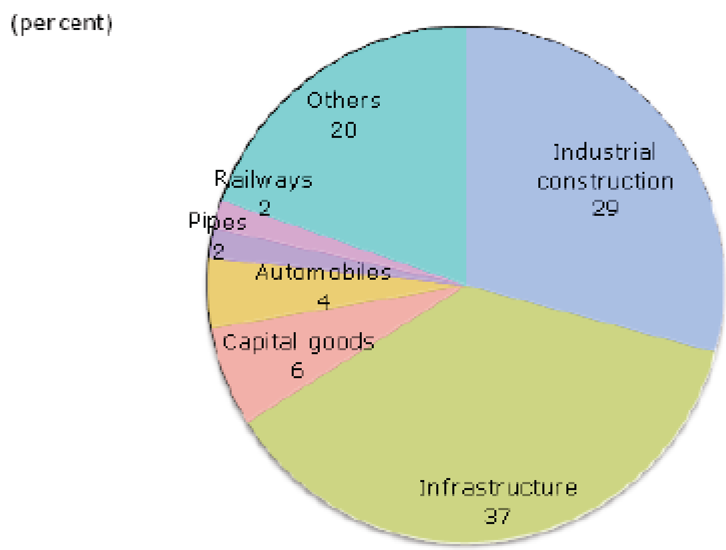
The following chart sets out the percentage of steel consumption each sector accounted for during the 2010-11 period:



(Source: CRISIL Research, Steel Products, Dec. 2011)

Furthermore, according to E&Y 2010, an additional US$1 trillion of investment is expected to be made in the construction and infrastructure sectors during the 2012-17 period. Most infrastructure projects consume large amounts of long steel products, so there should be a corresponding increase in long steel demand.

The following chart sets out the long steel consumption pattern in India during the 2010-11 period:



(Source: CRISIL Research, Steel Products, Dec. 2011)

The automobile and automobile components industries are also expected to drive the growth of steel consumption in India. According to the Society of Indian Automotive Manufacturers ("**SIAM**"), the Indian automobile sector has grown rapidly in recent years, with total production growing at a CAGR of 13.3% from the Financial Year 2006 to the Financial Year 2011, driven by growth in production of all of its major segments such as passenger vehicles, commercial vehicles and utility vehicles. As the automobile industry consumes a large amount of flat steel products, flat steel products also saw an increase of around 12.8% from the 2005-06 period to the 2010-11 period.

While there is currently a strong demand for steel, according to the WSA, India's per capita consumption of finished steel is still relatively low at 56.3 kg as compared to China at 445.2 kg, Japan at 538.6 kg, the United States at 291.6 kg and a world average at 220.8 kg in 2010. Consequently, the Indian steel industry still has room to grow substantially, and the Indian steel sector has been targeted as a key sector for support by the Indian Government, which has encouraged further growth with its increased approval rate of greenfield projects. In its Eleventh Five Year Plan, the Indian Government also established targets for increased total investment in domestic infrastructure from approximately 5% of GDP in Financial Year 2007 to 9% by the Financial Year 2012. The Eleventh Five Year Plan included plans for an addition of 78,577 megawatts of power capacity and 511.8 mt of new capacity in ports, the expansion of India's four-lane and six-lane highway systems and an expansion of its railway system's freight capacity. This growth in infrastructure will be necessarily accompanied by a growth in steel demand.

Indian Steel Prices

Similar to global steel prices, steel prices in India are volatile and fluctuate in response to changes in global supply and demand, raw material costs and general economic conditions. The Indian steel industry is linked to global steel prices and fluctuates in response to a combination of factors, including the availability and cost of raw materials, global production capacity, the existence of, and changes in, steel imports, exchange rates, transportation and labour costs and protective trade measures.

The following table sets out the prices of steel and the key raw materials involved in the production of steel, iron ore and coking coal, for the periods indicated:

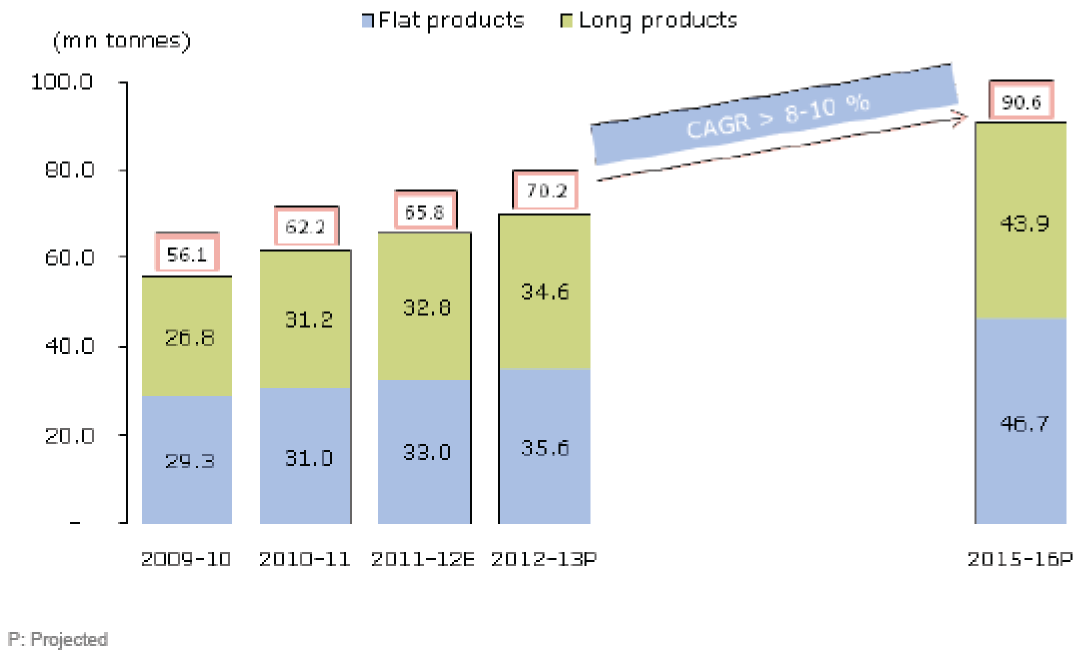
Summary - Price and profitability

International	Unit	2009	2010	2011	2012P
Steel prices	$/tonne	469	614	695	600-640
Iron ore contract price	$/tonne	61	108	148	120-140
Coking coal contract price	$/tonne	130	191	289	220-240
Domestic		**2009-10**	**2010-11**	**2011-12E**	**2012-13 P**
Steel prices	Rs/tonne	32,792	36,812	39,575	37,000-39,500
Iron ore contract price	$/tonne	61	126	150	120-140
Coking coal contract price	$/tonne	130	215	290	220-240

(Source: CRISIL Research, Steel Products, Dec. 2011)

Demand Outlook for the Indian Steel Industry

The following chart sets the demand outlook for steel products in India for the periods indicated:



(Source: CRISIL Research, Steel Products, Dec. 2011)

Indian steel producers have a number of competitive advantages, the most important of which is an abundant supply of iron ore resources and surplus iron ore production, predominantly in the east of India. India is the world's fourth-largest iron ore producer, with sufficient iron ore reserves to meet expected demand. Of particular interest is Orissa State, which contains 25% of India's iron ore reserves and 20% of India's coal reserves, according to Corporate Catalyst India. Thus, even though iron ore prices have been steadily increasing towards the end of 2011, domestic Indian steel companies, with their access to excess iron, have not faced similar increases in raw material prices as those companies outside of India. Another advantage India has is its unexplored rural market, which has been fairly unexposed to the varied uses of steel. Steps have been taken by companies to penetrate this market, including our Company's setting up of its district level dealership and rural dealership schemes.

Market Trends

• *Expansion in the domestic market.* India has increasingly become an important part of the international steel market, and a key growth area for steel production, based on factors including its strong demand for steel arising from strong economic growth, low per capita steel consumption and abundant iron ore reserves. Increase in demand for steel in India has led to a corresponding increase in steel production in India, which includes the simultaneous commissioning of the brownfield expansions of a number of domestic steel companies, including our Company, SAIL, Tata Steel and JSW Steel. In addition, international steelmakers are looking to enter the market either through greenfield expansions or by forming joint ventures. For example, POSCO obtained permission to set up a steel mill in the Orissa State. JFE Steel, Japan's second largest steelmaker, signed a collaborative pact with JSW that allows JSW to produce automotive steel products with the technological expertise of JFE. Japanese steelmaker Kobe Steel is also planning to sign a joint venture agreement with SAIL to build a 500,000 tonne mill in West Bengal state to manufacture special-grade steel, which will require an investment of US$400 million, according to E&Y 2011. The implementation of these plans may be difficult, however, due to Indian regulations dealing with land acquisition, mining leases and forest clearances. According to CRISIL Research, while crude steel capacity additions of 55-60 mt were announced from the 2011-12 period to the 2015-16 period, domestic steel manufactures are only expected to add 40-45 mt of capacity expansion (Source: CRISIL Research, Steel Products, Dec. 2011).

• *Move towards flat steel production.* A rising middle class in India has necessitated a rise in flat steel production in order to keep pace with the demand for consumer goods. While long products are associated with infrastructure and construction, flat products are used in the automotive and white goods (major appliances) sectors. The usage of long steel products as compared to flat steel in India is now split equally, according to E&Y 2011. India imported close to 5.5 mt of flat steel in 2010, but domestic producers have increased their capacity, and nearly all of the 10 mt of capacity added in the Financial Year 2011 was in flat steel production.

OUR BUSINESS

Overview

We are the second largest government owned steel company in India (Source: Steelworld, Jun. 2011 newsletter), with original liquid steel production capacity of 3.0 mtpa and expanded liquid steel production capacity of 6.3 mtpa, which is in the advanced stages of completion by the Financial Year 2013. Our plant at Visakhapatnam, VSP, was originally established in 1971 as part of SAIL, a PSU producing iron and steel products. In 1982, our Company was incorporated and the assets and liabilities of VSP were transferred from SAIL to us.

In November 2010, we were conferred *Navratna* status by the GoI, which provides us with a considerable degree of operational and financial autonomy from the GoI. As of March 31, 2012, we are one of only 16 PSUs in India with *Navratna* status. The Promoter of our Company is the President of India, acting through the Ministry of Steel, GoI.

We have our Registered and Corporate Office in Visakhapatnam, in the state of Andhra Pradesh, India, with regional offices in Visakhapatnam, Delhi, Kolkata, Mumbai and Chennai. We conduct our production activities at a single production site in Visakhapatnam. Our steel production facilities consist of four coke oven batteries, three blast furnaces, including one commissioned in April 2012, along with the related processing units, three converters, three rolling facilities and a thermal power plant and its ancillary facilities, including waste heat recovery facilities. The expansion of our production capacity to more than double our liquid steel capacity from 3.0 mtpa to 6.3 mtpa is well advanced, with major units, including finishing mills, to be commissioned in phases during the Financial Year 2013. We purchase most of our key raw materials, including iron ore and coking coal, but we also have mines which provide limestone, dolomite, manganese ore, quartz and silica sand. We own a majority stake in EIL, a holding company for mining companies with iron ore, manganese ore, limestone and dolomite reserves.

We produce a broad range of steel products, including plain wire rods, rebars, rounds, squares, structurals, billets, blooms and pig iron. We sell most of our products domestically, with Indian customers accounting for approximately 96.7% of our sales as of December 31, 2011, of which 52.4% was in south India. Our customers consist mainly of companies in the construction, infrastructure, manufacturing, automobile, general engineering and fabrication sectors.

As of March 31, 2012, we employed 18,079 permanent employees. We sell our products through a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents and six consignment sales agents. We sell our steel products to project users, industrial users and retailers.

In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we recorded net sales of ₹91.28 billion, ₹98.09 billion, ₹105.74 billion and ₹90.66 billion, respectively, on a restated consolidated basis. During the same period, we recorded a profit after taxes of ₹13.36 billion, ₹7.97 billion, ₹6.67 billion and ₹4.96 billion, respectively. As of December 31, 2011, we had total assets and total net worth of ₹224.70 billion and ₹137.32 billion, respectively.

Key Strengths

Strong Position in a High Growth Market

We are a well-established producer of steel in the long products category. Factors such as an increasing demand for steel arising from strong economic growth, low per capita steel consumption and abundant iron ore reserves have resulted in a high growth steel industry in India, according to E&Y 2010. Steel consumption in India is projected to increase by 6.9% in the Calendar Year 2012, according to the WSA (Source: WSA Short Range Outlook, Apr. 2012). According to CRISIL Research, domestic demand for long steel products in particular is expected to grow at a CAGR of 7-9% during the Calendar Years 2011-16.

Our Company has a market share of approximately 9.0% in the long products segment, which is expected to continue to grow following the expansion of our production capacity to 6.3 mtpa, which is in an advanced stage. Our main competitors are secondary producers, many of which we believe enjoy lower brand recognition and market reputation compared to our Company. Consequently, we believe our market share, established presence and brand recognition in the long products market places us in a strong position to take advantage of the rising demand in this high growth market.

Strategically Located Operations

We believe that we are the first shore based integrated steel plant in India. Visakhapatnam, where our production facility is located, is a major port city on the south-east coast of India, and the second largest city in the state of Andhra Pradesh. It is a hub for imports of crude oil and exports of iron ore, aluminum and other commodities from two significant ports, Visakhapatnam Port Trust ("**VPT**") and Gangavaram Port Limited ("**GPL**"), both situated within 25 kilometres of VSP. GPL, which is adjacent to VSP, is connected by conveyer to our plant and enables us to import coking coal in capesize and panamax vessels, which helps us to rationalise lower freight costs. VPT is currently being modernised, and will also allow imports through capesize and panamax vessels upon completion of its modernisation. These ports are expected to provide us with a similar cost advantage in importing other raw materials in the future as we explore additional raw material suppliers and sources abroad. We are also planning to appoint a consultant to study the feasibility of setting up a captive jetty to further exploit our coastal location.

Our location in India also allows us to enjoy cost advantages in the delivery of supplies to our customers around the country, including south and west India. Our close proximity to our customers allows for lower delivery costs as compared to our competitors.

Furthermore, we conduct our operations on land totaling 19,653.33 acres, which the GoI has granted us under a power of attorney. In addition to our present operations, this land can support an expansion of steel production up to 20 mtpa, which we believe puts us in a favourable position for future growth.

Operational Efficiency

We believe that we have demonstrated a track record of being amongst the most efficient steel manufacturers in India, consistently operating above our installed capacities. Steel production is a high fixed-cost industry and production rates have a direct impact on unit costs. For the previous ten consecutive years, production in all major units of VSP exceeded 100% of rated capacity. For the Financial Year 2012, average production performance of hot metal, liquid steel and saleable steel was 111.1%, 110.3% and 112.6%, respectively.

In addition, our close access to ports allows us to ship our coking coal requirements more economically from Australia, New Zealand and the United States. Our limestone and dolomite mines and captive power plant also help to partially offset volatility in production costs resulting from any increase in the costs of certain raw materials or energy. The experience gained from our current mining capabilities also helps us develop expertise for future mining explorations and operations. Consequently, we believe that this confers us with efficiencies in the production process.

We generate most of our power needs through captive power plants and employ waste heat recovery to drive down our energy costs even further. Our waste heat recovery facilities are being expanded to reduce our dependence on non-coking coal and our energy conservation efforts have been recognised by the Confederation of Indian Industry with the Excellent Energy Efficient Unit award for 2010-11. We are also funding the majority of our expansion through internal accruals, and we do not yet have significant external borrowings. We believe this enables us to judiciously increase our leverage to fund further expansions.

Diverse Customer Base Served Through an Extensive Marketing Network

We have a diverse customer base of about 3,200 customers, as of March 31, 2012, spread across several industry and business segments. In the Financial Year 2011, our five largest customers accounted for approximately 8.0% of our total turnover. Over the same period, our biggest customer accounted for approximately 2.4% of our turnover. Several of our customers have been in long-term relationships with us for over 10 years. We have entered into MoUs with our principal customers to supply our products, and during the Financial Year 2012, MoUs were signed for a total quantity of approximately 2.6 mt of steel, which accounted for 83.8% of our saleable steel. As of December 31, 2011, approximately 90.0% of our customers were repeat customers.

Our broad customer base is supported by our extensive marketing network. We market and provide products to three major categories of customers: project users, industrial users and retailers. As of December 31, 2011, project users, industrial users and retailers account for 23.9%, 30.7% and 45.4% of our customers, respectively. For a further discussion of these categories, see the section titled "***–Sales***" on page 101 of this Draft Red Herring Prospectus. We have a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents and six consignment sales agents. We sell our products under the Vizag brand, with the trademarks "VIZAG STEEL," "VIZAG TMT" and "VIZAG UKKU," which we believe enjoys strong brand recognition in India.

We believe that our diverse customer base, ability to retain customers and ability to accommodate large orders and ensure a stable supply of our products confer us with distinct competitive advantages.

Experienced Management Team and Skilled Workforce

Our senior management team comprises members with extensive experience and in-depth knowledge of the steel industry and our Company. As a government owned company, our directors are appointed by the government through an established recruitment mechanism from a large pool of competent personnel. Our senior management has an average of 25-30 years of working experience in the steel industry. Our management's rich experience and understanding of our Company has been crucial in building a sustainable business, supporting our operations and executing our expansion plans.

As of March 31, 2012, we have 18,079 permanent employees, comprising 5,516 executives and 12,563 non-executives. Of these non-executives, 6,881 are skilled workers. Our employees are provided training in accordance with the Quality Management System certified by ISO 9001:2008. We regularly provide advanced management training workshops, performance appraisals, competency checklists and surveys to our different employees.

The efforts of our senior management team and workforce have not only resulted in our being recognised with the Prime Minister's Trophy as the best integrated steel plant in the country for the years 2002-03, 2005-06 and 2009-10, but also as one of "India's Best Companies to Work For" for three consecutive years from 2009-11 by the Economic Times and Great Place to Work For Institute. Furthermore, certain of our employees are recipients of the Shram Veer awards, given by the Prime Minister of India.

Strategies

Expand Capacity to Benefit from Expected Growth in Demand

Our Company intends to modernise, upgrade and expand our production facilities to more than double the existing liquid steel production capacity of VSP in phases to 6.3 mtpa by the Financial Year 2013 and to 7.3 mtpa by the Financial Year 2015. In addition, we have identified consultants to prepare a project report in respect to plans to further expand our capacity to 11.5 mtpa.

We are close to completing the first phase of expansion to increase our capacity from the current 3.0 mtpa to 6.3 mtpa, and we commissioned a new blast furnace in April 2012. We believe that the increase in production capacity will increase the size of our operations, particularly our production of long steel products, in which we have a strong market position, improve our economies of scale and further enable us to compete more effectively with other steel manufacturers, and maintain market share in the face of expected continued growth in steel demand in India, spurred by strong infrastructure sector funding by the government and the revival of the manufacturing and automobile industries. As we have a limited amount of financial indebtedness, we believe we are well positioned to fund our growth. For a further discussion of this expansion, see the section titled **"*Our Business*"** on page 93 of this Draft Red Herring Prospectus.

Increase Raw Materials Security

We continuously seek to secure access to raw materials. Continuous expansion of the steel industry has resulted in an enhanced level of competition for raw materials. Consequently, our Company seeks access to newer sources of raw materials to increase integration in the production process. Initiatives we have taken in the past years include the following:

- As of March 31, 2012, we had submitted a total of 34 mining applications and prospecting license applications to various State Governments, including 29 applications for iron ore, one application for dolomite, three applications for non-coking coal and one application for manganese ore;
- In January 2012, we entered into an MoU with the Government of Andhra Pradesh to facilitate the allotment of raw materials to supply our planned increased production capacity;
- In August 31, 2011, we entered into a consortium agreement with other Indian steel producers to cooperate in the submission of a joint bid for iron ore deposits in Afghanistan;

- In January 2011, we acquired a 51.0% stake in EIL, a holding company for OMDC and BSLC, both mining companies which hold iron ore, limestone, dolomite and manganese ore reserves;
- In May 2009, we formed a JVC with MOIL to incorporate RINMOIL Ferro Alloys Private Limited, for the purpose of setting up a ferro alloys unit. Ferro alloy is an essential resource required in quality steel production. RMFA intends to produce 37,500 tonnes per annum of silico manganese ore and 20,000 tonnes per annum of ferro manganese ore; and
- In January 2009, we formed ICVL, a JVC, with other PSUs, comprising SAIL, CIL, NMDC and NTPC. ICVL's objective is to acquire coking and non-coking coal assets abroad.

For further discussion of the current status of our key raw material initiatives, see the sections titled "***–Raw Materials–Raw Material Projects***" and "***History and Certain Corporate Matters***" on page 104 and page 116 of this Draft Red Herring Prospectus. We intend to continue to collaborate with our partners to pursue our current initiatives and, if suitable opportunities arise, to pursue new initiatives to become more self-sufficient in our raw materials procurement.

Expand Product Mix to Meet Customer Expectations

We plan to expand our operations to improve our product mix and manufacture new products in line with our customers' requirements. In the Financial Year 2011, sales of our value added products, including plain wire rods and rebars, as a percentage of total saleable steel stood at 79.7%. We intend to continue to increase our production of value added steel products. To this end, we are constructing three new finishing mills, a wire rod mill, a special bar mill and a structural mill, all of which are planned to be brought into operation during the Financial Years 2013-14. We also are planning to construct a tube mill to produce high-grade seamless tubes for high-end industrial users, including the oil and gas and nuclear industries, and will be among the few Indian producers to offer this product. In addition, our Company has entered into an MoU with Power Grid Corporation of India Limited to set up a joint venture in order to produce end products such as a transmission line tower and tower parts. We are setting up a rail axle plant in the state of West Bengal for the manufacturing of railway axles, which we intend to produce with the large diameter round billets from our upgraded plant. We believe that the diversification of our production capabilities will enable us to increase our sales volume by selling these additional products to our existing and new customers, with an anticipated beneficial impact on our profitability.

Continue to Strengthen Competitive Cost Structure

Our Company intends to maintain and strengthen our cost competitiveness by continuously pursuing a cost management strategy, and exercising close control over operational and capital expenditures. Initiatives that we have taken, and will continue to take, to reduce costs and strengthen cost competitiveness include:

- Installing waste gas based power capacity of 120.0 megawatts by the Financial Year 2014;
- Using by-product gases generated in our coke ovens, blast furnaces and steel melt shop to supply heat to various metallurgical units and for electric power generation, thereby reducing our dependence on coal and furnace oil; we are also in the advanced stages of installing equipment for the recovery of waste heat in our sinter plant, which is expected to generate an additional 20.6 megawatts of power;
- Utilising captive power to meet approximately 90.0% of our power requirement;
- Utilising pulverised coal injection technology to improve the cost effectiveness of our blast furnaces;
- Deploying cost effective substitutes for certain inputs in the steel production process, such as using nut coke in partial replacement of coking coke in the blast furnaces, and using metallurgical waste to partially replace iron ore fines in the sinter plant;
- Selling by-products generated during the process of steel making, generating additional revenue; and
- Enhancing operational efficiencies through the implementation of an ERP, beginning in the Financial Year 2013, aimed at achieving integration amongst major functional areas of the business.

Our Company's Facilities

Our production activities are conducted at a single facility at Visakhapatnam. The facility has an original liquid steel production capacity of 3.0 mtpa, and expanded liquid steel production capacity of 6.3 mtpa, which is in the advanced stages of completion by the Financial Year 2013, and manufactures a wide variety of steel products.

VSP comprises the following principal units:

- *Blast furnaces* – Two operating blast furnaces which produce hot metal from iron ore, sinter and coke, and their related processing units, including raw material handling facilities, four coke oven batteries to produce coke, a sinter plant and a lump ore crushing plant to produce the sinter and sized iron ore to meet the blast furnace requirement; a third blast furnace was commissioned in April 2012 as part of our Company's expansion;
- *Converters* – Three LD (Linz-Donawitz) converters used to convert hot metal into liquid steel, with an installed production capacity of 3.0 mtpa of liquid steel;
- *Casters* – Six continuous casting machines used to produce crude steel in the form of cast blooms from liquid steel;
- *Rolling facilities* – Three rolling mills used to produce finished steel products, including one Light and Medium Merchant Mill, one Wire Rod Mill and one Medium Merchant and Structural Mill; and
    - The Light and Medium Merchant Mill rolls rebars, rounds, light structural and billets. It has evaporative cooling systems in its furnaces and is equipped with tempcore technology. This technology ensures uniform grain size and the desired metallurgical and mechanical properties for the bar products. The Light and Medium Merchant Mill has an installed production capacity of 0.7 mtpa;
    - The Wire Rod Mill rolls rebars and plain wire rods and is equipped with Stelmore technology. The Wire Rod Mill has an installed production capacity of 0.9 mtpa; and
    - The Medium Merchant and Structural Mill rolls rounds, squares and structurals. It contains evaporative cooling systems in its furnaces and has an installed production capacity of 0.9 mtpa.
- *Power plant* – A thermal power plant equipped with four generators to produce 247.5 megawatts of power to meet our requirements, with an additional capacity of 53.0 megawatts provided by auxiliary units through waste heat utilisation. We are also in the process of installing waste gas based power capacity of 120.0 megawatts by the Financial Year 2014.

Expansion and Development Projects

Expansion and Modernisation of Visakhapatnam Steel Plant

Our Company is implementing a brownfield expansion aimed at increasing the capacity of VSP in phases from 3.0 mtpa to 6.3 mtpa by the Financial Year 2013, which is in its advanced stages of completion, and to 7.3 mtpa by the Financial Year 2015. Apart from capacity expansion, the expansion is also expected to increase energy efficiency, productivity and yield, as well as deploy more environmentally friendly technologies.

Expansion to 6.3 mtpa

We are well advanced in the first phase of expansion for increasing our liquid steel capacity to 6.3 mtpa. The first phase has been divided into two stages. Stage I consists setting up a new blast furnace with advanced technology, a sinter plant and raw material handling systems, a new steel melting shop along with enhanced technological facilities to produce clean steel, and a new wire rod mill. The commissioning activities of the Stage I units started in November 2011. Our equipment has been supplied by globally reputed contractors from Russia, Luxembourg and the United States. Major units are targeted for commissioning by the end of the Financial Year 2013.

Stage II consists of setting up two new finishing mills, a special bar mill and a structural mill, along with the associated facilities. These facilities will give our Company enhanced capacity to meet market demand for long steel products. Equipment for these facilities are being supplied by contractors from Italy, Austria and the United States. As of March 31, 2012, most of the concreting had been completed and equipment erection had commenced on both the special bar and structural mill. We plan to bring these mills into operation during the Financial Years 2013-14.

The following table lists the expected production capacity once the mills are fully functional.

Mill	Products	Capacity in mt
Wire Rod Mill(1)	Plain Wire Rods	0.6
Special Bar Mill(1)	Rounds	0.8
Structural Mill	Rounds Squares Structurals	0.7
Total		**2.1**

[1]Our new mills will produce both normal and value-added products.

The total capital expenditure expected to be incurred in connection with the expansion to 6.3 mtpa is approximately ₹123.00 billion. The capital expenditure incurred on this project as of December 31, 2011 was ₹87.00 billion. While our Company expects to fund the entirety of our current expansion through internal resources, we may need to raise funds through external financing in the future. For further discussion, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–If our Company is unable to obtain adequate funding for our capacity expansion plans, our business, results of operations and financial condition would be adversely affected***" on page 23 of this Draft Red Herring Prospectus.

We have already entered into a long term agreement, valid until March 3, 2015, with NMDC for the supply of iron ore in order to meet the requirements of our expanded capacity, and we plan to import our requirement of coking coal from overseas suppliers. Our mines are expected to fulfil our entire requirement for dolomite and BF (blast furnace) grade limestone. We have also recruited approximately 2,000 employees over the Financial Years 2010-12 in anticipation for the additional manpower required by the expansion.

Expansion to 7.3 mtpa

For the modernisation and further enhancement of our plant from 6.3 mtpa to 7.3 mtpa by the Financial Year 2015, we have planned an additional coke oven, LD converter, continuous casting machine and a power plant. We also plan to build a seamless tube mill, and upgrade the existing blast furnaces, LD converters, continuous casting machines and the Light and Medium Merchant Mill. The seamless tube mill, which will produce seamless pipes for high-end industrial users, is estimated to give us an additional specialised capacity of 0.4 mtpa.

Development of Axle Plant

On January 10, 2011, our Company entered into a MoU with Ministry of Railways, GoI, for the manufacture and supply of railway axles and various other railway products. We will produce the axles while Indian Railways will act as a long-term customer. We are setting up a plant with the capability of producing rail axles at New Jalpaiguri in the state of West Bengal, on land to be provided by the Ministry of Railways. As of March 31, 2012, the lease agreement for the land provided by the Ministry of Railways had been placed before the Board of Directors for acceptance. For more information on the MoU, see the section titled "***History and Certain Corporate Matters***" on page 116 of this Draft Red Herring Prospectus.

Our Products

Production at VSP comprises mainly of long steel products, such as plain wire rods, rebars, rounds and structurals, and semi-finished steel products, such as billets and blooms. Our products are made with 100% virgin steel, and we have adopted modernised technology to help improve product quality.

The following table sets out our sales in the periods indicated:

	Financial Year						Nine months ended	
	2009		2010		2011		December 31, 2011	
	Net Sales (Rs in million)	% of Net Sales	Net Sales (Rs in million)	% of Net Sales	Net Sales (Rs in million)	% of Net Sales	Net Sales (Rs in million)	% of Net Sales
Blooms	2,223.1	2%	2,093.1	2%	2,498.4	2%	2,908.8	3%
Billets	1,406.6	2%	2,378.1	2%	972.4	1%	799.1	1%
WRM[1]	31,208.4	34%	28,598.5	29%	32,489.6	31%	27,147.5	30%
LMMM[2]	25,374.3	28%	25,817.0	26%	28,148.5	27%	23,342.5	26%
MMSM[3]	22,961.9	25%	28,149.3	29%	30,976.7	29%	25,220.0	28%
Pig iron	5,386.2	6%	7,817.2	8%	5,906.3	6%	7,097.2	8%
Others	2,723.3	3%	3,238.4	3%	4,744.4	4%	4,144.4	5%
Total	**91,283.8**	**100%**	**98,091.6**	**100%**	**105,736.3**	**100%**	**90,659.5**	**100%**

[1]Our Wire Rod Mill rolls rebars and plain wire rods.

[2]Our Light and Medium Merchant Mill rolls rebars, rounds, light structurals and billets.

[3]Our Medium Merchant and Structural Mill rolls rounds, squares and structurals.

Semi-finished Products

The following table lists our various semi-finished products, including our production for the Financial Year 2012 and their end users.

Product	FY 2012 Production in mt	Key End User
Blooms	3.1	Processed further in our mills; surplus is sold to downstream producers
Billets	1.9	Processed further in our mills; surplus is sold to downstream producers

Blooms

Blooms are semi-finished products used for the manufacturing of long steel products. We produce blooms at our steel melt shop, which are then rolled to produce billets. Blooms not used by us are sold to downstream steel producers, who further process them into steel products that are utilised in a wide variety of construction and manufacturing sectors. In the Financial Year 2012, we produced 3.1 mt of blooms, of which 0.1 mt was meant for sale, while the rest were further processed in our mills.

Billets

Billets are one of the first steel products produced in the steel manufacturing chain. They are semi-finished products used in the manufacturing of long steel products, such as bar products, rods and wires. Billets can be used as feedstock for rolling mills for the production of long products. Steel billets are also used extensively in forge shops and machine shops for the production of engineering goods.

Our Company manufactures billets for further rolling into bars and plain wire rods. We sell our non-rollable billets to downstream steel producers who further process them into steel products that are utilised in a wide variety of construction and manufacturing sectors. In the Financial Year 2012, we produced 1.9 mt of billets, of which 0.03 mt was meant for sale, while the rest were further processed in our mills.

Long Products

The following table lists our various long steel products, including our production for the Financial Year 2012, and their various end users.

Product	FY 2012 Production in mt	Key End User
Plain wire rods	0.4	Broad range of customers who use them for wire drawing, bright bars, fasteners and construction
Rebars	1.3	Construction and infrastructure projects
Structurals	0.3	Construction and infrastructure projects
Rounds	0.5	Mainly sold to manufacturing and automobile industries; some are sold to downstream producers who reroll them
Squares	0.4	Mainly sold to the automobile and engineering industries; some are sold to downstream producers who reroll them

Plain Wire Rods

Plain wire rods are a type of long steel product with a wide variety of functions such as making wires for welded mesh, nails, hangers, screws, chain link fencing, wire nets and barbed wires. Plain wire rods are produced both in the mild steel (a type of carbon steel) and value added steel categories. Our Company sells plain wire rods to a broad range of large, medium and small scale users, who in turn use them for wire drawing, bright bar, fastener and construction purposes. Plain wire rods are also used in the manufacturing industry.

In the Financial Year 2012, we produced 0.4 mt of plain wire rods in our Wire Rod Mill.

Rebars

Rebars are long steel products used for reinforcement in construction and infrastructure projects. They provide tensile strength to concrete sections subject to a bending load, and they normally have ribbed profiles on their surface to improve bonding with concrete. We have adopted the quenching and self-tempering technology for making our thermo-mechanically treated rebars, which are marketed under the registered trademark of "VIZAG TMT". We produce rebars in our Wire Rod Mill and Light and Medium Merchant Mill, depending on the size of the rebar. Rebars are mainly sold to project users.

In the Financial Year 2012, we produced 0.6 mt of rebars in our Wire Rod Mill and 0.7 mt of rebars in our Light and Medium Merchant Mill.

Structurals

Structurals are long steel products that include angles, channels and beams. Like rebars, structural products are mainly used in the construction and infrastructure sectors.

In the Financial Year 2012, we produced 0.3 mt of structurals in our Medium Merchant and Structural Mill.

Rounds

Rounds are a type of long steel bar product used mainly in the engineering and automobile industries. We produce rounds in our Light and Medium Merchant Mill and Medium Merchant and Structural Mill, depending on the size of the round. We sell rounds to a broad range of large, medium and small scale users, many of whom further reroll the rounds to their desired sizes.

In the Financial Year 2012, we produced 0.2 mt of rounds in our Light and Medium Merchant Mill and 0.3 mt of rounds in our Medium Merchant and Structural Mill.

Squares

Squares are a type of long steel product used for rerolling and forging. We produce squares in our Medium Merchant and Structural Mill. Our Company sells squares to a broad range of large, medium and small scale users.

In the Financial Year 2012, we produced 0.4 mt of squares.

Pig Iron

We produce hot metal from high grade iron ore and low ash coke. Surplus hot metal produced from blast furnaces is cast into pig iron. Our Company sells pig iron to steel manufacturers as well as foundries. Our installed production capacity for pig iron is 0.6 mtpa. In the Financial Year 2012, we produced approximately 0.4 mt of pig iron.

By-products

A number of by-products are generated in the process of steelmaking. These products include coke products, benzol products, tar products, ammonium sulphate, granulated blast furnace slag, lime products and gases. Coke by-products are sold to the steel, cement and brick industries. Benzol by-products are used in the solvent, paint, dye, drugs and detergent industries. Tar by-products are sold to the aluminum and manufacturing industries. Ammonium sulphate is used as fertilizer. Granulated blast furnace slag is used for manufacturing slag cement. Lime by-products are sold to the paper industry. Gases such as liquid oxygen is sold for medical and industrial purposes while liquid nitrogen is used for industrial purposes. As of December 31, 2011, we had sold ₹3.38 billion worth of by-products, which accounted for 3.9% of our sales turnover.

Production Process

Our Company's production facilities process iron ore and other raw materials into steel products. Our production processes can be broadly broken down into three categories: iron making, steel making and product rolling.

Iron making

Coking coal is heated in the coke ovens to produce coke, while iron ore fines, limestone, dolomite and coke are heated in the sinter plant to produce sinter, which is the major input for the blast furnaces. Afterwards, the coke, sinter and sized iron ore are charged in the blast furnace, with the coke acting as a main fuel and reducing agent for the smelting of the iron. The process converts the iron ore into liquid iron form, and it is then transported to the LD converters to make steel.

Steel making

Steel is made in our steel melting shop in LD converters by blowing oxygen into the converter until the desired carbon content is achieved and impurities are reduced to acceptable levels. Alloying elements including manganese, chromium, silicon and nickel are also added to achieve the required grade of liquid steel. Liquid steel is tapped from the LD converter and transported to a continuous casting machine, where it is cooled gradually, and then cast into blooms. We believe that we were one of the first integrated steel plants to adopt 100% continuous casting on a large scale in India. When the oxygen reacts with the carbon in the LD converters, the reaction releases large quantities of gas rich in carbon monoxide. The gases released from the converter are collected, cooled, cleaned and recycled for use as fuel in our steel plant.

Product rolling

Blooms which are cast are delivered to their respective rolling mills for the production of finished or semi-finished steel products in a multitude of sizes and shapes. The Wire Rod Mill rolls rebars and plain wire rods, the Light and Medium Merchant Mill rolls rebars, rounds, light structurals and billets, and the Medium Merchant and Structural Mill rolls rounds, structurals and squares. Finished steel products are then packed in the required bundles and transported to customers by rail, road and sea.

Sales

We sell the majority of our products to domestic customers. In the Financial Years 2010, 2011 and the nine months ended December 31, 2011, sales to domestic customers accounted for approximately 96.7%, 96.3% and 96.7%, respectively, of our turnover. The following table sets forth our sales by region for the periods indicated:

₹ in Millions

Market/Region	Financial Year 2010	% of Total	Financial Year 2011	% of Total	Nine months ended December 31, 2011	% of Total
Domestic	**1,02,840**	**96.7%**	**1,10,945**	**96.3%**	**95,998**	**96.7%**
Andhra Pradesh	40,906	38.5%	40,200	34.9%	33,129	33.4%
North	23,562	22.2%	24,290	21.1%	21,994	22.2%
South[1]	17,785	16.7%	21,876	19.0%	18,920	19.1%
West	14,652	13.8%	16,197	14.1%	14,021	14.1%
East	5,935	5.6%	8,382	7.3%	7,914	8.0%
Export	**3,510**	**3.3%**	**4,225**	**3.7%**	**3,277**	**3.3%**
Total	**1,06,350**		**1,15,170**		**99,275**	

[1]*Excluding the state of Andhra Pradesh*

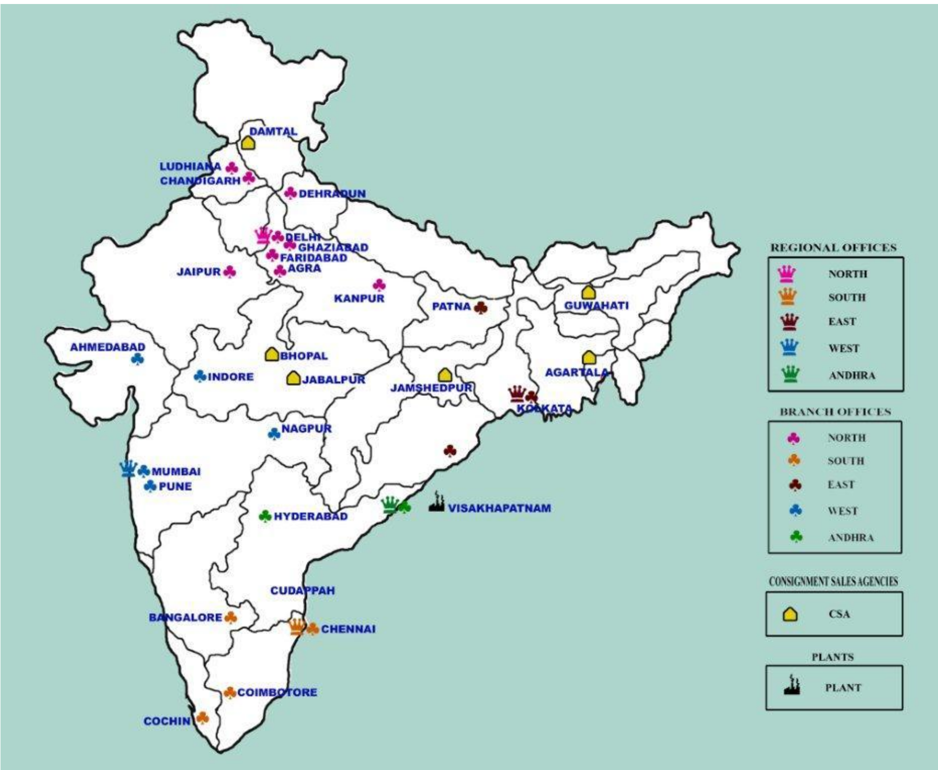
Our Company's customers are divided into three segments: project users, industrial users and retailers.

- Project users consist of infrastructure and construction companies. We provide mainly rebars and structural products to project users;
- Industrial users, which includes actual users of our Company's products across various industry segments, consist of a wide range of large, medium and small scale industries, who mainly purchase plain wire rods, rounds and squares; and
- Retailers are parties who mainly procure products to sell to end users.

As of December 31, 2011, project users, industrial users and retailers account for 23.9%, 30.7% and 45.4% of our customers, respectively.

Marketing and Distribution

We sell our steel products either directly to customers or through stockyards located across the country. Our Company has a wide marketing distribution network spread across the country. We have five regional offices located at Visakhapatnam, Chennai, Mumbai, Delhi and Kolkata. Furthermore, we have 23 branch offices and 22 stockyards. Four stockyards, located at Bombay, Chennai, Visakhapatnam and Hyderabad, are owned by us, and the remaining 18 are operated by consignment agents. The consignment agents are chosen through an open national tender, a process by which prospective agents are selected by our Company, and sign seven year contracts with us. We have also signed seven year contracts with six consignment sales agents, where we do not have branch offices. There are also more than 150 retailers spread across the country. The diagram below illustrates our marketing network.



We rely on a variety of marketing methods, such as sales through MoUs, direct sales to projects through participation in tenders, sales to state small industries corporations and national small industries corporations as per government allocation, e-auctions and spot sales. We also use our brand name to market our products. For example, rebars are branded as "VIZAG TMT," and structural products are branded as "Vizag UKKU," ("ukku" means steel in the Telugu language).

As of March 31, 2012, our Company also has 318 district level dealers and rural dealers for servicing rural customers, who find it difficult to source steel products in the remote regions of India. For the period from January 2011 to December 2011, we sold approximately 18,600 tonnes steel products to rural dealers.

Raw Materials

Steel production requires a substantial amount of raw materials and energy, including iron ore, coking coal, limestone and dolomite. Raw materials comprise the single most significant percentage of our Company's manufacturing costs and in the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, raw materials accounted for 75.7%, 61.4%, 73.4% and 74.6%, respectively, of our expenditure in the production of steel, excluding certain adjustments for raw material mining costs, depreciation, and interest and finance charges. Iron ore and coking coal are the primary materials used in steel production and the prices of these commodities are subject to significant volatility. During the Calendar Years 2009-11, average iron ore prices increased at a CAGR of 46.7% and coking prices increased by 30.2%, according to E&Y 2010.

For more information, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–Significant increases in prices of raw materials or our inability to continue to procure raw materials at favourable terms could have an adverse effect on our Company's results of operations and financial position***" on page 17 of this Draft Red Herring Prospectus.

We purchase iron ore and coking coal at market prices under supply contracts typically lasting up to five years. Under the long-term arrangements, the price is fixed on a quarterly or monthly basis. We have formed a joint procurement committee with SAIL for our and SAIL's coking coal supplies and we believe the combined purchasing requirements of our two entities benefits us in commercial negotiations with coking coal suppliers. For other raw materials, we make agreements chosen through a tendering system, in which we float a tender and choose suppliers according to the lowest bidder who satisfies our terms and conditions.

Our Company uses various third-parties for transportation of our raw materials. Most of our iron ore is transported from NMDC's mining complexes through rail. Coking coal is mostly imported on capesize and panamax vessels from Australia, New Zealand and the United States. Other raw material resources are also transported by road.

Iron Ore

We obtain most of our iron ore requirement (comprising iron ore fines, lumps and calibrated lump ore) from NMDC's mining complexes at Kirandul and Bacheli in the state of Chhattisgarh. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, the cost of such purchases accounted for 27.4%, 34.3%, 38.6% and 34.4% of our raw material purchases, respectively. We purchased approximately 5.5, 5.7, 5.8 and 4.2 mt of iron ore fines, lumps and calibrated lump ore during the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, for ₹15.75 billion, ₹17.50 billion, ₹27.91 billion and ₹21.16 billion, respectively. As of March 31, 2012, we have submitted 29 iron ore mining lease and prospecting license applications to various State Governments in India.

Coal

In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, the cost of our coking coal purchases accounted for 55.7%, 57.0%, 55.8% and 60.7% of our raw material purchases, respectively. We use both imported and domestic coking coal in our steel production process. We import approximately 90.0% of our coking coal from Australia, New Zealand and the United States. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we imported a total of 2.7, 3.3, 3.5 and 2.6 mt of coking coal valuing ₹29.85 billion, ₹27.31 billion, ₹38.15 billion and ₹35.31 billion, respectively. We procure approximately 10.0% of our coking coal from CCL, a subsidiary of CIL. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we obtained a total of 0.5, 0.3, 0.4 and 0.3 mt valuing ₹2.14 billion, ₹1.82 billion, ₹2.19 billion and ₹2.06 billion, respectively, from CCL. Our Company also procures non-coking coal used in the power generation process from MCL, a subsidiary of CIL. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we obtained a total of 1.3, 1.5, 1.3 and 1.0 mt valuing ₹0.16 billion, ₹0.20 billion, ₹0.19 billion and ₹0.17 billion, respectively, from MCL.

As of March 31, 2012, we have submitted three applications for allotment of blocks of non-coking coal in Khammam district in the state of Andhra Pradesh.

Limestone

Two types of limestone are used in the steel production process: BF grade limestone to convert iron ore to iron, and high grade low silica limestone to convert iron to steel. We import high grade limestone from the Ras Al Khaimah Rock Company in the United Arab Emirates. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, the cost of such purchases accounted for 1.3%, 1.3%, 0.8% and 0.7% of our raw material purchases, respectively. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we imported 0.5, 0.5, 0.5 and 0.3 mt at a cost of ₹753.29 million, ₹655.61 million, ₹583.59 million and ₹406.53 million, respectively. We source most of our BF grade limestone from our mine in Jaggayyapeta, Krishna district, in the state of Andhra Pradesh. In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, our Company obtained a total of 0.4, 0.4, 0.4 and 0.3 mt, respectively, from our limestone mine.

Dolomite

As with limestone, two types of dolomite are required in the production of steel, BF grade dolomite is combined with limestone, iron ore and coal in blast furnaces to convert iron ore into liquid iron, and SMS dolomite is used to convert hot metal to steel in LD converters. We currently source most of our dolomite requirement from our mine in Madharam, Khammam district in the state of Andhra Pradesh. In the Financial Years 2009, 2010, 2011 and the nine months ended

December 31, 2011, we obtained a total of 0.6, 0.6, 0.5 and 0.4 mt, respectively, from our dolomite mine. As of March 31, 2012, our Company had submitted one mining application seeking the grant of a mining lease for dolomite in Khammam district, in the state of Andhra Pradesh.

Energy

Our energy consumption accounted for approximately 5.5%, 6.9%, 5.7% and 5.2% of our total raw materials and energy costs during the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, respectively. These costs consisted primarily of power and fuel. VSP consumed 526.0 kilowatt hours of gross power per tonne of crude steel in the Financial Year 2012. Our Company currently has four generators, three of which each have a capacity of 60.0 megawatts and one which has a capacity of 67.5 megawatts. We also have facilities to generate 53.0 megawatts of power through waste heat utilisation of our back pressure turbine station and gas expansion turbine station. We generate approximately 84-90% of our own energy, and we purchase the balance necessary for our operations from public utilities.

Raw Material Projects

Our Company is focused on seeking secure access to raw materials in order to optimise our costs, increase integration in the production process and achieve a higher level of self-sufficiency in raw materials in order to respond better to cyclical fluctuations in demand and reduce volatility in production costs. We have pursued, and plan to continue to pursue, a number of initiatives to gain access to raw materials around the world. These initiatives include applying for mining licences, acquiring or taking interest in entities which have access to raw materials, entering into joint ventures in order to obtain mining licences indirectly, entering into MoUs with State Governments and applying for mining licences abroad. As of March 31, 2012, our key raw material initiatives included the following projects:

Acquisition of EIL

In January 2011, we acquired a 51.0% stake in EIL, the holding company of OMDC and BSLC, both of which are GoI enterprises, for ₹3.61 billion. EIL is the majority shareholder in BSLC and OMDC, holding a 50.01% and 50.01% stake, respectively, in these companies. BSLC is a mining company with both limestone and dolomite in its mines in the state of Odisha. OMDC is a mining company which deals in iron ore and manganese ore in its mines in Odisha. OMDC has iron ore reserves of 245.5 mt and manganese reserves of 32.5 mt, while BSLC has limestone reserves of 192 mt and dolomite reserves of 114 mt. The acquisition of EIL is expected to provide additional sources of iron ore, limestone, dolomite and manganese ore to our Company. No agreement has been entered into with these subsidiaries for the supply of raw materials and at present none of the mines are operational at our subsidiaries. Currently, the leases for the mines of both companies have expired and renewal applications have been filed. For more information, see the sections titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–If we are unable to integrate acquired businesses such as Eastern Investments Limited, ("EIL") successfully, our business, results of operations and financial condition may be adversely affected***", "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–We are involved in a number of legal proceedings that, if determined against us, could have a material adverse impact on our financial condition and results of operations***" and "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–We rely on leased mines to secure certain raw materials and if we are unable to renew these leases, obtain new leases or are required to pay more royalties under these leases, we may be forced to purchase such raw materials for higher prices in the open market or pay increased royalties, which could negatively affect our results of operations and financial condition***" on pages 16, 14 and 16 of this Draft Red Herring Prospectus, respectively.

Afghanistan Consortium

On August 30, 2011, we entered into a consortium agreement with SAIL, NMDC, JSWL Steel Limited ("**JSWL**"), JSPL, JSW Ispat Steel Limited and Monnet Ispat Energy Limited to cooperate in the submission of a joint bid for the Hajigak iron ore deposit in Afghanistan with SAIL as the lead partner. The consortium has been selected as the preferred bidder for three blocks of the iron ore project, and the reserve bidder for one block.

ICVL Joint Venture

On January 14, 2009, we entered into a joint venture with other GoI enterprises, SAIL, CIL, NTPC and NMDC, with the objective of acquiring coking and non-coking coal assets abroad. The GoI has given powers equivalent to *Navaratna* status to ICVL for making decisions on acquisitions.

Joint Venture with MOIL

On May 7, 2009, we entered into a joint venture with MOIL, a GoI enterprise, to create RINMOIL Ferro Alloys Private Limited. The JVC will combine the technical expertise, skilled manpower and infrastructure of the two companies to produce ferro manganese, silico manganese and other ferro alloys required for the production of steel. The JVC plans to set up a ferro alloys plant in Vizianagaram district in the state of Andhra Pradesh, located approximately 110 kilometres from Visakhapatnam. Once built, the plant is envisaged to produce 37,500 tonnes per annum of silico manganese ore and 20,000 tonnes per annum of ferro manganese ore. As of March 31, 2012, civil works at the construction site has commenced.

Competition

The market for steel is very competitive, with high levels of international trade. Despite the consolidation that has taken place in the steel industry in recent years, such as that of both Mittal and Arcelor, and Tata Steel and Corus in 2006, levels of global industry concentration still remain well below those of other metals and mining sectors. According to the World Steel Association, the fifteen largest steel producers represented approximately 30.5% of global steel production in 2010. We will also continue to face strong competition domestically from steel producers in the private sector who are able to provide higher quantities of long products in the market, particularly in south India. Our main competitors consist of a number of secondary companies, most of which are small scrap steel companies. Our Company also faces competition from larger companies including SAIL, Tata Steel Limited, JSWL, Bhushan Power and Steel Limited and JSPL.

Research and Development and Intellectual Property Rights

Research and development activities are important to producers in the steel industry as these can provide producers with competitive advantages and new business opportunities with new and existing customers. As of March 31, 2012, we have 13 employees engaged in research and development activities in our operations.

We are participating in a number of joint research projects with institutes and universities including the Indian Institutes of Technology, the Indian Institute of Science, the Central Glass and Ceramics Institute, the National Geophysical Research Institute, Andhra University and the National Mineral Development Corporation. Research projects we are currently working on include introducing new coals for coke making and exploring various means for the utilisation of metallurgical wastes in sinter making. Research is also being carried out on lance tip designs for improving steel blowing at converters, which will improve the lifespan of LD converters as well as reduce costs.

For the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we incurred total research and development expenditures of ₹173.50 million, ₹126.60 million, ₹143.30 million and ₹114.10 million, respectively.

We conduct our business using the Vizag brand, and have registered the trademarks "VIZAG STEEL," "VIZAG TMT" and "VIZAG UKKU" and the copyrights for "VIZAG STEEL." We have also obtained registration for the metal rod that we produce, under the Designs Act, 2005. Lastly, we also have one registered patent for an invention used in water cooling systems.

Insurance

As part of our risk management, our Company maintains a mega-risk insurance policy which covers all sudden and accidental physical loss, destruction or damage to our property. Our mega-insurance policy also covers loss of profits. We currently do not maintain insurance coverage for third party liability or insurance for storage of goods or products. For more information, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–Our Company's insurance policies provide limited coverage, potentially leaving us uninsured or under insured against certain business risks***" on page 27 of this Draft Red Herring Prospectus.

Environment

Our Company is committed to developing environmentally sustainable operations. Our Visakhapatnam facility is certified to ISO-14001 standards. We believe that we adhere to the statutory norms applicable in India which concern the environmental aspects of our operations.

We have taken steps to reduce energy consumption by adopting several energy efficient technologies and initiatives during our expansion phase, including 100% coke dry quenching, 100% LD gas recovery, evaporative cooling systems in our rolling mills and a gas expansion turbine station in our blast furnace to recover the potential energy of blast furnace gas. These technologies have not only reduced energy consumption, but have also reduced greenhouse gas emissions by 13,000 tonnes annually. Our Company believes that we were one of the first Indian steel companies to adopt the Energy Management Standard BS-EN-16001 for systematic improvement in energy efficiency, which happened in 2011.

We have also participated in a number of environmentally friendly joint research projects, including a project attempting to remove carbon dioxide from flue gases by sequestration, which would result in reduced carbon dioxide emissions. Our Company is a seven time recipient of the National Energy Efficiency Award given by the Ministry of Power for exemplary performance in energy conservation, and received the Excellent Energy Efficient Unit award from the Confederation of Indian Industry for 2010-11.

In May 2009, we signed an MoU with the Ministry of Steel, Ministry of Finance and the New Energy and Industrial Technology Development Organisation ("**NEDO**") of Japan with the purpose of reducing carbon dioxide emissions by 220,616 tonnes annually. We also place an emphasis on being a responsible corporate citizen, and we endeavor to plant a tree for every tonne of steel production capacity.

Employees

As of March 31, 2012, we employed approximately 18,079 permanent workers, comprising 5,516 executives and 12,563 non-executives. Of these non-executives, 6,881 are skilled workers, 3,276 are semi-skilled workers and the balance of the employees consist of administrative staff.

Competency requirements of employees are identified and developed in accordance with the Quality Management System certified to ISO 9001:2008. Our Company maintains a detailed on-the-job training system run by two training advisory committees, one in charge of works and one in charge of non-works. Employees identified for specific training are sent to various reputed training institutes in India and abroad and on study trips to other plants.

We believe that we have peaceful amicable relations with our employees, and there have been no Company specific strikes or other cases of industrial action at our production facilities in the last ten years. For more information, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–We are subject to trade union activity, and labour problems and disputes could adversely affect our results of operations and financial condition***" on page 26 of this Draft Red Herring Prospectus. Furthermore, we have been recognised as one of "India's Best Companies to Work For" for three consecutive years from 2009-11 by the Economic Times and Great Place to Work For Institute.

Quality Control

The ability to deliver consistently high quality steel products to customers is critical to our business. Quality control is ensured by strict adherence to work protocols, from the procurement of raw materials through the stages of production. Work procedures and instructions are upgraded or amended based on mutually agreed quality parameters between different departments. The quality parameters are tested, recorded and monitored by our Quality Assurance and Technology Department ("**QATD**"), as well as our customer and supplier departments. Quality control starts by testing raw materials, process materials and semi-finished products, and ends at the testing and certification of finished products. The QATD department is also involved in the development of new products, customer support and product failure analysis.

Health and Safety

Health and safety is a priority at all of our facilities, and the implementation of OHSAS-18001 supports our efforts to create a safe work environment. We make continuous efforts in the implementation of safety standards, monitoring of risk control and other measures to reduce and eliminate potential workplace hazards. However, as a steel production company, our operations are inherently hazardous. For more information, see the section titled "***Risk Factors–Internal Risk***

Factors–Risk Factors Relating to our Company's Business and Operations–Failure to maintain adequate health and safety standards may cause our Company to incur significant costs and liabilities and may damage our reputation" on page 25 of this Draft Red Herring Prospectus.

As part of our commitment to a safer work place, our Company has organised a number of workplace safety publicity campaigns and initiatives, which include:

- Conducting hazard and operability studies for various works and expansion units;
- Requiring two levels of safety training to be given to contract workers. Each contract worker is issued an individual safety pass and each contract agency is issued a safety induction clearance certificate;
- Organising safety promotional campaigns such as safety week celebrations in individual departments and National Safety Day celebrations in our Company; and
- Giving employees various incentives to work safely, including monetary compensation and merit certificates.

Our efforts to improve workplace safety have been recognised publicly, including the awarding to us of the Ispat Suraksha Puraskar from the JCSSI for the year 2008-09 for safe work practices.

Corporate Social Responsibility

Our Company recognises our responsibilities to the communities in the regions where we operate. We have strong links to our neighbouring towns and surrounding regions. Up to 2.0% of our net profit is earmarked for Corporate Social Responsibility (CSR) activities, which include environmental, education and health care activities. We have contributed to the construction of over 20 school buildings and provided scholarships for about 225 students. We also support a variety of cultural and sporting activities.

Properties

Our Company currently owns or leases a variety of properties, primarily for office space throughout India. Our Registered and Corporate Office and VSP are situated on the land granted to us through a duly executed power of attorney. The power of attorney has been granted to us by the GoI to use the land for the purpose of setting up the steel manufacturing facility and related purposes, and our Company does not have title over the property. Additionally, apart from the regional office at VSP, we have the following regional offices:

S. No.	Regional Office	Description of Property
1.	North	4th Floor, IV Tower (East Side), NBCC Plaza, Pushp Vihar, Sector-V, New Delhi - 110017
2.	East	2nd Floor, RINL, 1 A. J. C. Bose Road, Kolkata - 700020
3.	West	Office No. 101, 10th Floor, Free Press House, Free House Journal Road, Nariman Point, Mumbai - 400021
4.	South	4th Floor, Rashmi Towers, 1 Village Road (Valluvarkottam High Road), Nungambakkam, Chennai - 700020

Some of our lease agreements and agreements to sell are not adequately stamped and registered and some of our lease agreements have expired. For further details, see the sections titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–Some of our regional and branch offices and stock yards are leased or procured by our Company on an agreement to sell basis***" and "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations– Our Company does not own the land on which Visakhapatnam Steel Plant ("VSP") and our Registered and Corporate Office are located***" on pages 29 and 18 of this Draft Red Herring Prospectus.

REGULATIONS AND POLICIES

A brief summary of certain laws and regulations that are relevant to our business are as follows. Please note that the information set out below is based on legal provisions that are subject to change and is neither exhaustive nor a substitute for professional legal advice. Prospective investors should seek independent legal advice on the laws and regulations applicable to our business and the sectors in which we operate.

Regulatory Regime in India

The GoI has formulated various regulations which specifically apply to companies undertaking activities like mining and manufacturing of steel. Some of the key industry regulations applicable to our Company are discussed below.

Mines

The Mines and Minerals (Development and Regulations) Act, 1957, as amended ("**MMDR Act**") was enacted to provide for the development and regulation of mines and minerals under the control of the union of India and it lays down the substantive law pertaining to the grant, renewal and termination of reconnaissance and prospecting licences and mining leases. The Mineral Concession Rules, 1960, ("**MC Rules**") outline the procedures for obtaining a prospecting license or the mining lease, the terms and conditions of such licences and the model form in which they are to be issued. The Central Government has also framed the Mineral Conservation and Development Rules, 1988 ("**MCD Rules**") that lay down guidelines for ensuring mining is carried out in a scientific and environmentally friendly manner. Furthermore, the Central Government announced the National Mineral Policy in 1993, which was modified in 2008, to sustain and develop mineral resources so as to ensure their adequate supply for the present needs and future requirements of India in a manner which will minimize the adverse effects of mineral development on forest, environment and ecology through appropriate protective measures. A mining lease must be executed with the relevant State Government. The mining lease agreement governs the terms on which the lessee can use the land for the purposes of mining operations. If the land on which a mine is located belongs to a private party, the lessee would have to acquire the surface rights from such private party. If the private party refuses to grant such surface rights, the lessee is to inform the relevant State Government of such refusal and deposit an amount in compensation for the acquisition of the surface rights with such State Government. If the State Government deems that the compensatory amount is fair and reasonable, then such State Government will order the private party to permit the lessee to enter the land and carry out such operations as may be necessary for the purpose of the mining lease. For determining the compensation to be paid to a private party, the State Governments are guided by the principles of the Land Acquisition Act, 1894. In case of government land, the surface right to operate in the lease area is granted by the State Government through the mining lease. If the mining operation in respect of any mining lease leads to a displacement of people, the mining project may commence only after obtaining the consent of such affected persons. The resettlement and rehabilitation of the persons displaced by the mining operations and payment of other benefits is required to be carried out in accordance with the guidelines prescribed by the State Governments, including payment for the acquired land, owned by those displaced persons. Applications for a mining lease must be made with the relevant State Government along with the proposed mining plan and must contain certain details in accordance with the MC Rules. In respect of iron ore, coal and other minerals listed in the first schedule of the MMDR Act, prior approval of the Central Government is required for the relevant State Government to enter into a mining lease. The approval of the Central Government is accorded on the basis of the recommendations of the relevant State Government; however, the Central Government has the discretion to disregard such recommendation. The approval of the Central Government is also based on the approval of the plan for the mine by the Indian Bureau of Mines. On receiving the clearance of the Central Government, the State Government grants the final mining lease. Further, in terms of section 6 of the MMDR Act, in respect of any mineral or prescribed group of associated minerals in a state (province), one person cannot acquire one or more mining leases covering a total area of more than 10 square kilometers, unless the Central Government permits the same with reasons recorded in writing. The term for which a mining lease may be granted varies from a minimum period of 20 years to a maximum of 30 years. A mining lease may be renewed for a further period not exceeding 20 years, provided that for any renewal after the first renewal, the State Government must consult the Controller General of the Indian Bureau of Mines prior to granting approval. In the case of iron ore mine leases, only the approval of the applicable State Government is required. Renewals are subject to the lessee not being in breach of any applicable laws, including environmental laws. The lessee must apply to the relevant State Government for renewal of the mining lease at least one year prior to the expiry of the lease. In the event that the State Government does not pass any orders in relation to an application for renewal prior to the expiry of the lease it may be extended until the State Government passes an order on the application for renewal. The MMDR Act also deals with the measures required to be taken by the lessee for the protection of the environment from any adverse effects of mining. The rules framed under the MMDR Act provide that every holder of a mining lease shall take all possible precautions for the protection of the environment and control of pollution while conducting mining operations in the area. The environmental protection measures touch upon a variety of matters, including prevention of water pollution, measures in respect of surface water, total suspended solids, ground water, chemicals and suspended particulate matter in respect of air pollution, noise levels, slope stability, impact on flora and fauna and local habitation. The MC Rules also provide the framework for the closure of mines by a lessee. The lessee is required to submit a final mine closure plan to the Regional Controller of Mines or an officer authorized by the State Government for the approval one year prior to the proposed closure of the mine. The Regional Controller of Mines or the authorized State Government officer conveys approval or refusal to such final mine closure plan. The mining closure plan must contain protective measures, including reclamation and rehabilitation work, and the lessee has the responsibility of carrying out such work. If the same is not carried out to the satisfaction of the Regional Controller of Mines or the authorized State Government officer, the lessee will be liable to forfeit the financial assurance that has to be furnished by the lessee, being computed in accordance with a formula provided in the MC Rules.

Royalty Payable

Royalties on minerals extracted and a dead rent component are payable to the relevant State Governments by the lessee in accordance with the MMDR Act by the lessee. The royalty is payable in respect of an operating mine that has started extracting minerals and is computed in accordance with a stipulated formula. The Central Government has broad powers to change the royalty scheme, but may not do so more than once every three years. In addition, the lessee will be liable to pay the occupier of the surface of the land, over which it holds the mining lease an annual compensation determined by the relevant State Government, which varies depending on whether the land is agricultural or non-agricultural. Other mining laws and regulations that may be applicable to our Company include the following:

i. Mining Lease (Modification of Terms) Rules, 1956;
ii. The Mines Act, 1952 ;
iii. Mines Rules, 1955;
iv. The Payment of Wages (Mines) Rules, 1956;
v. Metalliferous Mine Regulations, 1961; and
vi. Mines Rescue Rules, 1985

Our Company has mines such as: limestone, dolomite, manganese, quartz, and sand, therefore the following regulations will be applicable:

i. The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Fund Act, 1976;
ii. The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Fund Rules, 1978;
iii. The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976;
iv. The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Rules, 1978, and
v. The Limestone and Dolomite Mines Labour Welfare Act, 1972

National Mineral Policy, 2008

The Central Government approved the National Mineral Policy, 2008, ("**NMP**") on March 13, 2008, revisiting the previous National Mineral Policy, 1993, and has given its approval for setting up the Mining Administrative Appellate Tribunal as an independent dispute resolution authority. The NMP highlights the importance of ensuring that regional and detailed exploration is carried out systematically in the entire geologically conducive mineral-bearing area of the country, using state-of-the-art techniques in a time-efficient manner. The NMP calls for the maximization of extraction of mineral resources, located through exploration, using scientific methods of mining, beneficiation and economic utilization. The NMP also promotes zero waste mining and calls for an upgrade in existing mining technology. It proposes to freely allow the import of mining machinery and equipments and also strengthen indigenous industry for their manufacturing. The NMP proposes to facilitate financing and funding of mining activities and development of mining infrastructure based on the principle of user charges and public private partnerships. It aims to develop manpower through education and specialized training, making the regulatory environment conducive to investment and technology flow. The NMP aims to provide a framework of sustainable development designed to take care of bio-diversity issues, restoration of ecological balance, protection of environment and proper relief and rehabilitation of people displaced and affected by the mining process.

Mines and Minerals (Development and Regulation) Bill, 2011

The Draft 2011 MMDR Bill is proposed as a comprehensive law to consolidate and amend the law relating to the scientific development and regulation of mines and minerals under the control of the Union. While seeking to usher in greater liberalization and private sector involvement, the 2011 MMDR Bill, has simultaneously sought to widen the scope of the regulatory framework of the Central Government in the mining sector by shifting the focus from conventional areas of managing the mineral concession systems to new areas of regulating the mineral sector holistically through addressing issues of simplification, transparency and sectoral best practices in order to attract capital and technology in the sector from new sources. There is a need felt to incorporate provisions in the mining legislation enabling creation, activation and empowerment of institutional mechanisms for involvement of the local people, especially the tribal and under privileged communities, in the development of mineral resources through creation of Stakeholder rights. Considering that the existing law had already been amended several times, and further amendments may not clearly reflect the objects and reasons emanating from the new mineral policy and that a new legislation would be preferable in order to clarify the legislative intent, the Ministry of Mines framed the new MMDR, 2011, to replace the Mines and Minerals (Development and Regulation) Act, 1957.

Clearances for Mining in Forests

Our Company is also required to obtain clearances under the Forest (Conservation) Act, 1980 (the "**Forest Act**"), if any forest land is involved, before commencing mining operations. To obtain an environmental clearance, a no-objection certificate from the concerned state pollution control board must first be obtained, which is granted after a notified public hearing, submission and approval under the Environment Impact Assessment Notification (No. 1533(E), 2006) (report, whereby, the earlier notification dated January 27, 1994 (including the amendments thereto) (the "**EIA Notification**") were superseded, and an environment management plan was incorporated. The EIA Notification spells out all the operating parameters, including, for example, the pollution load as well as any mitigating measures for the particular mine. Mining activity within a forest area is not permitted in contravention of the provisions of the Forest (Conservation) Act, 1980. The final clearance in respect of both forest and environment is given by the MoEF. However, all applications have to be made through the respective State Governments who then recommend the application to the Government of India. The penalties for non-compliance range from closure or prohibition of mining activity in respect of the mines as well as the power to stop supply of energy, water or other service and monetary penalties on and imprisonment of the persons in charge of the conduct of the business of the company in accordance with the terms of the Environment (Protection) Act, 1986, as amended, ("**Environment Act**") and the Forest Act.

National Steel Policy

The National Steel Policy, 2005 (hereinafter referred to as the "**Steel Policy**") lays down a broad policy framework for India's steel industry, and aspires India to have a modern and efficient steel industry of world standards, catering to diversified steel demand. The Steel Policy envisages a compounded annual growth of 7.3 per cent per annum in the steel sector. To achieve this, it aims to increase production through a multi-pronged strategy. The Policy focuses on achieving global competitiveness not only in terms of cost, quality and product-mix, but also in terms of global benchmarks of efficiency and productivity. The Central Government proposes to create incremental demand for domestic consumption through promotional efforts, awareness drives and strengthening the delivery chain, particularly in rural areas. On the supply side the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in research and development and human resource development and encourage the creation of infrastructure such as roads, railways and ports.

The Ministry of Steel has also through its press release dated January 13, 2012 stated that in view of changed economic environment, both globally as well as domestically, Ministry of Steel has initiated the process of drafting the New National Steel Policy in place of existing Steel Policy. An Apex Committee, headed by Secretary, Ministry of Steel and consisting of representatives of Planning Commission, Ministries/ Departments of Central Government and concerned State Governments has been constituted for monitoring the process of formulation of the New National Steel Policy.

Environment Regulations

Our Company is required to obtain clearances under the Environment Act, the Forest Act, if any forest land is involved, and other environmental laws, such as, Air (Prevention and Control of Pollution) Act, 1981, as amended, ("**Air Act**"), the Water (Prevention and Control of Pollution) Act, 1974, as amended, ("**Water Act**"), and Water (Prevention and Control of

Pollution) Cess Act, 1977, as amended, ("**Water Cess Act**"). This is because the implementation of our projects might have an impact on the environment where they are situated in. before commencing the operations of the mines. Pollution Control Boards ("**PCBs"**) have been constituted in all the states in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant state PCBs for emissions and discharge of effluents into the environment.

The Environment Act has been formulated by the Central Government for the protection and improvement of the environment in India and for matters connected therewith. The Environment Act is an umbrella legislation designated to provide a framework for the Central Government to co-ordinate activities of various state and central authorities established under previous environmental laws. The scope of the Environment Act is very broad with the term "environment" being defined to include water, air and land, human beings; and other living creatures, plant, micro-organisms and property. The Environment Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as may be prescribed. Penalties for violation of the Environment Act include fines up to ₹ 100,000 or imprisonment of up to five years, or both. Further, the Environment Act empowers the Government of India to give directions to ensure remedial measures in the event there are damages to any of the constituents of "environment" defined under the Environment Act. The power to adjudge the amount of compensation is with the Central Government. The Supreme Court in *Indian Council for Enviro-Legal Action and Ors. v. Union of India and Ors* (2011 8 SCC 161), observed that it is the Central Government which is responsible for determining the amount of compensation required for carrying out the remedial measures, its recovery/ realization and undertaking remedial measures in light of the provisions of the Environment Act. The Central Government has been provided with broad rule making powers, such as, (a) the standards of quality of air, water or soil for various areas and purposes; (b) the prohibition and restriction on the location of industries and the carrying on process and operations in different areas; and (c) the procedures and safeguards for the prevention of accidents which may cause environmental pollution and for providing remedial measures for such accidents.

The EIA Notification issued under the Environment Act and the Environment (Protection) Rules, 1986, as amended, provides that the prior approval of the Ministry of Environment and Forests, Government of India, or State Environment Impact Assessment Authority ("**SEIAA**"), as the case may be, is required for the establishment of any new project and for the expansion or modernization of existing projects specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the SEIAA may not require an Environment Impact Assessment Report (the "**EIA Report**"). For projects that require preparation of an EIA Report public consultation involving both public hearing and written response is conducted by the state PCB. The appropriate authority makes an appraisal of the project only after a final EIA Report is submitted addressing the questions raised in the public consultation process.

The Company must also comply at all times with the provisions of the following regulations:

Water (Prevention and Control of Pollution) Act, 1974

Our Company is required to comply with the provisions of the Water Act which aims at prevention and control of water pollution as well as restoration of water quality through the establishment of a Central PCB and state PCBs. Under the provisions of the Water Act, any individual, industry or institution discharging industrial or domestic wastewater or establishing any treatment or disposal system or the using any new or altered outlet for the discharge of sewage is required to apply to obtain the consent of the state PCB(s), which is empowered to establish standards and conditions that are required to be complied with. The consent to operate is granted for a specific period after which the conditions stipulated at the time of granting consent are reviewed by the state PCB. Even before the expiry of the consent period, the state PCB(s) is authorized to carry out random checks on any industry to verify if the standards prescribed are being complied with by the industry. In the event of non-compliance, and after serving notice to the concerned industry, the state PCB may close the mine or withdraw water supply to the industry or cause magistrates to pass injunctions to restrain such polluters.

Water (Prevention and Control of Pollution) Cess Act, 1977

Mining is a specified industry under the Water Cess Act and the lessee is required to pay the cess as per the terms of the Water Cess Act. The state-level assessing authority levies and collects cess based on the amount of water consumed by such industries. The rate of cess is also based on the purpose for which the water is used. Based on the surcharge returns to be furnished by the industry every month, the amount of cess is assessed by the relevant authorities. A rebate of up to 25 % on the cess payable is available to those companies which install any plant for the treatment of sewage or trade effluent, provided such companies consume water within the quantity prescribed for that category of industry in which such companies operates and also comply with the effluents standards prescribed under the Water Act or the Environment Act. The lessee can draw water from bore wells or from water harvested in open pits within the lease area. However, cess under the Water Cess Act is to be paid by a company to the State Government in which the mine is located.

Air (Prevention and Control of Pollution) Act, 1981

Our Company is also required to comply with the provisions of the Air Act. The terms of the Air Act provide that any individual, industry or institution responsible for emitting smoke or gases by way of the use of fuel or chemical reactions must apply for and obtain consent from the state PCB prior to commencing any mining activity. The state PCB is required to grant consent within 4 months of receipt of the application. Further, any person responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state PCB. The consent may contain conditions relating to specifications of pollution control equipment to be installed. For ensuring the continuation of the mining operations, a yearly consent certification from the state pollution control board is required both under the Air Act and the Water Act, as discussed above.

Apart from the above, other laws and regulations relating to environment that may be applicable to our Company include the following:

- Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, and the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (collectively "**Hazardous Wastes Rules**");
- The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
- The Explosives Act, 1884 ("**Explosives Act**"); and
- The Biological Diversity Act, 2002.

Employment and Labour Laws and Regulations

Factories Act, 1948

Factories Act provides for healthy working environment for the workers/ labourers to work. It not only regulates the health, safety, welfare and other working conditions of workers in the factory but also the working hours of the workers and labourers. The Factories Act provides that the occupier of a factory *i.e.* the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers‟ health and safety, cleanliness and safe working conditions.

Depending upon the nature of the activity undertaken by our Company, applicable labour and employment laws and regulations include the following:

- Contract Labour Act;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Industrial Disputes Act, 1947;
- Industrial Disputes (Central) Rules, 1957;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;

- The Industrial Employment (Standing Orders) Act, 1946;
- Trade Union Act, 1926;
- The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950;
- Public Liability Insurance Act, 1991;
- Shops and Establishments Acts; and
- Employees State Insurance Act, 1948.

Tax Related Legislations

Excise Regulations

The Central Excise Act, 1944 ("**CE Act**") seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Central Government has the power to exempt certain specified goods from excise duty by notification. Steel products are classified under Chapter 72 of the Central Excise Tariff Act, 1985 and presently attract an ad-valorem excise duty at the rate of 12%, an education cess of 2% and a secondary and higher education cess of 1% over the duty element.

Customs Regulations

All imports into India are subject to duties under the Customs Act, 1962 ("**Customs Act**") at the rates specified under the Customs Tariff Act, 1975. However, the Central Government has the power to exempt certain specified goods from excise duty by notification.

Depending upon the nature of the activity undertaken by our Company, applicable tax laws and regulations include the following;

- Andhra Pradesh Value Added Tax Act, 2005 and Andhra Pradesh Value Added Tax Rules, 2005;
- Income Tax Act, 1961 ("**IT Act**"), and
- Central Sales Tax Act, 1956 ("**CST Act**").

Miscellaneous Laws

Competition Act, 2002

The Competition Act, 2002, as amended (the "**Competition Act**") prohibits anti-competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 along with the establishment of the Competition Commission of India (the "**CCI**") as the authority mandated to implement the provisions of the Competition Act. The provisions relating to combinations were notified on March 4, 2011 and came into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as 'Individuals' and 'Group'. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Pursuant to the issuance of the Competition Commission of India (Procedure in regard to the Transaction of Business Relating to Combinations) Regulations, 2011, with respect to notification requirements for such combinations, which also came into force on June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under sections 5 (a) and 5 (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the Board of Directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

Regulations Regarding Foreign Investment in India

Under the Foreign Trade (Development and Regulation) Act, 1992, the Central Government is empowered to periodically formulate the Export Import Policy ("**EXIM Policy**") and amend it whenever it deems fit. All exports and imports must be in compliance with the EXIM Policy. The iron and steel industry has been extended various schemes for the promotion of exports of finished goods and imports of inputs. The major schemes available are the Duty Exemption and Remission Scheme and the Export Promotion of Capital Goods ("**EPCG Scheme**"). The Duty Exemption Scheme enables duty free imports of inputs required for the production of exports by obtaining an advance authorisation. The Duty Remission Scheme enables post export replenishment/remission of duty on inputs used in the export product. This scheme consists of a Duty Free Import Authorization Scheme ("**DFIA**") and the Duty Drawback Scheme ("**DBK**"). DFIA enables duty free replenishment of inputs used in manufacture of exports and the DBK enables obtaining drawback credit against the exports. The EPCG Scheme permits the import of capital goods at a concession rate of duty, which as presently applicable to our Company is nil subject to additional export obligation, which is linked to the amount of duty saved at the time of import of such capital goods as per the provisions of the EXIM Policy.

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999, together with rules and regulations framed thereunder ("**FEMA**") read with the applicable Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**"). The FDI Circular which consolidates the policy framework on FDI, with effect from April 10, 2012. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP as on April 9, 2012 and the same stand rescinded as on April 10, 2012.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate History of our Company

Our Company was originally incorporated as a private limited company with the name 'Rashtriya Ispat Nigam Limited' on February 18, 1982 under the Companies Act with the RoC. Subsequently, pursuant to the approval of the MoS (letter no. 5(5)/2010-VSP) dated December 21, 2011 and a resolution passed by the shareholders at the EGM dated April 21, 2012, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on May 10, 2012. There has been no change in the name of our Company since its incorporation.

Our Company acquired all the assets and liabilities of Visakhapatnam steel project unit of SAIL as on March 31, 1982, with effect from April 1, 1982 at their book value, as per the audited balance sheet of the Visakhapatnam steel project unit of SAIL as on March 31, 1982.

Corporate Identification Number: U27109AP1982GOI003404
Registration Number: 003404

Registered Office and Corporate Office of our Company

Administrative Building,
Visakhapatnam Steel Plant,
Visakhapatnam - 530 031,
Andhra Pradesh, India
Telephone: +91 891 275 9482
Facsimile: +91 891 251 8249
Website: www.vizagsteel.com

Changes in the Registered Office of our Company

At the time of incorporation of our Company the registered office of our Company was located at RTC Commercial Complex, Visakhapatnam – 530 020, Andhra Pradesh, India. Pursuant to a resolution passed by our Board of Directors on April 1, 1982, our registered office was changed to Project Office, Gajuwaka Post Office, Visakhapatnam – 530 026, Andhra Pradesh, which was referred to as Project Office Complex, Visakhapatnam - 530 026 since March 19, 1984, due to the establishment of a post office within the premises of the project office resulting in the change of the pin code. Thereafter, pursuant to Board resolution dated February 8, 1992, the Registered Office and Corporate Office of our Company was shifted to Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam - 530 031, Andhra Pradesh, India as new administrative building was constructed for this purpose.

Major Events

Calendar Year	Events
1982	Formation of RINL - a separate corporate entity for Visakhapatnam Steel Plant, which was known at that time as Visakhapatnam steel project unit of SAIL.
1992	Commissioning of the plant and dedication to nation.
1994	First capital restructuring by conversion of loans into capital.
1999	Second capital restructuring by conversion of loans into capital.
2003	First year of net profits in FY 2003.
2005	Approval for expansion to 6.3 mt.
2010	Our company was conferred the status of 'Navratna' company.
2011	Acquisition of EIL as subsidiary and consequently OMDC and BSLC as indirect subsidiaries.
2012	New BF-3 Commissioned.
2012	Our Company was converted into a public limited company.

Awards and Accreditations

Calendar Year	Awards and Accreditations
2011	Our Company received the 'National Sustainability Award: Iron & Steel' for overall performance excellence by Indian Institute of Metallurgy Materials Engineering.
	Our Company awarded the Excellence in Energy Management 2011 Award by the Confederation of Indian Industry, which certifies VSP as an 'Excellent Energy Efficient Unit'.

Calendar Year	Awards and Accreditations
	Our Company received the 'National Sustainability Award: Iron & Steel' for overall performance excellence by Indian Institute of Metallurgy Materials Engineering.
	Our Company obtained 'Excellent' MoU composite score rating for the year 2009-2010 issued by the Ministry of Heavy Industries and Public Enterprises. We have received similar rating for the years 2005-2006, 2004-2005, 2003-2004 and 2002-2003.
	Our Company received BS EN 16001:2009 certification from Beuras Veritas for energy management system.
	Our Company was recognised as one among 'India's best Companies to work for' for the year 2011 by Great Place to Work For Institute and Economic Times.
2010	Our Company has received the 'Commendation Certificate' and was ranked as first by the Government of India, Department of Official Language and Ministry of Home Affairs for their excellent work and commendable achievements in the field of implementation of the Official Language Policy of the Union during the year 2009-2010.
	Our Company received the 'Global Human Resource Development Award' for setting high standards in human resource development.
	Our Company was awarded the Prime Minister's Trophy as runners up for the 'Best Performing Integrated Steel Plant in the Country' for the year 2009-2010.
	Our Company was recognised as one among 'India's best Companies to work for' for the year 2010 by Great Place to Work For Institute and Economic Times.
2009	Our Company was certified for 'Capability Maturity Model Integrated – Level 3' by Software Engineering Institute of Carnegie Mellon University, USA.
	Our Company was ranked as 'Top 50 Best Companies to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was ranked as second 'Public Sector Enterprise to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was ranked as fourth in 'Large Organizations (more than 1,000 employees) to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was ranked as sixth in 'Manufacturing and Production Companies to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was awarded the 'Ispat Suraksha Puraskar' for achieving no fatal accident during the year 2008-2009 by JC Security Services Inc. in rolling mills zone.
2008	Our Company received the CII National Award for 'Excellence in Water Management' certifying that our Company is a 'water efficient unit'.
	Our Company received two 'Viswakarma Rashtriya Puraskar Award' for suggestions implemented for modification of plant processes involving 10 employees for the year 2008.
	Some of our employees were awarded the 'Shram Veer Awards' from the Prime Minister for distinguished performance.
2007	Our Company received the CII National Award for 'Excellence in Water Management' for the year 2006-2007.
	Our Company received the CII National Award for 'Excellence in Energy Management' for the year 2007.
2006	Our Company received the 'National Energy Conservation Award' by the Ministry of Power for exemplary performance in energy conservation. Our Company had earlier received this award successively each year from 2000 to 2005.
	Our Company was awarded the 'Prime Minister's Trophy' for the best integrated steel plant for the year 2005-2006.
2004	Our Company received the CII National Award for 'Excellence in Water Management' in 2004.
2003	Our Company was awarded the 'Prime Minister's Trophy' for the best integrated steel plant for the year 2002-2003.

Main Objects of our Company

The main objects of our Company as contained in its Memorandum of Association are:

Clause	Particulars
1.	To take over the Visakhapatnam Steel Project from the Steel Authority of India Ltd. with all its assets, liabilities, rights and obligations.
2.	To carry on in India and elsewhere the trade or business or manufacturing, prospecting, raising, operating, buying, selling, importing, exporting, purchasing or otherwise dealing;
(i)	in iron and steel of all qualities, grades, types and kinds as iron mongers, iron masters, steel makers and steel converters;
(ii)	in Ferro Silicon, Ferro-Chrome and/or all products made of Iron and Steel, Coking coal, Manganese, Ferro manganese, Limestone, Refractories, Iron-ore and other alloys;
(iii)	as miners, smelters, iron founders in all respective branches;
(iv)	in stainless steel, silicon steel, special steel, mild steel and in allied products, fireclay, dolomite, limestone, refractories, iron ore, bauxite, cement, chemicals, fertilizers, manures, distilleries, dye making and industrial and non-industrial gas, lime burners, stone quarrying, concrete manufacturing in all respective branches, and other allied input or other materials, and, for that purpose to construct, install, operate, manage and maintain all plants, mines, establishments, works etc.
3	To do consultancy services required to design, establish, provide, maintain and perform engineering and related technical and consultancy services for the development of ferrous and non-ferrous metallurgical enterprises, chemical and petro-chemical enterprises, fertilizer plants, cement plants, refractory plants, laboratories for control and/or research purposes, water works, gas works, sewage disposal plants, thermal and hydro-electric power stations, electrical generators, transmission and distribution and all other types of industrial projects, and for that purpose to prepare and

Clause	Particulars
	get prepared feasibility reports, detailed project reports, market studies, techno-economic investigations, survey of all types, site selection, planning basic and process engineering, preparing specifications and documents, tender evaluation and purchase assistance, detailed design and working drawing, shop inspection, expediting construction, supervision, project management, commissioning, operation and maintenance, training of personnel, pre and post operation consultancy and any such other services.
4.	To construct, execute, carry out, improve, develop, manage or control iron and steel works and by-products and ancillary plants, fertilizer plants, coke ovens, foundries furnaces, bricks kilns, refractory works, factories, railways, tramways, ropeways, runways, roads, aerodromes, docks, harbours, piers wharves, dams, barrages, weirs, reservoirs, embankments, canals, irrigation, power houses, transmission lines, reclamation, improvement, sewage, drainage, sanitary, water, gas, electric, light, telephone and power supply works and hotels, houses, markets and buildings, private or public, and all other works, conveniences whatsoever, and generally to carry on the business of builders, contractors, engineers, architects, estimators, and designers in all their respective branches and to undertake works on contract basis for civil engineering, mechanical engineering, electrical engineering, erection engineering, water supply, etc. and to tender for such works, and to undertake consultancy services in the above fields, general accounting, material management, industrial engineering and other management services, etc**.**
5.	To plan, promote, and organize an integrated and efficient development of the iron and steel and its associated input industries such as iron ore, coking coal, manganese, limestone, refractories etc.
6.	To promote or concur in the promotion of any Company, the promotion of which shall be considered desirable.
7.	To carry on the business of trading in and dealing in any manner whatsoever in all commodities, goods and things, manufactured, produced or dealt with in any manner by any of the subsidiaries of the Company.
8.	To arrange, secure and make available to its subsidiary and other concerned organisations, such facilities, resources, inputs and services as may be required.

The main objects as contained in the Memorandum of Association of our Company enable us to carry our current business and also proposed business activities.

For further details of our business and operations, competitors, see the section titled "***Our Business***" on page 93 of this Draft Red Herring Prospectus.

Amendments to the Memorandum of Association of our Company

Since the incorporation of our Company, the following changes have been made to our Memorandum of Association:

Date of Amendment	Details of Amendment
April 30, 1984	The authorized share capital of our Company was increased from ₹ 10,000 million divided into 10,000,000 equity shares of ₹ 1,000 each to ₹ 20,000 million divided into 20,000,000 equity shares of ₹ 1,000 each.
February 8, 1986	The authorized share capital of our Company was increased from ₹ 20,000 million divided into 20,000,000 equity shares of ₹ 1,000 each to ₹ 30,000 million divided into 30,000,000 equity shares of ₹ 1,000 each.
April 23, 1987	The authorized share capital of our Company was increased from ₹ 30,000 million divided into 30,000,000 equity shares of ₹ 1,000 each to ₹ 35,000 million divided into 35,000,000 equity shares of ₹ 1,000 each.
September 28, 1989	The authorized share capital of our Company was increased from ₹ 35,000 million divided into 35,000,000 equity shares of ₹ 1,000 each to ₹ 40,000 million divided into 40,000,000 equity shares of ₹ 1,000 each.
March 31, 1994	The authorized share capital of our Company was increased from ₹ 40,000 million divided into 40,000,000 equity shares of ₹ 1,000 each to ₹ 65,000 million divided into 48,900,000 equity shares of ₹ 1,000 each and 16,100,000 preference shares of ₹ 1,000 each.
September 30, 1998	The authorized share capital of our Company was increased from ₹ 65,000 million divided into 48,900,000 equity shares of ₹ 1,000 each and 16,100,000 preference shares of ₹ 1,000 each to ₹ 80,000 million divided into 48,900,000 equity shares of ₹ 1,000 each and 31,100,000 preference shares of ₹ 1,000 each.
October 25, 2005	Clause III(B) of the Memorandum of Association of our Company was amended to read as follows: *"**To Invest Money** – To accumulate funds and to invest or otherwise employ moneys belonging to or with the Company as per the extant DPE Guidelines or in the purchase or acquisition of any shares, securities, or other investment whatsoever whether movable or immovable upon such terms as may be thought proper and from time to time vary all or any such investment in such manner as the Company may think fit."*
April 21, 2012	The face value of the equity shares and preference shares of our Company was split from ₹ 1,000 each to ₹ 10 each and consequently, the authorized share capital of our Company of ₹ 80,000 million was split into 4,890,000,000 equity shares of ₹ 10 each and 3,110,000,000 preference shares of ₹ 10 each.

Other details regarding our Company

Details regarding the description of our activities, the growth of our Company, exports, technological and managerial competence, the standing of our Company with reference to the prominent competitors with reference to its products, management, major suppliers and customers, segment, capacity/facility creation, location of manufacturing facilities, marketing and competition

For details see sections titled "***Our Business***" and "***Our Management***" on pages 93 and 136, of this Draft Red Herring Prospectus, respectively.

Capital raising activities through equity and debt

Except as mentioned in the section titled "***Capital Structure***" on page 61 of this Draft Red Herring Prospectus, our Company has not raised capital through equity. For a description of our Company's debt facilities, see "***Financial Indebtedness***" on page 273 of this Draft Red Herring Prospectus.

Time and Cost Overrun

Our Company and our Subsidiaries may have experienced time and cost overrun in relation to some of the projects executed by them. For details of related risk, see "***Risk Factors – Our expansion plans may not result in expected benefits***" at page 24 of this Draft Red Herring Prospectus.

Defaults or Rescheduling of Borrowings with Financial Institutions/Banks

There have been no defaults or rescheduling of the borrowings availed by us from financial institutions/banks.

Conversion of loans into equity

Our Company had availed certain loans and financial benefits from the MoS, GoI. Thereafter based on the MoS's recommendation to the Cabinet Committee on Economic Affairs, the aforementioned loans were restructured as follows:

Date of allotment	Reasons for allotment
March 26, 1984	2,169,258 equity shares of ₹ 1,000 each were issued to the President of India in consideration of transfer of assets and liabilities of the Visakhapatnam steel project unit of Steel Authority of India Limited to our Company as requested by the MoS through its letter no. 12(29)/83-SAIL dated June 29, 1983.
June 6, 1985	11,354 equity shares of ₹ 1,000 each were issued to the President of India against the expenditure incurred by the GoI towards acquisition of land and other preliminary expenses for setting up the steel plant for our Company as requested by the MoS through its letter no. 10(4)/85-VSP dated March 27, 1985.
March 31, 1994	11,840,000 equity shares of ₹ 1,000 each were issued to the President of India on account of the conversion of a loan amount of ₹ 11,840 million into 11,840,000 Equity Shares through letter (no. 10(13)/89-VSP(Vol.III) dated March 29, 1994 issued by the MoS conveying the approval of the Cabinet Committee on Economic Affairs for the financial restructuring of the loan.
March 31, 1994	16,040,000 7% non-cumulative redeemable preference shares of ₹ 1,000 each were issued to the President of India on account of the conversion of a loan amount of ₹ 3,235 million, ₹ 955 million and ₹ 11,850 million pursuant to three letters, all bearing no. 10(13)/89-VSP (Vol. III) dated March 29, 1994 issued by the MoS conveying the approval of the Cabinet Committee on Economic Affairs for the financial restructuring of the loan.
May 31, 1999	13,334,700 7% non-cumulative redeemable preference shares of ₹ 1,000 each were issued to the President of India on account of the conversion of a loan amount of ₹ 13,334.70 million pursuant to two letters, both bearing no. 10(13)/89-VSP(Vol. IV) dated March 26, 1999 issued by the MoS conveying the approval of the Cabinet Committee on Economic Affairs for the financial restructuring of the loan.

Strikes or Labour Unrest

Our Company and our Subsidiaries have lost time on account of strikes or labour unrest, including industrial strikes and *Bandhs*, in the past. For details of related risk, see the section titled "***Risk Factors – We are subject to trade union activity, and labor problems and disputes could adversely affect our results of operations and financial condition***" on page 26 of this Draft Red Herring Prospectus.

Changes in the activities of our Company during the last five years

Except as otherwise stated in the sections "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", on pages 93 and 249 of this Draft Red Herring Prospectus, respectively, there have been no changes in the activities of our Company during the last five years preceding the date of this Draft Red Herring Prospectus, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Injunction or Restraining Order

Our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Our Company acquired 51.0% shareholding in EIL on January 5, 2011. EIL is a holding company of OMDC and BSLC. Our Company acquired 736,638 shares of EIL from GoI at a price of ₹ 4,901.05 per share. This acquisition was done pursuant to the approval of the MoS (no. 8(16)/2009-RM II) dated December 23, 2010.

Holding Company

As on the date of this Draft Red Herring Prospectus, we do not have a holding company.

Shareholders

As at the date of this Draft Red Herring Prospectus, we have seven shareholders in our Company of which six hold Equity Shares as nominees of the President of India. For further details, see section titled "***Capital Structure***" on page 61 of this Draft Red Herring Prospectus.

Subsidiaries of our Company

Our Company has two direct Subsidiaries and two indirect Subsidiaries, details of which are provided below. EIL and URRKL are our direct Subsidiaries. OMDC and BSLC are our indirect Subsidiaries, which are held through our Subsidiary, EIL.

Details of our Direct Subsidiaries

1. Eastern Investments Limited

EIL was incorporated as a public limited company on January 3, 1927 under the Indian Companies Act (VII of 1913) by a certificate of incorporation issued by the registrar of companies, Kolkata, West Bengal. EIL has its registered office at Sourav Abasan, 2nd floor, Sector-II, Salt Lake City, Kolkata - 700 091, West Bengal, India. EIL is an investment holding company and currently has investments in OMDC and BSLC. EIL was registered as a non-banking financial institution pursuant to a certificate of registration issued by RBI on May 16, 1998.

Capital Structure

Authorised	**Aggregate Nominal Value**
13,500,000 equity shares of ₹10 each	₹ 135 million
Issued, subscribed and paid up	
1,444,387 equity shares of ₹ 10 each	₹ 14.44 million

Shareholding Pattern

Our Company holds 736,638, representing 51%, shares in EIL.

The shareholding pattern of EIL, as on March 31, 2012, is given below:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B	As a percentage A+B+C	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
a	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
b	Central Government/State Government	1	228,114	0	15.79	15.79	0	0.00
c	Bodies Corporate	2	762,072	762,072	52.76	52.76	0	0.00
d	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
e	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**3**	**990186**	**762,072**	**68.55**	**68.55**	**0**	**0.00**
2	**Foreign**							
a	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**3**	**990,186**	**762,072**	**68.55**	**68.55**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**							
a	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
b	Financial Institutions/Banks	13	8,905	4	0.62	0.62	0	0.00
c	Central Government/State Government(s)	2	1,765		0.12	0.12	0	0.00
d	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
e	Insurance Companies	3	98,757	98, 757	6.84	6.84		
f	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0.00
g	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
h	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
h-1	Custodian of Enemy Property	1	1,861		0.13	0.13	0	0.00
	Sub-Total (B) (1)	**19**	**111,288**	**98,761**	**7.71**	**7.71**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	62	74,129	49,782	5.13	5.13	0	0.00
B	Individuals	0	0	0	0.00	0.00	0	0.00
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	1,276	215,637	92,665	14.93	6.42	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
II	Individual Shareholders holding nominal Share Capital value in excess of ₹ 100,000	3	46,842	30,447	3.24	3.24	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	0	0	0	0.00	0.00	0	0.00
Ii	NRI's	23	6,305		0.44	0.44		
Iii	OCB's	0	0	0	0.00	0.00	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	**1,364**	**342,913**	**172,894**	**23.74**	**23.74**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,383**	**454,201**	**271,655**	**31.45**	**31.45**	**0**	**0.00**
	Total (A)+(B)	**1,386**	**1,444,387**	**1,033,727**	**100**	**100**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**1,386**	**1,444,387**	**1,033,727**	**100**	**100**	**0**	**0.00**

EIL is listed on the Calcutta Stock Exchange Limited. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance within the provisions of the Companies Act. Further, no application has been made in respect of EIL to the RoC for striking off its name.

2. Uttarbanga RINL Rail Karkhana Limited ("URRKL")

URRKL was incorporated as a private company on January 12, 2011 under the Companies Act by a certificate of incorporation issued by the RoC. URRKL has its registered office at Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam – 530 031, Andhra Pradesh. URRKL has not undertaken any business operations since its incorporation.

Capital Structure

Authorised	**Aggregate Nominal Value**
100,000 equity shares of ₹ 10 each	1,000,000
Issued, subscribed and paid up	
Nil*	Nil*

* *Our Company, Mr. P.K. Bishnoi and Mr. P. Madhusudan are initial subscribers of the MoA of URKKL, however no shares have been allotted to them.*

Shareholding Pattern

URKKL does not have any issued share capital.

URKKL is an unlisted company and it has not made any public issue or a rights issue. It has not become a 'sick industrial company' under the SICA. URKKL pursuant to board resolution dated December 27, 2011 has filed an application to the RoC for striking off the name of URKKL under the fast track exit mode as it has not done any business since its incorporation.

Details of our Indirect Subsidiaries

1. Orissa Mineral Development Company Limited ("OMDC")

OMDC was incorporated as a public limited company on August 16, 1918 under the Indian Companies Act (VII of 1913) by a certificate of incorporation issued by the registrar of companies. OMDC has its registered office at Sourav Abasan, 2nd floor, Sector-II, Salt Lake City, Kolkata - 700 091, West Bengal, India. OMDC is engaged in the business of mining iron and manganese ore and has a sponge iron plant and four crushing and screening plants.

Capital Structure

Authorised	Aggregate Nominal Value
600,000 equity shares of ₹ 10 each	₹ 6 million
Issued, subscribed and paid up	
600,000 equity shares of ₹ 10 each	₹ 6 million

Shareholding Pattern

The shareholding pattern of OMDC, as on March 31, 2012, is given below:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B	As a percentage A+B+C	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
a	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
b	Central Government/State Government	0	0	0	0.00	0.00	0	0.00
c	Bodies Corporate	1	300,089	300,089	50.01	50.01	0	0.00
d	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
e	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**1**	**300,089**	**300,089**	**50.01**	**50.01**	**0**	**0.00**
2	**Foreign**							
a	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**1**	300,089	300,089	**50.01**	**50.01**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**							
a	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
b	Financial Institutions/Banks	9	2,031	31	0.34	0.34	0	0
c	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
d	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
e	Insurance Companies	1	92,500	92,500	15.42	15.42	0	0.00
f	Foreign Institutional Investors	20	7,981	7,981	1.33	1.33	0	0

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
g	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
h	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
h-1	Custodian of Enemy Property	1	1,861	0	0.13	0.13	0	0
	Sub-Total (B) (1)	**30**	**102,512**	**100,512**	**17.09**	**17.09**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	636	42,965	38,814	7.16	7.16	0	0.00
B	Individuals	0	0	0	0.00	0.00	0	0.00
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	10,182	149,234	118,209	24.87	24.87	0	0.00
II	Individual Shareholders holding nominal Share Capital value in excess of ₹ 100,000	0	0	0	0.00	0.00	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	1	164	164	0.03	0.03	0	0.00
Ii	NRI's	166	2,854	1,304	0.48	0.48	0	0.00
Iii	OCB's	188	2,182	2,182	0.36	0.36	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	**11,173**	**197,399**	**160,673**	**32.90**	**32.90**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**11,203**	**299,911**	**261,185**	**49.99**	**49.99**	**0**	**0.00**
	Total (A)+(B)	**11,204**	**600,000**	**561,274**	**100**	**100**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**11,204**	**600,000**	**561,274**	**100**	**100**	**0**	**0.00**

OMDC is listed on the Calcutta Stock Exchange Limited, BSE and NSE. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance within the provisions of the Companies Act. Further, no application has been made in respect of OMDC to the RoC for striking off its name.

2. Bisra Stone Lime Company Limited ("BSLC")

BSLC was incorporated as a public company on October 1, 1910 under the Indian Companies Act (VI of 1913) by a certificate of incorporation issued by the registrar of companies, Kolkata, West Bengal. BSLC has its registered office at Sourav Abasan, 2nd floor, Sector-II, Salt Lake City, Kolkata - 700 091, West Bengal, India. BSLC is engaged in the business of mining and marketing of limestone and dolomite.

Capital Structure

Authorised	**Aggregate Nominal Value**
87,500,000 equity shares of ₹ 10 each	₹ 875 million
Issued, subscribed and paid up	
87,286,252 equity shares of ₹ 10 each	₹ 872.86 million

Shareholding Pattern

The shareholding pattern of BSLC, as on March 31, 2012, is given below:

Category Code	**Category of Shareholders**	**Number of Shareholders**	**Total Number of shares**	**Number of Shares Held in dematerialized form**	**Total Shareholding as a percentage of total number of shares**		**Shares Pledged or otherwise encumbered**	
					As a percentage of A+B	**As a percentage A+B+C**	**Number of shares**	**As a percentage**
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
A	Individuals/Hindu Undivided Family	2	43,336,648		49.65	49.65	0	0.00
B	Central Government/State Government	3	43,882,492	43,834,782	50.27	50.27	0	0.00
C	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
D	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
E	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**5**	87,219,140	43,834,782	**99.92**	**99.92**	**0**	**0.00**
2	**Foreign**							
A	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**5**	**87,219,140**	**43,834,782**	**99.92**	**99.92**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**							
A	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
B	Financial Institutions/Banks	4	3,907	500	0.00	0.00	0	0.00
C	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
D	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
E	Insurance Companies	0	0	0	0.00	0.00	0	0.00
F	Foreign Institutional Investors	2	29,902	6,075	0.03	0.03	0	0.00
G	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
H	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
h-1	Custodian of Enemy Property	1	250	0	0.00	0.00	0	0.00
	Sub-Total (B) (1)	**7**	**34,059**	**6,575**	**0.04**	**0.04**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	15	84,93	5,000	0.01	0.01	0	0.00
B	Individuals	0	0	0	0.00	0.00	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	118	23,445	977	0.03	0.03		
II	Individual Shareholders holding nominal Share Capital value in excess of ₹ 100,000	0	0	0	0.00	0.00	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	0	0	0	0.00	0.00	0	0.00
Ii	NRI's	4	1,115	0	0.00	0.00		
Iii	OCB's	0	0	0	0.00	0.00	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	**137**	**33,053**	**5,977**	**0.04**	**0.04**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**144**	**67,112**	**12,552**	**0.08**	**0.08**	**0**	**0.00**
	Total (A)+(B)	**149**	**87,286,252**	**43,847,334**	**100**	**100**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**149**	**87,286,252**	**43,847,334**	**100**	**100**	**0**	**0.00**

As per applicable law, BSLC is required to comply with minimum public shareholding requirement and is required to increase its public shareholding to at least ten percent by June 2013, else BSLC will be delisted from Calcutta Stock Exchange.

BSLC is listed on the Calcutta Stock Exchange. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance within the provisions of the Companies Act. Further, no application has been made in respect of BSLC to the RoC for striking off its name.

Accumulated profits or losses not accounted for

There are no profits or losses of Subsidiaries not accounted for by our Company.

Joint Venture Agreements of our Company

As on date our Company has two joint ventures (i) ICVL and (ii) RMFA and has entered into the following joint venture agreements and MoUs:

1. Joint Venture Agreements

a. ICVL

Joint Venture Agreement dated January 14, 2009 with SAIL, Coal India Limited ("CIL"), NMDC and National Thermal Power Corporation ("NTPC")

Pursuant to an MoU dated August 3, 2007 and a subsequent joint venture agreement dated January 14, 2009 between our Company, SAIL, CIL, NMDC and NTPC, a joint venture company ("**JVC**") by the name of International Coal Ventures Private Limited ("**ICVL**") was incorporated on May 20, 2009 with its registered office situated at 20th Floor, SCOPE Minar, Laxmi Nagar District Centre, Laxmi Nagar, New Delhi - 110092. ICVL is engaged in the business of overseas acquisition and/or operation of coal mines or blocks or assets or properties.

The GoI, Ministry of Steel through its letter no. 1(2)99-VSP dated December 11, 2007, has accorded its approval for the formation of a special purpose vehicle ("**SPV**") for securing metallurgical coal and thermal coal assets from overseas by our Company, SAIL, CIL, NMDC and NTPC with the following objectives:

(i) to ensure supply of imported met coal, of atleast 10% of the 2019-20 requirements of SAIL and our Company i.e., say five million tonnes per annum, from assets overseas as medium term target to be achieved by 2011-12, being a step towards security of supply;
(ii) to be an owner of about 500 million tonnes of metallurgical coal reserves (share of SPV) by 2019-20; and
(iii) to meet the requirements and to serve the organisational aspirations of other participating companies like CIL, NTPC and NMDC by providing a facility for enhancing and leveraging their domain knowledge and human capital for international mining business development and also for procuring high quality thermal coal for companies like NTPC.

Capital Structure

Authorised	**Aggregate Nominal Value**
1,110,000,000 equity shares of ₹ 10 each	₹ 11,100 million
Issued, subscribed and paid up	
9,800,000 equity shares of ₹ 10 each	₹ 98 million

Shareholding Pattern

SL No.	**Name of Shareholder**	**No. of equity shares**	**Percentage (%) of equity capital**
1.	SAIL	28,00,000	28.571
2.	CIL	28,00,000	28.571
3.	RINL	14,00,000	14.286
4.	NMDC	14,00,000	14.268
5.	NTPC	14,00,000	14.268
	Total	**98,00,000**	**100**

The key terms of this joint venture agreement are set forth below:

Board of Directors

The board of directors of the ICVL shall consist of seven directors comprising two each from SAIL and CIL and one each from our Company, NMDC and NTPC.

Further the entitlement of the parties to nominate directors on the board of ICVL shall be regulated in the following manner:

Shareholding (%) in the ICVL	**No. of Directors a Party is entitled to nominate**
Less than 10	Nil
From 10 to less than 20	1
From 20 to less than 30	2
From 30 to less than 40	3
And so on	

The board of directors of ICVL shall have a minimum of three and a maximum of 12 directors, including any director nominated by a financial institution pursuant to the terms of any financing arrangement. If the shareholding of the parties is diluted, the parties shall be entitled to appoint directors on a pro-rata basis. If dilution of shareholding of the parties jointly falls below 50% due to infusion of capital by any third party(ies), each party shall be entitled to nominate at least one director. Further dilution of shareholding of the parties shall result in amendments in the terms and conditions of the agreement for protecting the right of all parties to nominate at least one director on the board.

Each party holding 10% or more shareholding in ICVL, shall be entitled to nominate the chairman by rotation. The term of the chairman nominated by a party holding 25% or more, shall be two years, and for any party holding share capital between 10%-25%, such period shall be one year. The first chairman shall be appointed by SAIL and subsequently by CIL, our Company, NMDC and NTPC, in such order.

Affirmative vote

The board of directors of ICVL shall not take any decision on the following matters unless at least one director nominated by all parties holding 10% of the fully paid up share capital of ICVL is present and voting in favour thereof:

(a) any reconstruction, re-organization, merger, amalgamation or consolidation of ICVL with any other party;
(b) any amendments to the memorandum and/or articles of association of ICVL;
(c) a material deviation or change in the objects or activities of ICVL and substantial expansion of such activities;
(d) approval or refusal to transfer shares or debentures, except for transfers to an affiliate and/or subsidiary;
(e) selling, leasing, charging or dealing with the whole or a substantial part of ICVL's undertaking, property or assets otherwise than in the ordinary course of business;
(f) any issue of share capital, or debentures, whether or not convertible or altering the capital structure of ICVL;
(g) entering into or amending any agreement or transaction with any of the parties;
(h) abandonment, waiver or settlement of any legal action, suits claims and other legal proceedings except for minor debt collection matters not exceeding ₹ 100 million;
(i) availing long term loans for an amount exceeding ₹ 1,000 million and altering any material term of such loan;
(j) filling vacancies on the board of directors other than those of directors nominated or appointed by either party;
(k) capital investment in any scheme, purchasing, leasing or otherwise acquiring machinery, equipment or other assets beyond ₹ 1,000 million;
(l) forming or dissolving a subsidiary of ICVL or subscribing to the shares or debentures or investing the funds of ICVL in any other company;
(m) creating any mortgage, charge or other encumbrance in respect of the properties and assets except with respect to loans from banks against current assets;
(n) granting loans to third parties or guaranteeing the obligations of third parties except giving advances to third parties in the ordinary course of business; and
(o) appointing or removal of ICVL's auditors or any other external agency appointed for conducting audits.

Restriction on transfer of shares

No party is permitted to transfer its shares in ICVL to a third party for a period of five years commencing from the date of incorporation of ICVL. However, at all times, the parties are free to transfer the shares held by it in ICVL to any of its affiliates with prior notice to the other parties. On expiry of the aforesaid five years period (or such other period spanning more than five years, as provided in a non-disposal undertaking given by a party to a bank or financial institution), if any of the party sells or otherwise disposes of the shares held by it in ICVL then such a party (offeror) shall offer the first right of purchase/refusal to the other parties (offeree) in the same proportion at which the offerees are holding shares in ICVL. If any of the offeree fails to accept the offer within 90 days, it would be deemed that the said offeree is not interested in purchasing the shares. In case of such failure of the offeree to accept the offer to purchase shares, the offeror and the offeree shall jointly appoint an independent auditor/valuer to determine the fair market price, within 60 days from the date to accept the offer. Where such independent auditor/valuer is appointment, a fresh offer shall be made by the offeror to the offeree to purchase the shares at a price determined by the independent auditor/valuer. In the event the offeror and/or offeree fail to complete the sale of shares, the whole process mentioned above would have to be repeated.

Management deadlock

In the event three consecutive meetings of the board are unable to be held due to want of quorum and/or any resolution on the matters requiring affirmative votes not passed in two consecutive board meetings due to any director of any party not casting an affirmative vote upon the remaining members insisting on passing of such resolution, the chief executive officer or chairman of each of the five parties shall constitute a committee to resolve the deadlock. If no solution is reached within 30 days, such dissenting party shall be given 60 days to either consent, or to sell its shares in ICVL.

Termination

The agreement may be terminated either by mutual consent or in the event a resolution for winding up of ICVL has been passed.

b. RMFA

Joint Venture Agreement dated May 7, 2009 with MOIL

Pursuant to a joint venture agreement dated May 7, 2009 our Company and MOIL have established RINMOIL Ferro Alloys Private Limited ("**RMFA**") as a joint venture company. RMFA was incorporated on July 29, 2009 with its registered office situated at Ground Floor, Old Health Center, Sector-2, Ukkunagaram, Visakhapatnam – 530032, Andhra Pradesh, India. RMFA is engaged in the business of manufacturing. The joint venture agreement was entered into to synergise the resources (inclusive of technical expertise, skilled manpower and available infrastructures) of our Company and MOIL, with a view to meet the uninterrupted requirement of ferro alloys, which is essentially required for quality steel production by our Company. RMFA has been incorporated to set up ferro alloys plant at APIIC Growth Centre, Bobbilli, Vizianagaram, Andhra Pradesh, India. Our Company has represented and warranted that it shall provide coke, coal, dolomite and quartz as per requirements and shall make efforts to provide support services and MOIL has represented and warranted that it shall provide approximately 100 acres of land at Bobbili on long term lease for 33 years for a consideration equivalent to the cost of acquisition and lease rent of one percent thereon, and it shall provide the required quantity of manganese ore to RMFA at the agreed price.

Capital Structure

Authorised	**Aggregate Nominal Value**
200,000 equity shares of ₹ 10 each	₹ 2 million
Issued, subscribed and paid up	
200,000 equity shares of ₹ 10 each	₹ 2 million

Shareholding Pattern

SL No.	**Name of Shareholder**	**No. of equity shares**	**Percentage (%) of equity capital**
1.	RINL	100,000	50
2.	MOIL	100,000	50
	Total	**200,000**	**100**

The key terms of this joint venture agreement are set forth below:

Restriction on Share transfer

Neither MOIL nor our Company shall sell, transfer, give away, assign, pledge, mortgage, create charge, donate or otherwise encumber its shareholdings/voting rights in RMFA for an initial period of five years from the date of acquisition of shares. MOIL and our Company agree that after the initial lock-in period of five years there will be a restriction on transfer of shares to the extent that neither of them will be entitled to transfer its shareholding, wholly or in part, to any other person or party unless the said shares have first been offered to the other party at fair value determined by an independent and reputed valuation agency as mutually agreed between our Company and MOIL.

Board of Directors

The board of directors of RMFA shall initially have two nominee directors of our Company and MOIL each. The number of the directors will later on be increased to a maximum of six directors wherein three directors will be from our Company and three from MOIL. Directors on RMFA board shall be nominated by our Company and MOIL in the ratio of their respective shareholding, provided neither our Company nor MOIL shall be entitled to nominate a director if their shareholding is reduced below 10% of the paid-up capital of RMFA. The chairman shall be appointed by our Company and MOIL alternatively every two years by rotation. The first such chairman shall be appointed by our Company.

Reserved Matters

Neither RMFA, its board of directors nor a committee thereof (whether at a Board meeting or at a committee meeting or by a circular resolution or otherwise) nor its CEO, nor any other person purporting to act on behalf of RMFA shall take any action in respect of reserved matters except with the affirmative vote of the majority of RMFA's directors, which majority shall include at least one director appointed by both MOIL and our Company. The reserved matters *inter alia* include the following:

(a) any reconstruction, re-organization, merger, amalgamation or consolidation of RMFA with another entity;

(b) sale of substantial assets of RMFA other than in the ordinary course of business;
(c) any amendment to the Memorandum of Association and/or Article of Association of RMFA;
(d) capital investment by RMFA beyond the value of ₹ 50 million in any scheme;
(e) a material deviation or change in the objects or activities of RMFA and substantial expansion of its activities;
(f) approval or refusal to transfer shares or debentures except for transfers to an affiliate and/or subsidiary, as may be provided in the RMFA Agreement;
(g) capital expenditure for the purchase, demolition, lease, sale, disposition or alteration of fixed assets or tooling where the expenditure or net book value exceeds ₹ 50 million;
(h) any issue of share capital, or debentures, whether or not convertible, or alerting the share capital of RMFA;
(i) any change in the corporate name of RMFA;
(j) changing or re-locating the registered office or principal place of business of RMFA;
(k) taking term loans for a term not exceeding 12 months for an amount exceeding ₹ 100 million or altering any material term or condition of any such loan;
(l) declaration of dividend;
(m) forming a subsidiary of RMFA or subscribing to the shares or debentures or investing the funds of RMFA in any other company;
(n) creating any mortgage, charge or other encumbrance in respect of RMFA's properties and assets except with respect to loans from banks from current assets;
(o) granting loans to third parties or guaranteeing the obligations of third parties expect giving advances to third parties in the ordinary course of business;
(p) appointment or removal of RMFA's auditors or any other external agency appointed by RMFA for conducting audits as may be required;
(q) granting to third parties licences/sub-licences and rights with respect to patents, manufacturing technology, trademarks and other intellectual property for an amount exceeding ₹ 20 million per transaction; and
(r) approving any matter concerning the winding-up of RMFA or the notification of its financial status to any statutory authority.

Termination

This agreement may be terminated by mutual consent of our Company and MOIL. If at any time the shareholding of any party falls below 10% of the paid up equity share capital of the RMFA, the other party may terminate the agreement by written notice. If either MOIL or our Company committed or knowingly permitted a material breach of any of the covenants or conditions contained in the agreement, the other party may serve a notice in writing requiring the defaulting party to remedy the breach within 90 days or to promptly pay a reasonable compensation in case the breach cannot be remedied and if the defaulting party fails to do so then the agreement would automatically stand terminated.

2. Memorandum of Understandings

MoU dated January 10, 2011 with the Ministry of Railways, GoI

Our Company has entered into an MoU dated January 10, 2011 with the Ministry of Railways for setting up a facility at Jalpaiguri, West Bengal for manufacturing of railway axles and other various railway products to be used by railway partly or fully and also any other products at mutually agreed terms and conditions. Our Company and Ministry of Railways have come to an understanding that this facility would be set up by our Company under its own aegis as a separate unit. This facility shall be built on the land belonging to the Ministry of Railways, which shall be leased to our Company for 30 years and renewable thereafter. The Ministry of Railways has assured to procure pro rata monthly deliveries of 20,000 rail axles per annum on assured off-take basis from the start of the commercial operation of the facility till the expiry of the land lease. The Ministry of Railway reserves the right to procure further additional quantity of up to 5,000 rail axles per annum. Our Company shall have the first right of supply of the additional quantity of axles required by the Ministry of Railway. The price of the axles shall be determined by mutual consultations between the parties on the basis of the costing procedure adopted by the Ministry of Railway for procurement of axles from the Durgapur steel plant. The MoU is valid for a period of 12 months or the date of execution of the last agreement for the implementation of the MoU whichever is later unless either party notifies the other party of the termination thereof at least 30 days before such expiration.

MoU dated December 14, 2011 with Power Grid Corporation of India Limited ("PGCIL")

Our Company has entered into an MoU dated December 14, 2011 with PGCIL for setting up a JVC for the purpose of manufacturing of transmission line tower and tower parts including research and development at a mutually agreed location subject to confirmation of viability through detailed project report and necessary approvals. The equity stake in the JVC will be decided by the parties on mutually negotiated terms and conditions. As per the terms of the MoU, our Company has to prepare a feasibility report to assess economic and technical viability of the in association with PGCIL and supply steel billets/blooms/sections/plates/rounds at mutually agreed price to the JVC. PGCIL has agreed to provide necessary data related to the requirements of tower and tower parts for its own consumption and to consider sourcing of tower and tower parts from the JVC at the mutually agreed price. All expenses incurred by the parties are to be borne by the respective parties and all expenses incurred in the formation of the JVC shall be shared in proportion to the stake of equity held by each party. This MoU will remain valid for a period of three years from December 14, 2011 and may be amended or extended in writing through mutual consent between the parties. The MoU shall cease to be in force on signing of detailed agreements by the parties. Further, the MoU may be terminated at any time by either party by giving a written notice to the other party or of its intention to terminate this MOU at least one month prior to such termination. Further, the parties acknowledge that the points mentioned in this agreement are merely statements of intentions of the Parties and this MoU does not in any way constitutes a legally binding commitment on either party.

Consortium Agreement August 30, 2011 with SAIL, NMDC, JSWL, JSPL, JISL and MIEL

Our Company has entered into a consortium agreement with SAIL, NMDC, JSWL, JSPL, JISL and MIEL (together the "**Consortium Parties**") dated August 30, 2011 to align, collaborate and co-operate with each other for the submission of a joint bid for the Hajigak iron ore deposit in Afghanistan with SAIL as its lead partner. The Consortium's Parties have participated in the expression of interest invited by the Islamic Republic of Afghanistan and have been selected as the preffered bidder for three blocks of the iron ore project and the reserve bidder for one block.

The key terms of this consortium agreement are set forth below:

Bidding

If the bid submitted by the Consortium Parties materializes into an award then SAIL, NMDC, JSW, JSPL, JISL, MIEL and our Company shall have equity participation of 20%, 18%, 16%, 16%, 8%, 4% and 18%, respectively in the project. In case any Consortium Party withdraws from the consortium agreement, then it shall offer its share of equity in proportion to SAIL, NMDC and our Company in that order.

This is expressly understood by all the Consortium Parties that as long as they are a part of the consortium, their right/ownership to the minerals/reserves in the blocks awarded to them shall be in proportion to the proposed equity mentioned above.

Duration

This consortium agreement is valid for a period of twelve months or till the date of execution of definitive agreements, whichever is earlier.

MoU dated January 13, 2012 with Government of Andhra Pradesh

Our Company has entered into an MoU dated January 13, 2012 with the Government of Andhra Pradesh for the establishment of the following projects in Andhra Pradesh:

1. Seamless tube mill.
2. Coke oven battery-V, by-product plant and associated facilities.
3. Addition of a converter and continuous caster and modernization and up gradation of existing units to add additional mt capacity.
4. Setting up of captive jetty, cement plant, transmission tower manufacturing unit, wire drawing unit, steel processing unit, steel service centers, pelletization plant, slurry pipe line, expansion of Jaggayaapeta limestone mine.
5. Expansion to 11.5 mtpa (indicative, subject to iron ore linkages).
6. Investment on 6.3 mtpa expansion (balance).

The Government of Andhra Pradesh has agreed to facilitate our Company in obtaining necessary permissions/registration/approvals/clearances from the concerned departments of the state, as per the existing policies/rules and regulations of the State Government of Andhra Pradesh. The Government of Andhra Pradesh will also facilitate allotment of iron ore mines including other raw material mines, supply of water, power etc., to our Company on priority. The total estimated investment in the above projects is ₹ 424,000 million.

Material Agreements

In this section, unless the context requires otherwise, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements. Our Company has entered into various agreements for the procurement of raw material for the manufacture of steel. Details of the material agreements with respect to its iron ore, coal and limestone procurement are as below.

Iron Ore

Agreement dated November 25, 2011 between NMDC and our Company for supply of iron ore

Purpose

Our Company has entered into an agreement dated November 25, 2011 with NMDC for the supply of iron ore of two kinds i.e., Baila ROM and Baila Fines from NMDC's Bailadila complex in Chattisgarh for use in our Company's steel plant at Visakhapatnam for a period of five years from April 1, 2010 to March 31, 2015.

Quantity and Price

The quantity of iron ore to be delivered by NMDC is to be mutually agreed amongst the parties at the time of annual review of the agreement and is subject to availability of the iron ore and the validity of the mining leases for whose renewal NMDC must take all appropriate steps. The agreement provides for the determination of price and the precise chemical and physical composition of iron ore to be supplied. The quantity of the iron ore to be supplied is agreed upon for each quarter and if our Company fails to take delivery of the same then our Company shall have no right to demand that quantity in the subsequent quarters. However, NMDC may at his discretion supply that quantity in the subsequent quarters within the financial year subject to availability.

Our Company is required to obtain railway clearance and coordinate with railways for transportation of the iron ore at our Company's cost from Bacheli/Kirandul. In case there is any delay in payment interest at the rate of 12% per annum or one percent above the bank borrowing rate applicable to NMDC whichever is higher will be to the account of our Company. NMDC has to arrange at its own expense weighment at loading station through electronic weightometer.

Transfer of title and Right to Use

The title with respect to iron ore shall pass from NMDC to our Company when NMDC has negotiated the concerned documents and has received sale proceeds from the negotiating bank with retrospective effect to the loading of the iron ore. The risk with respect to the iron ore shall pass to our Company when the iron ore is loaded into the rake at Kirandul/Bacheli. Our Company is required to use the iron ore as actual user and does not have the right to resell or loan or gift or export or use in full or in part for any purpose other than for its use in its integrated steel plant at Visakhapatnam except with specific approval and consent of NMDC in writing.

Governing Laws

The agreement is subject to the laws of India and the disputes shall be subject to arbitration as per the DPE Guidelines, as laid down by the GoI from time to time. The price of the iron ore offered by NMDC is the price offered to its long term customers.

Termination

Our Company will cease to be a long term customer of NMDC if (i) the yearly lifting of iron ore is less than 90% of the minimum range specified in the agreement, provided allocated quantity for the particular year is more than the minimum range specified in the agreement; (ii) our Company violates the condition on re-sale and restriction on use of products; and (iii) the agreement is terminated before its natural expiry or foreclosed at the option of NMDC owing to a breach or default by our Company.

Coal

Our Company imports coking coal from Australia, New Zealand and the United States. For this purpose our Company has entered into the following agreements:

i. Letter of Intent dated February 26, 2011 issued by our Company in favour of M/s BM Alliance Coal Marketing Pty Limited ("BM Alliance") and BHP Billiton for supply of soft coking coal from Australia

Our Company has issued a letter of intent dated February 26, 2011 in favor BM Alliance and BHP Billiton for supply of black water soft coking coal for a period of four years from April 2010. The quantity agreed to be supplied during the first delivery period is 350,000 metric tonnes and the base quantity of 400,000 metric tonnes during the second delivery period and each subsequent delivery period for the next four years. The consideration for the supply of black water soft coking coal is to be determined by BM Alliance on the basis of the quarterly price settlement achieved with international buyers. BM Alliance has given an undertaking that the prices settled by them for our Company shall not be higher than the prices settled by them with the other buyers, and if the price settled for our Company is higher, then our Company shall have the right to renegotiate the price to obtain the lower price. Our Company shall at his own expense arrange for suitable marine insurance cover for the materials delivered by BM Alliance and BHP Billiton. In the event of failure to deliver or dispatch black water soft coking coal or in the event of any breach our Company is entitled to, *inter alia*, after giving a notice of 60 days, take such action as it considers fit and reasonable including taking risk purchase action for supply of similar materials, mitigating any losses, at the risk and cost of the BM Alliance and BHP Billiton.

ii. Letter of intent dated July 2, 2009 issued by our Company in favour of BM Alliance and BHP Billiton for supply of hard coking coal from Australia

Our Company has issued a letter of intent dated July 2, 2009 in favor BM Alliance and BHP Billiton for supply of hard coking coal for a period of five years from April 2009. The base quantity agreed to be supplied is 1,660,000 metric tonnes during the first delivery period and each subsequent delivery period for the next five years. BM Alliance has given an undertaking that the prices settled by them for our Company shall not be higher than the prices settled by them with the other buyers and if the price settled for our Company is higher then our Company shall have the right to renegotiate the price to obtain the lower price. Our Company shall at his own expense, arrange for suitable marine insurance cover for the materials delivered by BM Alliance and BHP Billiton. Subject to the terms and conditions of this letter, if BM Alliance and BHP Billiton neglects or fails to perform the Agreement for any reason other than force majeure, our Company having come to know of such negligence or non-performance, after giving a notice of 60 days, take such action as it considers fit and reasonable including taking risk purchase action for supply of similar materials, mitigating any losses, at the risk and cost of the BM Alliance and BHP Billiton.

iii. Agreement dated August 30, 2008 between Anglo American Metallurgical Coal Pty Limited ("Anglo American") and our Company for supply of coking coal from Australia.

Our Company has entered into an agreement with Anglo American on August 30, 2008 for purchase of coking coal for the period from July 1, 2008 to June 30, 2013. The quantity agreed to be supplied is 900,000 metric tonnes per annum. The price for the quantity of the materials supplied as stated in the schedule of the agreement is to be mutually discussed and settled by the parties. The price for delivery shall be fixed and it shall not be subject to any escalation for any reason until completion of delivery in the delivery period. The parties must not sublet, transfer, assign or otherwise part with the agreement or any part thereof, either directly or indirectly without the prior written permission of the other party. If either of the parties commits a material breach of any provisions of the agreement, the other party must notify the party in breach to remedy such breach within a reasonable period. If breach continues to occur, the party not in breach shall have the right to terminate this agreement. The parties have mutually agreed that if the objectives of the agreement are not being fulfilled then the agreement can be foreclosed. In the event of Anglo American's failure to deliver the required materials within the time specified in this agreement, Anglo American must pay as liquidated damages, a sum equivalent to one percent of the price of materials which Anglo American has failed to deliver for each month of delay. Further, the maximum amount of liquidated damages levied on any shipment must not exceed 10% of the value of materials in that shipment.

iv. Agreement dated December 24, 2010 between Solid Energy New Zealand Limited ("Solid Energy") and our Company for supply of low ash semi soft coking coal from New Zealand

Our Company has entered into an agreement dated December 24, 2010 with Solid Energy for purchase and sale of 150,000 metric tonnes of freshly mined New Zealand low ash semi soft coking for the period from April 2010 to March 2013. The consideration for the supply of coking coal is to be mutually discussed and settled by the parties prior to the commencement of each delivery period. In the event of Solid Energy's failure to deliver the required materials within the time specified in this agreement for delivery, Solid Energy will be required to pay, as liquidated damages, a sum equivalent to one percent of the price of any materials which Solid Energy had failed to deliver, for each month of delay. Solid Energy shall not sublet, transfer, assign or otherwise part with the agreement either directly or indirectly without the prior written permission of our Company. Solid Energy shall be entirely responsible for the execution of the agreement by the subcontractor if any permitted by our Company. If Solid Energy neglects or fails to perform its obligations under the agreement, our Company, after giving a notice, shall have the right to terminate this agreement at the risk and cost of Solid Energy. All risks in respect of the coal delivered under this contract shall pass to our Company when the coal passes the ship's rail during loading. If Solid Energy ceases to be the owner of the mines from where the freshly mined coking coal is being supplied, our Company shall have the right to terminate this agreement without giving any notice. It shall be the responsibility of Solid Energy to obtain the requisite export license and comply with other relevant laws of New Zealand for export of coking coal and shall keep our Company indemnified for any losses which may accrue to our Company because of any defect therein.

v. Agreement dated October 18, 2008 between Logan & Kanawha Coal Company, LLC ("Logan & Kanawha") and our Company for supply of mid volatile hard coking coal from United States of America.

Our Company has entered into an agreement dated October 18, 2008 with Logan & Kanawha for the purchase of freshly mined prime quality washed/unwashed L&K mid volatile hard coking coal for a period of five year. The price is to be mutually discussed and settled between the parties prior to commencement of the relevant delivery period. The agreement provides for the supply of a total quantity of 290,000 metric tonnes of coal during the first delivery period and during each of the subsequent delivery periods. This quantity of coal to be supplied by Logan & Kanawha has been re-negotiated by the parties pursuant to various amendments to the agreement. The tenure of the agreement is from October 18, 2008 up to June, 2013. The maximum amount of liquidated damages levied on any shipment will not exceed ten percent of the value of the coal in that shipment. If Logan & Kanawha commits breach of any provisions of this agreement, our Company shall notify them to remedy such breach within a reasonable period. If breach continues to occur, our Company shall have the right to terminate this agreement.

vi. Agreement dated October 31, 2011 between M/s. Alpha Coal Sales Co., LLC, USA ("Alpha Coal") and our Company for supply of Soft Coking Coal.

Our Company has entered into an agreement with Alpha Coal on October 31, 2011 for purchase of freshly mined prime quality washed/unwashed cambria creek medium volatile hard coking coal for the period from April, 2011 up to April, 2014. The quantity of the materials to be supplied during the delivery period beginning from April 2012 shall be approximately 225,000 metric tonnes per annum. The price for the quantity of the materials supplied as stated in the schedule of the agreement is to be mutually discussed and settled by the parties. The parties must not sublet, transfer, assign or otherwise part with the agreement or any part thereof, either directly or indirectly without the prior written permission of the other party. If either of the parties commits a material breach of any provisions of the agreement, the party not in breach shall have the right to terminate this agreement. In case the umpire analysis of the sample is at adverse variance in any two consignments, then our Company shall have the right to terminate this agreement at the risk and cost of Alpha Coal. The parties have mutually agreed that if the objectives of the agreement are not being fulfilled then the agreement can be foreclosed. In the event of Alpha Coal's failure to deliver the required materials within the time specified in this agreement, Alpha Coal must pay as liquidated damages, a sum equivalent to one percent of the price of materials which Alpha Coal has failed to deliver for each month of delay.

Additionally, our Company has also entered into a fuel supply agreement dated June 25, 2008 with Mahanadi Coalfields Limited for supply of 1,680,000 tonnes of boiler coal per year for a period of five years, unless terminated earlier, for our Company's captive power plant and an MoU with Central Coalfields Limited for supply of washed coking coal.

Limestone

Acceptance to tender dated October 29, 2010 placed by our Company for the supply of low silica limestone by M/s Ras Al Khaimah Rock Company, United Arab Emirates ("Ras Al Khaimah")

Our Company has placed the acceptance to tender dated October 29, 2010 for the supply of a total quantity of 525,000 metric tonnes of low silica limestone by Ras Al Khaimah at a consideration of USD 9.90 per tones, FOB trimmed and USD 23.75 per tonnes CFR(FO). For any delay in clearance at the port of destination on account of non-supply of shipping documents in time or due to faulty documents, Ras Al Khaimah will be held responsible for any demurrage which our Company may become liable to pay to the authorities at the discharge port in India. Ras-Al Khaimah shall not sublet, transfer, assign or otherwise part with the agreement either directly or indirectly without the prior written permission of our Company. Ras Al Khaimah shall be entirely responsible for the execution of the agreement by the subcontractor if any permitted by our Company. Our Company is required to arrange suitable marine insurance cover for the entire material to be delivered by Ras Al Khaimah at its own expense. In the event Ras Al Khaimah fails to deliver the agreed amount of limestone within the agreed time, Ras Al Khaimah shall have to pay as liquidated damages a sum equivalent to 0.5% of the price of the limestone that Ras Al Khaimah has failed to deliver for each week during which the limestone is not delivered. The maximum amount of liquidated damages will be 10% of the value of the limestone in the shipment. If Ras Al Khaimah before the award of contract or during the execution of contract has committed a transgression that puts its reliability or credibility in question, our Company is entitled to disqualify it from the tender process or to terminate the contract, if already signed, moreover, the earnest money deposit/bid security furnished, if any, along with the offer as per the terms of the invitation to tender shall be forfeited. If Ras Al Khaimah fails to provide low silica limestone within the stipulated time or fails to perform the acceptance to tender or in case a receiver is appointed on its assets, our Company shall have the power to declare the acceptance to tender as at an end at the risk and cost of Ras Al Khaimah. Our Company reserves the option to enhance the quantity by another 525,000 tonnes (FOB basis only for the extended period) other terms and conditions remain unchanged before the date of bill of lading of the last shipment of supply of the initial firm order quantity.

Strategic and Financial Partners

Our Company has currently does not have any strategic or financial partners.

Details of past performance

For further details in relation to the financial performance of our Company in the previous five financial years, including details of non-recurring items of income, see the section titled "***Financial Statements***" on page 159 of the Draft Red Herring Prospectus.

OUR MANAGEMENT

Under the Articles of Association, our Company shall not have less than five Directors and more than 16 Directors. Our Company currently has 14 Directors, of whom six are whole-time Directors, one non-executive and non-independent Directors and seven are non-executive and independent Directors. Our Chairman is an executive and non-independent Director.

Our Board

The following table sets forth certain details of our Directors as of the date of this Draft Red Herring Prospectus:

Name, Designation and Occupation	Age	Address	Directors Identification Number	Other Directorships
Mr. A.P. Choudhary *Designation:* Chairman and Managing Director *Occupation:* Service	58	Steel House, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02697893	1. ICVL 2. RMFA 3. URKKL 4. EIL 5. OMDC 6. BSLC
Mr. Umesh Chandra *Designation:* Director (Operations), executive non independent Director *Occupation:* Service	57	D-4, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02398270	1. OMDC 2. RMFA 3. URKKL
Mr. P. Madhusudan *Designation:* Director (Finance), executive non independent Director *Occupation:* Service	54	D-6, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02845996	1. EIL 2. RMFA 3. URKKL
Mr. T.K. Chand *Designation:* Director (Commercial), executive non independent Director *Occupation:* Service	52	D-1, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	01710900	1. BSLC
Mr. Y.R. Reddy *Designation:* Director (Personnel), executive non independent Director *Occupation:* Service	58	D-7, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	03383459	Nil
Mr. N.S. Rao *Designation:* Director (Projects), executive non independent Director *Occupation:* Service	58	108-B, Sector 6, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02548172	1. Andhra Pradesh Heavy Machinery and Engineering Limited
Dr. Dalip Singh *Designation:* Government nominee Director, non executive non independent Director *Occupation:* IAS Officer	56	D-1/87, Ravindra Nagar, Near Khan Market, New Delhi - 110 003, India	02211894	1. MOIL 2. Hindustan Steelworks Construction Limited
Mr. A.P.V.N. Sarma *Designation:* Independent Director *Occupation:* Retired IAS Officer	62	8-2-601/A/19, Panchavati Colony, Road No.10, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India	03272585	1. Neyveli Lignite Corporation Limited 2. GATI Limited 3. SEW Vizag Port Terminal Limited 4. APGAS Power Corporation Limited 5. Seaways Shipping and Logistics Limited 6. Allahabad Bank Limited

Name, Designation and Occupation	Age	Address	Directors Identification Number	Other Directorships
Mr. H.S. Chahar *Designation:* Independent Director *Occupation: Retired IAS Officer*	63	B-402, Jagaran Apartments, Plot No.17, Sector-22 Dwarka, New Delhi – 110 075, India	01691383	1. S.E.C. Limited
Mr. Swashpawan Singh *Designation:* Independent Director *Occupation*: Retired IFS Officer	63	518-A, Hamilton Court, DLF-Phase-IV, Gurgaon – 122 002, Haryana, India	02600225	1. KSP Sound Designs Solutions Private Limited
Dr. Upendra Dutta Choubey *Designation:* Independent Director *Occupation:* Service	62	E-1, Antriksh Greens, Sector 50, Noida, Uttar Pradesh, India	00153988	Nil
Mr. Virendra Singh Jain *Designation:* Independent Director *Occupation:* Service	65	B-12, 2nd Floor, Gyan Bharati School Lane, Saket, New Delhi – 110017, India	00253196	1. Dalmia Bharat Enterprises Limited
Prof. Sushil *Designation:* Independent Director *Occupation:* Professor	55	32 Vikramshila Apartments, IIT Campus, Shaheed Jeet Singh Marg, Hauz Khas, New Delhi – 11006, India	*	Nil
Mr. Ashok Jain *Designation:* Independent Director *Occupation:* Chartered Accountant	60	1C/5, New Rohtak Road, New Delhi – 110005, India	*	Nil

** Prof. Sushil and Mr. Ashok Jain were appointed as Directors on our Board on May 14, 2012 and are in the process of obtaining DIN.*

Nationality

All our Directors are Indian nationals.

Brief Profile of our Directors

A brief profile of each member of our Board of Directors is given below:

Mr. A.P. Choudhary, aged 58 years, is the Chairman and Managing Director of our Company. He holds a post graduate degree in mechanical engineering with specification in machine design and analysis from Regional Engineering College, Rourkela. Mr. A.P. Choudhary has 30 years of experience in various management positions in the steel industry. He has previously worked with SAIL and was responsible for resolving various issues relating to technical, financial, commercial and industrial relations of the units under SAIL. Mr. A.P. Choudhary joined our Company on June 1, 2009 as Director (Projects) and has been responsible for the 6.3 mtpa project expansions. He became the Chairman and Managing Director of our Company on August 1, 2011 and has been responsible for commissioning of all expansion units.

Mr. Umesh Chandra, aged 57 years, is the Director (Operations) of our Company. Mr. Umesh Chandra holds a bachelor's degree in engineering (mechanical) from the University of Roorkee, Roorkee. Mr. Umesh Chandra has 32 years of experience of working in various management positions in the steel industry. Prior to joining our Company, Mr. Umesh Chandra has worked with SAIL for 12 years at various positions. While in SAIL, he worked in the hot strip mill and the captive power plant. Mr. Umesh Chandra joined our Company in 1990 as manager and was given the task of setting up and heading the power engineering maintenance department. The department was setup to take care of the maintenance of high speed rotating machines like fans, blowers, compressors, turbo blowers, etc. throughout the VSP units. In 2006, he became the general manager and headed three departments namely, thermal power plant, distribution network and power engineering maintenance departments. He became the Director (Operations) of our Company on November 1, 2008 and is responsible for the operations of the entire VSP.

Mr. P. Madhusudan, aged 54 years, is the Director (Finance) of our Company. He holds a bachelor's degree in commerce from Andhra University. He qualified as a chartered accountant in 1982 and became a member of the Institute of Chartered

Accountants of India in 1983 and Institute of Costs and Works Accountants of India in 1984. He also qualified as a member of the Institute of Company Secretaries of India in 1986. Mr. P. Madhusudan started his career as a junior manager (finance) in the Bhilai Steel Plant of SAIL from June 30, 1983 and worked there for 24 years in various capacities. While working with the Bhilai Steel Plant, he was instrumental in taking various decisions in key financial areas and made significant contributions through prudential financial management. Mr. P. Madhusudan was later transferred to SAIL's IISCO Steel Plant at Burnpur as general manager (finance), where he was actively associated with the modernization of the plant, exploring new coal blocks and initiating cost reduction and profit improvement measures. He became the Director (Finance) of our Company on November 2, 2009 and has played a key role in the ongoing expansion of our Company and is setting long term growth strategies for our Company.

Mr. T.K. Chand, aged 52 years, is the Director (Commercial) of our Company. Mr. T.K. Chand holds a bachelor's of arts degree in history and a master's degree in arts, public administration and history from Utkal University, Bhubaneswar. He also holds a bachelor's degree in law from Andhra University, Visakhapatnam and a diploma in social welfare (labour welfare) from University of Calcutta. Mr. T.K. Chand has done a certificate course in corporate governance by SCOPE and Department of Public Enterprises and a course on international human resources at Queensland University, Australia. Additionally, he has also undergone training in advanced management programme on capacity building in marketing management and quality management in enterprises by International Centre for Promotion of Enterprises, Slovenia (Western Europe). He also won the 'Jawaharlal Nehru Award' for outstanding performance as an executive of our Company. Mr. T.K. Chand has more than 24 years of experience in the steel industry in different capacities. Mr. T.K. Chand began his career with our Company in the year 1983 as a junior manager (personnel) and in the course of his employment undertook various human resource initiatives including introduction of productive work culture, organization restructuring, introduction of non-unionized supervisory cadre, incentive scheme for beyond capacity utilization, etc. Mr. T.K. Chand joined Central Coalfields Limited as director (personnel) on July 12, 2007 and was credited with various human resource initiatives. While in Central Coalfields Limited, he also worked in the areas of sales and marketing and was the director (sales and marketing) from April 1, 2009 until September 21, 2010. He became the Director (Commercial) of our Company on September 22, 2010 and has been responsible for both materials management and marketing departments of our Company.

Mr. Y.R. Reddy, aged 58 years is the Director (Personnel) of our Company. Mr. Y.R. Reddy holds a master of arts degree in industrial relation and labour welfare and a masters degree in business administration from Andhra University, Visakhapatnam. He also has a certificate in German language from Max Mueller Bhavan, Rourkela. Mr. Y.R. Reddy joined SAIL as a management trainee in November, 1977 in the Rourkela steel plant and was later transferred to Visakhapatnam steel project unit of SAIL in 1980. Mr. Y.R. Reddy has more than 34 years of experience in the area of human resource management including manpower planning, recruitment, policy and rules, industrial relations, corporate personnel, employee benefits and human resource development. He has been involved in several human resource initiatives in our Company, including shop-floor employee development, social counseling and effectively using HRM for managing the turnaround of the Company. He led our Company's team at International Convention on Quality Control Circles, Yokohoma, Japan in 2011. Mr. Y.R. Reddy was awarded the IPE HR Leadership Award for his outstanding contribution to the Human Resource function. He became Director (Personnel) of our Company from December 22, 2010 and has been responsible for human resource management of the organization.

Mr. N.S. Rao, aged 58 years, is Director (Projects) of our Company. Mr. N.S. Rao holds a bachelor's degree in metallurgical engineering with honors and master's degree in metallurgical engineering from Regional Engineering College, Rourkela. He has 32 years of experience in the steel industry. Mr. N.S. Rao has worked with the Regional Engineering College, Sri Nagar as a lecturer and with the Regional Research Laboratory, Bhubaneswar as a research scholar. He started his career in the steel industry by joining SAIL's Durgapur steel plant as a management trainee (technical) in November, 1979. He joined our Company on May 20, 1981 as a Junior Manager on transfer terms and in the course of his career he has held key positions such as Assistant General Manager (Operations), Assistant General Manager (Blast Furnace), Deputy General Manager (Blast Furnace) in-charge, Deputy General Manager (Blast Furnace and Sinter Plant) in-charge, General Manager (Iron), General Manager (Operations) in-charge, General Manager (Projects and Commissioning) and Executive Director (Projects and Commissioning). He has worked in different capacities in the projects implementation, operations and also contributed significantly in strategic business and management. He became Director (Projects) of our Company from April 19, 2012 and is in charge of projects implementation and commissioning of expansion units of our Company.

Dr. Dalip Singh, aged 56 years, is a non-executive, non-independent nominee Director of GoI on our Board. Dr. Dalip Singh holds a master of philosophy in psychology and a doctorate in management from the University of Delhi, New Delhi for his work on 'Indian Managers'. Dr. Dalip Singh has being conferred the post doctoral degree of Doctor of Letters by Bundelkhand University, Jhansi. Dr. Singh has been a teaching faculty at the Faculty of Management Studies, New Delhi. He joined the Indian Administrative Service in 1982 and has a professional experience of about 28 years. He is the recipient of the Prime Minister's National Award for excellent work in the field of woman's empowerment. He has also authored the book 'Emotional Intelligence at Work'. Dr. Dalip Singh has served on various State and Central administrative positions in various departments including Industry Department, Irrigation Department, Public Health Department, Social Justice Department, Food Processing Co-operation Department, etc. He is currently the Joint Secretary in the MoS. He became the Director of our Company from March 2, 2010.

Mr. A.P.V.N. Sarma, aged 62 years, is an independent Director of our Company. Mr. A.P.V.N. Sarma holds a bachelor's degree in law degree from Osmania University, Hyderabad. He has also attended a leadership program at Harvard University for senior administrators and leaders from all over the world. He joined the Indian Administrative Services in July 1974 and held various positions in his three decade career with the Indian Administrative Services, including Secretary in the Ministry of Shipping, special chief secretary, Department of Social Welfare and joint secretary in the Department of Coal. As Secretary in Ministry of Shipping, Mr. A.P.V.N. Sarma was responsible for governmental policy relating to merchant shipping, ports and inland waterways. During his tenure as Secretary in Ministry of Shipping, a new academic Indian Maritime University was set up for the first time to improve the academic standards and focus on higher maritime education. Mr. A.P.V.N. Sarma is currently on the boards of various companies including Neyveli Lignite Corporation Limited and GATI Limited. He became the Director of our Company from September 30, 2010.

Mr. H.S. Chahar, aged 63 years, is an independent Director of our Company. Mr. H.S. Chahar holds a bachelor's and a master's degree in economics from Punjab University, Chandigarh. He started his career as a lecturer of economics in Government Nehru College, Faridabad. He joined the Indian Administrative Services in the year 1976 and was allotted the Orissa Cadre, where he held various field postings including sub-collector, project administrator, collector and district magistrate. He has 18 years of experience as Secretary in various Government departments including the Agricultural Department, Transport and Commerce Department, Housing and Urban Development Department, Steel and Mines Department, Forest and Environmental Department, Rural Development Department and General Administrative Department. He is currently a director on the board of S.E.C. Limited. He became the Director of our Company from September 30, 2010.

Mr. Swashpawan Singh, aged 63 years, is an independent Director of our Company. Mr. Swashpawan Singh holds a bachelor's degree in arts (honours course) from University of Delhi, New Delhi and graduated from National Defence College, New Delhi. Mr. Swashpawan Singh started his career with the DCM group where he worked from 1969 until 1972 and then taught english literature at St. Stephens College from 1972 until 1974. He joined the Indian Foreign Service in the year 1974 and over the course of three decades held various posts in the Ministry of External Affairs, Indian Embassies in Kabul, Washington D.C, Cairo and as consul general in Houston. Mr. Swashpawan Singh served as a director in the office of the Minister of External Affairs, joint secretary on deputation to the Ministry of Defence and as joint secretary for Gulf and Haj division. He was appointed as ambassador of India to Kuwait and was part of the team that negotiated the release of the Indian hostages held in Iraq. He was also appointed as the ambassador and permanent representative of India to the United Nations. He was the leader of several delegations in conferences/meetings held in World Health Organisation, International Labour Organisation, United Nations Conference on Trade and Development, International Trade Center, World Intellectual Property Organisation, United Nations High Commission for Refugees, Inter-Parliamentary Union, International Committee on the Red Cross, International Telecommunication Union and in the area of Human Rights and Humanitarian Affairs. He was also the leader of the Indian delegation to the 62nd session of the Commission of Human Rights and was member of the ministerial delegation at the first session of the Human Rights Council. He was also appointed as honorary advisor to the director general of the World Intellectual Property Organisation and honorary advisor to the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy, Ministry of Health and Family Welfare. He is currently the chairman of KSP Sound Design solutions Private Limited, a media production house. He became the Director of our Company from October 1, 2010.

Dr. Upendra Dutt Choubey, aged 62 years, is an independent Director of our Company. Mr. Upendra Dutt Choubey holds a bachelor of law degree from University of Delhi, master's degree in chemistry from Patna University, Patna and a doctor of philosophy degree from Indian School of Mines, Dhanbad. He also has a masters in business administration degree from Indian Institute of Business Management, Patna. Additionally, he has a diploma in distribution system design and engineering by the Consumers' Gas Company Toronto, Canada. He has more than 37 years of experience in working with public sector enterprises. He worked with Project Development of India Limited from 1973 until 1986. Thereafter, he joined GAIL (India) Limited ("**GAIL**") on April 29, 1986 as senior deputy manager (marketing) and worked at various key positions. He was the chairman and managing director of GAIL from February 2007 until July 2009. During the course of his association with GAIL, Mr. Upendra Dutt Choubey was instrumental in the implementation of various successful marketing strategies, formation of joint ventures, expansion of business, encouraging research and development and performance oriented work culture. He is currently the director general of SCOPE. He became the Director of our Company from October 11, 2010.

Mr. Virendra Singh Jain, aged 65 years, is an independent Director of our Company. Mr. Virendra Sign Jain holds a graduate degree in commerce from Delhi University and is a fellow member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. Mr. Virendra Singh Jain joined Indian Oil Corporation Limited in October 1969 and worked there for 26 years in various capacities. During his tenure with Indian Oil Corporation Limited he was involved in international negotiations for procurement of crude and petroleum products and contributed considerably in formulating the corporate policies and developing plans for the organization. He was the chairman of SAIL from September 30, 2002 to July 31, 2006. Mr. Virendra Singh Jain was also the member of Public Enterprises Selection Board from March 2008 to July 2011. He became the Director of our Company from May 14, 2012.

Prof. Sushil, aged 55 years, is an independent Director of our Company. Prof. Sushil holds a bachelor of engineering degree in mechanical engineering from Madhav Institute of Technology and Sciences, Jiwaji University, Gwalior and a master in technology degree in industrial engineering from Indian Institute of Technology, Delhi. He has a doctor of philosophy degree from Indian Institute of Technology, Delhi in systems modeling of waste management in national planning. He has 24 years of experience as a professor. Prof. Sushil is currently a professor in Indian Institute of Technology, New Delhi and is also a visiting/adjunct professor in various other institutions. He has authored publications on topics like core competence and flexibility in strategic formulation and flexible enterprise for global business. He became the Director of our Company from May 14, 2012.

Mr. Ashok Jain, aged 60 years, is an independent Director of our Company. Mr. Ashok Jain is a fellow associate of the Institute of Chartered Accountants of India since 1976. He has more than 34 years of experience as an income tax practitioner. He is a senior partner in the chartered accountant firm of Jain Kapila Associates, Chartered Accountants. He became the Director of our Company from May 14. 2012.

Permanent Invitees to the meetings of the Board

There are no permanent invitees to the meeting of the Board.

Relationship between Directors

None of our Directors are related to each other.

Details of Appointment of our Directors

Name of Director	Appointment Letter from the MoS	Term
Mr. A.P. Choudhary	1(10)2010-VSP dated July 26, 2011	Five years from the date of assumption of charge, i.e. August 1, 2011, or until the date of his superannuation, i.e. December 31, 2013 or until further orders from the MoS, whichever is earlier.
Mr. Umesh Chandra	1(4)2007-VSP dated September 2, 2008	Five years from the date of assumption of charge, i.e. November 1, 2008, or until the date of his superannuation, i.e. July 31, 2014 or until further orders from the MoS, whichever is earlier.
Mr. P. Madhusudan	1(9)2008-VSP dated September 3, 2009	Five years from the date of assumption of charge, i.e. November 2, 2009, or until the date of his superannuation, i.e. May 31, 2018 or until further orders from the MoS, whichever is earlier.
Mr. T.K. Chand	1(5)2009-VSP dated September 20, 2010	Five years from the date of assumption of charge, i.e. September 22, 2010, or until the date of his superannuation, i.e. November 30, 2019 or until further orders from the MoS, whichever is earlier.
Mr. Y.R. Reddy	1(10)2009-VSP dated December 22, 2010	Five years from the date of assumption of charge, i.e. December 22, 2010, or until the date of his superannuation, i.e. April 30, 2014 or until further orders from the MoS, whichever is earlier.
Mr. N.S. Rao	1(9)2011-VSP dated April 19, 2012	Until the date of his superannuation, i.e. October 31, 2013 or until further orders from the MoS, whichever is earlier.
Dr. Dalip Singh	1(5)2007-VSP dated March 2, 2010	From March 2, 2010, until further orders of the MoS.
Mr. A.P.V.N. Sarma	1(1)2009-VSP dated September 28,	Three years from the date of assumption of charge i.e. September 30,

Name of Director	Appointment Letter from the MoS	Term
	2010	2010, or until further orders from the MoS, whichever is earlier.
Mr. H.S. Chahar	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. September 30, 2010, or until further orders from the MoS, whichever is earlier.
Mr. Swashpawan Singh	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. October 1, 2010, or until further orders from the MoS, whichever is earlier.
Dr. Upendra Dutta Choubey	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. October 11, 2010, or until further orders from the MoS, whichever is earlier.
Mr. Virendra Singh Jain	1(1)2009-VSP dated May 14, 2012	Three years from the date of appointment i.e. May 14, 2012 or until further orders from the MoS, whichever is earlier.
Prof. Sushil	1(1)2009-VSP dated May 14, 2012	Three years from the date of appointment i.e. May 14, 2012 or until further orders from the MoS, whichever is earlier.
Mr. Ashok Jain	1(1)2009-VSP dated May 14, 2012	Three years from the date of appointment i.e. May 14, 2012 or until further orders from the MoS, whichever is earlier.

Remuneration Details of our Directors

The following table sets forth the details of the gross remuneration of Directors for the Fiscal 2012. Our executive Directors are also entitled to benefits/facilities such as official vehicle, medical reimbursements, leave travel concession and gratuity.

S. No.	Name	Basic Salary in ₹	Allowances and Perquisites in ₹ ^	Sitting Fees in ₹	Total in ₹
1.	Mr. A.P. Choudhary	953,028.04	1,577,504.61	-	2,530,532.65
2.	Mr. Umesh Chandra	958,858.37	1,977,573.92	-	2,936,432.29
3.	Mr. P. Madhusudan	938,702.66	1,363,007.18	-	2,301,709.84
4.	Mr. T.K. Chand	900,000	1,052,002.77	-	1,952,002.77
5.	Mr. Y.R. Reddy	900,000	1,585,807.39	-	2,485,807.39
6.	Mr. N.S. Rao*	Nil	Nil	-	Nil
7.	Dr. Dalip Singh**	Nil	Nil	Nil	Nil
8.	Mr. A.P.V.N. Sarma***	-	-	380,000	380,000
9.	Mr. H.S. Chahar***	-	-	580,000	580,000
10.	Mr. Swashpawan Singh***	-	-	620,000	620,000
11.	Dr. Upendra Dutta Choubey***	-	-	420,000	420,000
12.	Mr. Virendra Singh Jain#	Nil	Nil	Nil	Nil
13.	Prof. Sushil#	Nil	Nil	Nil	Nil
14.	Mr. Ashok Jain#	Nil	Nil	Nil	Nil

** As Mr. N.S. Rao was appointed on our Board as Director (Projects) on April 19, 2012, no remuneration was paid by our Company to him in Fiscal 2012.*
*** As Dr. Dalip Singh is a Government nominee Directors on our Board, he is not entitled to any remuneration from our Company, including in the nature of salaries or sitting fees.*
**** Being Independent Directors only sitting fees was paid by our Company to them in Fiscal 2012.*
^ Includes leave travel concession encashment and leave encashment paid by our Company.
 # As Mr. Virendra Singh, Prof. Sushil and Mr. Ashok Jain were appointed on our Board as independent Directors on May 14, 2012, no sitting fees was paid by our Company to them in Fiscal 2012.

Our Government nominee Directors are not entitled to any remuneration or fees from us as they have been nominated on our Board by the MoS. Apart from a sitting fee of ₹ 20,000 paid for attending each meeting of our Board and ₹ 20,000 for attending the meetings of the sub-committee of the Board and empowered joint committee on coal, the independent Directors of our Company do not receive any other remuneration from our Company. The sitting fee for our Directors has been fixed pursuant to a Board resolution dated December 18, 2009.

Details of terms and conditions of appointment of our executive Directors

The terms and conditions governing the appointment of Mr. A.P. Choudhary, Mr. Umesh Chandra, Mr. P. Madhusudan, Mr. T. K. Chand, Mr. Y. R. Reddy and Mr. N.S. Rao are set forth below:

Mr. A.P. Choudhary was appointed as the Chairman and Managing Director of our Company with effect from August 1, 2011 until five years from the date of assumption of charge or until the date of his superannuation, i.e. December 31, 2013 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(10)2010-VSP) dated July 26, 2011 issued by the MoS. The terms of employment of Mr. A.P. Choudhary as the Chairman and Managing Director of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of Central Public Sector Enterprises ("**CPSE**") notified by the DPE vide their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. A.P. Choudhary are as under:

Basic Salary	In the existing scale of ₹ 80,000 - ₹125,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. Umesh Chandra was appointed as the Director (Operations) of our Company with effect from November 1, 2008 until five years from the date of assumption of charge or until the date of his superannuation, i.e. July 31, 2014 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(4)2007-VSP) dated June 21, 2010 issued by the MoS which also stated the terms of his employment. The significant terms and conditions of employment of Mr. Umesh Chandra are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated June 5, 2003, November 26, 2008 and April 12, 2009.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. P. Madhusudan was appointed as the Director (Finance) of our Company with effect from November 2, 2009 until 5years from the date of assumption of charge or until the date of his superannuation, i.e. May 31, 2018 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(9)2008-VSP) dated September 3, 2009 issued by the MoS. The terms of employment of Mr. P. Madhusudan was set out in letter (no. 1(9)2008-VSP) dated June 21, 2010 issued by the MoS. The significant terms and conditions of employment of Mr. P. Madhusudan are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. T.K. Chand was appointed as the Director (Commercial) of our Company with effect from September 22, 2010 until five years from the date of assumption of charge or until the date of his superannuation, i.e. November 30, 2019 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(5)2009-VSP) dated September 20, 2010 issued by the MoS. The terms of employment of Mr. T.K. Chand as the Director (Commercial) of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of CPSE notified by the DPE vide their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. T.K. Chand are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. Y.R. Reddy was appointed as the Director (Personnel) of our Company with effect from December 22, 2010 until five years from the date of assumption of charge or until the date of his superannuation, i.e. April 30, 2014 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(10)2009-VSP) dated December 22, 2010 issued by the MoS. The terms of employment of Mr. Y.R. Reddy as the Director (Personnel) of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of CPSE notified by the DPE vide their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. Y.R. Reddy are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. N.S. Rao was appointed as the Director (Projects) of our Company with effect from April 19, 2012 until the date of his superannuation, i.e. October 31, 2013 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(9)/2011-VSP) dated April 19, 2012 issued by the MoS. The terms of employment of Mr. N.S. Rao as the Director (Projects) of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of CPSE notified by the DPE vide their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. N.S. Rao are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Details of Service Contracts

There are no service contracts entered into by our Company with any Director for the provision of benefits or payments of any amount upon termination of employment or retirement.

Shareholding of Directors in our Company

Other than Mr. A.P. Choudhary who holds 300 Equity Shares as nominee of the President of India and Mr. P. Madhusudan, Dr. Dalip Singh, Mr. Umesh Chandra and Mr. T. K. Chand who hold 100 Equity Shares each as nominees of the President of India, acting through the MoS, GoI, none of our other Directors have any shareholding in our Company. For further details, see section titled "***Capital Structure***" on page 61 of this Draft Red Herring Prospectus.

Borrowing Powers of our Board of Directors

As per the Articles of Association and subject to the approval of the President of India and the provisions of the Companies Act, the Board of Directors may by means of a resolution passed at a meeting of the Board from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company provided that no approval of the President of India would be necessary for borrowing from the banks for the purposes of meeting the working capital requirements on the hypothecation of our Company's current assets. The Board of Directors are also empowered to exercise the powers conferred under Navratna status. Our Board of Directors pursuant to resolutions dated January 11, 2012 and March 19, 2012 has approved the borrowing limits of ₹ 60,000 million and ₹ 70,000 million for capital expenditure and working capital, respectively.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Except for our executive Directors who are entitled to statutory benefits upon termination of their tenure in the board, or upon their resignation or retirement, along with certain post retirement benefits, no other Director is entitled to any benefit upon termination of their tenure in the board, or upon their resignation or retirement, as the case may be.

All the independent Directors are entitled to receive sitting fees for attending the Board/committee meetings within the limits laid down in the Companies Act and as decided by our Board.

Our Directors have no interest in any property acquired by our Company or its Subsidiaries within two years of the date of filing of this Draft Red Herring Prospectus or presently intended to be acquired by our Company or its Subsidiaries as disclosed in this Draft Red Herring Prospectus.

None of the Directors were interested in any transaction by our Company involving acquisition of land, construction of building or supply of any machinery.

Except as stated in this section, no amount or benefits were paid or were intended to be paid to our Directors during the last two years from the date of filing of this Draft Red Herring Prospectus.

Except as stated below, none of our Directors are directors on the board of our Subsidiaries:

S. No.	Name	Subsidiary
1.	Mr. A.P. Choudhary	1. EIL 2. OMDC 3. BSLC 4. URRKL
2.	Mr. Umesh Chandra	1. OMDC 2. URRKL
3.	Mr. P. Madhusudan	1. EIL 2. URRKL

S. No.	Name	Subsidiary
4.	Mr. T. K. Chand	1. BSLC

Changes in our Board of Directors during the last three years

The changes in our Board in the last three years are as follows:

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. Virendra Singh Jain, Independent Director	May 14, 2012	-	Appointed pursuant to letter no. 1(1)2009-VSP dated May 14, 2012
2.	Prof. Sushil, Independent Director	May 14, 2012	-	Appointed pursuant to letter no. 1(1)2009-VSP dated May 14, 2012
3.	Mr. Ashok Jain, Independent Director	May 14, 2012	-	Appointed pursuant to letter no. 1(1)2009-VSP dated May 14, 2012
4.	Mr. S. Machendra Nathan, Government Nominee Director	May 24, 2010	May 14, 2012	Withdrawl of appointment by the MoS
5.	Mr. N.S. Rao, Director (Projects)	April 19, 2012	-	Appointed pursuant to letter no. 1(9)/2011-VSP dated April 19, 2012
6.	Mr. A.P. Choudhary, Chairman cum Managing Director*	August 1, 2011	-	Change in Designation (appointed as the Chairman cum Managing Director)
		June 1, 2009	-	Appointed pursuant to letter no. 1(10)2010-VSP dated July 26, 2011
7.	Mr. P. K. Bishnoi, Chairman cum Managing Director**	April 1, 2004	July 31, 2011	Retirement
8.	Mr. Y.R. Reddy, Director (Personnel)	December 22, 2010	-	Appointed pursuant to letter no. 1(10)2009-VSP dated December 22, 2010
9.	Dr. Upendra Dutta Choubey, Independent Director	September 28, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
10.	Mr. Swashpawan Singh, Independent Director	October 1, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
11.	Mr. H. S. Chahar, Independent Director	September 28, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
12.	Mr. A.P. V.N. Sarma, Independent Director	September 30, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
13.	Mr. Y. Manohar, Director (Personnel)	March 20, 2007	September 30, 2010	Retirement
14.	Prof. Ramesh Chandra, Independent Director	August 03, 2009	September 28, 2010	Retirement
15.	Mr. T.K. Chand, Director (Commercial)	September 22, 2010	-	Appointed pursuant to letter no. 1(5)2009-VSP dated September 20, 2010
16.	Mr. B. S. Meena, Government Nominee Director	December 20, 2007	March 31, 2010	Resignation
17.	Dr. Jagatpal, Independent Director	March 12, 2007	March 2, 2010	Resignation
18.	Mr. Dalip Singh, Government Nominee Director	March 2, 2010	-	Appointed pursuant to letter no. 1(5)2007-VSP dated March 2, 2010
		November 7, 2008	November 12, 2009	Resignation
19.	Mr. C.G. Patil, Director (Commercial)	September 1, 2007	March 1, 2010	Retirement
20.	Mr. U.P. Singh, Government Nominee Director	November 12, 2009	January 20, 2010	Resignation
21.	Mr. P. Madhusudan, Director (Finance)	November 1, 2009	-	Appointed pursuant to letter no. 1(9)2008-VSP dated September 3, 2009
22.	Mr. K.S. Shankar, Director (Finance)	October 29, 2007	November 1, 2009	Retirement
23.	Mr. V.K. Bhalla, Independent Director	June 26, 2006	June 29, 2009	Retirement

** Mr. A.P. Choudhary was the Director (Projects) during the period from June1, 2009 until July 31, 2011. He assumed the charge of Chairman cum Managing Director on August 1, 2011.*

***Mr. P. K. Bishnoi was the Director (Finance) during the period from April 1, 2004 until April 30, 2007. He assumed the charge of Chairman cum Managing Director on May 1, 2007.*

Corporate Governance

The provisions of the Listing Agreements with respect to corporate governance and the ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock

Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to appointment of independent Directors to our Board and constitution of the audit committee, the shareholders'/investors' grievance committee and the remuneration committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement.

Our Board has 16 Directors and the Chairman of our Board is an executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, our Company has six executive Directors, one non-executive and non-independent Directors and seven non-executive and independent Directors.

In terms of the Clause 49 of the Listing Agreement, our Company has constituted the following committees:

1. Audit Committee;
2. Remuneration Committee; and
3. Shareholders'/Investors' Grievance Committee.

Audit Committee

The audit committee was first constituted by our Board of Directors at a meeting held on July 26, 2006 ("**Audit Committee**"). It was reconstituted on October 15, 2010 and further reconstituted on May 16, 2012. The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the listing agreements and other applicable law. Two-thirds of the members of the Audit Committee are independent directors. All the members are financially literate and at least one member has accounting or related financial management expertise.

The composition of the Audit Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. A. P. V. N. Sarma	Independent Director
2.	Dr. Upendra Dutta Choubey	Independent Director
3.	Mr. H. S. Chahar	Independent Director

Mr. A. P. V. N. Sarma is the chairman of the Audit Committee.

The powers of the Audit Committee include the following:

(i) To investigate any activity within its terms of reference;
(ii) To seek information from any employee;
(iii) To obtain outside legal or other professional advice; and
(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role and responsibilities of Audit Committee are:

(i) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
(ii) Recommending to the Board the fixation of audit fees;
(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
(iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

    (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
    (b) Changes, if any, in accounting policies and practices and reasons for the same;
    (c) Major accounting entries involving estimates based on the exercise of judgement by management;
    (d) Significant adjustments made in the financial statements arising out of audit findings;
    (e) Compliance with legal requirements relating to financial statements;
    (f) Disclosure of any related party transactions; and
    (g) Qualifications in the Draft Audit Report.

(i) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

(ii) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
(iii) Reviewing the adequacy of the internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
(iv) Discussion with internal auditors and/or auditors about any significant findings and follow up thereon;
(v) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
(vi) Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
(vii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
(viii) To review the functioning of the whistle blower mechanism, in case the same is existing in our Company;
(ix) To review the follow up action on the audit observations of the Comptroller and Auditor General, India;
(x) To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament;
(xi) Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
(xii) Review and pre-approve all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions;
(xiii) Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
(xiv) Consider and review the following with the independent auditor and the management:

(a) The adequacy of internal controls including computerized information system controls; and
(b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

(xv) Consider and review the following with the management, internal auditor and the independent auditor:

 (a) Significant findings during the year, including the status of previous audit recommendations; and
 (b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

(xvi) Provide recommendations on working capital arrangements and term loans; and
(xvii) Provide recommendations on investment of surplus funds.
(xviii) Carrying out any other functions as is mentioned in the terms of reference.

The Audit Committee is to mandatorily review the following information:

(i) Management discussion and analysis of financial condition and results of operations;
(ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
(iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
(iv) Internal audit reports relating to internal control weaknesses;
(v) The appointment and removal of the chief internal auditor shall be placed before the Audit Committee; and
(vi) Certification/declaration of financial statements by the Chairman and Managing Director or the Director (Finance)

The Audit Committee is required to meet at least four times in a year, including once before the finalisation of annual accounts and once every four months. The quorum for the meetings is two members or one-third of the total number of members, whichever is higher, provided that at least two independent members are present.

Remuneration Committee

The remuneration committee was constituted by our Board of Directors at a meeting held on October 15, 2010 ("**Remuneration Committee**"). The composition of the Remuneration Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. Swashpawan Singh	Independent Director
2.	Mr. A. P. V. N. Sarma	Independent Director
3.	Dr. Upendra Dutta Choubey	Independent Director

Mr. Swashpawan Singh is the chairman of the Remuneration Committee.

The Remuneration Committee decides the annual bonus/variable pay and pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits and oversee the implementation of new directives concerning implementation of latest pay and perks on a continuous basis.

Shareholders'/Investors' Grievance Committee

The shareholders'/investors' grievance committee was constituted by our Board at its meeting held on May 16, 2012 ("**Shareholders'/Investors' Grievance Committee**"). The scope and function of the Shareholders'/Investors' Grievance Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreements.

The composition of the Shareholders'/Investors' Grievance Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. Ashok Jain	Independent Director
2.	Mr. Madhusudan	Executive Non-Independent Director
3.	Mr. Y.R. Reddy	Executive Non-Independent Director

Mr. Ashok Jain is the Chairman of the Shareholders'/Investors' Grievance Committee.

The terms of reference of the Shareholders'/Investors' Grievance Committee is as follows:

(i) Redressal of shareholder's and investors' complaints;
(ii) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
(iii) Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc;
(iv) Non-receipt of declared dividends, balance sheets of our Company, etc; and
(v) Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

IPO Committee

The Board has constituted an IPO committee ("**IPO Committee**") by a Board resolution dated May 16, 2012 so as to expedite the decision making process in relation to the Offer. The composition of the Empowered Sub Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. Umesh Chandra	Executive Director
2.	Mr. P. Madhusudan	Executive Director
3.	Mr. Y.R. Reddy	Executive Director

Mr. P. Madhusudan is the Chairman of the IPO Committee.

The terms of reference of the IPO Committee is as follows:

(i) to note on the actual size of the IPO, including offer for sale by promoters/shareholders, and/or reservation on a competitive basis, and/or any discount to be offered to retail individual bidders or eligible employees participating in the IPO and all the terms and conditions of the IPO, including without limitation timing, opening and closing dates of the issue, price band and to accept any amendments, modifications, variations or alterations thereto, as determined by the Government of India;
(ii) to finalise and arrange for submission of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;
(iii) to issue advertisements in such newspapers as it may deem fit and proper conforming to the regulations and guidelines issued by SEBI;
(iv) to decide the total number of Equity Shares to be reserved for allocation to employees of our Company in the proposed issue and on permitting existing shareholders to sell any Equity Shares of our Company held by them;
(v) to open separate current accounts name or style, as may be necessary, with scheduled commercial banks to receive applications along with application monies in relation to the IPO;

(vi) to finalise, sign and execute the issue agreement, syndicate agreement, escrow agreement and the underwriting agreement and any other agreements or documents required in relation to the IPO;

(vii) the opening of a bank account of our Company for handling of refunds for the IPO;

(viii) to make any applications to the FIPB, RBI and such other authorities, as may be required, for the purpose of issue of shares by our Company to non-resident investors, including NRIs and FIIs;

(ix) to make applications for listing of the Equity Shares of our Company on one or more stock exchange(s), to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the concerned stock exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing;

(x) to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and issue of share certificates in accordance with the relevant rules;

(xi) to seek the admission of our Company's Equity Shares into the Central Depository Services (India) Limited and the National Securities Depository Limited and taking any further action as may be necessary or required for the dematerialization of our Company's Equity Shares;

(xii) to approve the code of conduct, suitable insider trading policy and corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable laws;

(xiii) to seek, if required, the consent of our Company's lenders, parties with whom our Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the IPO in accordance with the applicable regulations;

(xiv) to settle all questions, difficulties or doubts that may arise in relation to the IPO, as it may in its absolute discretion deem fit;

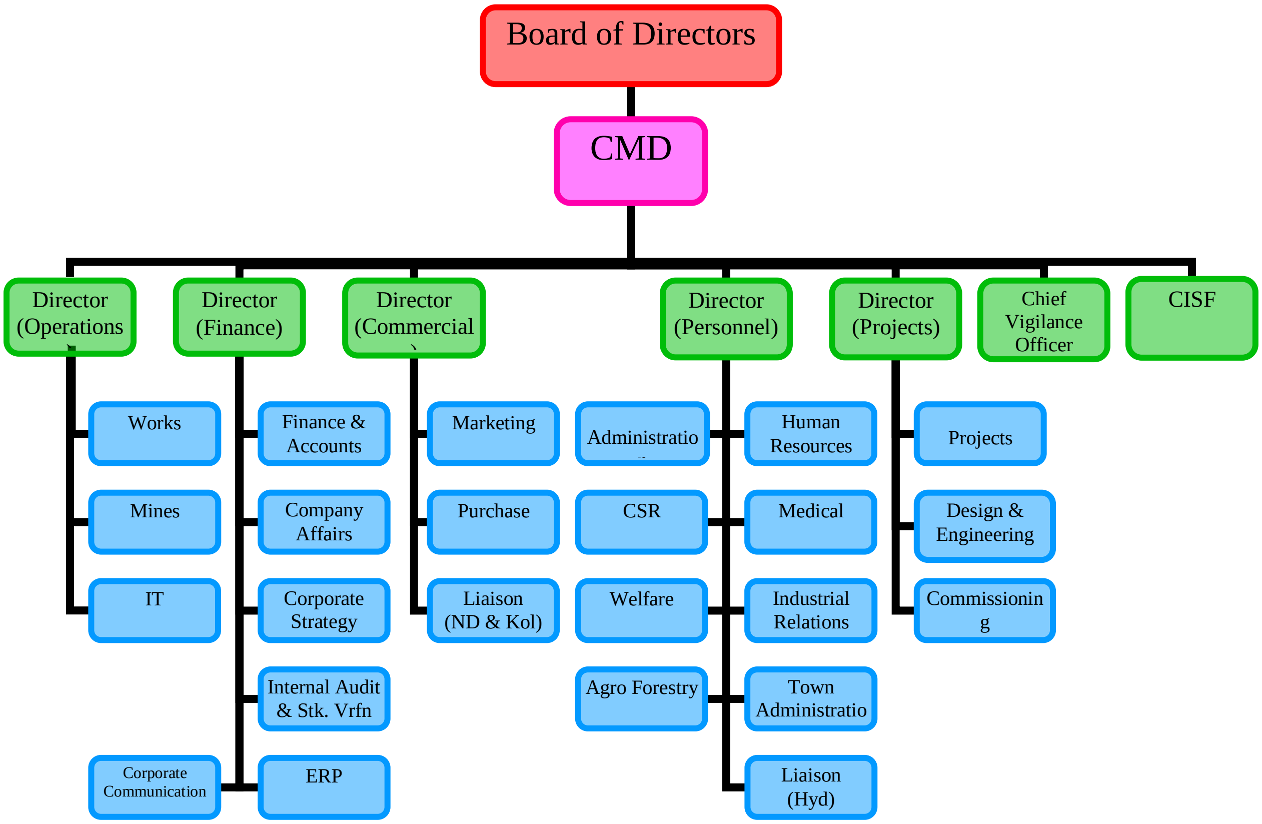
(xv) to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the IPO;

(xvi) to authorize and approve the incurring of expenditure and payment of fees in connection with the IPO;

(xvii) to submit undertaking/certificates or provide clarifications to the SEBI and the relevant stock exchanges where the Equity Shares of our Company are to be listed; and

(xviii) to authorize and empower officers of our Company, for and on behalf of our Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto in connection with the IPO, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreements, the registrar's agreement and memorandum of understanding, the depositories agreements, the issue agreement with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the stabilization agreement, the escrow agreement, confirmation of allocation notes with the book running lead managers, and all such acts or things that may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the IPO.

Management Organisation Structure



Key Management Personnel

The details of our Key Management Personnel, as of the date of this Draft Red Herring Prospectus, are set forth below.

Mr. M.S. Sudhakar, aged 57 years, is an Executive Director (Projects) of our Company. Mr. M.S. Sudhakar holds a bachelor's degree in mechanical engineering from Bengaluru University, Bengaluru. He has 35 years of experience in the steel industry**.** Prior to joining our Company, Mr. M.S. Sudhakar has worked in the research and development department of Motor Industries Company-BOSCH, Bengaluru in 1976 for one year. He was then selected as a graduate engineer trainee in SAIL's Bhilai Steel Plant in March 1977. He joined our Company on March 23, 1981 as an assistant designs engineer and in the course of his career has held key positions such as assistant general manager (public health and utilities) and deputy general manager (design and engineering) in-charge. He was elevated to the position of the Executive Director (Projects) of our Company on August 10, 2011 and is currently responsible for overlooking the functioning of design and engineering, project contracts, mines and township construction departments of our Company. Mr. M.S. Sudhakar was paid a remuneration of ₹ 2,350,288 in Fiscal 2012.

Mr. G.V.N. Reddy, aged 59 years, is an Executive Director (Materials Management) of our Company. Mr. G.V.N. Reddy holds a bachelor's degree in civil engineering from College of Engineering, Anantpur and a master's degree in civil engineering from Indian Institute of Science, Bengaluru. He has 35 years of experience in the steel industry**.** Mr. GVN. Reddy started his career by joining SAIL as a graduate engineer in April, 1977 and joined our Company on April 17, 1981 as assistant divisional engineer (civil) and in the course of his career has held key positions in the construction, vigilance and marketing department such as deputy general manager (marketing), regional manager (south), deputy general manager (marketing) in-charge, general manager (marketing). He was elevated to the position of Executive Director (Materials

Management) on August 10, 2011 and is responsible for overlooking the material management division which includes purchase, stores, transport, shipping and ancillary development. Mr. G.V.N. Reddy was paid a remuneration of ₹ 2,426,857 in Fiscal 2012.

Mr. Ravindra Ranjan, aged 58 years, is an Executive Director (Works) of our Company. Mr. Ravindra Ranjan holds a bachelor's degree in metallurgical engineering from Bihar Institute of Technology, Sindri. He has 32 years of experience in the steel industry**.** Mr. Ravindra Ranjan started his career in SAIL as a graduate engineer on May 2, 1979 and joined our Company on November 17, 1980 as a junior manager (metallurgy) and in the course of his career has held key positions such as assistant general manager (operations), assistant general manager (blast furnace), deputy general manager and general manager in-charge for quality assurance, research and development, raw materials planning and logistics. He was elevated to the position of Executive Director (Works) of our Company on August 10, 2011. Mr. Ravindra Ranjan is responsible for overlooking plant operations at VSP and is also designated as the factory occupier. Mr. Ravindra Ranjan was paid a remuneration of ₹ 2,514,664 in Fiscal 2012.

Mr. P.C. Mohapatra, aged 53 years, is an Executive Director (Maintenance) of our Company. Mr. P.C. Mohapatra holds a bachelor's degree in mechanical engineering from Regional Engineering College, Rourkela. He has more than 23 years of experience in the steel industry**.** Prior to joining our Company, Mr. P.C. Mohapatra was working with Bharat Heavy Electricals Limited from December, 1980 until December 1988, where he held the positions of engineer and senior engineer. Mr. P.C. Mohapatra joined our Company on December 19, 1988 and in the course of his career has held key positions such as assistant general manager (mechanical) thermal power plant, deputy general manager (wire rod mill), deputy general manager (mechanical) in-charge, general manager (mechanical) and general manager (maintenance). He was elevated to the position of Executive Director (Maintenance) of our Company on August 10, 2011. Mr. P.C. Mohapatra is currently responsible for overlooking mechanical, electrical, electronics, power, civil, structural and contracts division of VSP. Mr. P.C. Mohapatra was paid a remuneration of ₹ 2,384,928 in Fiscal 2012.

Dr. G.B.S. Prasad, aged 55 years, is an Executive Director (Personnel and Industrial Relations) of our Company. Dr. G.B.S. Prasad holds a bachelor's degree in arts and bachelor's degree in law, a master's degree in industrial relations and labor welfare from Andhra University, Visakhapatnam. He also has a master of philosophy degree from Madurai Kamraj University, Madurai and masters in business administration in human resource management from Dr. B. R. Ambedkar Open University, Hyderabad. He has 20 years of experience in matters relating to personnel and industrial relations in the steel industry. Prior to joining our Company, Dr. G.B.S. Prasad worked for 12 years in three different organizations (C.C.S. LTD, Hindustan Aeronautics Limited and National Thermal Power Corporation Limited) in the personnel and administration departments. Dr. G.B.S. Prasad joined our Company on September 3, 1991 and in the course of his career has held key positions such as assistant general manager (personnel), deputy general manager (personnel), general manager (personnel and industrial relations). He was elevated to the position of Executive Director (Personnel, Research and Systems) of our Company on March 20, 2007. Dr. G.B.S. Prasad is currently looking after plant personnel and industrial relations area. Dr. G.B.S. Prasad was paid a remuneration of ₹ 2,528,259 in Fiscal 2012.

Mr. B. Siddhartha Kumar, aged 52 years, is the Chief Vigilance Officer of our Company and joined our Company on deputation on January 2, 2012. Mr. B. Siddhartha Kumar holds a master's degree in science (agriculture) from Andhra Pradesh Agricultural University, Hyderabad. Mr. B. Siddhartha Kumar joined the Indian Forest Service in the year 1986. In the course of his career, Mr. B. Siddhartha Kumar has held various positions such as additional secretary to the GoI in the Energy Department, Women and Child Welfare Department, Government of Andhra Pradesh on State deputation. He has also worked as the managing director of the Power Finance Corporation Limited and as the divisional forest officer, conservator of forest and chief conservator of forest in Jammu and Srinagar Area. As the Chief Vigilance Officer of our Company, Mr. B. Siddhartha Kumar heads the Vigilance Department of our Company set up in accordance with the Central Vigilance Commission Act, 2003 and acts as a link between our Company and the Central Vigilance Commission. He assists our Company in developing and streamlining procedures to improve efficiency, transparency and ethics in working. He also carries out various activities that broadly include: (i) surveillance and detection of existence or likelihood of corruption in the organization (ii) pro-active / preventive vigilance and (iii) punitive vigilance to identify and eliminate corruption and system loopholes that can cause leakages. Mr. B. Siddhartha Kumar was paid a remuneration of ₹ 499,091 in Fiscal 2012.

Mr. P. Mohan Rao aged 57 years, is the Deputy General Manager (Company Affairs) and Company Secretary. Mr. P. Mohan Rao holds a bachelor's degree in law from Utkal University, Bhubaneswar. He is a Fellow Member from the Institute of Cost Accountants of India and a Fellow Member of Institute of Company Secretaries of India, New Delhi. Mr. P. Mohan Rao joined our Company in July 1984 and has over 28 years of experience of which he has worked for 20 years in the finance and accounts department in various functional areas like internal audit, cost accounting, operations finance, cash and loans, purchase bills areas covering indigenous and import suppliers, taxation issues of contracts relating to foreign suppliers, finance concurrence relating to project contracts, works and general finance and worked as the finance chief of the strategic business unit for coke and coal chemicals division for three years looking after sales, costing, budgeting, concurrence matters etc. Mr. P. Mohan Rao took over as our Company Secretary in April 2004 and for the last eight years is the head of the company affairs department and is responsible for, among other things, corporate governance compliances, functioning of the Board and its committees, statutory compliances, intellectual property rights matters, joint venture agreements, incorporation of subsidiary companies and joint venture companies, matters relating to acquisition of subsidiary companies and coordination with MoS for matters relating to the company affairs department. Mr. P. Mohan Rao became the Deputy General Manager (Company Affairs) on June 30, 2005 and was paid a remuneration of ₹ 2,175,435 in Fiscal 2012.

Mr. G.N. Murty, aged 58 years, is the General Manager in-charge of Finance and Accounts Department. He is a member of Institute of Chartered Accountants of India and passed the final examination of Institute of Company Secretaries of India. Mr. G.N. Murty holds a bachelor's degree in commerce form Andhra University, master of business administration degree from Andhra University and a post graduate diploma in computer applications from Pondicherry University. Mr. G.N. Murty joined our Company in January 1981 and has over 30 years of experience in the finance and accounts department functions of our Company, which includes treasury management, foreign exchange management, financial evaluation of the strategic initiatives taken by our Company in the areas of acquisition of mines, joint ventures, capital restructuring exercises of our Company, ensuring funds for expansions as well as working capital requirements, issue of commercial papers, obtaining ratings from the recognised agencies, establishment matters, etc. He is also in-charge of overlooking the process of initial public offering by our Company. Mr. G.N. Murty has experience in investments of provident fund and other trusts of our Company and is a member of the project implementation committee for implementation of ERP. He has been instrumental in developing various functional policies and accounting systems. Mr. G.N. Murty is the management representative for ISO procedures of the finance and accounts department. Mr. G.N. Murty became the General Manager in-charge of Finance and Accounts Department on May 1, 2012 and was paid a remuneration of ₹ 2,343,675 in Fiscal 2012.

Except Mr. B. Siddhartha Kumar, who is on deputation, all our Key Management Personnel are permanent employees of our Company.

Service Contracts

No service contracts have been entered into with any Key Management Personnel for provision of benefits or payments of any amount upon termination of employment.

Changes in our Key Management Personnel in the Past Three Years

Name	Designation	Date of Appointment as a Key Management Personnel	Date of cessation as a Key Management Personnel	Reason
Mr. Kesava Rao J.	Executive Director (Finance and Administration)	January 15, 2009	April 30, 2012	Superannuation
Mr. B. Siddhartha Kumar	Chief Vigilance Officer	January 2, 2012	-	Deputation
Mr. M.S. Sudhakar	Executive Director (Projects)	August 10, 2011	-	Promotion
Mr. G.V.N. Reddy	Executive Director (Material Management)	August 10, 2011	-	Promotion
Mr. Ravindra Ranjan	Executive Director (Works)	August 10, 2011	-	Promotion
Mr. N.S. Rao	Executive Director (Projects and Commissioning)	August 10, 2011	April 19, 2012	Elevation as Director (Projects)
Mr. P.C. Mohapatra	Executive Director (Maintenance)	August 10, 2011	-	Promotion
Mr. K. Vidyasagar	Chief Vigilance Officer	August 4, 2008	June 29, 2011	Transferred
Mr. S.K. Poulose	Executive Director (Projects)	January 15, 2009	April 30, 2011	Superannuation

Name	Designation	Date of Appointment as a Key Management Personnel	Date of cessation as a Key Management Personnel	Reason
Mr. G. Brahmaiah	Executive Director (Material Management)	January 15, 2009	April 30, 2011	Superannuation
Mr. T. Prabhakara Rao	Executive Director (Works)	January 15, 2009	July 31, 2010	Superannuation
Mr. G.N. Murty	General Manager (Finance and Accounts)	March 31, 2010	-	Promotion
Mr. S.D.S. Sambyal	Executive Director (Projects)	August 11, 2008	April 30, 2009	Superannuation
Mr. D.M.M. Rao	Executive Director (Material Management)	December 16, 2006	April 30, 2009	Superannuation

Turnover of our Key Management Personnel

The changes in our Key Management Personnel in the last three years have been on account of promotions, superannuation or deputation, and not on account of appointments or resignations. Accordingly, the turnover of our Key Management Personnel for the last three years has been nil.

Shareholding and Interest of the Key Management Personnel

None of the Key Management Personnel hold any Equity Shares in our Company as of the date of filing this Draft Red Herring Prospectus.

Bonus or profit sharing plan for our Directors and Key Management Personnel

There is no bonus or profit sharing plan for our Key Management Personnel and our Directors except the performance related pay scheme, as laid down in the DPE Guidelines OM No. 2(70)/08-DPE (WC) –GLXVI/08 dated November 26, 2008. The above mentioned guidelines seek to link the performance related pay to the profits of our Company. The performance related pay is based on the performance of both the employees and our Company and is determined out of the profits of our Company.

Interest of our Key Management Personnel

Except as disclosed in this section, none of our Key Management Personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as disclosed in this Draft Red Herring Prospectus and any statutory payments made by our Company, our Company has not paid any amounts to any of its officers in connection with superannuation payments, awards or any non-salary amounts or benefits in the past two years.

None of our Key Management Personnel are directors in our Subsidiaries.

Payment of benefit to officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our Company since the incorporation of our Company or is intended to be paid, other than in the ordinary course of their employment.

Employee Stock Option Plan

We do not have any employee stock option schemes as on the date of filing this Draft Red Herring Prospectus.

Arrangements and understanding with major shareholders, customers, suppliers or others

As per Article 75 of the Articles of Association, our Directors are appointed by the President of India. Pursuant to the DPE Guidelines, one-sixth of the total strength of the directors of any Government company, subject to a maximum limit of two directors will be Government nominees. In this regard, Dr. Dalip Singh has been appointed as the Government nominee Director on our Board. Except as stated above, none of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Loans taken by Directors and Key Management Personnel

Other than as mentioned below, there are no outstanding loans taken by our Directors and Key Management Personnel from our Company:

S. No.	Name	Amount (in ₹)
1.	Mr. A.P. Choudhary	84,398.00
2.	Mr. Umesh Chandra	4,000.00
3.	Mr. N.S. Rao	2,500.00
4.	Mr. M.S. Sudhakar	71,993.00
5.	Mr. G.V.N. Reddy	6,226.00
6.	Mr. G.B.S. Prasad	4,000.00
7.	Mr. P. Mohan Rao	109,737.00

Relationships among Key Management Personnel

None of our Key Management Personnel are related to each other.

Termination/Retirement benefits paid to Key Management Personnel

Except statutory benefits and contractual payments upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post retirement benefits like medical insurance and extended medical facilities at our Company's health centres, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

OUR PROMOTER AND GROUP COMPANIES

Our Promoter is the President of India acting through the MoS. Our Promoter currently holds, directly and indirectly, 100% of the pre-Offer paid-up equity share capital of our Company. Assuming the sale of all Equity Shares offered pursuant to this Offer, our Promoter shall hold 90% of the post-Offer paid-up equity share capital of our Company. As our Promoter is the President of India acting through the MoS, disclosures on our group companies as defined under Schedule VIII of the ICDR Regulations has not been provided.

RELATED PARTY TRANSACTIONS

For details of Related Party Transactions, see the section titled "***Financial Statements***" on page 159 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company. As per the Office Memorandum (F.No. 7(5)/E-Coord/2004) dated September 24, 2004 issued by the Department of Expenditure, Ministry of Finance, GoI, all profit making CPSE are required to declare a minimum dividend on equity of 20% or a minimum dividend payout of 20% of post tax profits, whichever is higher.

The dividend and dividend tax paid by our Company during the last three Fiscals is presented below.

	Fiscal 2011	Fiscal 2010	Fiscal 2009
Equity Shares			
Face value of Equity Shares (in ₹ per Equity Share)	1,000	1,000	1,000
Dividend (in ₹ Million) (A)	658.50	796.68	1,335.56
Dividend per Equity Share (₹)	13.47	16.29	27.31
Dividend Rate (%)	1.35	1.63	2.73
Dividend Tax (in ₹ Million) (B)	106.82	132.32	226.98
Redeemable Preference Shares			
Face Value of Redeemable Preference Shares (in ₹ per Redeemable Preference Share)	1,000	1,000	1,000
Dividend (in ₹ Million) (C)	2,056.23	2,056.23	2,056.23
Dividend per Redeemable Preference Shares (₹)	70.00	70.00	70.00
Dividend Rate (%)	7.00	7.00	7.00
Dividend Tax (in ₹ Million) (D)	333.57	341.51	349.46
Total Dividend (in ₹ Million) (A + C)	2,714.73	2,852.91	3,391.79
Total Dividend Tax (in ₹ Million) (B + D)	440.40	473.83	576.44

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT

To
The Board of Directors
Rashtiya Ispat Nigam Limited,
Administrative Building,
Visakapatnam- 530031

Dear Sirs,

1. We have examined the attached Stand alone Restated Financial Information **(the "Financial Information")** of **Rashtriya Ispat Nigam Limited** (**RINL**), as approved by the Board of Directors of RINL prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (**the "Act")** and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date **(the "SEBI Regulations")** and terms of our engagement agreed with you in accordance with our letter dated 31/01/2012 in connection with the proposed Equity offering by the selling Shareholder, the Government of India, in Rashtriya Ispat Nigam Limited.

2. These information have been extracted by the Management from the financial statements for the nine months period ended 31st December 2011 and years ended 31st March 2011, 2010, 2009, 2008 and 2007. Audit for the years ended 31st March 2009, 2008 and 2007 were conducted by M/s B.V. Rao & Kumar, Chartered Accountants ("the previous auditors"). The financial information included for these financial years i.e ended 31st March 2009, 2008 and 2007 are based on the Reports submitted by the previous auditors and have been relied upon by us while expressing our opinion and reporting on various Restated Financial Information and Annexures there of expressly stated in the following paragraphs.

3. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you; we further report that:

   a) The Standalone Restated Summary Statement of Assets and Liabilities of RINL as at 31st December 2011, 31st March 2011, 2010,2009,2008 and 2007 as set out in Annexure-I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for the Financial Information (Annexure VI), Notes on Adjustments not made for the Financial Information (Annexure VII) and Other Notes on the Financial Information (Annexure VIII).

   b) The Standalone Restated Summary Statement of Profit and Loss of RINL for the nine months period ended 31st December, 2011 and the years ended 31st March, 2011, 2010, 2009, 2008 & 2007 as set out in Annexure-II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for the Financial Information (Annexure VI), Notes on Adjustments not made for the Financial Information (Annexure VII) and Other Notes on the Financial Information (Annexure VIII).

   c) The Standalone Restated Summary Statement of Cash Flow of RINL for the nine months period ended 31st December, 2011 and years ended 31st March , 2011, 2010,2009,2008 & 2007 as set out in Annexure-III to this report are after making adjustments and regrouping as in our opinion were appropriate.

   d) Based on above and also as per the reliance placed on the reports submitted by the previous auditors, we confirm that the Standalone Restated Financial Information has been made after incorporating:

      i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

ii. Adjustments for the material amounts in respective financial years to which they relate.

e) There are no extra-ordinary items.

f) There are no qualifications in the Auditors' reports which require adjustments.

4. We have also examined the following other Restated Financial Statements relating to RINL prepared by the management and approved by the Board of Directors for the nine months period ended 31st December 2011 and years ended 31st March , 2011, 2010, 2009, 2008 and 2007. In respect of the years ended 31st March 2009, 2008 and 2007, these information's have been included based upon the Reports submitted by previous auditors and relied upon by us.

   i. Statement of Fixed Assets and Capital Work in Progress (Annexure IV-A).
   ii. Statement of Investments (Annexure IV-B).
   iii. Statement of Sundry Debtors (Annexure IV-C).
   iv. Statement of Cash and Bank Balances (Annexure IV-D).
   v. Statement of Inventories (Annexure IV-E).
   vi. Statement of Loans and Advances (Annexure IV-F).
   vii. Statement of Secured and Unsecured Loans (Annexure IV-G).
   viii. Statement of Current Liabilities and Provisions (Annexure IV-H).
   ix. Statement of Share Capital (Annexure IV-I).
   x. Statement of Reserves and Surplus (Annexure IV-J).
   xi. Statement of Other Income (Annexure IV-K).
   xii. Statement of Employee Benefits (Annexure IX).
   xiii. Statement of Related Party Transactions (Annexure X).
   xiv. Statement of Dividend Paid/Proposed (Annexure XI).
   xv. Statement of Capitalization (Annexure XII).
   xvi. Statement of Accounting Ratios (Annexure XIII).
   xvii. Statement of Tax Shelter (Annexure XIV).
   xviii. Statement of Financial Indebtedness (Annexure XV).
   xix. Statement of Prior Period Adjustments (Annexure XVI).
   xx. Statement of Contingent Liabilities and Capital Commitments (Annexure XVII).

   In our opinion the financial information contained in Annexure IV-A to IV-K and Annexure IX to XVII of this report read along with the Significant Accounting Policies (Annexure V), Notes on Adjustments made for the Financial Information (Annexure VI), Notes on Adjustments not made for the Financial Information (Annexure VII) and Other Notes on the Financial Information (Annexure VIII) have been prepared after making adjustments and regrouping as considered appropriate in accordance with paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

5. This report should not, in any way, be constructed as a re-issuance or re-dating of any of the previous Audit Reports nor should be constructed as a new opinion on any of the financial statements referred to herein.

6. Our report is intended solely for use of the management and for inclusion in the offer document in connection to the proposed offering of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For B.V.RAO & CO.
Chartered Accountants
F.R.No.003118S

(CA. B.V.Rao)
Partner
Membership No.19138

Place: Visakhapatnam
Date: 17-05-2012

ANNEXURE I

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY OF ASSETS AND LIABILITIES - RESTATED

(₹ in Million)

		PARTICULARS		As at	As at March 31st				
				31-12-2011	2011	2010	2009	2008	2007
A	**Fixed assets**								
	(a)	Gross block		99083.7	97829.3	94629.1	89956.0	88910.1	88660.4
	(b)	Less : Depreciation		84934.3	82545.6	80013.0	77401.5	75068.0	72487.1
	(c)	Net block		14149.4	15283.7	14616.1	12554.5	13842.1	16173.3
	(d)	Held for disposal		0.3	0.3	0.5	0.5	0.4	0.0
	(e)	Net block		14149.7	15284.0	14616.6	12555.0	13842.5	16173.3
	(f)	Capital work in progress		106651.3	95481.1	75255.9	46340.8	20910.3	5990.8
	(g)	Total fixed assets		120801.0	110765.1	89872.5	58895.8	34752.8	22164.1
B	**Investments**			3625.8	3616.0	2.5	0.5	0.5	0.5
C	**Current assets, loans and advances**								
	(a)	Inventories		40630.4	32547.1	24641.7	32342.1	17797.2	12312.3
	(b)	Sundry debtors		3768.1	3305.4	1809.1	1886.9	912.4	2133.6
	(c)	Cash and bank balances		19392.9	19988.9	54155.4	66241.7	76991.1	71946.8
	(d)	Other current assets		2365.5	759.6	1374.0	2589.1	2924.3	3082.4
	(e)	Loans and advances		26473.3	19275.3	13422.0	15553.7	19573.5	15177.7
	(f)	Total current assets, loans and advances		92630.2	75876.3	95402.2	118613.5	118198.5	104652.8
D	**Total assets**		**[A + B + C]**	217057.0	190257.4	185277.2	177509.8	152951.8	126817.4
E	**Liabilities and provisions**								
	(a)	Secured Loans		8007.4	2748.9	3873.2	9077.2	3327.8	6044.5
	(b)	Unsecured Loans		20671.9	8618.7	8452.3	1000.4	1079.5	3125.1
	(c)	Current liabilities		40549.1	32713.3	28252.1	26083.6	16389.5	10140.9
	(d)	Provisions		10074.2	13104.3	14228.4	16227.3	15824.8	11041.4
	(e)	Total current liabilities and provisions		79302.6	57185.2	54806.0	52388.5	36621.6	30351.9
	(f)	Deferred tax liabilities		438.0	811.2	995.2	1227.6	1624.9	2249.4
	(g)	Total liabilities		79740.6	57996.4	55801.2	53616.1	38246.5	32601.3
	Net worth		**[D - E]**	**137316.4**	**132261.0**	**129476.0**	**123893.7**	**114705.3**	**94216.1**
F	**Represented by :**								
	(a)	Share capital		78273.2	78273.2	78273.2	78273.2	78273.2	78273.2
	(b)	Reserves and surplus		59043.2	53987.8	51202.8	45620.5	36432.1	15942.9
	Net worth		**F [(a) + (b)]**	**137316.4**	**132261.0**	**129476.0**	**123893.7**	**114705.3**	**94216.1**

ANNEXURE II

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

PARTICULARS			For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
A	**Income**							
	(a)	Net sales	90347.4	104711.8	98091.5	91283.8	90883.7	79326.6
	(b)	Internal Consumption	611.9	877.0	1210.7	1141.0	884.6	284.0
	(c)	Interst earned	1741.2	3475.4	5347.1	7872.1	7246.4	5572.1
	(d)	Other revenue	561.2	903.2	1017.5	750.2	912.7	753.6
	(f)	Total	**93261.7**	**109967.4**	**105666.8**	**101047.1**	**99927.4**	**85936.3**
B	**Expenditure**							
	(a)	Raw-material consumed	62223.1	71883.6	55351.1	58962.5	42802.2	38890.4
	(b)	Depletion/(Accretion) to stocks	(5353.9)	(5323.2)	4153.5	(9166.5)	(3431.7)	237.6
	(c)	Employees' remuneration & benefits	10641.3	12729.5	13997.4	11566.8	10307.2	7409.4
	(d)	Stores & Spares consumed	3594.0	4712.2	4664.8	5012.3	3640.6	3572.7
	(e)	Power & fuel	3348.7	4250.3	4082.7	3403.1	2588.1	2429.5
	(f)	Repairs & maintance	1212.8	1451.8	1421.3	1498.1	1257.9	1097.0
	(g)	Freight outward	2488.9	3007.2	3126.5	2865.3	3069.6	3152.6
	(h)	Other Expenses & provisions	4557.5	3975.1	3350.8	3780.1	5104.1	3239.5
		Total expenditure	**82712.4**	**96686.5**	**90148.1**	**77921.7**	**65338.0**	**60028.7**
	(i)	Less: Inter account adjustments raw-material mining cost	321.0	491.0	432.6	380.6	391.5	284.9
	(j)	Total operating expenses	82391.4	96195.5	89715.5	77541.1	64946.5	59743.8
C	**Profit before depreciation, interest and taxation**		**10870.3**	**13771.9**	**15951.3**	**23506.0**	**34980.9**	**26192.5**
D	Less : Depreciation		2376.6	2659.4	2771.7	2404.6	4715.5	3516.0
	Less : Interest and finance charges		1295.0	1645.5	775.5	881.4	315.7	484.2
E	Add/(Less) : Prior period items (Net Credit)		(74.6)	(349.6)	(72.4)	(45.9)	(3.9)	(31.1)
F	**Profit before tax and Extra Ordinary Items**		**7273.3**	**9816.6**	**12476.5**	**20265.9**	**29953.6**	**22223.4**
G	**Extraordinary items**		-	-	-	-	-	-
H	**Provisions for taxation**							
	(a)	Income tax for current year	2783.6	3691.0	4630.8	7463.8	11881.3	7937.5
	(b)	Income tax for earlier years	(106.6)	(280.8)	146.2	(213.9)	(117.7)	863.8
	(d)	Fringe benefits tax for current year	-	-	(0.5)	46.6	44.3	42.1
	(e)	Fringe benefits tax for earlier years	-	-	-	-	-	-
	(f)	Total	2677.0	3410.2	4776.5	7296.5	11807.9	8843.4
	(g)	Deferred tax adjustment for the period	(361.6)	(178.5)	(266.7)	(386.3)	(1281.7)	(254.3)
	(h)	Total provisions for taxation	2315.4	3231.7	4509.8	6910.2	10526.2	8589.1
I	**Net profit after tax as per audited accounts**		**4957.9**	**6584.9**	**7966.7**	**13355.7**	**19427.4**	**13634.3**
J	**Adjustments on account of -**							
	(a)	Changes in accounting policies	-	-	-	-	(1717.4)	(84.7)
	(b)	Other adjustments & Prior period items	(275.8)	448.7	22.8	53.5	(86.7)	(12.0)
	(c)	Arrear Salary & Wages	-	339.6	(835.7)	145.8	189.6	98.5
	(d)	Current Tax impact of Adjstments	192.4	(125.8)	(152.5)	11.9	(103.6)	(931.1)
	(e)	Deffered tax impact adjustments	(11.6)	(5.5)	34.3	(11.0)	657.2	(146.7)
	Total of Adjustments after Tax impact		**(95.0)**	**657.0**	**(931.1)**	**200.2**	**(1060.9)**	**(1076.0)**
K	**Profit after tax (as restated)**		**5052.9**	**5927.9**	**8897.8**	**13155.5**	**20488.3**	**14710.3**

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RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

K	**Profit after tax (as restated)**	**5052.9**	**5927.9**	**8897.8**	**13155.5**	**20488.3**	**14710.3**
	Profit / (Loss) brought forward from previous year	24576.9	21804.3	16232.9	36420.4	15932.2	1221.9
L	**Profit / (Loss) available for appropriation**	29629.8	27732.2	25130.7	49575.9	36420.5	15932.2
M	**Appropriations**						
	Reserve for Redemption of Preference shares	-	-	-	29374.7	-	-
	Proposed Dividend on Equity & Preference Shares						
	Interim & Final	-	2714.7	2852.9	3391.8	-	-
	Tax on Dividend	-	440.4	473.8	576.4	-	-
	Total Appropriations	-	3155.1	3326.7	33342.9	-	-
	BALANCE CARRIED TO BALANCE SHEET	**29629.8**	**24577.1**	**21804.0**	**16233.0**	**36420.5**	**15932.2**

ANNEXURE III

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY CASH FLOW STATEMENT - RESTATED

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
(A) Cash flow from Operating activities						
Net Profit / (Loss) before taxation	7549.0	9028.2	13289.5	20066.5	31568.0	22221.5
Add / (Less) Adjustments for:						
Depreciation	2378.5	2657.1	2795.1	2405.8	3001.1	3679.9
Interest and Finance Charges	1295.0	1645.5	775.5	874.7	315.7	484.2
Provisions	845.7	625.7	(1071.4)	(3713.7)	1131.9	631.3
Unrealised Foreign Exchange (Gain) /Loss	(58.6)	(53.0)	(112.1)	478.5	-	-
(Profit)/Loss on sale of fixed assets	(15.0)	(32.6)	(10.2)	(4.7)	(0.4)	(208.1)
Finished goods consumed for capital jobs	(41.5)	(66.5)	(949.0)	(808.7)	-	-
Interest Income	(1741.2)	(3475.4)	(5347.1)	(7872.1)	(7246.4)	(5572.1)
Operating Profit Before working capital changes	**10211.9**	**10329.0**	**9370.3**	**11426.3**	**28769.9**	**21236.7**
Adjustments for						
(Increase) / Decrease in Inventories	(8083.3)	(7905.5)	7700.5	(14545.0)	(5484.9)	(2.2)
(Increase) / Decrease in Sundry debtors	(462.7)	(1496.3)	77.8	(974.5)	1221.2	(473.8)
(Increase) / Decrease in Other Current assets	-	-	-	-	(212.5)	(44.1)
Increase/Decrease in Loans & Advances	(7198.0)	(5853.4)	2131.7	4019.9	(2120.3)	(379.6)
Increase in Liabilities	7927.8	5521.0	1876.9	4010.0	6383.8	2161.1
Cash generated from Operations	**2395.7**	**594.8**	**21157.2**	**3936.7**	**28557.2**	**22498.1**
Less: Income Tax paid	(3590.1)	(4862.6)	(4910.0)	(7160.4)	(10179.6)	(9553.4)
Net cash from / (used in) Operating activities	**(1194.4)**	**(4267.8)**	**16247.2**	**(3223.7)**	**18377.6**	**12944.7**
(B) Cash flow from Investing activities						
Purchase of Fixed Assets	(12511.3)	(24480.1)	(32784.0)	(20504.9)	(15594.0)	(4853.0)
Investments	(9.8)	(3613.5)	(2.0)	-	-	(0.5)
Proceeds from sale of Fixed Assets	131.1	35.5	352.8	22.9	5.4	4.4
Interest received	135.3	4089.8	6562.2	8207.3	7467.5	4271.4
Net cash from / (used in) Investing activities	**(12254.7)**	**(23968.3)**	**(25871.0)**	**(12274.7)**	**(8121.1)**	**(577.7)**
(C) Cash flow from Financing activities						
Proceeds from/(Repayment of) Secured Loans	5258.5	(1124.3)	(5004.4)	5749.4	(2716.7)	4305.8
Proceeds from/(Repayment of) unsecured Loans	12053.2	166.4	7252.3	(79.1)	(2045.6)	(569.3)
Proceeds from Prime Minister's Trophy Fund	-	10.0	-	-	1.0	10.7
Interest and Finance charges	(1303.5)	(1655.8)	(742.2)	(921.3)	(450.9)	(384.4)
Dividend Paid	(2714.7)	(2852.9)	(3391.8)	-	-	-
Dividend Tax Paid	(440.4)	(473.8)	(576.4)	-	-	-
Net cash from / (used in) Financing activities	**12853.1**	**(5930.4)**	**(2462.5)**	**4749.0**	**(5212.2)**	**3362.8**
Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(596.0)**	**(34166.5)**	**(12086.3)**	**(10749.4)**	**5044.3**	**15729.8**
Opening Balance of Cash & Cash equivalents	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**	**56217.0**
Closing Balance of Cash & Cash equivalents	**19392.9**	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**
(Represented by Cash & Bank Balances - Schedule IV D)						

ANNEXURE IV A

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS

(₹ in Million)

DESCRIPTION		For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
A	**LAND**						
	(a) Freehold (Including cost of development)						
	Gross Block	511.6	511.6	514.8	856.7	517.4	517.4
	Less : Accumulated Depreciation	-	-	-	-	-	-
	Net Block	511.6	511.6	514.8	856.7	517.4	517.4
	(b) Leasehold						
	Gross Block	16.5	16.5	16.5	16.5	17.2	17.2
	Less : Accumulated Depreciation	6.6	6.4	6.1	5.8	5.5	5.2
	Net Block	9.9	10.1	10.4	10.7	11.7	12.0
B	Railway Lines & sidings						
	Gross Block	484.1	478.8	480.3	480.3	480.3	479.8
	Less : Accumulated Depreciation	475.8	468.2	465.4	445.0	421.1	398.1
	Net Block	8.3	10.6	14.9	35.3	59.2	81.7
C	Roads, Bridges & Culverts						
	Gross Block	1501.9	1494.5	1332.3	1297.7	1176.7	1001.9
	Less : Accumulated Depreciation	295.3	275.9	251.7	229.2	207.8	189.6
	Net Block	1206.6	1218.6	1080.6	1068.5	968.9	812.3
D	Buildings						
	Gross Block	10396.7	10237.5	9401.9	9327.1	9312.2	9243.0
	Less : Accumulated Depreciation	5627.0	5403.5	5120.2	4844.2	4569.4	4325.2
	Net Block	4769.7	4834.0	4281.7	4482.9	4742.8	4917.8
E	Plant & Machinery						
	Gross Block	77116.8	75865.9	74213.2	70140.7	69858.9	70088.4
	Less : Accumulated Depreciation	71385.2	69371.2	67366.1	65463.7	63853.3	61946.7
	Net Block	5731.6	6494.7	6847.1	4677.0	6005.6	8141.7
F	Furniture & Fittings						
	Gross Block	203.3	196.7	192.3	184.7	167.6	134.7
	Less : Accumulated Depreciation	142.1	137.5	129.9	123.4	113.8	101.7
	Net Block	61.2	59.2	62.4	61.3	53.8	33.0
G	Locomotives						
	Gross Block	1308.6	1308.6	984.4	665.7	649.0	642.6
	Less : Accumulated Depreciation	675.6	640.3	599.4	568.7	538.2	507.5
	Net Block	633.0	668.3	385.0	97.0	110.8	135.1
H	Vehicles						
	Gross Block	133.0	132.4	129.6	127.6	114.4	91.6
	Less : Accumulated Depreciation	101.1	95.4	87.9	79.6	76.5	72.5
	Net Block	31.9	37.0	41.7	48.0	37.9	19.1
I	Electrical Installations						
	Gross Block	3475.0	3473.8	3261.5	3041.3	2943.1	2836.8
	Less : Accumulated Depreciation	2815.7	2747.7	2650.6	2498.2	2348.5	2211.6
	Net Block	659.3	726.1	610.9	543.1	594.6	625.2
J	Water Supply & Sewerage systems						
	Gross Block	2516.8	2734.9	2773.8	2617.1	2615.2	2615.1
	Less : Accumulated Depreciation	2373.9	2414.9	2422.2	2299.2	2166.1	2039.9
	Net Block	142.9	320.0	351.6	317.9	449.1	575.2
K	Miscellaneous Assets						
	Gross Block	1285.0	1251.4	1270.2	1142.3	999.8	933.6
	Less : Accumulated Depreciation	935.5	888.0	884.6	818.5	744.7	668.7
	Net Block	349.5	363.4	385.6	323.8	255.1	264.9
L	Software (Intangible Assets)						
	Gross Block	76.1	68.4	-	-	-	-
	Less : Accumulated Depreciation	66.5	64.8	-	-	-	-
	Net Block	9.6	3.6	-	-	-	-
M	Mining lease rights (Intangible Asset)						
	Gross Block	58.3	58.3	58.3	58.3	58.3	58.3
	Less : Accumulated Depreciation	34.0	31.8	28.9	26.0	23.1	20.4
	Net Block	24.3	26.5	29.4	32.3	35.2	37.9
	TOTAL NET BLOCK	**14149.4**	**15283.7**	**14616.1**	**12554.5**	**13842.1**	**16173.3**
	CAPITAL WORK-IN-PROGESS						
	C.W.I.P	106876.4	95706.7	75496.0	46519.8	21180.4	6013.0
	Less: Provisions	225.1	225.6	240.1	179.0	270.1	22.2
	C.W.I.P (Net)	**106651.3**	**95481.1**	**75255.9**	**46340.8**	**20910.3**	**5990.8**
	Assets Held for disposal	0.3	0.3	0.5	0.5	0.4	-
	TOTAL FIXED ASSETS	**120801.0**	**110765.1**	**89872.5**	**58895.8**	**34752.8**	**22164.1**

ANNEXURE IV B

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF INVESTMENTS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
TRADE						
Subsidiary						
EASTERN INVESTMENTS LIMITED	3610.2	3610.2	-	-	-	-
BIRSA STONE LIME COMPANY LTD*	-	-	-	-	-	-
Joint Venture						
Rinmoil Ferro Alloys Private Limited	1.0	1.0	1.0	-	-	-
International Coal Ventures Pvt Limited	14.0	4.3	1.0	-	-	-
NON TRADE						
Free Press House Limited #	-	-	-	-	-	-
Steelscape Consultancy Pvt Limited	0.5	0.5	0.5	0.5	0.5	0.5
TOTAL	**3625.7**	**3616.0**	**2.5**	**0.5**	**0.5**	**0.5**
QUOTED	**3610.2**	**3610.2**	**-**	**-**	**-**	**-**
UN QUOTED	**15.5**	**5.8**	**2.5**	**0.5**	**0.5**	**0.5**

Note: * Investment amounted to Rs 1000/- hence rounded off to zero

Investment amounted to Rs 2380/- hence rounded off to zero and include one fully paid up equity share of in Anakapalli Rural Electric Co-operative society Ltd

ANNEXURE IV C

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF SUNDRY DEBTORS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Debts over six months	216.8	209.6	208.1	210.6	223.7	190.5
Other debts	3757.9	3303.1	1809.1	1912.7	908.4	2166.1
Sub Total	3974.7	3512.7	2017.2	2123.3	1132.1	2356.6
Less : Provision for doubtful debts	206.6	207.3	208.1	236.4	219.7	223.0
Total--Unsecured & Considered good	**3768.1**	**3305.4**	**1809.1**	**1886.9**	**912.4**	**2133.6**

ANNEXURE IV D

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF CASH AND BANK BALANCES

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Cash on hand	1.0	0.4	0.9	0.5	1.0	0.7
Cheques on hand	317.1	351.6	510.3	367.7	19.9	787.2
Remittances in-transit	-	-	-	-	6.4	7.9
Current Accounts with Scheduled Banks	420.1	82.2	212.8	41.3	106.5	88.2
Term deposits with Scheduled Banks	18654.7	19554.7	53431.4	65832.2	76857.3	71062.8
TOTAL	**19392.9**	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**

ANNEXURE IV E

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF INVENTORIES

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Semi Finished/ Finished goods	23484	18130	12806.8	17023.8	7917.2	4640.6
Raw materials	13496.9	11436.5	8710.9	12003.1	6920.9	4590.2
Stores & Spares	3649.5	2980.6	3124	3315.2	2959.1	3081.5
TOTAL	**40630.4**	**32547.1**	**24641.7**	**32342.1**	**17797.2**	**12312.3**

ANNEXURE IV- F

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF LOANS AND ADVANCES

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
Loans						
Employees	599.3	504.2	428.2	428.0	322.6	110.1
Others	2336.1	2336.1	2336.8	2437.4	2460.9	2455.1
Material issued on loan	-	-	-	-	11.0	11.0
Advances & other recoverables						
(Recoverable in cash or in kind for value to be received)						
Government departments	141.5	81.0	174.4	154.8	100.2	80.9
Less:Provision for doubtful advances	6.2	6.2	6.2	6.2	6.2	6.2
Advance Income Tax	3150.0	3800.0	4327.3	7386.4	11537.4	9261.9
Contractors	342.2	175.2	35.6	33.1	81.6	50.2
Less:Provision for doubtful advances	48.2	48.2	27.6	27.6	20.2	12.7
Suppliers	1045.1	473.5	468.4	483.5	602.6	426.9
Less:Provision for doubtful advances	64.4	63.4	63.0	65.0	76.3	84.3
Employees	91.1	155.1	69.4	255.5	283.6	56.2
Less:Provision for doubtful advances	1.6	1.6	1.6	1.6	1.6	1.6
Joint Ventures	-	-	-	-	2.5	-
Others *	17596.9	10347.0	4097.8	2994.2	2839.2	1928.4
Less:Provision for doubtful advances/ recoverables	277.7	277.7	297.3	278.8	282.7	125.9
Prepaid expenses	143.5	214.8	37.0	16.6	3.2	21.0
Claims recoverable	392.2	503.2	498.0	379.3	378.9	378.6
Less: Provision for doubtful claims	168.3	91.3	68.4	61.3	60.5	11.0
Deposits	1201.8	1173.6	1413.2	1425.4	1397.3	639.1
TOTAL	**26473.3**	**19275.3**	**13422.0**	**15553.7**	**19573.5**	**15177.7**
Secured/Unsecured & Considered good	**25906.9**	**18786.9**	**12957.9**	**15113.2**	**19126.0**	**14936.0**
Unsecured & Considered doubtful	**566.4**	**488.4**	**464.1**	**440.5**	**447.5**	**241.7**

ANNEXURE IV - G

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF SECURED AND UNSECURED LOANS

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
Secured loans						
A Working Capital Borrowings from Banks	4739.1	1966.1	3294.0	3341.9	3327.8	3950.0
Loans from Banks against Term Deposits	3268.3	782.8	579.2	5735.3	-	2094.5
	8007.4	**2748.9**	**3873.2**	**9077.2**	**3327.8**	**6044.5**
B Un-Secured loans						
Short Term Loans from Banks	5165.0	1851.2	5699.6	1000.4	-	-
Short Term Foreign currency facilities	12058.1	6767.5	2253.1	-	1079.5	3125.1
Short Term Loans from others	3448.8	-	499.6	-	-	-
	20671.9	**8618.7**	**8452.3**	**1000.4**	**1079.5**	**3125.1**
TOTAL (A+B)	**28679.3**	**11367.6**	**12325.5**	**10077.6**	**4407.3**	**9169.6**

ANNEXURE IV - H

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF CURRENT LIABILITIES AND PROVISIONS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Current Liabilities:						
Sundry creditors	11385.9	11175.9	12699.5	11515.4	5032.6	3673.2
Advances from customers	2019.1	1378.0	1415.4	1380.9	1369.7	1199.1
Other advances	14.9	16.0	18.8	14.3	15.7	10.9
Earnest money, security & other deposits	3040.8	2856.2	2076.9	1376.0	989.4	813.6
Interest accrued but not due	-	11.1	23.8	1.4	48.9	184.1
Other liabilities	24088.4	17276.1	12017.7	11795.6	8933.2	4260.0
TOTAL	**40549.1**	**32713.3**	**28252.1**	**26083.6**	**16389.5**	**10140.9**
Provisions :						
Current Income Tax	2719.7	3434.7	4500.3	7485.8	11891.4	8956.4
Fringe Benefit Tax	-	-	-	46.6	44.3	42.1
Wealth Tax	3.8	4.9	4.5	8.9	4.8	3.9
Interim Dividend	-	-	1000.1	0.0	-	-
Proposed Dividend (Final)	-	2714.7	1852.8	3391.8	-	-
Tax on Interim Dividend	-	0.0	166.1	0.0	-	-
Tax on proposed Dividend (Final)	-	440.4	307.7	576.4	-	-
Gratuity to employees	-	56.6	722.1	345.5	450.7	1.1
Compensated Absences	4350.5	3832.3	3464.6	2530.0	1846.1	998.7
Post-retirement Benefits	1848.1	1659.7	1433.9	1236.8	1066.8	677.9
Employee family Benefit Scheme	938.7	783.2	641.5	533.3	459.0	299.5
Long Service Awards	112.4	101.5	70.5	51.1	44.0	47.5
Leave Travel Concession	73.5	50.2	40.0	-	-	-
Mines Closure	27.5	26.1	24.3	21.1	17.7	14.3
TOTAL	**10074.2**	**13104.3**	**14228.4**	**16227.3**	**15824.8**	**11041.4**

ANNEXURE IV - I

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF SHARE CAPITAL

(₹ in Million)

	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
AUTHORISED						
4,89,00,000 Equity Shares of ₹ 1000 each	48900.0	48900.0	48900.0	48900.0	48900.0	48900.0
3,11,00,000 Preference Shares of ₹ 1000 each	31100.0	31100.0	31100.0	31100.0	31100.0	31100.0
TOTAL	**80000.0**	**80000.0**	**80000.0**	**80000.0**	**80000.0**	**80000.0**
ISSUED, SUBSCRIBED & PAID-UP						
4,88,98,462 Equity Shares of ₹ 1000 each.	48898.5	48898.5	48898.5	48898.5	48898.5	48898.5
2,93,74,700 7 % Non-Cumulative redeemable Preference Shares of ₹ 1000 each redeemable at par	29374.7	29374.7	29374.7	29374.7	29374.7	29374.7
TOTAL	**78273.2**	**78273.2**	**78273.2**	**78273.2**	**78273.2**	**78273.2**

ANNEXURE IV - J

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF RESERVES AND SURPLUS

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
Prime Minister's Trophy Award Fund	38.8	36.2	23.8	12.9	11.7	10.7
Reserve for Redeeming Preference Share Capital	29374.7	29374.7	29374.7	29374.7	-	-
Surplus as per Profit and Loss Account	29629.7	24576.9	21804.3	16232.9	36420.4	15932.2
TOTAL (A+B)	**59043.2**	**53987.8**	**51202.8**	**45620.5**	**36432.1**	**15942.9**

ANNEXURE IV - K

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF OTHER INCOME

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Rent recoveries	37.7	42.9	39.3	33.6	28.0	24.0
Profit on sale of fixed assets	15.0	32.6	10.2	4.7	5.0	4.2
Provision no longer required written back	5.3	43.7	82.6	150.2	22.4	129.1
Liquidated damages	87.6	71.8	121.1	108.3	80.8	49.0
Claims for finished goods (Shortages & Missing Wagons)	9.4	12.4	14.4	18.9	28.1	23.4
Export benefits	60.8	116.1	97.0	30.5	98.4	121.8
Net income from other operations	5.9	9.3	9.2	8.4	6.2	7.1
Exchange Differences (Net)	0.0	0.0	207.2	0.0	187.5	44.3
Dividend Income	4.8	0.0	0.0	0.0	0.0	0.0
Sundry receipts	334.7	574.4	436.5	395.6	456.3	350.7
Total	**561.2**	**903.2**	**1017.5**	**750.2**	**912.7**	**753.6**
Profit before tax,before Extra Ordinary Items	7273.3	9816.6	12476.5	20265.9	29953.6	22223.4
Total Other Income as % of Profit before tax & Extraoridanry Items	7.7	9.2	8.2	3.7	3.0	3.4

Annexure - V

RASHTIRYA ISPAT NIGAM LIMITED (STANDALONE)

SIGNIFICANT ACCOUNTING POLICIES

1.0 GENERAL

1.1 Financial Statements are prepared under the historical cost convention in accordance with fundamental accounting assumptions and Generally Accepted Accounting Principles (GAAP) in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified thereunder.

2.0 FIXED ASSETS

2.1 Fixed assets are stated at historical cost less depreciation.

2.2 Expenditure attributable / relating to construction, to the extent not directly identifiable to any specific Plant Unit, is kept under 'Expenditure During Construction' for allocation to Fixed Assets and is grouped under 'Capital Work-in- Progress'.

3.0 INVESTMENTS

3.1 Current investments are carried at lower of cost and fair value.

3.2 Long term investments are carried at cost. Diminution in value, other than temporary, is provided for.

4.0 INVENTORIES

4.1 Inventories are valued at lower of cost and net realizable value.

4.2 The basis of determining cost is:

4.2.1 Finished / Semi-finished goods - Weighted Average cost

4.2.2 Raw material, Stores & Spares, Loose Tools - Monthly weighted average cost and those in transit at cost.

4.3 Obsolete / Surplus / Non-moving inventory are adequately provided for.

5.0 REVENUE RECOGNITION

5.1 Sales are recognized when all significant risks and rewards of ownership have been transferred to the buyer.

5.2 Export incentives under various schemes are recognized as Income on certainty of realisation.

6.0 CLAIMS

6.1 Claims against outside agencies are accounted on certainty of realisation.

Contd. from previous page (Annexure V) ....

RASHTIRYA ISPAT NIGAM LIMITED (STANDALONE)

7.0 FOREIGN CURRENCY TRANSACTIONS

7.1 Foreign currency monetary items are recorded at the closing rate.

7.2 Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognised as expense or income in the period in which they arise.

8.0 EMPLOYEE BENEFITS

8.1 Actuarial gains and losses on defined benefit plans are recognized during the year.

9.0 DEPRECIATION AND AMORTISATION

9.1 Depreciation is provided on straight line method (SLM), up to full value of the cost of the asset over the specified period derived in accordance with the provisions of Schedule XIV of the Companies Act, 1956, except the following:

9.1.1 Assets costing up to Rs.5000/- are fully depreciated in the year of capitalisation.

9.1.2 Depreciation on the following categories of assets is provided up to full value of the cost of asset on SLM over the period of their useful life based on the Management's estimate given in brackets:.

Photo Copiers & Fax Machines, Telecom Equipment (5 Years); Cranes, Slag Pot Carriers, Audio & Visual Equipment (10Years); Other Office Equipment, Earth Moving Equipment, Forklift Trucks, Air Conditioners**,** Refrigerators, Water Coolers, Air Coolers, Freezers (7 Years); Cars (6 Years); Safety Equipment, Other light vehicles (8 Years); Computers [including system Software] (4 Years); Coke Ovens & Coal Chemical Plant (15 Years).

9.2 Amortisation of "Intangible Assets" is accounted as follows:

9.2.1 Mining lease rights are amortised over the period of lease.

9.2.2 Software which is not an integral part of related hardware is treated as intangible asset and amortised over a period of four years or its license period, whichever is less.

10.0 BORROWING COSTS

10.1 Borrowing costs incurred for obtaining assets which take more than 12 months to get ready for its intended use are capitalised to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

10.2 Other borrowing costs are treated as expense for the year.

Contd. from previous page (Annexure V) ….

RASHTIRYA ISPAT NIGAM LIMITED (STANDALONE)

11.0 PRIOR PERIOD ADJUSTMENTS

11.1 Items of Income / Expenditure which arise in the current period as a result of errors or omissions in the preparation of Financial Statements of one or more prior periods, exceeding Rs. 5, 00,000/- in value, in each case are treated as prior period adjustments.

ANNEXURE VI

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

NOTES ON ADJUSTMENTS MADE FOR RESTATED FINANCIAL STATEMENTS

1 Adjustments on changes in Accounting Policies,prior period items and other adjustments

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
(A) Net profit after tax as per audited accounts	**4957.9**	**6584.9**	**7966.7**	**13355.7**	**19427.4**	**13634.3**
Adjustments on account of -						
(a) Changes in accounting policies	-	-	-	-	(1717.4)	(84.7)
(b) Other adjustments & Prior period items	(275.8)	448.7	22.8	53.5	(86.7)	(12.0)
(c) Arrear Salary & Wages	-	339.6	(835.7)	145.8	189.6	98.5
(d) Current Tax impact of Adjustments	192.4	(125.8)	(152.5)	11.9	(103.6)	(931.1)
(e) Deferred tax impact adjustments	(11.6)	(5.5)	34.3	(11.0)	657.2	(146.7)
(B) Total of Adjustments after Tax impact	**(95.0)**	**657.0**	**(931.1)**	**200.2**	**(1060.9)**	**(1076.0)**
(C) Net Adjusted Profit after tax(A-B)	**5052.9**	**5927.9**	**8897.8**	**13155.5**	**20488.3**	**14710.3**

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Contd. from previous page Annexure VI ....

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

2.0 Notes on adjustments made for Restated Financial Statements:

2.1 The prior period items in the Profit and Loss Account have been restated to the respective years to which they relate.

2.2 In the Financial year 2007-08 there has been change in Accounting Policy related to "Depreciation calculation", which envisages providing depreciation for full value of the asset cost over the specified period derived in accordance with the provision of Schedule XIV of Companies Act, 1956. In line with the policy, depreciation has been recomputed and adjusted accordingly in the restated financial statements.

2.3 In the Financial year 2007-08 there has been change in Accounting Policy related to Inventory valuation with respect to "determining of finished goods cost on annual weighted average cost instead of last 6 months weighted average". In line with the changed policy, the valuation of inventory has been recomputed and adjusted accordingly in the restated financial statements.

2.4 Consequent upon issue of Accounting Standard 26 by the Institute of Chartered Accountants of India on "Intangible Assets", which is mandatory from the Financial year 2003-04 the concept of 'deferred revenue expenditure', is discontinued. However, Standard permitted to continue the charge off balance deferred expenditure in the subsequent years as per the transitional provision. Accordingly, the deferred revenue expenditure charged off in the subsequent years as per transitional provision has been adjusted in the restated financial statements.

2.5 In the Financial year 2010-11 there has been change in Accounting practice related to "Assets not owned by an Enterprise" based on the Expert Advisory Committee of Institute of Chartered Accountants of India. As per such opinion, the expenditure incurred on Assets not owned by an Enterprise is to be recognized as revenue expenditure on incurrence. In line with the changed accounting practice adjustments were carried out in the restated financial statements.

2.6 Arrears of expenses in respect of Salary and Wages paid to the executives as per DPE Guidelines, and for nonexecutives arising out of wage agreement under National Joint Committee for Steel Industries Agreement and expenditure on pay revision for the executives/non-executives have been charged through provision in the earlier years, the same have now been restated taking into respective years to which they relate.

2.7 The company has accounted for the deferred tax assets & liabilities in terms of 'Accounting for Taxes on Income' (AS22) issued by the Institute of Chartered Accountants of India (ICAI). Current tax and deferred tax impact on the adjustments made have been computed on the restated profit at the rates applicable to respective years.

2.8 The Accounts for the years have been restated considering the Guidance Note on "Reports in Company Prospectuses" issued by Institute of Chartered Accountants of India. Effect of these changes has been shown as separate line items under para 1(Annexure-VI) referred above. Effect of changes for financial years prior to 2006-07 have been adjusted in the surplus profit & loss account *under* Reserves & Surplus as on 31.03.2006 net of taxes including deferred tax relatable to financial years prior to 2006-07.

Annexure VII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

Notes on adjustments not made for Restated Financial Statements

1. As per the Notification dated 26.11.2008 of Ministry of Heavy Industries and Public Enterprises, Govt. of India, while reviewing the pay scales of the employees of PSUs, inter alia revised the ceiling of gratuity to ₹ 1.0 million from ₹ 0.35 million w.e.f. 01.07.2007. Accordingly, gratuity liability as per AS-15 has been accounted under Employees cost in the year 2008-09 and such amount has not been recast to the relevant earlier years as the same has not been ascertained.

2. Further arrear liability on account of Gratuity and other Employee Benefits arising out of revision of salary and wages for executives and non-executives in 2008-09 has been charged in the Accounts of 2008-09 and the restatement of same to respective years has not been made as the same has not been ascertained.

Annexure VIII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

OTHER NOTES ON RESTATED FINANCIAL STATEMENTS

1.0 Land at a cost of ₹ 399.9 million is being held in the name of President of India. The Company is holding Power of Attorney issued by Govt. of India for utilisation of the land acquired for the Project and related purposes incidental thereto.

2.0 Land includes 367.072 acres allotted to various agencies on lease basis.

Sale deeds in respect of the following assets are yet to be executed:

a) Stockyard at Chennai	₹ 23.7million
b) i) Office building at New Delhi	₹ 10.9million
ii) Office building at New Delhi	₹ 219.1million
c) Office buildings at Ahmedabad	₹ 1.8 million
d) Residential buildings at Kolkata	₹ 9.5 million
e) Stockyard at Hyderabad	₹ 10.0 million

3.0 Pending the opinion of ICAI on the issues raised by the Company regarding 'expenditure incurred' on "Assets not owned by an Enterprise", the Company has charged to Profit and Loss Account an amount of ₹ 482.4 million paid to APTRANSCO, towards installments, for development of necessary infrastructure to meet additional power load requirements after expansion of capacity, as against the charging of the assessed expenditure based on work completed in the previous year. Consequently, profit for the period ending 31.12.2011 is decreased by ₹ 482.4 million

4.0 Term Deposits with scheduled banks disclosed under Cash and Bank balances (Schedule - 12) include, Term Deposit Receipts of value of ₹ 16780.0 million pledged with bankers as security against Loans of ₹ 3268.3 million availed by the Company and also Term Deposit Receipts of Value of ₹ 50.0 million pledged with banks as lien towards Margin Money for Non-Fund based limits.

5.0 Loans and advances, Sundry Debtors / Creditors, Stock with some Contractors are subject to reconciliation / confirmation.

6.0 As per section 441A of the Companies Act 1956, cess on turnover is leviable. Government of India has not yet framed any rules / guidelines in this regard and hence no amount has been provided and / or paid.

Contd. from previous page Annexure VIII ....

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

7.0 These interim financial statements are prepared in connection with disinvestment through offer for sale/IPO and in accordance with Accounting standard (AS) 25 "Interim Financial Reporting".

8.0 The figures relating to the corresponding period of the immediately preceding financial year are not furnished, as the audited interim financial statements for the corresponding period of the immediately preceding financial year are not available.

9.0 The disclosures as required by the Accounting standard (AS) 15 "Employee Benefits", are partial and limited to the data available.

10.0 The non-furnishing of the figures relating to the corresponding period of the immediately preceding financial year and the limited disclosures under Accounting standard (AS) 15 "Employee Benefits", have no impact on the restatement of financial statements prepared in connection with disinvestment through offer for sale/IPO.

11.0 Provision for non-moving, obsolete stores and spares and repair and maintenance expenses are made on estimated basis.

Annexure IX

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF EMPLOYEE BENEFITS

Disclosures pursuant to AS 15 -Employee benefits

Defined Contribution plans:

An amount of ₹ 45.1 million recognized in the Profit and Loss account and ₹ 1.6 million in Capital work in progress towards Superannuation Benefit Scheme.

Defined Benefit Plans:

General Description of the Post Employment Benefits-Defined Benefit Plans

Provident Fund	-	Company pays fixed contribution to Provident Fund, at predetermined rates, to a separate trust, which invests the Funds in permitted securities. On Contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India. The obligation of the Company is limited to the shortfall in the rate of interest on the Contribution based on its return on investments as compared to the declared rate.
Gratuity	-	Payable to employees, who render continuous service of 5 years or more, on separation, at 15 days of last drawn pay for each completed year of service .
Post Retirement Medical Benefits	-	Available to retired employees at Company's hospital and / or under the Health Insurance Policy.
Retirement Settlement Benefits	-	The retired employees, their dependents, as also the dependents of the employees expired while in service are entitled for travel and transport expenses to their place of permanent residence. At the time of retirement, employees will be given 10 Gms. of gold.
Employee Family Benefit Scheme	-	Monthly payments, till the notional date of superannuation, to employees separated upon disablement / legal heirs of deceased employees at their option who fulfill the criteria of prescribed amount of deposit.

Contd. from previous page Annexure IX ....

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

Expenses recognized in the statement of Profit and Loss Account: (₹ In million)

Particulars	Gratuity	Retirement Medical Benefits	Retirement Settlement Benefits	Employee Family Benefit Scheme
Amount charged to :				
Profit & Loss Account (Schedule - 22)	(135.2)	151.9	46.3	237.7
Expenditure During Construction	(3.0)	3.4	1.0	5.3
Capital Work in Progress	(0.3)	0.3	0.1	0.5

Actuarial assumptions:

Description	As at 31st December 2011
Discount Rate (per annum)	8%
Mortality rate	LIC (1994-96) duly modified
Withdrawal rates (per annum)	Upto 30 years of age 3%; Upto 44 years of age 2%; Above 44 years of age 1%.
Estimated Rate of Return on Planned Assets	9%
Medical Cost Trend Rates (Per Annum)	6% of Hospital Cost and Medi-claim Premium
Salary Escalation (per annum)	7%
The estimate of future salary increase considered in actuarial valuation takes into account inflation rate, seniority, industry practice, promotion and other relevant factors on long term basis.	

Disclosers as required by the Accounting Standard (AS) 15 " Employee Benefits " , are made as far as practicable and the liability is provided for the stub period ending 31/12/2011 proportionately based on valuation made by the actuary for the year. The closing liabilities as at 31/12/2011 are as below:

(₹ in Million)

Head	Closing Actuarial Liability as on 31/12/2011
Compensated Absences	4350.5
Post-retirement benefits	1848.1
Employee Family Benefit Scheme	938.7
Long Service Awards	112.4
Leave Travel Concession	73.5
Total	**7353.2**

ANNEXURE X

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF RELATED PARTY TRANSACTION

(₹ in Million)

PARTICULARS	SALARIES						COMPANIES CONTRIBUTION TO PF AND OTHER FUNDS						MEDICAL BENFITS					
	For the Nine months ended	For the year ended March 31 st					For the Nine months ended	For the year ended March 31 st					For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007	31-12-2011	2011	2010	2009	2008	2007	31-12-2011	2011	2010	2009	2008	2007
Shri A P Choudhary, CMD	1.84	2.19	0.66	0.00	0.00	0.00	0.13	0.15	0.06	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00
Shri P k Bishnoi, CMD	0.49	2.57	1.11	0.61	0.92	0.80	8.21	0.18	0.08	0.08	0.08	0.07	0.00	0.01	0.00	0.00	0.00	0.00
Shri Umesh Chandra, Director (O)	2.27	2.24	0.85	0.15	0.00	0.00	0.13	0.16	0.07	0.01	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00
Shri P Madhusudan, Director (F)	1.65	1.99	0.20	0.00	0.00	0.00	0.12	0.15	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shri T K Chand, Director (Comm)	1.33	0.91	0.00	0.00	0.00	0.00	0.12	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shri Y R Reddy, Director (P)	1.86	0.44	0.00	0.00	0.00	0.00	0.12	0.04	0.04	0.04	0.04	0.04	0.01	0.00	0.00	0.00	0.00	0.00
Shri Y Manohar, Director (P)	0.00	1.49	0.97	0.57	0.80	0.05	0.00	2.76	0.07	0.07	0.07	0.01	0.00	0.00	0.00	0.00	0.02	0.00
Shri K S Shankar, Director (F)	0.00	0.00	0.64	0.61	0.48	0.00	0.00	0.00	3.43	0.08	0.07	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Shri C G Patil, Director (Comm)	0.00	0.00	0.71	0.55	0.67	0.00	0.00	0.00	3.18	0.07	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shri Y Siva Sagar Rao, CMD	0.00	0.00	0.00	0.00	0.08	0.91	0.00	0.00	0.00	0.00	0.08	0.07	0.00	0.00	0.00	0.00	0.02	0.01
Shri H S Chatwal, Director (Comm)	0.00	0.00	0.00	0.00	0.36	0.88	0.00	0.00	0.00	0.00	0.08	0.07	0.00	0.00	0.00	0.00	0.00	0.00
Shri K K Rao, Director (O)	0.00	0.00	0.00	0.00	0.00	0.37	0.00	0.00	0.00	0.00	0.00	1.07	0.00	0.00	0.00	0.00	0.00	0.00
Shri Ayyappa Naidu, Director (P)	0.00	0.00	0.00	0.00	0.00	0.74	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00
Shri P K Mishra, Director (O)	0.00	0.00	0.00	0.40	1.07	0.79	0.00	0.00	0.00	1.80	0.07	0.06	0.00	0.00	0.00	0.00	0.00	0.00

ANNEXURE XI

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF DIVIDEND PAID/PROPOSED

(₹ in Million), Unless otherwise Stated)

PARTICULARS		For the Nine months ended	For the year ended March 31 st				
		31-12-2011	2011	2010	2009	2008	2007
Face Value of Equity Shares (in ₹ Per Equity Share)		1000	1000	1000	1000	1000	1000
Number of Shares (units)		48898462	48898462	48898462	48898462	48898462	48898462
Dividend	(A)	-	658.5	796.7	1335.6	-	-
Dividend per Equity Share (₹)		-	13.5	16.3	27.3	-	-
Dividend Rate (%)		-	1.35	1.63	2.73	-	-
Dividend Tax	(B)	-	106.8	132.3	227.0	-	-
Face Value of Preference Shares (in ₹ Per Preference Share)		1000	1000	1000	1000	1000	1000
Number of Shares(units)		29374700	29374700	29374700	29374700	29374700	29374700
Dividend	(C)	-	2056.2	2056.2	2056.2	-	-
Dividend per Equity Share (₹)		-	70.0	70.0	70.0	-	-
Dividend Rate (%)		-	7.00	7.00	7.00	-	-
Dividend Tax	(D)	-	333.6	341.5	349.5	-	-
Total Dividend	(A) + (C)	-	**2714.7**	**2852.9**	**3391.8**	-	-
Total Dividend Tax	(B) + (D)	-	**440.4**	**473.8**	**576.4**	-	-

ANNEXURE XII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF CAPITILISATION AS AT 31.12.2011

(₹ in Million)

PARTICULARS	PRE ISSUE AS AT 31-12-2011	POST ISSUE
Secured Loans	8007.4	8007.4
Unsecured Loans	20671.9	20671.9
Total	28679.3	28679.3
SHAREHOLDER'S FUNDS		
Share Capital	78273.2	78273.2
Reserves and Surplus	59043.2	59043.2
Total Shareholders Funds	137316.4	137316.4
Debt/Equity Ratio	0.2	0.2

Notes :

1. As the IPO is only offer for sale by Government of India, there would be no change in Debt and Shareholders fund Post Issue
2. The above has been computed on the basis of the restated financial statements of company.

ANNEXURE XIII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF ACCOUNTING RATIOS OF THE COMPANY

(₹ in Million), Unless otherwise Stated)

Particulars	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
Net Profit After Tax (Restated)	5052.9	5927.9	8897.8	13155.5	20488.3	14710.3
Networth	137316.4	132261.0	129476.0	123893.7	114705.3	94216.1
No of Equity Shares(units)	48898462	48898462	48898462	48898462	48898462	48898462
Earning per Share (₹)	103.3	72.4	132.9	219.8	419.0	300.8
Diluted Earning per Share (₹)	103.3	72.4	132.9	219.8	419.0	300.8
Return on Networth (%)	3.68	4.48	6.87	10.62	17.86	15.61
Net Asste Value Per Share (₹)	2808.1	2704.7	2647.8	2533.6	2345.7	1926.7

Formula

Earning per share before extraordianry item(Rs)	Restated Profit after tax and before extarodinary items less divendend to preference share holde / No of Equity Shares
Earning per share after extraordianry item(Rs)	Restated Profit after tax and after extarodinary items less divendend to preference share holders / No of Equity Shares
Return on Networth	Restated Profit After TaxX100 / Net worth
Net Asset Value Per Share (Rs)	Net Worth / No of Equity Shares

RASHTRIYA ISPAT NIGAM LIMITED

ANNEXURE - XIV

STATEMENT OF TAX SHELTER OF THE COMPANY

(₹ in Million)

PARTICULARS		For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
Profit before Tax as per Audited accounts		7273.2	9816.6	12476.5	20265.9	29953.6	22223.4
Adjustments		275.8	-788.4	812.9	-199.3	1614.5	-1.8
Restated Profit Before Tax	**(A)**	**7549.0**	**9028.2**	**13289.4**	**20066.6**	**31568.1**	**22221.6**
Applicable tax rate		0.324	0.332	0.340	0.340	0.340	0.337
Tax liability on Restated Profit		2449.0	2999.0	4517.0	6821.0	10730.0	7480.0
Adjustments							
Permanent Differences							
Dividend Income		-4.8	0.0	0.0	0.0	0.0	0.0
Income from sale of Assets		0.0	-32.6	-10.2	-10.4	-5.0	-4.2
Donation		6.2	1.6	17.0	55.7	54.6	0.0
Other Adjustments		0.0	0.0	0.0	0.0	0.0	0.0
Total Permanent Differences	**(B)**	**1.4**	**-31.0**	**6.8**	**45.3**	**49.6**	**-4.2**
Timing Differences							
Difference between tax depreciation and book depreciation		1054.5	634.1	299.1	1330.4	1911.8	2556.8
Difference of gratuity provision and payment of gratuity		0.0	0.0	0.0	0.0	0.0	-1201.3
Difference of leave encashment provision and payment provision		0.0	0.0	0.0	0.0	0.0	0.0
Deferred Installments of Voluntary retirement scheme u/s 35DDA		-0.9	-2.6	-3.6	-2.2	0.8	4.8
Provision of doubtful debts, Claims, Advances, land reclamation e.t.c (Net off return back)		103.2	29.4	-19.2	-39.2	758.9	-193.5
Disallowances/ Allowances u/s 43B		150.6	223.5	0.0	-0.5	-49.0	-51.8
Amount inadmissible / Admissible u/s 40(a)(ia)		0.0	0.0	0.0	0.0	0.0	-161.9
Other adjustments		-14.0	13.1	33.0	-34.0	64.0	214.8
Total Timing Differences	**(C)**	**1293.4**	**897.5**	**309.2**	**1254.5**	**2686.5**	**1167.8**
Net Adjustments	**D (B+C)**	1294.8	866.5	316.0	1299.8	2736.1	1163.6
Taxable Income from Business	**(F) (A+D)**	**8843.8**	**9894.7**	**13605.4**	**21366.4**	**34304.2**	**23385.2**
Tax (Saving) / Outgo thereon	**(E) (D* Tax Rate)**	420.1	287.8	107.4	441.8	930.0	391.7
Tax on Business Income		2869.4	3286.8	4624.5	7262.5	11660.0	7871.5

ANNEXURE - XV

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF FINANCIAL INDEBTEDNESS

Borrowings of our Company

Set forth below, is a brief summary of our Company's borrowings (both, fund based and non-fund based) as of 31.12.2011, together with a brief description of certain significant terms of such financing arrangements. Our Company's borrowings consist of only working capital facilities availed from the banks mentioned below. The total amount outstanding amounted to Rs. 28679.30 million as on 31.12.2011.

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
1.	State Bank of India ("**SBI**")	Our Company has entered into a multiple banking arrangement with SBI on April 18, 2005 for availing working capital loans.[3]	Fund based: i. Cash credit - ₹ 1,000 million (One way interchangeability of 100% fund based limit to non fund based limit)	Rs. 4038.80 million	1 % above base rate	November 22, 2012	Hypothecation of current assets and assets created out of project letter of credit on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated April 18, 2005 which was last amended on January 8, 2010.
			Non- Fund based: i. Letter of credit - ₹ 9,000 million ii. Bank guarantee - ₹ 1,000 million iii. Forward cover -₹ 145 million (One way interchangeability of non-fund based limit to fund based limit of 5,000 million)	Rs.2100.9 millon Rs.139.70 million	Bank charges are as per the agreement.		
2.	State Bank of Hyderabad	Our Company has entered into a a	Fund based: i. Cash credit - ₹ 2,000 million.	Nil	3% above base rate.	March 30, 2012	Hypothecation of current assets on pari-

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		multiple banking arrangement with State Bank of Hyderabad, dated October 16, 2009 for working capital requirements.[1]	Non fund based: i. Letter of credit - ₹ 3,700 million ii. Bank guarantee - ₹ 300 million. (Letter of credit is interchangeable to cash credit and vice versa)	Rs.26.00 million Rs.10.2 million	Bank charges are as per the agreement		passu basis with other banks under multiple banking arrangement by hypothecation agreement dated October 16, 2009.
	SBH	Further our company obtained sanction of loans against TDRs from the bank	Rs. 810.00 million	Rs. 544.22 million	10.35 % to 10.88 %	Till the validity of TDRs	TDRs are pledged with the bank
3.	Canara Bank	Canara Bank has renewed the working capital facility sanctioned to our Company vide letter dated September 13, 2010. (The limits are renewed further vide letter dated March 26, 2012 & are valid till 25th Mar,2013)	Fund based: i. Cash credit - ₹ 2,000 million	Rs.700.35 million	Base rate	<u>November 17, 2011</u> (<u>March</u> 25, 2013)	Hypothecation of current assets by common hypothecation agreement, dated April 18, 2005 and supplemental agreements dated August 3, 2006, May 19, 2007 and August 1, 2009.
			Non- Fund based: i. Letter of credit - ₹ 1000 million ii. Bank Guarantee - ₹150 million	NIL	Bank charges are as per the agreement		
		Further our company obtained sanction of loans against Term Deposit Receipts (TDRs) from the bank	Sanction limits : Rs. 5607.00 million	Rs. 1978.90 million	10.35%	January, 7 , 2012	TDRs are pledged with the bank

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
4.	Bank of Baroda	Our Company has entered into a multiple banking arrangement with Bank of Baroda, on December 19, 2005 for the purpose of working capital requirements.[2]	Fund based: - ₹ 538.5 million	NIL	1.5% above base rate.	December 14, 2011]	Hypothecation of current assets on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated December 19, 2005 (as amended on January 6, 2006 and August 10, 2006)
			Non-fund based - ₹ 2,010 million (Non fund based interchangeable to fund based and vice versa)	Rs.684.20 million	Bank charges are as per the agreement		
		Further our company obtained sanction of loans against TDRs from the bank	Loans against Term deposit Receipts (TDRs): Sanction limits : Rs. 1206.50 million	Rs. 745.2 million	10.39% to 10.44% p.a against 4 no. of TDRs	Till the validity of TDRs	TDRs are pledged with the bank
5.	Andhra Bank	Our Company has entered into a composite loan agreement with Andhra Bank dated November 12, 2008 for renewal of working capital facilities.	Fund based: i. Cash credit - ₹ 140 million ii. Working capital demand loan - ₹ 210 million iii. Export packing credit - ₹ 115 million	Rs. 700.40 million	BMPLR +1%	24 months with yearly review]	Hypothecation of current assets on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated September 8, 2006
		Further, the bank has sanctioned short term loan of Rs. 2000 million vide sanction	Non- Fund based: iii. Letter of credit - ₹ 450 million iv. Bank Guarantee - ₹30 million	Rs.1084.80 million	Bank charges are as per the agreement		

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		letter dated September 23, 2011 (valid till 31/03/2011)	(Non fund based interchangeable to fund based and vice versa)				
6.	UCO Bank Limited ("**UCO**")	Our Company entered into an agreement with UCO on April 18, 2005 for availing working capital facility.[4] The bank renewed the existing limits valid till Jan 20, 2013 vide letter dated 21.01.2012	Fund based: i. Cash credit - ₹ 50 million ii. Working capital demand loan - ₹ 200 million iii. Export packing credit - ₹ 150 million Non- Fund based: i. Letter of credit - ₹ 350 million ii. Bank guarantee - ₹ 50 million	NIL	Base rate + 2% Bank charges are as per the agreement	January 20, 2013]	Hypothecation of current assets on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated April 18, 2005 which was last amended on August 14, 2007
7.	IDBI Bank Limited ("**IDBI**")	IDBI has vide sanction letter dated September 27, 2010 sanctioned working capital loans and cash management services to our Company.[5] The Company obtained renewal of limits from bank vide sanction letter dated September	4,700 million ***Fund based:*** ***i. Cash credit 2000 million. **** ***ii. Working capital demand loan (sub-limit of Cash credit) 1800 million*** ***iii - Forward cover 200 million*** ***(One way interchangeability to Letter of Credit / Buyer's Credit is allowed)***	Rs.3362.58 million [9]	Base Rate 10.75% at present for CC.	September 26, 2011 (March 2, 2013)	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		27, 2010 . (Further the bank renewed the limits vide letter dated March 5, 2012 for one year upto 02/03/2013)					
			Non- Fund based: i. Letter of credit /Buyer's Credit - ₹ 3500 million ii.Bank guarantee - ₹ (Sub-limit of Letter of credit) 750 million	Rs.2680.50 million	Bank charges are as per the agreement		
8.	Vijaya Bank	Vijaya Bank vide sanction letter dated June 22, 2011 has sanctioned working capital loan to our company.[9]	₹ 3,000 million (with an overdraft facility of ₹ 1,000 million)	Rs.101.69million	Base rate	June 29, 2012.	Nil
9.	Hongkong and Shanghai Banking Corporation Limited ("**HSBC**")	Our Company and HSBC have entered into a loan agreement dated January 31, 2011 for availing working capital facilities.	₹ 1,000 million which includes foreign exchange lines of ₹ 500 million (fund based)	NIL	As per tariff. Interest shall be payable at monthly rests on the first day of the subsequent month for which it pertains.	Continuing with yearly review	**HYPOTHICATIONS PROVIDED**
10.	IndusInd Bank Limited ("**IndusInd**")	IndusInd has issued a sanction letter dated September 27, 2010 for working capital	₹ 4,500 million (non-fund based and working capital demand loan of ₹ 2,500 as sub-limit of non-fund based limit)	Nil	Bank charges are as per the agreement	12 months and subject to yearly review *[*	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		facilities.					
11.	Bank of America, N.A. ("**BoA**")	Our Company and BoA have entered into a master facilities agreement dated April 20, 2011 for availing short term demand loan for working capital facilities.	₹ 2,000 million (USD 44.5million) (fund based)	NIL	The rates are negotiable at the time of availment.	March 31, 2012	NA
12.	Citi Bank, N.A. ("**Citi Bank**")	Our Company has entered into a loan agreement with Citi Bank, dated September 28, 2010 for availing working capital credit facilities.	₹ 1,350 million (total of the fund based and non fund based facility subject to utilization of fund based facilities not exceeding a maximum amount of ₹ 1,000 million).	USD 9.11 million (Rs. 479.74 million)	The rates are negotiable at the time of availment.	12 months and subject to yearly review. *]*	NA
13.	HDFC Bank Limited ("**HDFC**")	Our Company and HDFC have entered into a loan agreement dated January 6, 2012 for availing revolving working capital facility.	₹ 1,000 million (fund based)	**NIL**	The loan will carry interest at such rate as may be prescribed by HDFC and advised to our Company from time to time and payable with monthly rests.	12 months and subject to yearly review.	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
14.	Deutsche Bank AG ("**Deutsche Bank**")	Our Company and Deutsche Bank have entered into a loan agreement dated May 6, 2010 for availing short term working capital facilities.[6]	₹ 1,950 million (fund and non-fund based)	USD 38.07 million (Rs. 2013.39 million)	The rates are negotiable at the time of availment	12 months and subject to yearly review.	NA
15.	Royal Bank of Scotland N.V. ("**RBS**")	Our Company and RBS have entered into a loan agreement dated June 22, 2011 for availing buyer's credit for import.	USD 38 million.	USD 38.00 million (Rs. 2017.73 million)	The rates are negotiable at the time of availment based on mutual consent.	Up to one year from the date of shipment for import of non capital goods.	NA
16.	Bank of Tokyo-Mitsubishi UFJ Limited ("**Bank of Tokyo**")	Our Company and Bank of Tokyo have entered into a loan agreement dated March 1, 2011 for availing revolving foreign currency loan for import financing.	USD 125 Million.	USD 120.16 million (Rs. 6346.33 million)	BBA LIBOR plus 0.65 % p.a. for the agreed tenor of repayment, in the currency of drawdown.	February 28, 2013.]	NA
17.	Kotak Mahindra Bank Limited ("**Kodak Mahindra**")	Kotak Mahindra vide sanction letter dated September 19, 2011 has sanctioned working capital facilities to our company.	₹ 2,000 million.	Rs. 1000.27 million	As advised by Kotak Mahindra from time to time.	12 months.	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
18.	JP Morgan Chase Bank, N.A. ("**JP Morgan**") JP Morgan Chase Bank, N.A. ("**JP Morgan**")	Our Company and JP Morgan have entered into a working capital facilities agreement dated May 9, 2011 for availing working capital facilities.	₹ 450 million	NIL	The rates are negotiable at the time of availment.	Current until terminated by JP Morgan.	NA
		Our Company and JP Morgan have entered into a agreement dated March 21, 2011 for availing buyer's credit facility.	USD 40 million	USD 22.66 million (Rs. 1200.87 million)	To be agreed mutually from time to time.	February 28, 2013.	NA
19	Commercial paper		Rs. 10000 million	Rs. 3448.83 million	9.51 %	90 days	NA

[1] The loan agreement was a renewal and enhancement of an earlier facility provided by the State Bank of Hyderabad and was further renewed vide letters date December 30, 2010 and March 31, 2011.
[2] The loan agreement was renewed last vide a letter dated December 24, 2010.
[3] The loan agreement dated April 18, 2005 was last renewed on November 23, 2011.
[4] The loan agreement dated April 18, 2005 was last renewed on January 5, 2011.
[6] The sanction letter dated September 27, 2010 was amended on December 20, 2010 and June 8, 2011.
[7] Loan agreement dated May 6, 2010 amended as on September 13, 2010.
[8] Our Company has entered into an overdraft agreement dated July 30, 2011 with Vijaya Bank for release of an overdraft of ₹ 1,000 million.

ANNEXURE -XVI

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF PRIOR PERIOD ADJUSTMENTS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
(A) DEBIT						
CLAIMS FOR FINISHED PRODUCTS	-	0.7	-	-	3.2	17.5
DEPRECIATION	0.9	26.7	-	3.2	15.0	0.8
OTHER EXPENSES	1.2	-	0.8	2.8	35.1	2.6
SALE OF PRODUCTS	-	2.3	6.1	-	-	-
REPAIRS&MAINTENANCE	-	26.9	-	39.2	1.6	-
	2.1	**56.6**	**7.0**	**45.3**	**55.0**	**20.9**
(B) CREDIT						
CLAIMS FOR FINISHED PRODUCTS	-	-	-	1.5	-	-
OTHER EXPENSES	39.1	101.1	9.5	-	-	1.7
OTHER REVENUES	-	52.1	-	29.8	10.0	49.1
SALE OF PRODUCTS	-	-	-	-	8.0	1.2
RAW MATERIALS	2.0	82.0	-	59.9	21.8	-
REPAIRS&MAINTENANCE	35.6	-	6.3	-	-	-
STORES&SPARES	-	126.4	-	-	19.2	-
INTERNAL CONSUMPTION	-	44.5	63.5	-	-	-
	76.6	**406.1**	**79.4**	**91.1**	**58.9**	**52.0**
TOTAL (A) - (B)	**(74.6)**	**(349.6)**	**(72.4)**	**(45.9)**	**(3.9)**	**(31.1)**

ANNEXURE XVII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

CONTIGENT LIABILITY AND CAPITAL COMMMITMENTS
AS AT 31-12-2011

(₹ in Million)

SINO	DESCRIPTION	AMOUNT
1	CAPITAL COMMITMENTS (The amount to be executed on capital account)	44217.7
2	Contigent Liabilities (Claims against the company not acknowledged as debts)	26631.2

AUDITOR’S REPORT

To
The Board of Directors
Rashtiya Ispat Nigam Limited,
Administrative Building,
Visakapatnam- 530031.

Dear Sirs,

1. We have examined the attached Consolidated Restated Financial Information of **Rashtriya Ispat Nigam Limited** (RINL) and it’s subsidiaries Eastern Investments Limited(EIL), Orissa Mining Development Corporation Limited(OMDC) and Bisra Stone Lime Company Limited (BSLC) (collectively referred to as the “Group”), as approved by the Board of Directors of RINL prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the “Act”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the “SEBI Regulations”) and terms of our engagement agreed with you in accordance with our letter dated 31/01/2012 in connection with the proposed Equity offering by the selling Shareholder, the Government of India, in **Rashtriya Ispat Nigam Limited**.

2. These Consolidated Restated Financial Information have been prepared by the Management by consolidating the Stand alone Restated Financial Information of RINL for the nine months period ended 31st December 2011 and year ended 31st March 2011 and the Consolidated Restated Financial Information of EIL and it’s subsidiary companies, namely OMDC & BSLC for the nine months period ended 31st December 2011 and year ended 31st March 2011. The Stand alone Restated Financial Information of RINL and Consolidated Restated Financial Information of EIL and it’s subsidiaries are prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the “Act”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the “SEBI Regulations”) by the respective companies. The Stand alone Restated Financial Information of RINL are examined by us and the Consolidated Restated Financial Information of EIL and it’s subsidiaries are examined by M/s. Sarma & Co, Chartered Accountants(“other auditors”) and accordingly reliance has been placed on the Consolidated Restated Financial Information of EIL and it’s subsidiaries examined by them for the said period and we relied on the Report submitted by them.

   We did not audit the Consolidated Restated Financial Information of the EIL and it’s subsidiaries. These financial information have been audited by other auditors, whose Report has been furnished to us and our opinion in so far as it relates to the amounts included in these Consolidated Restated Summary Statement of Asset & Liabilities and Consolidated Restated Summary Statement of Profit & Loss Account and Consolidated Restated Summary Statement of Cash Flow are based solely on the Report of other auditors.

   The financial information relating to the joint ventures of RINL (except the value of the investments in joint ventures) are not included in the Consolidated Restated Financial Information.

3. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you; we further report that:

   a) The Consolidated Restated Summary Statement of Assets and Liabilities of RINL and its subsidiaries as at 31st December 2011 and 31st March 2011 as set out in Annexure-A to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Information (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Information (Annexure G) and Other Notes on Consolidated Restated Financial Information (Annexure H).

   b) The Consolidated Restated Summary Statement of Profit & Loss of RINL and its subsidiaries for the nine months period ended 31st December, 2011 and the year ended 31st March, 2011 as set out in Annexure-B to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated

Financial Information (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Information (Annexure G) and Other Notes on Consolidated Restated Financial Information (Annexure H).

c) The Consolidated Restated Summary Statement of Cash Flow of RINL and its subsidiaries for the nine months period ended 31st December, 2011 and year ended 31st March , 2011 as set out in Annexure-C to this report are after making adjustments and regrouping as in our opinion were appropriate.

d) Based on the above and also as per the reliance placed on the Report submitted by other auditors , we confirm that the Consolidated Restated Financial Information has been made after incorporating:

   i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
   ii. Adjustments for the material amounts in respective financial years to which they relate.
   iii. Adjustments required for the qualifications in the auditors' reports.

e) Extra-ordinary items have been disclosed separately.

4. We have also examined the following other Consolidated Restated Financial Statements relating to the group prepared by the Management and approved by the Board of Directors for the nine months period ended 31st December 2011 and year ended 31st March, 2011.

   i. Statement of Fixed Assets and Capital Work in Progress (Annexure D-I).
   ii. Statement of Investments (Annexure D-II).
   iii. Statement of Sundry Debtors (Annexure D-III).
   iv. Statement of Cash and Bank Balances (Annexure D-IV).
   v. Statement of Inventories (Annexure D-V).
   vi. Statement of Loans and Advances (Annexure D-VI).
   vii. Statement of Secured and Unsecured Loans (Annexure D-VII).
   viii. Statement of Current Liabilities and Provisions (Annexure D-VIII).
   ix. Statement of Share Capital (Annexure D-IX).
   x. Statement of Reserves and Surplus (Annexure D-X).
   xi. Statement of Other Income (Annexure D-XI).
   xii. Statement of Employee Benefits (Annexure I).
   xiii. Statement of Related Party Transactions (Annexure J).
   xiv. Statement of Dividend Paid/Proposed (Annexure K).
   xv. Statement of Capitalization (Annexure L).
   xvi. Statement of Accounting Ratios (Annexure M).
   xvii. Statement of Tax Shelter (Annexure N).
   xviii. Statement of Financial Indebtedness (Annexure O).
   xix. Statement of Prior Period Adjustments (Annexure P).
   xx. Statement of Contingent Liabilities and Capital Commitments (Annexure Q).

   In our opinion the Other Consolidated Restated Financial Statements contained in Annexure D-I to D-XI and Annexure I to Q of this report read along with the Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Information (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Information (Annexure G) and Other Notes on Consolidated Restated Financial Information (Annexure H) have been prepared after making adjustments and regrouping as considered appropriate in accordance with paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

5. This report should not, in any way, be constructed as a re-issuance or re-dating of any of the previous Audit Reports nor should be constructed as a new opinion on any of the financial statements referred to herein.

6. Our report is intended solely for use of the Management and for inclusion in the offer document in connection to the proposed offering of equity shares of RINL. Our report should not be used for any other purpose except with our consent in writing.

For B.V.RAO & CO.

Chartered Accountants
F.R.No.003118S

Place: Visakhapatnam
Date: 17-05-2012.

(CA. B.V.Rao)
Partner
Membership No: 19138

ANNEXURE A

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY OF ASSETS AND LIABILITIES - RESTATED

(₹ in Million)

	PARTICULARS		As at	As at March 31st				
			31-12-2011	2011	2010	2009	2008	2007
A	**Goodwill**		1777.4	1777.4	-	-	-	-
B	**Fixed assets**							
	(a)	Gross block	100741.8	99459.9	94629.1	89956.0	88910.1	88660.4
	(b)	Less : Depreciation	85614.6	83131.5	80013.0	77401.5	75068.0	72487.1
	(c)	Net block	15127.2	16328.4	14616.1	12554.5	13842.1	16173.3
	(d)	Held for disposal	0.3	0.3	0.5	0.5	0.4	0.0
	(e)	Net block	15127.5	16328.7	14616.6	12555.0	13842.5	16173.3
	(f)	Capital work in progress	106677.3	95492.6	75255.9	46340.8	20910.3	5990.8
	(g)	Total fixed assets	**121804.8**	**111821.3**	**89872.5**	**58895.8**	**34752.8**	**22164.1**
C	**Investments**		107.2	107.3	2.5	0.5	0.5	0.5
D	**Current assets, loans and advances**							
	(a)	Inventories	40984.2	32895.6	24641.7	32342.1	17797.2	12312.3
	(b)	Sundry debtors	3793.7	3365.3	1809.1	1886.9	912.4	2133.6
	(c)	Cash and bank balances	26626.4	27264.5	54155.4	66241.7	76991.1	71946.8
	(d)	Other current assets	2648.4	1041.9	1374.0	2589.1	2924.3	3082.4
	(e)	Loans and advances	26958.8	20070.0	13422.0	15553.7	19573.5	15177.7
	(f)	Total current assets, loans and advances	**101011.5**	**84637.3**	**95402.2**	**118613.5**	**118198.5**	**104652.8**
E	**Total assets**	**[A + B + C + D]**	**224700.9**	**198343.3**	**185277.2**	**177509.8**	**152951.8**	**126817.4**
F	**Liabilities and provisions**							
	(a)	Secured Loans	8007.4	2748.9	3873.2	9077.2	3327.8	6044.5
	(b)	Unsecured Loans	20671.9	8618.7	8452.3	1000.4	1079.5	3125.1
	(c)	Minority Interest	5168.2	5227.7	-	-	-	-
	(d)	Current liabilities	41476.3	33784.9	28252.1	26083.6	16389.5	10140.9
	(e)	Provisions	11587.3	14874.8	14228.4	16227.3	15824.8	11041.4
	(f)	Total current liabilities and provisions	86911.1	65255.0	54806.0	52388.5	36621.6	30351.9
	(g)	Deferred tax liabilities	469.6	826.0	995.2	1227.6	1624.9	2249.4
	(h)	Total liabilities	**87380.7**	**66081.0**	**55801.2**	**53616.1**	**38246.5**	**32601.3**
	Net worth	**[E - F]**	**137320.2**	**132262.3**	**129476.0**	**123893.7**	**114705.3**	**94216.1**
G	**Represented by :**							
	(a)	Share capital	78273.2	78273.2	78273.2	78273.2	78273.2	78273.2
	(b)	Reserves and surplus	59047.0	53989.1	51202.8	45620.5	36432.1	15942.9
	Net worth	**G [(a) + (b)]**	**137320.2**	**132262.3**	**129476.0**	**123893.7**	**114705.3**	**94216.1**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd(EIL) by RINL during the year 2010-11,EIL has become a subsidiary of RINL and accordingly the figures as reported at 31/12/2011 and 31/03/2011 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE B

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

	PARTICULARS		For the Nine months ended 31-12-2011	For the year ended March 31 st				
				2011	2010	2009	2008	2007
A	**Income**							
	(a)	Net sales	90659.6	105736.2	98091.5	91283.8	90883.7	79326.6
	(c)	Internal Consumption	611.9	877.0	1210.7	1141.0	884.6	284.0
	(d)	Interest earned	2209.1	3987.1	5347.1	7872.1	7246.4	5572.1
	(f)	Other revenue	606.5	1015.8	1017.5	750.2	912.7	753.6
		Total	**94087.1**	**111616.1**	**105666.8**	**101047.1**	**99927.4**	**85936.3**
B	**Expenditure**							
	(a)	Raw-material consumed	62223.1	71893.2	55351.1	58962.5	42802.2	38890.4
	(b)	Depletion/(Accretion) to stocks	(5360.3)	(5328.6)	4153.5	(9166.5)	(3431.7)	237.6
	(c)	Employees' remuneration & benefits	10982.1	13195.4	13997.4	11566.8	10307.2	7409.4
	(d)	Stores & Spares consumed	3602.2	4729.4	4664.8	5012.3	3640.6	3572.7
	(e)	Power & fuel	3393.2	4311.0	4082.7	3403.1	2588.1	2429.5
	(f)	Repairs & maintance	1220.4	1478.6	1421.3	1498.1	1257.9	1097.0
	(g)	Freight outward	2488.9	3007.2	3126.5	2865.3	3069.6	3152.6
	(h)	Other Expenses & provisions	4854.0	4649.2	3350.8	3780.1	5104.1	3239.5
		Total expenditure	**83403.6**	**97935.4**	**90148.1**	**77921.7**	**65338.0**	**60028.7**
	(i)	Less: Inter account adjustments raw-material mining cost	321.0	491.0	432.6	380.6	391.5	284.9
	(j)	Total operating expenses	83082.6	97444.4	89715.5	77541.1	64946.5	59743.8
C	**Profit before depreciation, interest and taxation**		**11004.5**	**14171.7**	**15951.3**	**23506.0**	**34980.9**	**26192.5**
D	Less : Depreciation		2469.2	2879.8	2771.7	2404.6	4715.5	3516.0
	Less : Interest and finance charges		1295.0	1649.9	775.5	881.4	315.7	484.2
E	Add/(Less) : Prior period items (Net Credit)		(74.6)	(349.6)	(72.4)	(45.9)	(3.9)	(31.1)
F	**Profit before tax and Extra Ordinary Items**		**7314.9**	**9991.6**	**12476.5**	**20265.9**	**29953.6**	**22223.4**
G	**Extraordinary items**		-	28.7	-	-	-	-
H	**Provisions for taxation**							
	(a)	Income tax for current year	2803.5	3783.0	4630.8	7463.8	11881.3	7937.5
	(b)	Income tax for earlier years	(106.6)	(280.8)	146.2	(213.9)	(117.7)	863.8
	(d)	Fringe benefits tax for current year	-	-	(0.5)	46.6	44.3	42.1
	(e)	Fringe benefits tax for earlier years	-	-	-	-	-	-
	(f)	Total	2696.9	3502.2	4776.5	7296.5	11807.9	8843.4
	(g)	Deferred tax adjustment for the period	(344.3)	(210.1)	(266.7)	(386.3)	(1281.7)	(254.3)
	(h)	Total provisions for taxation	2352.6	3292.1	4509.8	6910.2	10526.2	8589.1
I	**Net Profit after Tax (as per audited accounts)**		**4962.3**	**6670.8**	**7966.7**	**13355.7**	**19427.4**	**13634.3**
J	**Adjustments on account of -**							
	(a)	Changes in accounting policies	2.0	(7.5)	-	-	(1717.4)	(84.7)
	(b)	Other adjustments & Prior period items	(225.8)	518.1	22.8	53.5	(86.7)	(12.0)
	(c)	Arrear Salary & Wages	-	339.6	(835.7)	145.8	189.6	98.5
	(d)	Current Tax impact of Adjstments	193.0	(128.3)	(152.5)	11.9	(103.6)	(931.1)
	(e)	Deffered tax impact adjustments	(12.2)	(4.3)	34.3	(11.0)	657.2	(146.7)
	Total of Adjustments after Tax impact		**(43.0)**	**717.6**	**(931.1)**	**200.2**	**(1060.9)**	**(1076.0)**
K	**Profit after tax (as restated)**		**5005.3**	**5953.2**	**8897.8**	**13155.5**	**20488.3**	**14710.3**

Contd………

……Contd. from previous page (Annexure B)

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

K	**Profit after tax (as restated)**	5005.3	5953.2	8897.8	13155.5	20488.3	14710.3
	Profit / (Loss) brought forward from previous year	24572.9	22028.9	16232.9	36420.4	15932.2	1221.9
L	**Profit / (Loss) available for Appropriation**	29578.2	27982.1	25130.7	49575.9	36420.5	15932.2
M	**APPROPRIATIONS**						
	Reserve for Redemption of Preference shares	-	-	-	29374.7	-	-
	Proposed Dividend on Equity & Preference Shares						
	Interim & Final	-	2735.8	2852.9	3391.8	-	-
	Tax on Dividend	-	443.9	473.8	576.4	-	-
	Adjustment of Pre-acquisition Profit	-	140.8	-	-	-	-
	Adjustment of Minority Interest	(54.9)	53.4	-	-	-	-
	Transfer to General Reserve	-	22.7	-	-	-	-
	Transfer to Special Reserve	-	12.6	-	-	-	-
	Total Appropriations	(54.9)	3409.2	3326.7	33342.9	-	-
	BALANCE CARRIED TO BALANCE SHEET	**29633.1**	**24572.9**	**21804.0**	**16233.0**	**36420.5**	**15932.2**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd (EIL) by RINL during the year 2010-11, EIL has become a subsidiary of RINL and accordingly the figures as reported for the 9(nine) months ended on 31/12/2011 and for the year 2010-11 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE C

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY CASH FLOW STATEMENT - RESTATED

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
(A) Cash flow from Operating activities						
Net Profit / (Loss) before taxation	7538.6	9112.7	13289.5	20066.5	31568.0	22221.5
Add / (Less) Adjustments for:						
Depreciation	2473.0	2870.0	2795.1	2405.8	3001.1	3679.9
Interest and Finance Charges	1287.0	1645.5	775.5	874.7	315.7	484.2
Provisions	905.9	735.0	(1071.4)	(3713.7)	1131.9	631.3
Unrealised Foreign Exchange (Gain) /Loss	(58.6)	(53.0)	(112.1)	478.5	-	-
(Profit)/Loss on sale of fixed assets	(15.0)	(32.6)	(10.2)	(4.7)	(0.4)	(208.1)
Finished goods consumed for capital jobs	(41.5)	(66.5)	(949.0)	(808.7)	-	-
Interest Income	(2212.4)	(3969.0)	(5347.1)	(7872.1)	(7246.4)	(5572.1)
Operating Profit Before working capital changes	**9877.0**	**10242.1**	**9370.3**	**11426.3**	**28769.9**	**21236.7**
Adjustments for						
(Increase) / Decrease in Inventories	(8088.6)	(7909.7)	7700.5	(14545.0)	(5484.9)	(2.2)
(Increase) / Decrease in Sundry debtors	(428.4)	(1407.0)	77.8	(974.5)	1221.2	(473.8)
(Increase) / Decrease in Other Current assets	-	-	-	-	(212.5)	(44.1)
(Increase)/Decrease in Loans & Advances	(7198.0)	(5853.4)	2131.7	4019.9	(2120.3)	(379.6)
Increase /(Decrease) in Liabilities	8207.9	5575.9	1876.9	4010.0	6383.8	2161.1
Cash generated from Operations	**2369.9**	**647.9**	**21157.2**	**3936.7**	**28557.2**	**22498.1**
Less: Income Tax paid	(3557.6)	(4886.9)	(4910.0)	(7160.4)	(10179.6)	(9553.4)
Net cash from / (used in) Operating activities	**(1187.7)**	**(4190.4)**	**16247.2**	**(3223.7)**	**18377.6**	**12944.7**
(B) Cash flow from Investing activities						
Purchase of Fixed Assets	(12553.3)	(25335.7)	(32784.0)	(20504.9)	(15594.0)	(4853.0)
Investments	0.2	(3603.5)	(2.0)	-	-	(0.5)
Proceeds from sale of Fixed Assets	131.1	35.5	352.8	22.9	5.4	4.4
Interest received	143.3	4477.4	6562.2	8207.3	7467.5	4271.4
Net cash from / (used in) Investing activities	**(12278.7)**	**(24426.3)**	**(25871.0)**	**(12274.7)**	**(8121.1)**	**(577.7)**
(C) Cash flow from Financing activities						
Proceeds from/(Repayment of) Secured Loans	5258.5	(1124.3)	(5004.4)	5749.4	(2716.7)	4305.8
Proceeds from/(Repayment of) unsecured Loans	12053.2	166.4	7252.3	(79.1)	(2045.6)	(569.3)
Proceeds from Prime Minister's Trophy Fund	-	10.0	-	-	1.0	10.7
Interest and Finance charges	(1303.5)	(1655.8)	(742.2)	(921.3)	(450.9)	(384.4)
Dividend Paid	(2735.9)	(2979.4)	(3391.8)	-	-	-
Dividend Tax Paid	(443.9)	(492.8)	(576.4)	-	-	-
Net cash from / (used in) Financing activities	**12828.4**	**(6075.9)**	**(2462.5)**	**4749.0**	**(5212.2)**	**3362.8**
Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(638.0)**	**(34692.6)**	**(12086.3)**	**(10749.4)**	**5044.3**	**15729.8**
Opening Balance of Cash & Cash equivalents	**27264.5**	**61957.1**	**66241.7**	**76991.1**	**71946.8**	**56217.0**
Closing Balance of Cash & Cash equivalents	**26626.5**	**27264.5**	**54155.4**	**66241.7**	**76991.1**	**71946.8**
(Represented by Cash & Bank Balances - Schedule D IV)						

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd (EIL) by RINL during the year 2010-11, EIL has become a subsidiary of RINL and accordingly the figures as reported for the 9(nine) months ended on 31/12/2011 and for the year 2010-11 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE D-I

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS

(₹ in Million)

	DESCRIPTION	For the Nine months ended 31-12-2011	For the year ended March 31 st				
			2011	2010	2009	2008	2007
A	**LAND**						
	(a) Freehold (Including cost of development)						
	Gross Block	512.8	512.8	514.8	856.7	517.4	517.4
	Less : Accumulated Depreciation	-	-	-	-	-	-
	Net Block	512.8	512.8	514.8	856.7	517.4	517.4
	(b) Leasehold						
	Gross Block	81.8	81.8	16.5	16.5	17.2	17.2
	Less : Accumulated Depreciation	41.7	40.0	6.1	5.8	5.5	5.2
	Net Block	40.1	41.8	10.4	10.7	11.7	12.0
B	Railway Lines & sidings						
	Gross Block	535.1	529.8	480.3	480.3	480.3	479.8
	Less : Accumulated Depreciation	497.0	487.5	465.4	445.0	421.1	398.1
	Net Block	38.1	42.3	14.9	35.3	59.2	81.7
C	Roads, Bridges & Culverts						
	Gross Block	1501.9	1494.5	1332.3	1297.7	1176.7	1001.9
	Less : Accumulated Depreciation	295.3	275.9	251.7	229.2	207.8	189.6
	Net Block	1206.6	1218.6	1080.6	1068.5	968.9	812.3
D	Buildings						
	Gross Block	10540.5	10381.3	9401.9	9327.1	9312.2	9243.0
	Less : Accumulated Depreciation	5646.9	5421.6	5120.2	4844.2	4569.4	4325.2
	Net Block	4893.6	4959.7	4281.7	4482.9	4742.8	4917.8
E	Plant & Machinery						
	Gross Block	77631.7	76379.6	74213.2	70140.7	69858.9	70088.4
	Less : Accumulated Depreciation	71703.4	69674.7	67366.1	65463.7	63853.3	61946.7
	Net Block	5928.3	6704.9	6847.1	4677.0	6005.6	8141.7
F	Furniture & Fittings						
	Gross Block	222.0	215.4	192.3	184.7	167.6	134.7
	Less : Accumulated Depreciation	146.2	140.7	129.9	123.4	113.8	101.7
	Net Block	75.8	74.7	62.4	61.3	53.8	33.0
G	Locomotives						
	Gross Block	1308.6	1308.6	984.4	665.7	649.0	642.6
	Less : Accumulated Depreciation	675.6	640.3	599.4	568.7	538.2	507.5
	Net Block	633.0	668.3	385.0	97.0	110.8	135.1
H	Vehicles						
	Gross Block	137.2	136.6	129.6	127.6	114.4	91.6
	Less : Accumulated Depreciation	104.5	98.6	87.9	79.6	76.5	72.5
	Net Block	32.7	38.0	41.7	48.0	37.9	19.1
I	Electrical Installations						
	Gross Block	3475.0	3473.8	3261.5	3041.3	2943.1	2836.8
	Less : Accumulated Depreciation	2815.7	2747.7	2650.6	2498.2	2348.5	2211.6
	Net Block	659.3	726.1	610.9	543.1	594.6	625.2
J	Water Supply & Sewerage systems						
	Gross Block	2516.8	2734.9	2773.8	2617.1	2615.2	2615.1
	Less : Accumulated Depreciation	2373.9	2414.9	2422.2	2299.2	2166.1	2039.9
	Net Block	142.9	320.0	351.6	317.9	449.1	575.2
K	Miscellaneous Assets						
	Gross Block	1285.0	1251.4	1270.2	1142.3	999.8	933.6
	Less : Accumulated Depreciation	935.5	888.0	884.6	818.5	744.7	668.7
	Net Block	349.5	363.4	385.6	323.8	255.1	264.9
L	Software (Intangible Assets)						
	Gross Block	76.1	68.4	-	-	-	-
	Less : Accumulated Depreciation	66.5	64.8	-	-	-	-
	Net Block	9.6	3.6	-	-	-	-
M	Mining lease rights (Intangible Asset)						
	Gross Block	916.9	891.0	58.3	58.3	58.3	58.3
	Less : Accumulated Depreciation	312.0	236.8	28.9	26.0	23.1	20.4
	Net Block	604.9	654.2	29.4	32.3	35.2	37.9
	TOTAL NET BLOCK	**15127.2**	**16328.4**	**14616.1**	**12554.5**	**13842.1**	**16173.3**

........Contd. from previous page Annexure D-I

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS

TOTAL NET BLOCK	**15127.2**	**16328.4**	**14616.1**	**12554.5**	**13842.1**	**16173.3**
CAPITAL WORK-IN-PROGESS						
C.W.I.P	106902.4	95718.2	75496.0	46519.8	21180.4	6013.0
Less: Provisions	225.1	225.6	240.1	179.0	270.1	22.2
C.W.I.P (Net)	**106677.3**	**95492.6**	**75255.9**	**46340.8**	**20910.3**	**5990.8**
Assets Held for disposal	0.3	0.3	0.5	0.5	0.4	-
TOTAL FIXED ASSETS	**121804.8**	**111821.3**	**89872.5**	**58895.8**	**34752.8**	**22164.1**

ANNEXURE D-II

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF INVESTMENTS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
TRADE						
Subsidiary						
BIRSA STONE LIME COMPANY LTD*	-	-	-	-	-	-
Joint Venture						
Rinmoil Ferro Alloys Private Limited	1.0	1.0	1.0	-	-	-
International Coal Ventures Pvt Limited	14.0	4.3	1.0	-	-	-
Others	30.9	40.8	-	-	-	-
NON TRADE						
Free Press House Limited #	-	-	-	-	-	-
Steelscape Consultancy Pvt Limited	0.5	0.5	0.5	0.5	0.5	0.5
Others	60.8	60.7	-	-	-	-
TOTAL	**107.2**	**107.3**	**2.5**	**0.5**	**0.5**	**0.5**
QUOTED	**45.9**	**46.1**	**-**	**-**	**-**	**-**
UN QUOTED	**61.3**	**61.2**	**2.5**	**0.5**	**0.5**	**0.5**

Note: * Investment amounted to Rs 1000/- hence rounded off to zero
Investment amounted to Rs 2380/- hence rounded off to zero and include one fully paid up equity share of in Anakapalli Rural Electric Co-operative society Ltd

ANNEXURE D-III

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF SUNDRY DEBTORS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Debts over six months	263.8	234.5	208.1	210.6	223.7	190.5
Other debts	3780.9	3369.7	1809.1	1912.7	908.4	2166.1
Sub Total	4044.7	3604.2	2017.2	2123.3	1132.1	2356.6
Less : Provision for doubtful debts	251.0	239.0	208.1	236.4	219.7	223.0
Total--Unsecured & Considered good	**3793.7**	**3365.2**	**1809.1**	**1886.9**	**912.4**	**2133.6**

ANNEXURE D-IV

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF CASH AND BANK BALANCES

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
Cash on hand	1.1	0.5	0.9	0.5	1.0	0.7
Cheques on hand	317.1	351.6	510.3	367.7	19.9	787.2
Remittances in-transit	-	-	-	-	6.4	7.9
Current Accounts with Scheduled Banks	533.8	151.2	212.8	41.3	106.5	88.2
Term deposits with Scheduled Banks	25774.4	26761.2	53431.4	65832.2	76857.3	71062.8
TOTAL	**26626.4**	**27264.5**	**54155.4**	**66241.7**	**76991.1**	**71946.8**

ANNEXURE D-V

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF INVENTORIES

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Semi Finished/ Finished goods	23814.9	18454.3	12806.8	17023.8	7917.2	4640.6
Raw materials	13501.7	11441.4	8710.9	12003.1	6920.9	4590.2
Stores & Spares	3667.6	2999.9	3124	3315.2	2959.1	3081.5
TOTAL	**40984.2**	**32895.6**	**24641.7**	**32342.1**	**17797.2**	**12312.3**

ANNEXURE D-VI

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF LOANS AND ADVANCES

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Loans						
Employees	599.3	504.2	428.2	428.0	322.6	110.1
Others	2336.5	2336.5	2336.8	2437.4	2460.9	2455.1
Material issued on loan	-	-	-	-	11.0	11.0
Advances & other recoverables						
(Recoverable in cash or in kind for value to be received)						
Government departments	141.5	81.0	174.4	154.8	100.2	80.9
Less:Provision for doubtful advances	6.2	6.2	6.2	6.2	6.2	6.2
Advance Income Tax	3555.3	4489.4	4327.3	7386.4	11537.4	9261.9
Contractors	342.2	175.2	35.6	33.1	81.6	50.2
Less:Provision for doubtful advances	48.2	48.2	27.6	27.6	20.2	12.7
Suppliers	1125.8	579.1	468.4	483.5	602.6	426.9
Less:Provision for doubtful advances	89.6	93.5	63.0	65.0	76.3	84.3
Employees	91.1	155.1	69.4	255.5	283.6	56.2
Less:Provision for doubtful advances	1.6	1.6	1.6	1.6	1.6	1.6
Joint Ventures	-	-	-	-	2.5	-
Others *	17621.2	10347.0	4097.8	2994.2	2839.2	1928.4
Less:Provision for doubtful advances/ recoverables	277.7	277.7	297.3	278.8	282.7	125.9
Prepaid expenses	143.5	214.8	37.0	16.6	3.2	21.0
Claims recoverable	392.2	503.2	498.0	379.3	378.9	378.6
Less: Provision for doubtful claims	168.3	91.3	68.4	61.3	60.5	11.0
Deposits	1201.8	1203.0	1413.2	1425.4	1397.3	639.1
Total	**26958.8**	**20070.0**	**13422.0**	**15553.7**	**19573.5**	**15177.7**
Secured/Unsecured & Considered good	**26392.4**	**19581.6**	**12957.9**	**15113.2**	**19126.0**	**14936.0**
Unsecured & Considered doubtful	**566.4**	**488.4**	**464.1**	**440.5**	**447.5**	**241.7**

ANNEXURE D-VII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF SECURED AND UNSECURED LOANS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
A Secured loans						
Working Capital Borrowings from Banks	4739.1	1966.1	3294.0	3341.9	3327.8	3950.0
Loans from Banks against Term Deposits	3268.3	782.8	579.2	5735.3	0.0	2094.5
	8007.4	**2748.9**	**3873.2**	**9077.2**	**3327.8**	**6044.5**
B Un-Secured loans						
Short Term Loans from Banks	5165.0	1851.2	5699.6	1000.4	0.0	0.0
Short Term Foreign currency facilities	12058.1	6767.5	2253.1	0.0	1079.5	3125.1
Short Term Loans from others	3448.8	0.0	499.6	0.0	0.0	0.0
	20671.9	**8618.7**	**8452.3**	**1000.4**	**1079.5**	**3125.1**
TOTAL (A+B)	**28679.3**	**11367.6**	**12325.5**	**10077.6**	**4407.3**	**9169.6**

ANNEXURE D-VIII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF CURRENT LIABILITIES AND PROVISIONS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Current Liabilities:						
Sundry creditors	12313.1	11884.9	12699.5	11515.4	5032.6	3673.2
Advances from customers	2019.1	1532.1	1415.4	1380.9	1369.7	1199.1
Other advances	14.9	16.0	18.8	14.3	15.7	10.9
Earnest money, security & other deposits	3040.8	2856.2	2076.9	1376.0	989.4	813.6
Interest accrued but not due	-	11.1	23.8	1.4	48.9	184.1
Other liabilities	24088.4	17484.6	12017.7	11795.6	8933.2	4260.0
TOTAL	**41476.3**	**33784.9**	**28252.1**	**26083.6**	**16389.5**	**10140.9**
Provisions :						
Current Income Tax	4088.3	4966.8	4500.3	7485.8	11891.4	8956.4
Fringe Benefit Tax	-	-	-	46.6	44.3	42.1
Wealth Tax	3.8	4.9	4.5	8.9	4.8	3.9
Interim Dividend	-	-	1000.1	-	-	-
Proposed Dividend (Final)	-	2726.1	1852.8	3391.8	-	-
Tax on Interim Dividend	-	3.5	166.1	-	-	-
Tax on proposed Dividend (Final)	-	440.4	307.7	576.4	-	-
Gratuity to employees	-	56.6	722.1	345.5	450.7	1.1
Compensated Absences	4457.0	4003.3	3464.6	2530.0	1846.1	998.7
Post-retirement Benefits	1886.1	1693.0	1433.9	1236.8	1066.8	677.9
Employee family Benefit Scheme	938.7	802.4	641.5	533.3	459.0	299.5
Long Service Awards	112.4	101.5	70.5	51.1	44.0	47.5
Leave Travel Concession	73.5	50.2	40.0	-	-	-
Mines Closure	27.5	26.1	24.3	21.1	17.7	14.3
TOTAL	**11587.3**	**14874.8**	**14228.4**	**16227.3**	**15824.8**	**11041.4**

ANNEXURE D-IX

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF SHARE CAPITAL

(₹ in Million)

	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
AUTHORISED						
4,89,00,000 Equity Shares of ₹ 1000 each	48900.0	48900.0	48900.0	48900.0	48900.0	48900.0
3,11,00,000 Preference Shares of ₹ 1000 each	31100.0	31100.0	31100.0	31100.0	31100.0	31100.0
TOTAL	**80000.0**	**80000.0**	**80000.0**	**80000.0**	**80000.0**	**80000.0**
ISSUED, SUBSCRIBED & PAID-UP						
4,88,98,462 Equity Shares of ₹ 1000 each.	48898.5	48898.5	48898.5	48898.5	48898.5	48898.5
2,93,74,700 7 % Non-Cumulative redeemable Preference Shares of ₹ 1000 each redeemable at par	29374.7	29374.7	29374.7	29374.7	29374.7	29374.7
TOTAL	**78273.2**	**78273.2**	**78273.2**	**78273.2**	**78273.2**	**78273.2**

ANNEXURE D-X

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF RESERVES AND SURPLUS

(₹ in Million)

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Prime Minister's Trophy Award Fund	38.8	36.2	23.8	12.9	11.7	10.7
Reserve for Redeeming Preference Share Capital	29374.7	29374.7	29374.7	29374.7	-	-
Special Reserve	1.5	1.5	-	-	-	-
General Reserve	2.7	2.7	-	-	-	-
Surplus as per Profit and Loss Account	29629.3 *	24574.0	21804.3	16232.9	36420.4	15932.2
TOTAL	**59047.0**	**53989.1**	**51202.8**	**45620.5**	**36432.1**	**15942.9**

* Net of adjustment of Pre-acquisition profit of ₹ 3.8 million

ANNEXURE D-XI

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF OTHER INCOME

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
Rent recoveries	37.7	42.9	39.3	33.6	28.0	24.0
Profit on sale of fixed assets	15.0	32.6	10.2	4.7	5.0	4.2
Provision no longer required written back	5.3	43.7	82.6	150.2	22.4	129.1
Liquidated damages	87.6	71.8	121.1	108.3	80.8	49.0
Claims for finished goods (Shortages & Missing Wagons)	9.4	12.4	14.4	18.9	28.1	23.4
Export benefits	60.8	116.1	97.0	30.5	98.4	121.8
Net income from other operations	5.9	9.3	9.2	8.4	6.2	7.1
Exchange Differences (Net)	0.0	0.0	207.2	0.0	187.5	44.3
Dividend Income	4.8	0.0	0.0	0.0	0.0	0.0
Sundry receipts	380.0	687.0	436.5	395.6	456.3	350.7
Total	606.5	1015.8	1017.5	750.2	912.7	753.6
Profit before tax,before Extra Ordinary Items	7314.9	9991.5	12476.5	20265.9	29953.6	22223.4
Total Other Income as % of Profit before tax & Extraoridanry Items	8.3	10.2	8.2	3.7	3.0	3.4

Annexure - E

RASHTIRYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED)

GROUP COMPANIES (RINL AND ITS SUBSIDIARIES EIL, OMDC AND BSLC)

1.0 GENERAL

1.1 Financial Statements are prepared under the historical cost convention in accordance with fundamental accounting assumptions and Generally Accepted Accounting Principles (GAAP) in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified thereunder.

2.0 FIXED ASSETS

2.1 Fixed assets are stated at historical cost (or revalued amounts, as the case may be) less depreciation and impairment.

2.2 Expenditure attributable / relating to construction, to the extent not directly identifiable to any specific Plant Unit, is kept under 'Expenditure During Construction' for allocation to Fixed Assets and is grouped under 'Capital Work-in- Progress'.

2.3 Prospecting and development expenses incurred to prepare the mine ready for commercial exploration (i.e. in the nature of preliminary and preoperative expenses) are capitalized.

2.4 Expenditure incurred for obtaining required clearance to operate the mines subsequent to the allotment of their lease is capitalized as intangible assets.

2.5 Expenditure incurred for renewable of mining lease are capitalized under Mining Lease.

3.0 INVESTMENTS

3.1 Current investments are carried at lower of cost and fair value.

3.2 Long term investments are carried at cost. Diminution in value, other than temporary, is provided for.

4.0 INVENTORIES

4.1 Inventories are valued at lower of cost and net realizable value.

4.2 The basis of determining cost is:

4.2.1 Finished / Semi-finished goods - Weighted Average cost

4.2.2 Raw material, Stores & Spares, Loose Tools - Monthly weighted average cost and those in transit at cost.

4.3 Obsolete / Surplus / Non-moving inventory are adequately provided for.

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RASHTIRYA ISPAT NIGAM LIMITED (CONSOLIDATED)

5.0 REVENUE RECOGNITION

5.1 Sales are recognized when all significant risks and rewards of ownership have been transferred to the buyer.

5.2 Export incentives under various schemes are recognized as Income on certainty of realisation.

6.0 CLAIMS

6.1 Claims against outside agencies are accounted on certainty of realisation.

7.0 FOREIGN CURRENCY TRANSACTIONS

7.1 Foreign currency monetary items are recorded at the closing rate.

7.2 Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognised as expense or income in the period in which they arise.

8.0 EMPLOYEE BENEFITS

8.1 Actuarial gains and losses on defined benefit plans are recognized during the year.

9.0 DEPRECIATION AND AMORTISATION

9.1 Depreciation is provided on straight line method (SLM), up to full value of the cost of the asset over the specified period derived in accordance with the provisions of Schedule XIV of the Companies Act, 1956, except the following:

9.1.1 Assets costing up to ₹ 5000/- are fully depreciated in the year of capitalisation.

9.1.2 Depreciation on the following categories of assets is provided up to full value of the cost of asset on SLM over the period of their useful life based on the Management's estimate given in brackets:.

Photo Copiers & Fax Machines, Telecom Equipment (5 Years); Cranes, Slag Pot Carriers, Audio & Visual Equipment (10Years); Other Office Equipment, Earth Moving Equipment, Forklift Trucks, Air Conditioners, Refrigerators, Water Coolers, Air Coolers, Freezers (7 Years); Cars (6 Years); Safety Equipment, Other light vehicles (8 Years); Computers [including system Software] (4 Years); Coke Ovens & Coal Chemical Plant (15 Years).

9.2 In case of Subsidiaries, depreciation on fixed assets is provided on written down method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 or at rates determined based on useful lives of the respective assets, as estimated by the management, whichever is higher.

...... Contd. from previous page (Annexure E)

RASHTIRYA ISPAT NIGAM LIMITED (CONSOLIDATED)

9.3 In case of Subsidiaries, depreciation on revalued assets is provided at the rates specified in Section 205(2) (b) of the Companies Act, 1956. However in case of fixed assets whose life is determined by the valuer to be less than their useful life under Section 205, depreciation is provided at the higher rate, to ensure the amortization of these assets over their life determined by the valuer.

9.4 Prospecting and development expenditure is amortized at the rate of 10% using written down value method in case of OMDC. In case of BSLC, the same is amortized over a period of ten years.

9.5 Amortisation of "Intangible Assets" is accounted as follows:

9.5.1 Mining lease rights are amortised over the period of lease.

9.5.2 Software which is not an integral part of related hardware is treated as intangible asset and amortised over a period of four years or its license period, whichever is less..

10.0 BORROWING COSTS

10.1 Borrowing costs incurred for obtaining assets which take more than 12 months to get ready for its intended use are capitalised to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

10.2 Other borrowing costs are treated as expense for the year.

11.0 PRIOR PERIOD ADJUSTMENTS

11.1 Items of Income / Expenditure which arise in the current period as a result of errors or omissions in the preparation of Financial Statements of one or more prior periods, exceeding ₹ 5, 00,000/- in value, in each case are treated as prior period adjustments.

11.2 In case of Subsidiaries, no threshold limit is prescribed for an item to be treated as prior period adjustment.

12.0 GRANTS AND SUBSIDIES

12.1 When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

12.2 Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

ANNEXURE F

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

NOTES ON ADJUSTMENTS MADE FOR RESTATED FINANCIAL STATEMENTS

1 Adjustments on changes in Accounting Policies,prior period items and other adjustments

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
(A) Net profit after tax as per audited accounts	**4962.3**	**6670.8**	**7966.7**	**13355.7**	**19427.4**	**13634.3**
Adjustments on account of -						
(a) Changes in accounting policies	2.0	(7.5)	-	-	(1717.4)	(84.7)
(b) Other adjustments & Prior period items	(225.8)	518.1	22.8	53.5	(86.7)	(12.0)
(c) Arrear Salary & Wages	-	339.6	(835.7)	145.8	189.6	98.5
(d) Current Tax impact of Adjustments	193.0	(128.3)	(152.5)	11.9	(103.6)	(931.1)
(e) Deferred tax impact adjustments	(12.2)	(4.3)	34.3	(11.0)	657.2	(146.7)
(B) Total of Adjustments after Tax impact	**(43.0)**	**717.6**	**(931.1)**	**200.2**	**(1060.9)**	**(1076.0)**
(C) Net Adjusted Profit after tax(A-B)	**5005.3**	**5953.2**	**8897.8**	**13155.5**	**20488.3**	**14710.3**

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RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

2.0 Notes on adjustments made for Restated Financial Information:

2.1 The prior period items in the Profit and Loss Account have been restated to the respective years to which they relate.

2.2 In the Financial year 2007-08 there has been change in Accounting Policy related to "Depreciation calculation", which envisages providing depreciation for full value of the asset cost over the specified period derived in accordance with the provision of Schedule XIV of Companies Act, 1956. In line with the policy, depreciation has been recomputed and adjusted accordingly in the restated financial information.

2.3 In the Financial year 2007-08 there has been change in Accounting Policy related to Inventory valuation with respect to "determining of finished goods cost on annual weighted average cost instead of last 6 months weighted average". In line with the changed policy, the valuation of inventory has been recomputed and adjusted accordingly in the restated financial information.

2.4 Consequent upon issue of Accounting Standard 26 by the Institute of Chartered Accountants of India on "Intangible Assets", which is mandatory from the Financial year 2003-04 the concept of 'deferred revenue expenditure', is discontinued. However, Standard permitted to continue the charge off balance deferred expenditure in the subsequent years as per the transitional provision. Accordingly, the deferred revenue expenditure charged off in the subsequent years as per transitional provision has been adjusted in the restated financial information.

2.5 In the Financial year 2010-11 there has been change in Accounting practice related to "Assets not owned by an Enterprise" based on the Expert Advisory Committee of Institute of Chartered Accountants of India. As per such opinion, the expenditure incurred on Assets not owned by an Enterprise is to be recognized as revenue expenditure on incurrence. In line with the changed accounting practice adjustments were carried out in the restated financial information.

2.6 Arrears of expenses in respect of Salary and Wages paid to the executives as per DPE Guidelines, and for nonexecutives arising out of wage agreement under National Joint Committee for Steel Industries Agreement and expenditure on pay revision for the executives/non-executives have been charged through provision in the earlier years, the same have now been restated taking into respective years to which they relate.

2.7 The company has accounted for the deferred tax assets & liabilities in terms of 'Accounting for Taxes on Income' (AS22) issued by the Institute of Chartered Accountants of India (ICAI). Current tax and deferred tax impact on the adjustments made have been computed on the restated profit at the rates applicable to respective years.

2.8 The Accounts for the years have been restated considering the Guidance Note on "Reports in Company Prospectuses" issued by Institute of Chartered Accountants of India. Effect of these changes has been shown as separate line items under para 1(Annexure-VI) referred above. Effect of changes for financial years prior to 2006-07 have been adjusted in the surplus profit & loss account *unde*r Reserves & Surplus as on 31.03.2006 net of taxes including deferred tax relatable to financial years prior to 2006-07.

2.9 Depreciation for Eastern Investments Limited (EIL) has provided originally in Written down Value (WDV) method as per the company policy but this has been changed from WDV to Straight Line Method (SLM) for the purpose of restated accounts as per accounting policy of M/s RINL. In line with the RINL Deprecation policy, depreciation has been recomputed and adjusted accordingly in the restated financial information.

Annexure G

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

Notes on adjustments not made for Restated Financial Information

1. As per the Notification dated 26.11.2008 of Ministry of Heavy Industries and Public Enterprises, Govt. of India, while reviewing the pay scales of the employees of PSUs, inter alia revised the ceiling of gratuity to ₹ 1.0 million from ₹ 0.35 million w.e.f. 01.07.2007. Accordingly, gratuity liability as per AS-15 has been accounted under Employees cost in the year 2008-09, in case of M/s EIL this has been charged in the year 2010-11 and such amount has not been recast to the relevant earlier years as the same has not been ascertained.

2. Further arrear liability on account of Gratuity and other Employee Benefits arising out of revision of salary and wages for executives and non-executives in 2008-09 has been charged in the Accounts of 2008-09, in case of EIL it has been charged in the year 2009-10 and the restatement of same to respective years has not been made as the same has not been ascertained.

Annexure H

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

OTHER NOTES ON RESTATED FINANCIAL INFORMATION

BASIS OF PREPARATION OF FINANCIAL INFORMATION

1.1 The financial information of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, i.e. year ending 31st March and nine months period ending 31st December 2011.

1.2 The financial information have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the subsidiaries have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India.

2.0 PRINCIPLES OF CONSOLIDATION

2.1 The consolidated financial information relate to RASHTIRYA ISPAT NIGAM LIMITED (RINL) and its subsidiary company Eastern Investments Limited (EIL). Further, the position of investment and other current account as at 31/12/2011 and 31/03/2011 are as under:

(₹ in Million)

Name of Subsidiary	Country of Incorporation	Stake in Subsidiary	Date of Incorporation	Address	Minority Interest as per consolidated accounts as on 31/12/2011	Minority Interest as per consolidated accounts as on 31/03/2011
Eastern Investments Ltd	India	51%	3rd January, 1927	Sourav Abasan 2nd Floor AG-104 Sector-II, Salt Lake City Kolkata-700091	5168.2	5227.7

2.2 The financial information of the Company and its subsidiary companies are combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard - 21 "Consolidated Financial information" issued by the Institute of Chartered accountants of India.

Significant Accounting Policies and Notes to these Consolidated Financial information are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from individual financial information, which fairly present the needed disclosure.

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3.0 Land at a cost of ₹ 399.9 million is being held in the name of President of India. The Company is holding Power of Attorney issued by Govt. of India for utilisation of the land acquired for the Project and related purposes incidental thereto.

4.0 Land includes 367.072 acres allotted to various agencies on lease basis.

5.0 Sale deeds in respect of the following assets are yet to be executed:

a) Stockyard at Chennai	₹ 23.7million
b) i) Office building at New Delhi	₹ 10.9million
ii) Office building at New Delhi	₹ 219.1million
c) Office buildings at Ahmedabad	₹ 1.8 million
d) Residential buildings at Kolkata	₹ 9.5 million
e) Stockyard at Hyderabad	₹ 10.0 million

6.0 Pending the opinion of ICAI on the issues raised by the Company regarding 'expenditure incurred' on "Assets not owned by an Enterprise", the Company has charged to Profit and Loss Account an amount of ₹ 482.4 million paid to APTRANSCO, towards installments, for development of necessary infrastructure to meet additional power load requirements after expansion of capacity, as against the charging of the assessed expenditure based on work completed in the previous year. Consequently, profit for the period ending 31.12.2011 is decreased by ₹ 482.4 million

7.0 Term Deposits with scheduled banks disclosed under Cash and Bank balances (Schedule - 12) include, Term Deposit Receipts of value of ₹ 16780.0 million. Pledged with bankers as security against Loans of ₹ 3268.3 million availed by the Company and also Term Deposit Receipts of Value of ₹ 50.0 million pledged with banks as lien towards Margin Money for Non-Fund based limits.

8.0 Loans and advances, Sundry Debtors / Creditors, Stock with some Contractors are subject to reconciliation / confirmation.

9.0 As per section 441A of the Companies Act 1956, cess on turnover is levable. Government of India has not yet framed any rules / guidelines in this regard and hence no amount has been provided and / or paid.

10.0 These interim financial statements are prepared in connection with disinvestment through offer for sale/IPO and in accordance with Accounting standard (AS) 25 "Interim Financial Reporting".

11.0 The figures relating to the corresponding period of the immediately preceding financial year are not furnished, as the audited interim financial statements for the corresponding period of the immediately preceding financial year are not available.

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12.0 The disclosures as required by the Accounting standard (AS) 15 “Employee Benefits” are partial and limited to the data available.

13.0 The non-furnishing of the figures relating to the corresponding period of the immediately preceding financial year and the limited disclosures under Accounting standard (AS) 15 “Employee Benefits”, have no impact on the restatement of financial information prepared in connection with disinvestment through offer for sale/IPO.

14.0 Provision for non-moving, obsolete stores and spares and repair and maintenance expenses are made on estimated basis.

15.0 In terms of the Memorandum of Understanding (MOU) dated 24.04.1992 between the Orissa Minerals and Development Company Ltd (OMDC) and Usha Rectifier Corporation (I) Limited (now Usha India Limited) a Joint Venture Company (JVC) was formed namely East India Minerals Limited (EIML), and subsequently vide an agreement dated 04.10.1993 between OMDC and East India Minerals Limited (EIML), certain facilities in the form of land for construction of plant, railways siding etc. were provided to EIML on right to use basis, initially for a period of 20 years as consideration towards of 26% of the paid up equity shares of the JVC. As per the terms of the MOU as well as the agreement, permission for mining in the leasehold areas was also extended to the JVC against establishment charges to be paid by them for such permission, Necessary charges payable by EIML in this regard has been taken into income as establishment charges in the books of OMDC. Minerals raised by EIML in terms of the said arrangement NIL M.T. (Previous Year 2, 04,158 M.T.) however has not been included to arrive at OMDC’s production.

16.0 One of the subsidiary company viz. Orissa Mineral Development Corporation Limited, is pre dominantly engaged in the mining activities and mining lease of all the mines of the said company are under various stages of approval/renewal and accounts of the said subsidiary company has been prepared on going concern basis.

17.0 Certain fixed assets of the holding company comprising of Land, Building, and Railway Siding etc are under subject matter of litigation/dispute and ultimate impact of the same on the Consolidated Financial information is unascertained.

18.0 It is not possible to determine with reasonable accuracy the effect of settlement as and when reached and loss likely to be incurred in respect of the following:

(i)

a. The Assets described in the Schedule No.3 to the Accounts under the heading 'Block and Development' known as Sonepore property belonging to the Ondal Investments Co. Ltd. were the subject matter of a sub-lease between them and Sonepore Coalfields Ltd. which the company took possession of the property in 1946. The sub-lease agreement could not be completed due to implications involved under the Mineral Concession Rules in 1960. The said company served re-entry notice on the sub-lessees and on obtaining permission from the Coal Board took possession of the property and started prospecting operation for which purpose the sum of ₹ 0.072 million was spent. The Company's re-entry notice was challenged by the Sonepore Coalfields Ltd. and in January, 1966 after hearing both the parties the Calcutta High Court held that the sub-lessees were the 'owners' of the property and re-entry

Official Liquidator has taken possession of all the books and records vide Order dated 5th October, 2005 of the Hon'ble High Court at Calcutta. As a result no accounts of the company could be prepared and attached herewith.

(vi) Provision for rent and cess on Lawrance property has not been provided in the accounts for the year under audit and exact amount is not ascertainable.

(vii) Balances in respect to advances, Sundry debtors, and creditors are subject to confirmation.

(viii) Certain investment amounting to ₹ 5.18 million, though at present unquoted has been shown as quoted investments.

(ix) Disclosure requirements as per Accounting Standard 22, Accounting for taxes on income, as issued by ICAI, has not been complied with.

19.0 Investments -

(i) Investments in shares in the Sonakunda Bailing Co. Ltd. and Muree Brewery Co. Ltd. registered in Bangladesh and Pakistan respectively considered at their book value without adjustments of ad-hoc payments aggregating to ₹ 0.049 million received from the Enemy Property, Government of India, against the company's claim on lodgment of shares which sum is kept under Current Liabilities' pending finalization of the company's claim. Provision in respect of the difference between book value and ad-hoc payment has been made in the books.

(ii) Investments in the shares in the Plantation Companies in Sri Lanka, estate of which have vested with the Government of that Country since 16.10.75 have been considered at their book value without adjustment of compensation received in investments upto 31.03.2010 amounting to ₹ 0.125 million which sum is kept under Current Liabilities, pending full collection and adjustments thereof.

(iii) The aggregate shortfall between the book value and estimated realization value of investments as appearing in the Schedule No.4 is ₹16.53 million (31.03.10 - ₹16.45 million). This includes fresh provision made during the year to the tune of ₹0.07 million.

20.0 Claim has been lodged with the Commissioner of Payments (Jute) within the stipulated time in respect of unsecured loan to Union Jute Mills Co. Ltd. And interest accrued thereon aggregating ₹ 0.79 million (P.Y. ₹ 0.79 million).

21.0 Assessment of Impairment loss on the Assets of the parent company has not been done. However, in case of The Bisra Stone Lime Co. Ltd. no impairment loss has been identified and in case of The Orissa Minerals Development Co. Ltd., an impairment loss of ₹ 10.6 million has been provided for.

22.0 One of the subsidiary company viz. Orissa Mineral Development Corporation Limited, is pre dominantly engaged in the mining activities and mining lease of all the mines of the said company are under various stages of approval/renewal and accounts of the said subsidiary company has been prepared on going concern basis.

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23.0 An amount of ₹ 0.65 million, not related to normal course of the business, has been incurred by Orissa Minerals Development Co Ltd as restructuring expenses.

24.0 RINL has entered into a Joint venture agreement (vide approval from its Board in 238th meeting held on 02/02/2009) regarding formation of Special Purpose Vehicle (SPV) through joint venture involving Rashtriya Ispat Nigam Limited, Coal India Limited, Steel Authority of India Limited, National Thermal Power Corporation & National Mineral Development Corporation for acquisition of coal properties abroad. The formation of the SPV had been approved by the Cabinet, Govt. of India; vide its approval dated 8th November 2007.

24.1 The aforesaid SPV viz. International Coal Ventures Pvt Ltd. (ICVL) has been formed by incorporation under Companies Act, 1956 on 20th May, 2009 with an authorised capital of ₹98.00 Million and Paid up Capital of ₹ 98.00 Million. Out of above Paid up Capital, Rashtriya Ispat Nigam Ltd. is owning 1/7th share i.e. worth ₹ 14.0 Million equity shares.

24.2 Operational activities of (ICVL) is yet to be started, as such, all expenses are debited to Pre-operative Expenses account. Due to non-availability of audited financial accounts of 2011-12 (31/12/2011), the consolidated accounts do not include assets and liabilities of ICVL in accordance with AS-27. Since the amount being not very significant, 'Net Interest in Joint Venture' - ICVL is shown separately. Proportionate share of Rashtriya Ispat Nigam Limited in assets and liabilities of ICVL as on 31.12.2011 & 31.03.2011 is as under:

(₹ in Million)

Items	ICVL		RINL's Share		Other's Share	
	As on		As on		As on	
	31.12.2011	31.03.2011	31.12.2011	31.03.2011	31.12.2011	31.03.2011
Share Capital	98.00	98.00	14.00	14.00	84.00	84.00
Total	**98.00**	**98.00**	14.00	14.00	84.00	84.00
					0.00	0.00
Fixed Assets	0.44	0.16	0.06	0.02	0.38	0.14
Investments	0.05	0.05	0.01	0.01	0.04	0.04
Current Assets	1667.98	67.30	238.28	9.61	1429.70	57.69
Current Liabilities	-1603.48	-13.59	-229.07	-1.94	-1374.41	-11.65
Pre - Operative and other expenses pending allocation	33.01	44.08	4.72	6.30	28.29	37.78
Total	**98.00**	**98.00**	14.00	14.00	84.00	84.00

24.3 RINL has entered into a Joint venture agreement with Manganese Ore (India) Limited (MOIL) (vide approval from its Board in 241st meeting held on 04/07/2009) regarding formation of joint venture company viz RINMOIL Ferro Alloys (P) Ltd. The formation of the Joint Venture had been approved by the Cabinet, Govt. of India; vide its approval dated 8th November 2007.

24.4 The aforesaid Joint Venture Company viz. RINMOIL Ferro Alloys (P) Ltd has been formed by incorporation under Companies Act, 1956 on 29th July, 2009 with an authorized capital of ₹ 2.00 Million and Paid up Capital of ₹ 2.0 Million. Out of above Paid up Capital, Rashtriya Ispat Nigam Ltd. is owning 50% share i.e. worth ₹ 1.0 Million equity shares.

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24.5 Operational activities of (RINMOIL) is yet to be started, as such, all expenses are debited to Pre-operative Expenses account. Due to non-availability of audited financial accounts of 2011-12 (31/12/2011), the consolidated accounts do not include assets and liabilities of RINMOIL in accordance with AS-27. Since the amount being not very significant, 'Net Interest in Joint Venture' - RINMOIL is shown separately. Proportionate share of Rashtriya Ispat Nigam Limited in assets and liabilities of RINMOIL as on 31.12.2011 & 31.03.2011 is as under:

(₹ in Million)

Items	RINMOIL		RINL's Share		Other's Share	
	As on		As on		As on	
	31.12.2011	31.03.2011	31.12.2011	31.03.2011	31.12.2011	31.03.2011
Share Capital	2.00	2.00	1.00	1.00	1.00	1.00
Total	**2.00**	**2.00**	**1.00**	**1.00**	**1.00**	**1.00**
Fixed Assets	11.44	9.90	5.72	4.95	5.72	4.95
Investments	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	6.58	8.42	3.29	4.21	3.29	4.21
Current Liabilities	-16.08	-16.37	-8.04	-8.19	-8.04	-8.19
Profit and Loss Account (Loss)	0.06	0.06	0.03	0.03	0.03	0.03
Total	**2.00**	**2.00**	**1.00**	**1.00**	**1.00**	**1.00**

Annexure I

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF EMPLOYEE BENEFITS

Disclosures pursuant to AS 15 -Employee benefits-

Defined Contribution plans:

An amount of ₹ 45.1 million recognized in the Profit and Loss account and ₹ 1.6 million in Capital work in progress towards Superannuation Benefit Scheme.

Defined Benefit Plans:

General Description of the Post Employment Benefits-Defined Benefit Plans

Provident Fund	-	Company pays fixed contribution to Provident Fund, at predetermined rates, to a separate trust, which invests the Funds in permitted securities. On Contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India. The obligation of the Company is limited to the shortfall in the rate of interest on the Contribution based on its return on investments as compared to the declared rate.
Gratuity	-	Payable to employees, who render continuous service of 5 years or more, on separation, at 15 days of last drawn pay for each completed year of service.
Post Retirement Medical Benefits	-	Available to retired employees at Company's hospital and / or under the Health Insurance Policy.
Retirement Settlement Benefits	-	The retired employees, their dependents, as also the dependents of the employees expired while in service are entitled for travel and transport expenses to their place of permanent residence. At the time of retirement, employees will be given 10 gms. of gold.
Employee Family Benefit Scheme	-	Monthly payments, till the notional date of superannuation, to employees separated upon disablement / legal heirs of deceased employees at their option who fulfill the criteria of prescribed amount of deposit.

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Expenses recognized in the statement of Consolidated Profit and Loss Account (₹ in Million)

Particulars	Gratuity	Retirement Medical Benefits	Retirement Settlement Benefits	Employee Family Benefit Scheme
Amount charged to :				
Profit & Loss Account	@(28.7)	151.9	46.3	237.7
Expenditure During Construction	(3.0)	3.4	1.0	5.3
Capital Work in Progress	(0.3)	0.3	0.1	0.5

@ includes ₹ 106.5 million Liability of subsidiary company (EIL) which was worked out proportionately based on the actuary report of EIL as at 31.03.2011.

Actuarial assumptions

Description	As at 31st December 2011
Discount Rate (per annum)	8%
Mortality rate	LIC (1994-96) duly modified
Withdrawal rates (per annum)	Upto 30 years of age 3%; Upto 44 years of age 2%; Above 44 years of age 1%.
Estimated Rate of Return on Planned Assets	9%
Medical Cost Trend Rates (Per Annum)	6% of Hospital Cost and Medi-claim Premium
Salary Escalation (per annum)	7%
The estimate of future salary increase considered in actuarial valuation takes into account inflation rate, seniority, industry practice, promotion and other relevant factors on long term basis.	

Disclosers as required by the Accounting Standard (AS) 15 " Employee Benefits " , are made as far as practicable and the liability is provided for the stub period ending 31/12/2011 proportionately based on valuation made by the actuary for the year. The closing liabilities as at 31/12/2011 are as below;

(₹ in Million)

Head	Closing Actuarial Liability as on 31/12/2011
Compensated Absences#	4388.5
Post-retirement benefits	1848.1
Employee Family Benefit Scheme	938.7
Long Service Awards	112.4
Leave Travel Concession	73.5
Gratuity*	106.5
Total	**7353.2**

includes ₹ 38 million liability of subsidiary company (EIL) which was worked out proportionately based on the actuary report of EIL as at 31.03.2011.

*includes ₹ 106.5 million Liability of subsidiary company (EIL) which was worked out proportionately based on the actuary report of EIL as at 31.03.2011.

ANNEXURE J

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF RELATED PARTY TRANSACTION

(₹ in Million)

	SALARIES						COMPANIES CONTRIBUTION TO PF AND OTHER FUNDS						MEDICAL BENFITS					
	For the Nine months ended	For the year ended March 31 st					For the Nine months ended	For the year ended March 31 st					For the Nine months	For the year ended March 31 st				
PARTICULARS	31-12-2011	2011	2010	2009	2008	2007	31-12-2011	2011	2010	2009	2008	2007	31-12-2011	2011	2010	2009	2008	2007
														RINL				
Shri A P Choudhary, CMD	1.8	2.2	0.7	0.0	0.0	0.0	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri P k Bishnoi, CMD	0.5	2.6	1.1	0.6	0.9	0.8	8.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Shri Umesh Chandra, Director (O)	2.3	2.2	0.9	0.2	0.0	0.0	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri P Madhusudan, Director (F)	1.7	2.0	0.2	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri T K Chand, Director (Comm)	1.3	0.9	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri Y R Reddy, Director (P)	1.9	0.4	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri Y Manohar, Director (P)	0.0	1.5	1.0	0.6	0.8	0.1	0.0	2.8	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri K S Shankar, Director (F)	0.0	0.0	0.6	0.6	0.5	0.0	0.0	0.0	3.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri C G Patil, Director (Comm)	0.0	0.0	0.7	0.6	0.7	0.0	0.0	0.0	3.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shri Y Siva Sagar Rao, CMD	0.0	0.0	0.0	0.0	0.1	0.9	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Shri H S Chatwal, Director (Comm)	0.0	0.0	0.0	0.0	0.4	0.9	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Shri K K Rao, Director (O)	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Shri Ayyappa Naidu, Director (P)	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Shri P K Mishra, Director (O)	0.0	0.0	0.0	0.4	1.1	0.8	0.0	0.0	0.0	1.8	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Shri Satish Chandra, MD, Bird Group	0.9	1.1	0.0	0.0	0.0	0.0	0.2	0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0

ANNEXURE K

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF DIVIDEND PAID/PROPOSED

PARTICULARS		For the Nine months ended 31-12-2011	For the year ended March 31 st 2011	2010	2009	2008	2007
Face Value of Equity Shares (in ₹ Per Equity Share)		1000	1000	1000	1000	1000	1000
Number of Shares (units)		48898462	48898462	48898462	48898462	48898462	48898462
Dividend	(A)	-	658.5	796.7	1335.6	-	-
Dividend per Equity Share (₹)		-	13.5	16.3	27.3	-	-
Dividend Rate (%)		-	1.35	1.63	2.73	-	-
Dividend Tax	(B)	-	106.8	132.3	227.0	-	-
Face Value of Preference Shares (in ₹ Per Preference Share)		1000	1000	1000	1000	1000	1000
Number of Shares (units)		29374700	29374700	29374700	29374700	29374700	29374700
Dividend	(C)	-	2056.2	2056.2	2056.2	-	-
Dividend per Equity Share (₹)		-	70.0	70.0	70.0	-	-
Dividend Rate (%)		-	7.00	7.00	7.00	-	-
Dividend Tax	(D)	-	333.6	341.5	349.5	-	-
Total Dividend	(A) + (C)	-	**2714.7**	**2852.9**	**3391.8**	-	-
Total Dividend Tax	(B) + (D)	-	**440.4**	**473.8**	**576.4**	-	-

ANNEXURE L

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF CAPITILISATION AS AT 31.12.2011

(₹ in Million)

PARTICULARS	PRE ISSUE AS AT 31-12-2011	POST ISSUE
Secured Loans	8007.4	8007.4
Unsecured Loans	20671.9	20671.9
Total	**28679.3**	**28679.3**
SHAREHOLDER'S FUNDS		
Share Capital	78273.2	78273.2
Reserves and Surplus	59047.0	59047.0
Total Shareholders Funds	**137320.2**	**137320.2**
Debt/Equity Ratio	**0.2**	**0.2**

Notes :

1. As the IPO is only offer for sale by Government of India, there would be no change in Debt and Shareholders fund Post Issue
2. The above has been computed on the basis of the restated financial statements of company.

ANNEXURE M

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF ACCOUNTING RATIOS OF THE COMPANY

(₹ in Million), Unless otherwise Stated

PARTICULARS	For the Nine months ended 31-12-2011	For the year ended March 31 st				
		2011	2010	2009	2008	2007
Net Profit After Tax (Restated)	5005.3	5953.2	8897.8	13155.5	20488.3	14710.3
Networth	137320.2	132262.3	129476.0	123893.7	114705.3	94216.1
No of Equity Shares(units)	48898462	48898462	48898462	48898462	48898462	48898462
Earning per Share (₹)	102.4	72.9	132.9	219.8	419.0	300.8
Diluted Earning per Share (₹)	102.4	72.9	132.9	219.8	419.0	300.8
Return on Networth (%)	**3.64**	**4.50**	**6.87**	**10.62**	**17.86**	**15.61**
Net Asste Value Per Share (₹)	**2808.2**	**2704.8**	**2647.8**	**2533.6**	**2345.7**	**1926.7**

Formula

Earning per share before extraordianry item(Rs = $\frac{\text{Restated Profit after tax and before extarodinary items less dividend to preference share holders}}{\text{No of Equity Shares}}$

Earning per share after extraordianry item(Rs) = $\frac{\text{Restated Profit after tax and after extarodinary items less dividend to preference share holders}}{\text{No of Equity Shares}}$

Return on Networth = $\frac{\text{Restated Profit After TaxX100}}{\text{Net worth}}$

Net Asset Value Per Share (Rs) = $\frac{\text{Net Worth}}{\text{No of Equity Shares}}$

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

ANNEXURE - N

STATEMENT OF TAX SHELTER OF THE COMPANY

(₹ in Million)

PARTICULARS		For the Nine months ended	For the year ended March 31 st				
		31-12-2011	2011	2010	2009	2008	2007
Profit before Tax as per Audited accounts		7316.4	9962.9	12476.5	20265.9	29953.6	22223.4
Adjustments		273.8	-780.9	812.9	-199.3	1614.5	-1.8
Restated Profit Before Tax	**(A)**	**7590.2**	**9182.0**	**13289.4**	**20066.6**	**31568.1**	**22221.6**
Tax liability on Restated Profit		2462.7	3050.0	4517.0	6821.0	10730.0	7480.0
Adjustments							
Permanent Differences							
Dividend Income		-10.9	-56.2	0.0	0.0	0.0	0.0
Income from sale of Assets		0.0	-32.6	-10.2	-10.4	-5.0	-4.2
Donation		6.2	1.6	17.0	55.7	54.6	0.0
Other Adjustments		0.0	13.1	0.0	0.0	0.0	0.0
Total Permanent Differences	**(B)**	**-4.7**	**-74.2**	**6.8**	**45.3**	**49.6**	**-4.2**
Timing Differences							
Difference between tax depreciation and book depreciation		1011.1	615.8	299.1	1330.4	1911.8	2556.8
Difference of gratuity provision and payment of gratuity		31.0	8.4	0.0	0.0	0.0	-1201.3
Difference of leave encashment provision and payment provision		8.7	7.2	0.0	0.0	0.0	0.0
Deferred Installments of Voluntary retirement scheme u/s 35DDA		-0.9	-2.6	-3.6	-2.2	0.8	4.8
Provision of doubtful debts, Claims, Advances, land reclamation e.t.c (Net off return back)		112.2	40.4	-19.2	-39.2	758.9	-193.5
Disallowances/ Allowances u/s 43B		150.6	223.1	0.0	-0.5	-49.0	-51.8
Amount inadmissible / Admissible u/s 40(a)(ia)		0.0	0.0	0.0	0.0	0.0	-161.9
Other adjustments		-14.0	13.1	33.0	-34.0	64.0	214.8
Total Timing Differences	**(C)**	**1298.6**	**905.5**	**309.2**	**1254.5**	**2686.5**	**1167.8**
Net Adjustments	**D (B+C)**	1294.0	831.4	316.0	1299.8	2736.1	1163.6
Taxable Income from Business		**8905.1**	**10055.1**	**13605.4**	**21366.4**	**34304.2**	**23385.2**
Tax (Saving) / Outgo thereon	**(E) (D* Tax Rate)**	419.8	276.2	107.4	441.8	930.0	391.7
Tax on Business Income		Note 3	3340.1	4624.5	7262.5	11660.0	7871.5

Note : (1) The above statement is based on consolidated figures of Subsidiaries and RINL(standalone) accounts which falls under different jurisdiction of Tax Authoriites.

(2) Applicable tax rate under normal provisions of Income Tax Act was 33.66% for FY 2006-07, 33.99% for FY 2007-08, 2008-09 & 2009-10 33.2175% for FY 2010-11. Further the above includes one subsidiary which is having no taxable income due to loss incurred and having unabsorbed losses.

(3) Return of Income for the Quarter ending 31.12.2011 is not required to be filed.

ANNEXURE - O

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF FINANCIAL INDEBTEDNESS

Borrowings of our Company

Set forth below, is a brief summary of our Company's borrowings (both, fund based and non-fund based) as of 31.12.2011, together with a brief description of certain significant terms of such financing arrangements. Our Company's borrowings consist of only working capital facilities availed from the banks mentioned below. The total amount outstanding amounted to Rs. 28679.30 million as on 31.12.2011.

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
1.	State Bank of India ("**SBI**")	Our Company has entered into a multiple banking arrangement with SBI on April 18, 2005 for availing working capital loans.[3]	Fund based: i. Cash credit - ₹ 1,000 million (One way interchangeability of 100% fund based limit to non fund based limit)	Rs. 4038.80 million	1 % above base rate	November 22, 2012	Hypothecation of current assets and assets created out of project letter of credit on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated April 18, 2005 which was last amended on January 8, 2010.
			Non- Fund based: i. Letter of credit - ₹ 9,000 million ii. Bank guarantee - ₹ 1,000 million iii. Forward cover -₹ 145 million (One way interchangeability of non-fund based limit to fund based limit of 5,000 million)	Rs.2100.9 millon Rs.139.70 million	Bank charges are as per the agreement.		
2.	State Bank of Hyderabad	Our Company has entered into a a	Fund based: i. Cash credit - ₹ 2,000 million.	Nil	3% above base rate.	March 30, 2012	Hypothecation of current assets on pari-

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		multiple banking arrangement with State Bank of Hyderabad, dated October 16, 2009 for working capital requirements.[1]	Non fund based: i. Letter of credit - ₹ 3,700 million ii. Bank guarantee - ₹ 300 million. (Letter of credit is interchangeable to cash credit and vice versa)	Rs.26.00 million Rs.10.2 million	Bank charges are as per the agreement		passu basis with other banks under multiple banking arrangement by hypothecation agreement dated October 16, 2009.
	SBH	Further our company obtained sanction of loans against TDRs from the bank	Rs. 810.00 million	Rs. 544.22 million	10.35 % to 10.88 %	Till the validity of TDRs	TDRs are pledged with the bank
3.	Canara Bank	Canara Bank has renewed the working capital facility sanctioned to our Company vide letter dated September 13, 2010. (The limits are renewed further vide letter dated March 26, 2012 & are valid till 25th Mar,2013)	Fund based: i. Cash credit - ₹ 2,000 million	Rs.700.35 million	Base rate	November 17, 2011 (March 25, 2013)	Hypothecation of current assets by common hypothecation agreement, dated April 18, 2005 and supplemental agreements dated August 3, 2006, May 19, 2007 and August 1, 2009.
			Non- Fund based: i. Letter of credit - ₹ 1000 million ii. Bank Guarantee - ₹150 million	NIL	Bank charges are as per the agreement		
		Further our company obtained sanction of loans against Term Deposit Receipts (TDRs) from the bank	Sanction limits : Rs. 5607.00 million	Rs. 1978.90 million	10.35%	January, 7 , 2012	TDRs are pledged with the bank

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
4.	Bank of Baroda	Our Company has entered into a multiple banking arrangement with Bank of Baroda, on December 19, 2005 for the purpose of working capital requirements.[2]	Fund based: - ₹ 538.5 million	NIL	1.5% above base rate.	December 14, 2011]	Hypothecation of current assets on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated December 19, 2005 (as amended on January 6, 2006 and August 10, 2006)
			Non-fund based - ₹ 2,010 million (Non fund based interchangeable to fund based and vice versa)	Rs.684.20 million	Bank charges are as per the agreement		
		Further our company obtained sanction of loans against TDRs from the bank	Loans against Term deposit Receipts (TDRs): Sanction limits : Rs. 1206.50 million	Rs. 745.2 million	10.39% to 10.44% p.a against 4 no. of TDRs	Till the validity of TDRs	TDRs are pledged with the bank
5.	Andhra Bank	Our Company has entered into a composite loan agreement with Andhra Bank dated November 12, 2008 for renewal of working capital facilities.	Fund based: i. Cash credit - ₹ 140 million ii. Working capital demand loan - ₹ 210 million iii. Export packing credit - ₹ 115 million	Rs. 700.40 million	BMPLR +1%	24 months with yearly review]	Hypothecation of current assets on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated September 8, 2006
		Further, the bank has sanctioned short term loan of Rs. 2000 million vide sanction	Non- Fund based: iii. Letter of credit - ₹ 450 million iv. Bank Guarantee - ₹30 million	Rs.1084.80 million	Bank charges are as per the agreement		

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		letter dated September 23, 2011 (valid till 31/03/2011)	(Non fund based interchangeable to fund based and vice versa)				
6.	UCO Bank Limited ("**UCO**")	Our Company entered into an agreement with UCO on April 18, 2005 for availing working capital facility.[4] The bank renewed the existing limits valid till Jan 20, 2013 vide letter dated 21.01.2012	Fund based: i. Cash credit - ₹ 50 million ii. Working capital demand loan - ₹ 200 million iii. Export packing credit - ₹ 150 million Non- Fund based: i. Letter of credit - ₹ 350 million ii. Bank guarantee - ₹ 50 million	NIL	Base rate + 2% Bank charges are as per the agreement	January 20, 2013]	Hypothecation of current assets on pari-passu basis with other banks under multiple banking arrangement by composite hypothecation agreement dated April 18, 2005 which was last amended on August 14, 2007
7.	IDBI Bank Limited ("**IDBI**")	IDBI has vide sanction letter dated September 27, 2010 sanctioned working capital loans and cash management services to our Company.[5] The Company obtained renewal of limits from bank vide sanction letter dated September	4,700 million ***Fund based:*** ***i. Cash credit 2000 million. **** ***ii. Working capital demand loan (sub-limit of Cash credit) 1800 million*** ***iii - Forward cover 200 million*** ***(One way interchangeability to Letter of Credit / Buyer's Credit is allowed)***	Rs.3362.58 million [9]	Base Rate 10.75% at present for CC.	September 26, 2011 (March 2, 2013)	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		27, 2010 . (Further the bank renewed the limits vide letter dated March 5, 2012 for one year upto 02/03/2013)					
			Non- Fund based: i. Letter of credit /Buyer's Credit - ₹ 3500 million ii.Bank guarantee - ₹ (Sub-limit of Letter of credit) 750 million	Rs.2680.50 million	Bank charges are as per the agreement		
8.	Vijaya Bank	Vijaya Bank vide sanction letter dated June 22, 2011 has sanctioned working capital loan to our company.[9]	₹ 3,000 million (with an overdraft facility of ₹ 1,000 million)	Rs.101.69million	Base rate	June 29, 2012.	Nil
9.	Hongkong and Shanghai Banking Corporation Limited ("**HSBC**")	Our Company and HSBC have entered into a loan agreement dated January 31, 2011 for availing working capital facilities.	₹ 1,000 million which includes foreign exchange lines of ₹ 500 million (fund based)	NIL	As per tariff. Interest shall be payable at monthly rests on the first day of the subsequent month for which it pertains.	Continuing with yearly review	**HYPOTHICATIONS PROVIDED**
10.	IndusInd Bank Limited ("**IndusInd**")	IndusInd has issued a sanction letter dated September 27, 2010 for working capital	₹ 4,500 million (non-fund based and working capital demand loan of ₹ 2,500 as sub-limit of non-fund based limit)	Nil	Bank charges are as per the agreement	12 months and subject to yearly review [	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
		facilities.					
11.	Bank of America, N.A. (“**BoA**”)	Our Company and BoA have entered into a master facilities agreement dated April 20, 2011 for availing short term demand loan for working capital facilities.	₹ 2,000 million (USD 44.5million) (fund based)	NIL	The rates are negotiable at the time of availment.	March 31, 2012	NA
12.	Citi Bank, N.A. (“**Citi Bank**”)	Our Company has entered into a loan agreement with Citi Bank, dated September 28, 2010 for availing working capital credit facilities.	₹ 1,350 million (total of the fund based and non fund based facility subject to utilization of fund based facilities not exceeding a maximum amount of ₹ 1,000 million).	USD 9.11 million (Rs. 479.74 million)	The rates are negotiable at the time of availment.	12 months and subject to yearly review. *]*	NA
13.	HDFC Bank Limited (“**HDFC**”)	Our Company and HDFC have entered into a loan agreement dated January 6, 2012 for availing revolving working capital facility.	₹ 1,000 million (fund based)	**NIL**	The loan will carry interest at such rate as may be prescribed by HDFC and advised to our Company from time to time and payable with monthly rests.	12 months and subject to yearly review.	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
14.	Deutsche Bank AG ("**Deutsche Bank**")	Our Company and Deutsche Bank have entered into a loan agreement dated May 6, 2010 for availing short term working capital facilities.[6]	₹ 1,950 million (fund and non-fund based)	USD 38.07 million (Rs. 2013.39 million)	The rates are negotiable at the time of availment	12 months and subject to yearly review.	NA
15.	Royal Bank of Scotland N.V. ("**RBS**")	Our Company and RBS have entered into a loan agreement dated June 22, 2011 for availing buyer's credit for import.	USD 38 million.	USD 38.00 million (Rs. 2017.73 million)	The rates are negotiable at the time of availment based on mutual consent.	Up to one year from the date of shipment for import of non capital goods.	NA
16.	Bank of Tokyo-Mitsubishi UFJ Limited ("**Bank of Tokyo**")	Our Company and Bank of Tokyo have entered into a loan agreement dated March 1, 2011 for availing revolving foreign currency loan for import financing.	USD 125 Million.	USD 120.16 million (Rs. 6346.33 million)	BBA LIBOR plus 0.65 % p.a. for the agreed tenor of repayment, in the currency of drawdown.	February 28, 2013.	NA
17.	Kotak Mahindra Bank Limited ("**Kodak Mahindra**")	Kotak Mahindra vide sanction letter dated September 19, 2011 has sanctioned working capital facilities to our company.	₹ 2,000 million.	Rs. 1000.27 million	As advised by Kotak Mahindra from time to time.	12 months.	NA

Serial No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on 31.12.2011	Rate of Interest (%) p.a.	Tenure	Security
18.	JP Morgan Chase Bank, N.A. ("**JP Morgan**") JP Morgan Chase Bank, N.A. ("**JP Morgan**")	Our Company and JP Morgan have entered into a working capital facilities agreement dated May 9, 2011 for availing working capital facilities.	₹ 450 million	NIL	The rates are negotiable at the time of availment.	Current until terminated by JP Morgan.	NA
		Our Company and JP Morgan have entered into a agreement dated March 21, 2011 for availing buyer's credit facility.	USD 40 million	USD 22.66 million (Rs. 1200.87 million)	To be agreed mutually from time to time.	February 28, 2013.	NA
19	Commercial paper		Rs. 10000 million	Rs. 3448.83 million	9.51 %	90 days	NA

[1] The loan agreement was a renewal and enhancement of an earlier facility provided by the State Bank of Hyderabad and was further renewed vide letters date December 30, 2010 and March 31, 2011.
[2]The loan agreement was renewed last vide a letter dated December 24, 2010.
[3]The loan agreement dated April 18, 2005 was last renewed on November 23, 2011.
[4] The loan agreement dated April 18, 2005 was last renewed on January 5, 2011.
[6]The sanction letter dated September 27, 2010 was amended on December 20, 2010 and June 8, 2011.
[7] Loan agreement dated May 6, 2010 amended as on September 13, 2010.
[8] Our Company has entered into an overdraft agreement dated July 30, 2011 with Vijaya Bank for release of an overdraft of ₹ 1,000 million.

ANNEXURE - P

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF PRIOR PERIOD ADJUSTMENTS

(₹ in Million)

PARTICULARS	For the Nine months ended	For the year ended March 31 st				
	31-12-2011	2011	2010	2009	2008	2007
(A) DEBIT						
CLAIMS FOR FINISHED PRODUCTS	-	0.7	-	-	3.2	17.5
DEPRECIATION	0.9	26.7	-	3.2	15.0	0.8
OTHER EXPENSES	1.2	-	0.8	2.8	35.1	2.6
SALE OF PRODUCTS	-	2.3	6.1	-	-	-
REPAIRS&MAINTENANCE	-	26.9	-	39.2	1.6	-
	2.1	**56.6**	**7.0**	**45.3**	**55.0**	**20.9**
(B) CREDIT						
CLAIMS FOR FINISHED PRODUCTS	-	-	-	1.5	-	-
OTHER EXPENSES	39.1	101.1	9.5	-	-	1.7
OTHER REVENUES	-	52.1	-	29.8	10.0	49.1
SALE OF PRODUCTS	-	-	-	-	8.0	1.2
RAW MATERIALS	2.0	82.0	-	59.9	21.8	-
REPAIRS&MAINTENANCE	35.6	-	6.3	-	-	-
STORES&SPARES	-	126.4	-	-	19.2	-
INTERNAL CONSUMPTION	-	44.5	63.5	-	-	-
	76.6	**406.1**	**79.4**	**91.1**	**58.9**	**52.0**
TOTAL (A) - (B)	**(74.6)**	**(349.6)**	**(72.4)**	**(45.9)**	**(3.9)**	**(31.1)**

ANNEXURE Q

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

CONTIGENT LIABILITY AND CAPITAL COMMMITMENTS
AS AT 31-12-2011

(₹ in Million)

SINO	DESCRIPTION	AMOUNT
1	CAPITAL COMMITMENTS (The amount to be executed on capital account)	44217.7
2	Contigent Liabilities (Claims against the company not acknowledged as debts)	29691.4

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our audited restated consolidated financial statements as of and for the nine months ended December 31, 2011 and for the years ended March 31, 2007, 2008, 2009, 2010 and 2011, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the ICDR Regulations, including the schedules, annexes and notes thereto and the reports thereon, included in the section titled "Financial Statements" beginning on page 159 of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our financial statements, as restated.

Our Company's financial statements are prepared in conformity with Indian GAAP, the Companies Act and the ICDR Regulations. Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP, the Companies Act and the ICDR Regulations.

This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the sections "Risk Factors" and "Forward-Looking Statements" beginning on pages 14 and 13 of this Draft Red Herring Prospectus, respectively.

In this section, references to "we", "our", "our Company" and similar expressions refer to Rashtriya Ispat Nigam Limited and, where the context so requires, Rashtriya Ispat Nigam Limited and its subsidiaries on a consolidated basis.

Overview of Our Operations

We are the second largest government owned steel company in India (Source: Steelworld, Jun. 2011 newsletter), with original liquid steel production capacity of 3.0 mtpa and expanded liquid steel production capacity of 6.3 mtpa, which is in the advanced stages of completion by the Financial Year 2013. Our plant at Visakhapatnam, VSP, was originally established in 1971 as part of SAIL, a PSU producing iron and steel products. In 1982, our Company was incorporated and the assets and liabilities of VSP were transferred from SAIL to us.

In November 2010, we were conferred *Navratna* status by the GoI, which provides us with a considerable degree of operational and financial autonomy from the GoI. As of March 31, 2012, we are one of only 16 PSUs in India with *Navratna* status. The Promoter of our Company is the President of India, acting through the Ministry of Steel, GoI.

We have our Registered and Corporate Office in Visakhapatnam, in the state of Andhra Pradesh, India, with regional offices in Visakhapatnam, Delhi, Kolkata, Mumbai and Chennai. We conduct our production activities at a single production site in Visakhapatnam. Our steel production facilities consist of four coke oven batteries, three blast furnaces, including one commissioned in April 2012, along with the related processing units, three converters, three rolling facilities and a thermal power plant and its ancillary facilities, including waste heat recovery facilities. The expansion of our production capacity to more than double our liquid steel capacity from 3.0 mtpa to 6.3 mtpa is well advanced, with major units, including finishing mills, to be commissioned in phases during the Financial Year 2013. We purchase most of our key raw materials, including iron ore and coking coal, but we also have mines which provide limestone, dolomite, manganese ore, quartz and silica sand. We own a majority stake in EIL, a holding company for mining companies with iron ore, manganese ore, limestone and dolomite reserves.

We produce a broad range of steel products, including plain wire rods, rebars, rounds, squares, structurals, billets, blooms and pig iron. We sell most of our products domestically, with Indian customers accounting for approximately 96.7% of our sales as of December 31, 2011, of which 52.4% was in south India. Our customers consist mainly of companies in the construction, infrastructure, manufacturing, automobile, general engineering and fabrication sectors.

As of March 31, 2012, we employed 18,079 permanent employees. We sell our products through a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents and six consignment sales agents. We sell our steel products to project users, industrial users and retailers.

In the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, we recorded net sales of ₹91.28 billion, ₹98.09 billion, ₹105.74 billion and ₹90.66 billion, respectively, on a restated consolidated basis. During the same period, we recorded a profit after taxes of ₹13.36 billion, ₹7.97 billion, ₹6.67 billion and ₹4.96 billion, respectively. As of December 31, 2011, we had total assets and total net worth of ₹224.70 billion and ₹137.32 billion, respectively.

Basis of Presentation

Our financial statements are prepared under the historical cost convention in accordance with fundamental accounting assumptions and Indian GAAP and the relevant provisions of the Companies Act, including accounting standards notified thereunder.

Our business consists of a single business segment which comprises the production of steel products and we have no geographical segments which are subject to different risks and returns.

Our financial statements are presented in Indian rupees.

Factors Affecting Our Results of Operations and Financial Condition

Various factors have affected our results of operations in the past and may continue to do so in the future.

Dependence on India's Continued Economic Growth and Liberalisation

Substantially all of our net sales during the Financial Years 2009, 2010 and 2011 and the nine months ended December 31, 2011—or ₹91.28 billion, ₹98.09 billion, ₹105.74 billion and ₹90.66 billion, respectively—were derived from customers in India. Our results of operations have consequently been, and are expected to continue to be, affected by the expected continued growth of the Indian economy and, in particular, continued growth in infrastructure spending and demand from the manufacturing and automobile industries. Steel consumption in India is projected to increase by 6.9% in 2012, according to the World Steel Association (Source: WSA Short Range Outlook, Apr. 2012).

Our results of operations are also affected by the market-oriented economic reforms implemented by the GoI beginning in the early 1990s in respect of matters such as international trade and investment, deregulation, initiation of privatisation, tax reforms, and inflation-controlling measures. Specifically with regard to the steel industry, the GoI's 2005 National Steel Policy seeks to facilitate the creation of additional capacity, removal of procedural and policy obstacles that affect the availability of raw materials and other production inputs, increased investment in research and development, and the creation of road, railway and port infrastructure. The conferral of *Navratna* status to certain PSUs in the steel industry, including to our Company in November 2010, granted those PSUs a considerable degree of operational and financial autonomy from the GoI.

Steel Prices and Sales Volume

Our results of operations are directly affected by the prices of our steel products and our sales volume, which in turn is largely determined by the market demand for our steel products and our ability to meet that demand. We sold approximately 2.6 mt, 3.1 mt, 3.0 mt and 2.2 mt of steel products during the Financial Years 2009, 2010 and 2011 and the nine months ended December 31, 2011, respectively.

The following table sets out our sales for the periods indicated:

	Financial Year						Nine months ended	
	2009		2010		2011		December 31, 2011	
	Net Sales (₹ million)	% of Net Sales	Net Sales (₹ million)	% of Net Sales	Net Sales (₹ million)	% of Net Sales	Net Sales (₹ million)	% of Net Sales
Blooms	2,223.1	2%	2,093.1	2%	2,498.4	2%	2,908.8	3%
Billets	1,406.6	2%	2,378.1	2%	972.4	1%	799.1	1%
WRM[1]	31,208.4	34%	28,598.5	29%	32,489.6	31%	27,147.5	30%
LMMM[2]	25,374.3	28%	25,817.0	26%	28,148.5	27%	23,342.5	26%
MMSM[3]	22,961.9	25%	28,149.3	29%	30,976.7	29%	25,220.0	28%
Pig iron	5,386.2	6%	7,817.2	8%	5,906.3	6%	7,097.2	8%

Others	2,723.3	3%	3,238.4	3%	4,744.4	4%	4,144.4	5%
Total	**91,283.8**	**100%**	**98,091.6**	**100%**	**105,736.3**	**100%**	**90,659.5**	**100%**

[1]Our Wire Rod Mill rolls rebars and plain wire rods.

[2]Our Light and Medium Merchant Mill rolls rebars, rounds, light structurals and billets.

[3]OurMedium Merchant and Structural Mill rolls rounds, squares and structurals.

The steel industry, and the iron ore and coal mining industries, which provide its principal raw materials, have historically been highly cyclical and are affected significantly by general economic conditions, such as worldwide production capacity and fluctuations in steel imports/exports and tariffs. Prices of steel products, in general, are sensitive to changes in worldwide and local demand, which, in turn, are affected by worldwide and country-specific economic conditions and available production capacity. For further discussion, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–The steel industry is highly cyclical and a decrease in steel prices may have an adverse effect on our Company's results of operations and financial condition***" on page 15 of this Draft Red Herring Prospectus.

Raw Material Prices

The relationship between raw material prices and steel selling prices is one of the principal factors affecting our Company's operating profitability. Raw materials comprise the single most significant percentage of our Company's manufacturing costs and in the Financial Years 2009, 2010 and 2011 and the nine months ended December 31, 2011, consumption of raw materials accounted for 75.7%, 61.4%, 73.4% and 74.6%, respectively, of our expenditure in the production of steel, excluding certain adjustments for raw material mining costs, depreciation and interest and finance charges. The following table sets out our itemised raw material expenditure and related quantities of consumption in the periods indicated.

	Financial Year									Nine months ended		
	2009			2010			2011			December 31, 2011		
	Qty (tonnes thousand)	Value (₹ million)	% of raw material expenditure	Qty (tonnes thousand)	Value (₹ million)	% of raw material expenditure	Qty (tonnes thousand)	Value (₹ million)	% of raw material expenditure	Qty (tonnes thousand)	Value (₹ million)	% of raw material expenditure
Coal	3,514.6	35,395.9	60%	3,874.6	32,667.8	59%	3,804.7	39,091.3	54%	2,912.2	36,902.1	59%
Iron ore	5,201.5	17,253.7	29%	5,734.9	17,793.8	32%	5,646.5	27,185.2	38%	4,192.6	21,129.1	34%
Limestone	844.9	1,104.6	2%	889.2	1,028.9	2%	974.6	1,108.9	2%	707.9	908.3	1%
Dolomite	662.6	640.1	1%	635.4	637.7	1%	590.3	689.5	1%	415.1	535.9	1%
Silico manganese	40.7	2,761.0	5%	45.5	2,123.4	4%	47.9	2,654.3	4%	34.4	1,806.0	3%
Ferro silicon	5.2	274.4	0%	5.2	326.1	1%	5.1	333.3	0%	4.5	323.4	1%
Aluminium	3.4	392.7	1%	3.9	382.8	1%	3.9	428.6	1%	0.9	105.2	0%
Manganese ore	20.2	21.0	0%	14.7	18.8	0%	7.1	10.2	0%	7.6	11.3	0%
Petroleum coke	5.4	120.8	0%	6.8	121.1	0%	6.7	124.5	0%	4.7	105.6	0%
Sea water magnesite	3.2	93.5	0%	2.8	101.9	0%	1.9	75.7	0%	1.4	55.6	0%
Other raw materials	19.7	904.8	2%	0.0	148.8	0%	-	182.1	0%	-	340.7	1%
Total	10,321.4	58,962.5	100%	11,213.0	55,351.1	100%	11,088.7	71,883.6	100%	8,281.3	62,223.2	100%

Profitability depends in part on the extent to which steel selling prices exceed raw material prices, and in particular, the extent to which changes in raw material prices correlate with changes in steel selling prices, and how long it takes them to do so. In recent periods, steel selling prices have tended to react quickly to rises in raw material prices, due in part to the tendency of distributors to increase purchases of steel products early in a rising cycle of raw material prices. In addition, decreases in steel prices may outstrip decreases in raw materials costs.

Given this overall dynamic, our Company's operating profitability has been particularly sensitive to fluctuations in raw material prices, which have themselves become more volatile since the iron ore industry moved in 2010 away from annual benchmark pricing to quarterly pricing (see the section titled "—***Results of Operations—Financial Year 2011 Compared to Financial Year 2010"*** for further details). Unlike some of our competitors that have the benefit of captive iron ore and coking coal mines and are therefore somewhat shielded from volatility in the prices of those raw materials, we purchase iron ore and coking coal at market prices under supply contracts typically lasting up to five years. Under the long-term arrangements, the price is fixed on a quarterly or monthly basis. For other raw materials, we make agreements chosen through a tendering system.

Energy costs also are a significant element of our input costs and energy consumption accounted for approximately 5.5%, 6.9%, 5.7% and 5.2% of our total raw materials and energy costs during the Financial Years 2009, 2010, 2011 and the nine months ended December 31, 2011, respectively. Steel production is a high fixed-cost industry and production rates have a direct impact on unit costs. For the previous ten consecutive years, production in all major units of VSP exceeded 100% of rated capacity. For the Financial Year 2012, average production performance of hot metal, liquid steel and saleable steel was 111.1%, 110.3% and 112.6%, respectively.

Production Rates and Expansion Plans

As described in more detail in the section titled "***Business–Expansion and Development Projects***" on page 97 of this Draft Red Herring Prospectus, we are continuing to expand our operations organically and intend to expand the existing steel production capacity of VSP in phases from 3.0 mtpa to 6.3 mtpa by the Financial Year 2013, which is in its advanced stages, and to 7.3 mtpa by the Financial Year 2015. Expansion programmes generally entail significant capital and operating expenditures in connection with the expansion, marketing of new products and services and the addition of new employees. The total capital expenditure expected to be incurred in connection with the expansion to 6.3 mtpa, which is in an advanced stage, is approximately ₹123.00 billion. The capital expenditure incurred on this project as of December 31, 2011 was ₹87.00 billion. While we have funded our current expansion mostly through internal resources to date, we may need to raise funds through external financing in the future. If our plans to expand VSP are successful, we expect them to lead to significant production and sales growth, with consequent significant revenue growth.

Product Mix

Our operating results are also affected by our product mix. In general, a higher percentage of sales of high value added steel product impacts our Company's results of operations favourably, as such products tend to have higher prices and profit margins than other products. We plan to expand our operations to improve our product mix and manufacture new products in line with our customers' requirements.

In the Financial Year 2011, sales of our value added products, including plain wire rods and rebars, as a percentage of total saleable steel stood at 79.7%. We intend to continue to increase our production of value added steel products. To this end, we are constructing three new finishing mills, a wire rod mill, a special bar mill and a structural mill, all of which are planned to be brought into operation during the Financial Years 2013-14. We also are planning to construct a tube mill to produce high-grade seamless tubes for high-end industrial users, including the oil and gas and nuclear industries, and will be among the few Indian producers to offer this product. In addition, our Company has entered into an MoU with Power Grid Corporation of India Limited to set up a joint venture in order to begin producing end products such as a transmission line tower and tower parts. We are setting up a rail axle plant in the state of West Bengal for the manufacturing of railway axles. We believe that the diversification of our production capabilities will enable us to increase our sales volume to our existing and new customers, with an anticipated beneficial impact on our profitability.

Competition

Our operating results are affected by competitive factors including additions to capacity and expansion of production facilities by other primary producers. Secondary producers exert pricing competition for our finished goods and consolidation in the steel industry also creates competitive challenges. For more information see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–Recent developments in the global steel industry towards consolidation could have an adverse effect on our competitive position and hence on our business, financial condition and results of operations***" on page 21 of this Draft Red Herring Prospectus.

Exchange Rate Fluctuations

Our revenues are denominated in rupees and we incur expenses in respect of our imports of raw materials in foreign currencies, principally the U.S. Dollar. We do not hedge our foreign currency purchase contracts, given the duration of our purchase contracts, as it would not be commercially beneficial for us to do so. This exposes us to exchange rate movements which may have a material effect on our operating results in a given period.

Critical Accounting Policies

Our financial statements are prepared under the historical cost convention in accordance with Indian GAAP and the relevant provisions of the Companies Act. We have restated our financial statements for the Financial Years 2007, 2008, 2009, 2010 and 2011 and the nine-month period ended December 31, 2011, in accordance with the ICDR Regulations.

Preparation of financial statements in accordance with Indian GAAP and the provisions of the Companies Act, as well as their restatement to reflect guidance as per ICDR Regulations, require our management to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in Annexure E to our restated financial statements contained in "***Section V: Financial Information—Financial Statements***".

Revenue Recognition

Revenue is recognised on an accruals basis. Sales are recognised as revenue when all significant risks and rewards of ownership have been transferred to the buyer. Export incentives under various schemes are recognised as income on certainty of realisation.

Claims

Claims against third parties are recognised when there is certainty of realisation.

Fixed Assets

Fixed assets are stated at historical cost (or revalued amounts, as the case may be) less accumulated depreciation. Expenditure that is attributable or related to construction, to the extent it is not directly identifiable to any specific plant unit is allocated to "Expenditure during construction" for subsequent allocation to fixed assets.

Prospecting and development expenses incurred to prepare mines for commercial exploration—that is, expenses that are preliminary and preoperative in nature—are capitalised.

Expenditure incurred for obtaining required clearance to operate the mines is capitalised as intangible assets.

Expenditure incurred to renew mining leases is capitalised as intangible assets.

Depreciation and Amortisation

Depreciation on fixed assets is provided on a straight line up to the full cost of the asset and in the manner specified in Schedule XIV of the Companies Act, except that:

- Assets costing up to ₹5,000 are fully depreciated in the year of capitalisation.
- Based on our management's estimate of the useful life of the following categories of assets, depreciation is provided pro-rata up to the full cost of the assets on a straight line method at the rates mentioned:
  - photo copiers, fax machines and telecommunications equipment (20%);
  - cranes, slag pot carriers and audio and visual equipment (10%);
  - other office equipment, earth moving equipment, forklift trucks, air conditioners, refrigerators, water coolers, air coolers and freezers (14.3%);
  - cars (16.7%);
  - safety equipment and other light vehicles (12.5%);

- computers including system software (25%); and
- coke ovens & coal chemical plant (6.7%).

- For our subsidiaries, depreciation on fixed assets previously was provided on a written down method at the rates and in the manner prescribed in schedule XIV of the Companies Act or at rates determined based on the useful lives of the respective assets, as estimated by management, whichever was higher. Depreciation or fixed assets for our subsidiaries will be provided for on a straight line method.

- For our subsidiaries, depreciation on previously revalued assets is provided at the rates specified in Section 205(2)(b) of the Companies Act. However, in the case of fixed assets whose life is determined to be less than their useful life, depreciation is provided at the higher rate, to ensure the amortisation of these assets over their useful life.

- Prospecting and development expenditure is amortised, in the case of OMDC, at the rate of 10% using a written down method and, in the case of BSLC, a straight line amortisation period of ten years.

- "Intangible assets" are amortised as follows:
  - mining lease rights are amortised over the period of lease; and
  - software which is not an integral part of related hardware is treated as intangible asset and amortised over a period of four years or its license period, whichever is less.

Grants and Subsidies

When a grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match it to the costs for which the grant or subsidy is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in determining the carrying amount of the related asset.

Investments

Current investments are carried at the lower of cost and fair value.

Long term investments are carried at cost and provision is made for diminution in value that is not temporary.

Inventories

Inventories are valued at lower of cost and net realisable value.

Finished and semi-finished goods are valued on a weighted average cost basis, raw material, stores and spares and tools are valued on a monthly weighted average cost basis and those in transit are valued at cost.

Obsolete, surplus and non-moving inventory are adequately provided for. Specifically, surplus inventory is fully provided for and obsolete and non-moving inventory is 90% provided for.

Borrowing Costs

Borrowing costs incurred to obtain assets which take more than 12 months to become ready for intended use are capitalised to the costs of the respective assets wherever the borrowing costs are directly attributable to such assets and in other cases by applying the weighted average cost of borrowings to the expenditure on such assets.

Other borrowing costs are expensed over the course of the year in which they are incurred.

Foreign Currency Transactions

Foreign currency monetary transactions are recorded at the closing rate at the most recent audited balance sheet date.

Exchange differences are recognised as expense or income in the period in which they arise.

Employee Benefits

Actuarial gains and losses on defined benefit plans are recognised during the year in which they are incurred.

Prior Period Adjustments

Items of income or expenditure that arise during a period as a result of errors or omissions in the preparation of financial statements in a prior period are, where they exceed ₹500,000, in each case treated as a prior period adjustment.

Principal Components of Our Income Statement

Income

Our income comprises (i) net sales, (ii) internal consumption, (iii) interest earned and (iv) other revenue.

Net Sales

Our sales, representing aggregate domestic sales and exports of steel products, are presented on a net basis to account for excise duty that we recover from our customers.

Internal Consumption

Internal consumption comprises the use of our own products for maintenance and repairs as well as for capital works.

Internal consumption does not represent external sales and is therefore correspondingly offset by decretion to stocks.

Interest Earned

Interest earned consists of primarily of the interest we earn on our bank deposits.

Other Revenue

Other revenue includes export benefits, the reversal of previously made provisions, rent recoveries, profit from the sale of fixed assets, the award of liquidated damages and other sundry receipts.

Expenditure

Our expenditure comprises (i) raw materials consumed, (ii) (accretion)/decretion to stocks, (iii) employee remuneration and benefits, (iv) stores and spares consumed, (v) power and fuel, (vi) repairs and maintenance, (vii) freight outward, (viii) other expenses and provisions and (ix) interest and finance charges.

Depreciation and interest and finance charges are recorded as separate items rather than components of expenditure in our statement of profit or loss.

Raw Materials Consumed

The consumption of raw materials in the production of steel represents our most significant item of expenditure. Iron ore and coal are, by volume and value, the principal raw materials we use in our operations. Other raw materials used in the production of steel include limestone, dolomite, manganese ore, quartz and silica sand. For a discussion of our supply arrangements and access to these raw materials, see the sections titled "***Business—Raw Materials"*** and ***"Business—Raw Material Projects***" on pages 102 and 104 of this Draft Red Herring Prospectus.

(Accretion)/Decretion to Stocks

This expenditure item reflects the increase or decrease, as applicable, to our stock of semi-finished and finished goods during the relevant period.

Employee Remuneration and Benefits

Our employee remuneration and benefit expenditure consists primarily of salaries, wages and allowances but also includes our contribution to provident and other funds, welfare expenses and gratuities to employees.

Stores and Spares Consumed

We use significant quantities of spare parts and other consumables in our operations, which we account for as consumption of stores and spares.

Power and Fuel

Power and fuel comprises our purchases of power from third parties as well as our purchases of boiler coal and furnace oil and other fuels for our own power generators.

Repairs and Maintenance

Repairs and maintenance represents expenditure on plant and machinery, buildings and other equipment.

Freight Outward

Freight outward comprises our expenditure to deliver our products to stockyards.

Other Expenses and Provisions

The major expenditure items classified as other expenses consist of expenses associated with, among other things, scrap handling and recovery, travel, insurance, water charges, security, advertising, excise duties, taxes and levies, our CSR initiatives and auditor and other professional fees. Provisions include those for damaged, obsolete and other non-moving inventory, doubtful advances and doubtful debts.

Depreciation

Depreciation is provided on a straight line method up to the full cost of the asset and in the manner specified in Schedule XIV of the Companies Act and as specified in ***"—Critical Accounting Policies—Depreciation and Amortisation***" beginning on page 268 of this Draft Red Herring Prospectus.

Interest and Finance Charges

Interest expenses include those incurred in connection with our borrowings, which consist principally of working capital loans, loans against term deposits and import financing. This item of expenditure also represents interest payable on income tax and finance charges.

For further information on our borrowings, see Annexure O of our restated consolidated financial statements beginning on page 159 of this Draft Red Herring Prospectus.

Provisions for Taxation

Provisions for tax comprise current tax, deferred tax and fringe benefits tax (until March 31, 2010, after which it was withdrawn).

Results of Operations

The following table sets out our steel production by volume in the periods indicated:

	Financial Year						Nine months ended	
	2009		2010		2011		December 31, 2011	
	Tonnes in thousands	Percentage	Tonnes in thousands	Percentage	Tonnes in thousands	Percentage	Tonnes in thousands	Percentage
Value-added products								
Blooms	1.04	0.05%	0.01	0.00%	0.10	0.00%	0.39	0.02%
Billets	10.81	0.49%	47.76	2.17%	8.56	0.39%	9.38	0.43%
Bars	804.42	36.59%	860.54	39.14%	863.44	39.27%	634.48	28.86%
WRM[1]	842.05	38.30%	885.18	40.26%	897.48	40.82%	644.32	29.31%
MMSM[2]	350.02	15.92%	609.56	27.73%	653.44	29.72%	426.83	19.41%
Subtotal	*2,008.04*	*74.36%*	*2,403.04*	*75.88%*	*2,423.02*	*78.74%*	*1,715.41*	*78.03%*
Non value-added products								
Blooms	88.47	4.02%	113.35	5.16%	114.82	5.22%	93.88	4.27%

Billets	55.94	2.54%	46.60	2.12%	25.97	1.18%	14.61	0.66%
Bars	20.25	0.92%	9.67	0.44%	4.81	0.22%	5.27	0.24%
WRM	129.75	5.90%	130.45	5.93%	118.16	5.37%	90.83	4.13%
MMSM	397.98	18.10%	463.84	21.10%	390.49	17.76%	278.53	12.67%
Subtotal	*692.39*	*25.64%*	*763.90*	*24.12%*	*654.24*	*21.26%*	*483.12%*	*21.97%*
Total	2,700.74	100.00%	3,166.94	100.00%	3,077.26	100.00%	2,198.53	100.00%

[1]Our Wire Rod Mill rolls rebars and plain wire rods.

[2]OurMedium Merchant and Structural Mill rolls rounds, squares and structurals.

The following table sets out our restated statements of profit and loss for the Financial Years 2009, 2010 and 2011 and the nine months ended December 31, 2011. Such financial information should be read in conjunction with our restated consolidated financial statements and the accompanying notes available in "***Section V: Financial Information—Financial Statements***."

	Financial Year						**Nine months ended December 31,**	
	2009		**2010**		**2011**		**2011**	
	₹ million	Percentage of total income	₹ million	Percentage of total income	₹ million	Percentage of total income	₹million	Percentage of total income
A Income								
(a) Net sales	91,283.8	90.3%	98,091.5	92.8%	105,736.2	94.7%	90,659.6	96.4%
(b) Internal consumption	1,141.0	1.1%	1,210.7	1.1%	877.0	0.8%	611.9	0.7%
(c) Interest earned	7,872.1	7.8%	5,347.1	5.1%	3,987.1	3.1%	2,209.1	2.3%
(d) Other revenue	750.2	0.7%	1,017.5	1.0%	1,015.8	1.3%	606.5	0.6%
(e) Total	101,047.1	100.0%	105,666.8	100.0%	111,616.0	100.0%	94,087.1	100.0%
B Expenditure								
(a) Raw-material consumed	58,962.5	58.4%	55,351.1	52.4%	71,893.2	64.4%	62,223.1	66.1%
(b) (Accretion)/Decretion to stocks	(9,166.5)	(9.1%)	4,153.5	3.9%	(5,328.6)	(4.8%)	(5,360.3)	(5.7%)
(c) Employee remuneration & benefits	11,566.8	11.4%	13,997.4	13.2%	13,195.4	11.8%	10,982.1	11.7%
(d) Stores & spares consumed	5,012.3	5.0%	4,664.8	4.4%	4,729.4	4.2%	3,602.2	3.8%
(e) Power & fuel	3,403.1	3.4%	4,082.7	3.9%	4,311.0	3.9%	3,393.2	3.6%
(f) Repairs & maintenance	1,498.1	1.5%	1,421.3	1.3%	1,478.6	1.3%	1,220.4	1.3%
(g) Freight outward	2,865.3	2.8%	3,126.5	3.0%	3,007.2	2.7%	2,488.9	2.6%
(h) Other expenses & provisions	3,780.1	3.7%	3,350.8	3.2%	4,649.2	4.2%	4,854.0	5.2%
Total expenditure	77,921.7	77.1%	90,148.1	85.3%	97,935.4	87.7%	83,403.6	88.6%
(i) Less: Inter account adjustments raw-material mining cost	(380.6)	(0.4%)	(432.6)	(0.4%)	(491.0)	(0.4%)	(321.0)	(0.3%)
(j) Total operating expenses	77,541.1	76.7%	89,715.5	84.9%	97,444.4	87.3%	83,082.6	88.3%
C Profit before depreciation, interest and taxation	23,506.0	23.3%	15,951.3	15.1%	14,171.6	12.7%	11,004.5	11.7%
D Less : Depreciation	2,404.6	2.4%	2,771.7	2.6%	2,879.8	2.6%	2,469.2	2.6%
Less : Interest and finance charges	881.4	0.9%	775.5	0.7%	1,649.9	1.5%	1,295.0	1.4%
E Add/(Less) : Prior period items (Net Credit)	(45.9)	(0.0%)	(72.4)	(0.1%)	(349.6)	(0.3%)	(74.6)	(0.1%)
F Profit before tax, before extraordinary items	20,265.9	20.1%	12,476.5	11.8%	9,991.6	9.0%	7,314.9	7.8%
G Extraordinary items	0.0	0.0%	0.0	0.0%	28.7	0.0%	0.0	0.0%
H **Provisions for taxation**								
(a) Income tax for current year	7,463.8	7.4%	4,630.8	4.4%	3,783.0	3.4%	2,803.5	3.0%
(b) Income tax for earlier	(213.9)	(0.2%)	146.2	0.1%	(280.8)	(0.3%)	(106.6)	(0.1%)

years								
(d) Fringe benefits tax for current year	46.6	0.0%	(0.5)	(0.0%)	0.0	0.0%	0.0	0.0%
(e) Fringe benefits tax for earlier years	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
(f) Total	7,296.5	7.2%	4,776.5	4.5%	3,502.2	3.1%	2,696.9	2.9%
(g) Deferred tax adjustment for the period	(386.3)	(0.4%)	(266.7)	(0.3%)	(210.1)	(0.2%)	(344.3)	(0.4%)
(h) Total provisions for taxation	6,910.2	6.8%	4,509.8	4.3%	3,292.1	2.9%	2,352.6	2.5%
I Net profit after tax as per audited accounts	13,355.7	13.2%	7,966.7	7.5%	6,670.8	6.0%	4,962.3	5.3%
J Adjustments on account of -								
(a) Changes in accounting policies	0.0	0.0%	0.0	0.0%	(7.5)	(0.0%)	2.0	0.0%
(b) Other adjustments & Prior period items	53.5	0.1%	22.8	0.0%	518.1	0.5%	(225.8)	(0.2%)
(c) Arrear salary & wages	145.8	0.1%	(835.7)	(0.8%)	339.6	0.3%	0.0	0.0%
(d Current tax impact of adjustments	11.9	0.0%	(152.5)	(0.1%)	(128.3)	(0.1%)	193.0	0.2%
(e) Deferred tax impact	(11.0)	(0.0%)	34.3	0.0%	(4.3)	(0.0%)	(12.2)	(0.0%)
Total of adjustments after tax impact	200.2	0.2%	(931.1)	(0.9%)	717.6	0.6%	(43.0)	(0.0%)
K Profit after tax (as restated)	13,155.5	13.0%	8,897.8	8.4%	5,953.2	5.3%	5,005.3	5.3%
Profit(loss) brought forward from previous year	36,420.4	36.0%	16,232.9	15.4%	22,028.9	19.7%	24,572.9	26.1%
Profit/(Loss) available for appropriation	49,575.9	49.1%	25,130.7	23.8%	27,982.1	25.1%	29,578.2	31.4%
Appropriations								
Reserve for redeeming of preference share capital	29,374.7	29.1%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Proposed dividend on equity & preference share capital								
Interim & final	3,391.8	3.4%	2,852.9	2.7%	2,735.8	2.5%	0.0	0.0%
Tax on dividend	576.4	0.6%	473.8	0.4%	443.9	0.4%	0.0	0.0%
Adjustment of preacquisition profit	0.0	0.0%	0.0	0.0%	140.8	0.1%		0.0%
Adjustment of minority interest	0.0	0.0%	0.0	0.0%	53.4	0.0%	(54.9)	(0.1%)
Transfer to general reserve	0.0	0.0%	0.0	0.0%	22.7	0.0%	0.0	0.0%
Transfer to special reserve	0.0	0.0%	0.0	0.0%	12.6	0.0%	0.0	0.0%
Total appropriation	33,342.9	33.0%	3,326.7	3.1%	3,409.2	3.1%	(54.9)	(0.1%)
Balance carried forward to balance sheet	16,233.0	16.1%	21,804.0	20.6%	24,572.9	22.0%	29,633.1	31.5%

The following table sets out the adjustments to our net profit after tax to calculate our profit after tax as restated for the periods indicated:

	Financial Year			**Nine months ended December 31,**
	2009	**2010**	**2011**	**2011**
			₹ million	
(A) Net profit after tax as per audited accounts	**13,355.7**	**7,966.7**	**6,670.8**	**4,962.3**
(B) Adjustments on account of -				
(a) Changes in accounting policies	-	-	(7.5)	2.0
(b) Other adjustments and prior period items	53.5	22.8	518.1	(225.8)
(c) Arrear salary and wages	145.8	(835.7)	339.6	-
(d) Current tax impact of adjustments	11.9	(152.5)	(128.3)	193.0

(e) Deferred tax impact adjustments	(11.0)	34.3	(4.3)	(12.2)
Total of adjustments after tax impact	**200.2**	**(931.1)**	**717.6**	**(43.0)**
Profit after tax, Restated (A-B)	**13,155.5**	**8,897.8**	**5,953.2**	**5,005.3**

The following are the restatement adjustments carried out in the preparation of our restated financial statements in compliance with the ICDR regulations:

- We have restated the prior period items in the profit and loss account to the respective years to which they relate.
- In the Financial Year 2008 there was a change in our accounting policy related to depreciation, which envisages providing depreciation for the full value of the asset cost over the relevant period derived in accordance with the provisions of Schedule XIV of the Companies Act. In line with the changed policy, we have recomputed depreciation and adjusted it accordingly in our restated financial statements.
- In the Financial Year 2008 there was a change in our accounting policy related to inventory valuation with respect to determining the cost of finished goods on an annual weighted average cost basis rather than the weighted average for the previous six months. In line with the changed policy, we have recomputed the valuation of inventory and adjusted it accordingly in the restated financial statements.
- Upon the issue of Accounting Standard 26 on "Intangible Assets" by the Institute of Chartered Accountants of India, which became mandatory from the Financial Year 2004, the concept of deferred revenue expenditure was discontinued although the standard permitted of deferred expenditure balances in subsequent years. Accordingly, we have adjusted the deferred revenue expenditure charged in subsequent years in the restated financial statements.
- In the Financial Year 2011 there was a change in accounting practices related to assets not owned by an enterprise based on the Expert Advisory Committee of the ICAI. Accordingly, the expenditure incurred on assets not owned by an enterprise is to be recognised, on incurrence. In line with the changed accounting practice, we have made adjustments in the restated financial statements.
- We have restated the arrears of expenses in respect of salary and wages paid and expenditure on pay revisions charged provisions in the earlier years in the respective years to which they relate.
- We have accounted for deferred tax assets and liabilities in terms of Accounting Standard 22 on 'Accounting for Taxes on Income' by the ICAI. Current tax and deferred tax adjustments have been made, computed on the restated profit amounts at the rates applicable to respective years.

For further information, see "***—Critical Accounting Policies***" beginning on page 253 of this Draft Red Herring Prospectus and Annexure F of our restated consolidated financial statements beginning on page 159 of this Draft Red Herring Prospectus.

Certain restatement adjustments related to employee gratuities and benefits have not been reflected in our restated financial statements. For further information, see Annexure G of our restated consolidated financial statements beginning on page 159 of this Draft Red Herring Prospectus.

Nine Months Ended December 31, 2011

Together with other steel producers in India and globally, we continued to be adversely impacted by the effects of global recession that began in late 2008. Although the steel industry has been recovering since the global financial crisis, the Eurozone sovereign debt crisis has created market uncertainty, leading several countries to implement a number of austerity measures, according to E&Y 2011. Despite facing these continued challenges in the nine months ended December 31, 2011, the selling prices of our products improved over this period.

Income

We recorded income of ₹94.09 billion in the nine months ended December 31, 2011, 96.4% of which consisted of net sales, 0.7% of internal consumption, 2.3% of interest earned and 0.6% of other revenue.

Net Sales

Net sales in the nine months ended December 31, 2011 were ₹90.66 billion. The average net selling price (after deducting excise duties, freight costs and handling charges) per steel tonne in the nine months ended December 31, 2011 was ₹ 35,272, which, principally as a result of higher steel prices and a higher percentage of our sales representing value-added products, was higher than our average net sales realisation per tonne in any of the years ended March 31, 2009, 2010 or 2011.

Internal Consumption

Internal consumption amounted to ₹0.61 billion in the nine months ended December 31, 2011.

Interest Earned

We earned interest of ₹2.21 billion on our bank deposits of and loans to employees in the nine months ended December 31, 2011. Despite higher interest rates during the nine months ended December 31, 2011 than during the years ended March 31, 2009, 2010 or 2011, we earned less interest during the nine months ended December 31, 2011 given that term deposits with banks of ₹25.77 billion were lower than in those prior years.

Other Revenue

Other revenue, resulting primarily from sundry receipts, export benefits, liquidated damages and rent recoveries, amounted to ₹0.61 billion in the nine months ended December 31, 2011.

Expenditure

Total expenditure in the nine months ended December 31, 2011 was ₹83.40 billion. The following table sets out each of our items of expenditures in the nine months ended December 31, 2011 as a proportion of our net sales.

		Nine months ended December 31, 2011	
		₹ million	Percentage of net sales
Expenditure			
(a)	Raw-material consumed	62,223.1	68.6%
(b)	(Accretion)/Decretion to stocks	(5,360.3)	(5.9%)
(c)	Employee remuneration & benefits	10,982.1	12.1%
(d)	Stores & spares consumed	3,602.2	4.0%
(e)	Power & fuel	3,393.2	3.7%
(f)	Repairs & maintenance	1,220.4	1.3%
(g)	Freight outward	2,488.9	2.7%
(h)	Other expenses & provisions	4,854.0	5.4%
	Total expenditure	83,403.6	92.0%

Raw Materials Consumed

We consumed ₹62.22 billion in raw materials in the nine months ended December 31, 2011. The price we paid for raw materials increased in the nine months ended December 31, 2011 as a result of an increase in raw material prices globally.

(Accretion)/Decretion to Stocks

Our stock of semi-finished and finished goods increased to ₹5.36 billion in the nine months ended December 31, 2011.

Employee Remuneration and Benefits

We had 18,079 permanent employees as of December 31, 2011 and our expenditure on employee remuneration and benefits in the nine months ended December 31, 2011 was ₹10.98 billion.

Stores and Spares Consumed

In the nine months ended December 31, 2011, we consumed stores and spares of ₹3.60 billion.

Power and Fuel

We spent ₹3.39 billion on power and fuel in the nine months ended December 31, 2011, of which 38% represented purchases of power from third parties and 62% purchases of boiler coal, furnace oil and other fuels for our own power generators.

Repairs and Maintenance

Repairs and maintenance amounted to ₹1.22 billion in the nine months ended December 31, 2011.

Freight Outward

In the nine months ended December 31, 2011, we spent ₹2.49 billion in freight outward for deliveries of our products to stockyards.

Other Expenses and Provisions

Other expenses and provisions amounted to ₹4.85 billion in the nine months ended December 31, 2011.

Depreciation

Depreciation expenses were ₹2.47 billion for the nine months ended on December 31, 2011.

Interest and Finance Charges

We incurred ₹1.30 billion towards interest and finance charges on our working capital and other commercial borrowings for the nine months ended on December 31, 2011.

Provisions for Taxation

Total provisions for taxation were ₹2.36 billion in the nine months ended December 31, 2011. Our Company's effective tax rate in the nine months ended December 31, 2011 was 32.5%, based on the taxable income computed under the provisions of the Income Tax Act, 1961.

Profit after Tax (as Restated)

As a result of the factors set out above, our profit after tax in the nine months ended December 31, 2011 was ₹5.01 billion.

Financial Year 2011 Compared to Financial Year 2010

Global steel production grew in the Financial Year 2011, although prices for certain of the raw materials used to make steel increased substantially in the first part of the Financial Year 2011. In particular, we were adversely impacted by a near doubling of the benchmark price of iron ore, one of the principal raw materials required for the production of steel. Nevertheless, we were able to increase our sales overall during the period due to sustained domestic demand.

Our Company purchases most of its iron ore under supply contracts typically lasting up to five years. Under the long-term agreements, the price is fixed on a quarterly or monthly basis.

Income

For the Financial Year 2011, we recorded income of ₹111.62 billion, which was 5.6% higher than income of ₹105.67 billion in the Financial Year 2010. An increase of 7.8% in net sales, to ₹105.74 billion in the Financial Year 2011 from ₹ 98.10 billion in the Financial Year 2010, was the primary driver of overall income growth.

Net Sales

Net sales of ₹105.74 billion in Financial Year 2011, represented an increase of 7.8%, or ₹7.64 billion, compared to net sales of ₹98.10 billion in the Financial Year 2010.

The average net selling price per steel tonne in the Financial Year 2011 was ₹30,411, which, as a result of improving general economic conditions, was higher than the average net sales realisation per tonne in the Financial Year 2010.

Internal Consumption

Internal consumption decreased to ₹0.88 billion in the Financial Year 2011 from ₹1.21 billion in the Financial Year 2010. This decrease of ₹0.33 billion, or 27.3%, arose as a result of a lower amount of our products being utilised in connection with our capacity expansion implementation in the Financial Year 2011.

Interest Earned

Interest earned decreased by 25.4%, to ₹3.99 billion from ₹5.35 billion, as a consequence of term deposits with banks being lower in the Financial Year 2011 than in the Financial Year 2010 given cash expenditure on our ongoing expansion plans.

Other Revenue

Other revenue of ₹1.02 billion in the Financial Year 2011, like other revenue of ₹1.02 billion in the Financial Year 2010, resulted primarily from sundry receipts, export benefits, liquidated damages and rent recoveries.

Expenditure

Total expenditure of ₹97.94 billion in the Financial Year 2011 was 8.6% higher than total expenditure of ₹90.15 billion in the Financial Year 2010 as a result of higher iron ore and other commodity prices and, consequently, expenditure on raw materials consumed being 29.9% higher in the Financial Year 2011 than in the previous year.

The following table sets out each of our items of expenditures in the Financial Years 2010 and 2011 as a proportion of our respective net sales in those years.

		Financial Year			
		2010		**2011**	
		₹ million	Percentage of net sales	₹ million	Percentage of net sales
Expenditure					
(a)	Raw-material consumed	55,351.1	56.4%	71,893.2	68.0%
(b)	(Accretion)/Decretion to stocks	4,153.5	4.2%	(5,328.6)	(5.0%)
(c)	Employee remuneration & benefits	13,997.4	14.3%	13,195.4	12.5%
(d)	Stores & spares consumed	4,664.8	4.8%	4,729.4	4.5%
(e)	Power & fuel	4,082.7	4.2%	4,311.0	4.1%
(f)	Repairs & maintenance	1,421.3	1.4%	1,478.6	1.4%
(g)	Freight outward	3,126.5	3.2%	3,007.2	2.8%
(h)	Other expenses & provisions	3,350.8	3.4%	4,649.2	4.4%
	Total expenditure	90,148.1	91.9%	97,935.4	92.6%
Depreciation		2,771.7	-	2,879.8	-
Interest and finance charges		775.5	-	1,649.9	-

Raw Materials Consumed

Our expenditure on raw materials consumed increased by 29.9% to ₹71.89 billion in the Financial Year 2011 from ₹55.35 billion in the Financial Year 2010 due to considerable increases in the prices of raw materials, in particular iron ore and coal.

(Accretion)/Decretion to Stocks

Our stock of semi-finished and finished goods increased to ₹5.33 billion in the Financial Year 2011 compared to a decrease of ₹4.15 billion in the Financial Year 2010.

Employee Remuneration and Benefits

Our expenditure on employee remuneration and benefits decreased by 5.7%, to ₹13.20 billion in the Financial Year 2011 from ₹14.00 billion in the Financial Year 2010 as a result of a reversal of excess provision made previously in respect of wage and salary increased. Employee numbers remained similar across these periods. We had 17,829 permanent employees as at March 31, 2011 and 17,830 employees as at March 31, 2010.

Stores and Spares Consume

Our consumption of stores and spares was broadly constant between the Financial Years 2011 and 2010, standing at ₹4.73 billion and ₹4.66 billion, respectively.

Power and Fuel

We spent ₹4.31 billion on power and fuel in the Financial Year 2011, which, as a result primarily of increased purchased—as opposed to self-generated—power, was 5.6% higher than the ₹4.08 billion we spent on power and fuel in the Financial Year 2010.

Repairs and Maintenance

Expenditure on repairs and maintenance remained broadly unchanged at ₹1.48 billion in the Financial Year 2011 compared to ₹1.42 billion in the Financial Year 2010.

Freight Outward

Freight outward declined to ₹3.00 billion in the Financial Year 2011 from ₹3.13 billion in the Financial Year 2010 as a result of decreased transport of goods from VSP to stockyards.

Other Expenses and Provisions

Other expenses and provisions increased by 38.8% to ₹4.65 billion in the Financial Year 2011 from ₹3.35 billion in the Financial Year 2010 as a result of increased exchange rate fluctuations and handling, scrap recovery, travel and advertising expenses.

Depreciation

Depreciation expenses were ₹2.88 billion for the Financial Year 2011 as compared to ₹2.77 billion for the Financial Year 2010.

Interest and Finance Charges

Interest and finance charges increased by 115% to ₹1.65 billion in the Financial Year 2011 from ₹0.78 billion in the Financial Year 2010, mainly due to increased working capital borrowings.

Provisions for Taxation

Total provisions for taxation were 27.0% lower, at ₹3.29 billion, in the Financial Year 2011 than in the Financial Year 2010 as a result of a decrease in our profit before tax. Our Company's effective tax rate, based on the taxable income computed under the provisions of the Income Tax Act, 1961, was 33.2% and 34.0% in the Financial Years 2011 and 2010, respectively.

Profit after Tax (as Restated)

As a result of the factors set out above, our restated profit after tax of ₹5.95 billion in the Financial Year 2011 was 33.1% lower than our restated profit after tax of ₹8.90 billion in the Financial Year 2010.

Financial Year 2010 Compared to Financial Year 2009

Income

We recorded income of ₹105.67 billion for the Financial Year 2010 compared to income of ₹101.05 billion for the Financial Year 2009.

Net Sales

Net sales of ₹98.09 billion in the Financial Year 2010, represented an increase of 7.5%, or ₹6.81 billion, compared to net sales of ₹91.28 billion in the Financial Year 2009.

The average net selling price per steel tonne in the Financial Year 2010 was ₹26,180, compared to ₹30,654 in the Financial Year 2009.

Internal Consumption

Internal consumption increased by 6.1% to ₹1.21 billion in the Financial Year 2010 from ₹1.14 billion in the Financial Year 2009 as a result of a higher amount of our products being utilised in connection with our capacity expansion implementation in the Financial Year 2010.

Interest Earned

Interest earned dropped by 32.1%, to ₹5.35 billion from ₹7.87 billion, as a consequence of term deposits with banks being lower in the Financial Year 2010 than in the Financial Year 2009 given cash expenditure on our ongoing expansion plans.

Other Revenue

Other revenue increased to ₹1.02 billion in the Financial Year 2010 from ₹0.75 billion in the Financial Year 2009 as a result of exchange rate fluctuations.

Expenditure

Total expenditure of ₹90.15 billion in the Financial Year 2010 was 15.7% higher than total expenditure of ₹77.92 billion in the Financial Year 2009 primarily as a result of increased production, employee remuneration and benefits as well as a significant decrease in stocks in the Financial Year 2010 as opposed to an increase in the Financial Year 2009.

The following table sets out each of our items of expenditures in the Financial Years 2009 and 2010 as a proportion of our respective net sales in those years.

		Financial Year			
		2009		2010	
		₹ million	Percentage of net sales	₹ million	Percentage of net sales
Expenditure					
(a)	Raw-material consumed	58,962.5	64.6%	55,351.1	56.4%
(b)	(Accretion)/decretion to stocks	(9,166.5)	(10.0%)	4,153.5	4.2%
(c)	Employee remuneration & benefits	11,566.8	12.7%	13,997.4	14.3%
(d)	Stores & spares consumed	5,012.3	5.5%	4,664.8	4.8%
(e)	Power & fuel	3,403.1	3.7%	4,082.7	4.2%
(f)	Repairs & maintenance	1,498.1	1.6%	1,421.3	1.4%
(g)	Freight outward	2,865.3	3.1%	3,126.5	3.2%
(h)	Other expenses & provisions	3,780.1	4.1%	3,350.8	3.4%
	Total expenditure	77,921.7	85.4%	90,148.1	91.9%
Depreciation		2,404.6	-	2,771.7	-
Interest and finance charges		881.4	-	775.5	-

Raw Materials Consumed

As a result of a decline in the prices of raw materials, our expenditure on raw materials decreased by 6.1% to ₹55.35 billion in the Financial Year 2010 from ₹58.96 billion in the Financial Year 2009.

(Accretion)/Decretion to Stocks

Our stock of semi-finished and finished goods decreased to ₹4.15 billion in the Financial Year 2010 compared to an increase of ₹9.17 billion in the Financial Year 2009.

Employee Remuneration and Benefits

Our expenditure on employee remuneration and benefits increased by 21.0% to ₹14.00 billion in the Financial Year 2010 from ₹11.57 billion in the Financial Year 2009, primarily as a result of provisions for wage increases. We had 17,830 permanent employees as at March 31, 2010, and 17,225 permanent employees as at March 31, 2009.

Stores and Spares Consumed

Our consumption of stores and spares decreased by 6.9% to ₹4.66 billion in the Financial Year 2010 from ₹5.01 billion in the Financial Year 2009.

Power and Fuel

Power and fuel costs increased by 20.0% to ₹4.08 billion in the Financial Year 2010 compared to ₹3.40 billion in the Financial Year 2009 as a result of increased production and higher fuel prices.

Repairs and Maintenance

Repairs and maintenance expenditure of ₹1.42 billion in the Financial Year 2010 was broadly unchanged from repairs and maintenance expenditure of ₹1.50 billion in the Financial Year 2009.

Freight Outward

As a result of increased transport of goods from VSP to stockyards, freight outward increased by 9.1% to ₹3.13 billion in the Financial Year 2010 from ₹2.87 billion in the Financial Year 2009.

Other Expenses and Provisions

Other expenses and provisions decreased by 11.4% to ₹3.35 billion in the Financial Year 2010 from ₹3.78 billion in the Financial Year 2009 as a result of favourable exchange rate fluctuations.

Depreciation

Depreciation expenses increased by ₹0.37 billion, or 15.3%, to ₹2.77 billion in the Financial Year 2010 from ₹2.40 billion in the Financial Year 2009 mainly due to the capitalisation of certain plant assets which required us to recognise a corresponding depreciation charge.

Interest and Finance Charges

Interest and finance charges decreased by 12.0% to ₹0.78 billion in the Financial Year 2010 from ₹0.88 billion in the Financial Year 2009 mainly due to a decline in interest rates.

Provisions for Taxation

Total provisions for taxation declined by 34.7% to ₹4.51 billion in the Financial Year 2010 from ₹6.91 billion in the Financial Year 2009 as a result of a decrease in our profit before tax. Our Company's effective tax rate, based on the taxable income computed under the provisions of the Income Tax Act, 1961, was 34.0% in each of the Financial Years 2010 and 2009, respectively.

Profit after Tax (as Restated)

As a result of the factors set out above, our restated profit after tax of ₹8.90 billion in the Financial Year 2010 was 32.4% lower than our restated profit after tax of ₹13.16 billion in the Financial Year 2009.

Liquidity and capital resources

To date, our primary liquidity requirements have been to finance our working capital requirements and our capital expenditure. To fund these costs, we have relied on cash flows from operations and short term borrowings. As at December 31, 2011, we had total current assets of ₹101.01 billion, including cash and bank balances of ₹26.63 billion, and total current liabilities of ₹53.06 billion. We believe that our anticipated cash flow from operations, together with our existing bank deposits and available loan facilities will be sufficient to meet our operating and capital expenditure requirements for the foreseeable future.

Sources and uses of cash

The following table summarises our cash flows for the periods indicated:

	Financial Year			Nine months ended Dec. 31,
	2009	2010	2011	2011
	(₹ million)			
Net cash from/(used in) operating activities	(3,223.7)	16,247.2	(4,190.4)	(1,187.7)
Net cash used in investing activities	(12,274.7)	(25,871.0)	(24,426.3)	(12,278.7)
Net cash from/(used in) financing activities	4,749.0	(2,462.5)	(6,075.9)	12,828.4
Net increase/(decrease) in cash and bank balances	(10,749.4)	(12,086.3)	(34,692.6)	(638.0)
Cash and bank balances at beginning of period	76,991.1	66,241.7	61,957.1	27,264.5
Cash and bank balances at end of period	66,241.7	54,155.4	27,264.5	26,626.4

Cash from/used in operating activities

Cash from/used in operating activities represents operating profit adjusted for non-cash items and changes to our working capital as a result of increases and decreases in inventories, sundry debtors, loans and advances and other liabilities.

Net cash used in operating activities in the nine months ended December 31, 2011 was ₹1.19 billion, resulting from operating profit before working capital changes of ₹9.88 billion, working capital adjustments of ₹7.51 billion and income tax payments of ₹3.56 billion. Our principal working capital adjustments for nine months ended December 31, 2011 consisted of:

- an increase in inventories of ₹8.09 billion resulting primarily from an increase in the value of our stocks of finished products and raw materials;
- an increase in sundry debtors of ₹0.43 billion resulting primarily from an increase in outstanding credit sales;
- an increase in loans and advances of ₹7.20 billion resulting primarily from an increase of forward contract receivables and advances to joint ventures, primarily ICVL; and
- an increase in liabilities of ₹8.21 billion resulting primarily from an increase of forward contract payables.

Net cash used in operating activities in the Financial Year 2011 was ₹4.19 billion, resulting from operating profit before working capital changes of ₹10.24 billion, working capital adjustments of ₹9.59 billion and income tax payments of ₹4.89 billion. Our principal working capital adjustments for the Financial Year 2011 consisted of:

- an increase in inventories of ₹7.91 billion resulting primarily from an increase in the value of our stocks of finished products and raw materials arising from reduced purchases and sales;
- an increase in sundry debtors of ₹1.41 billion resulting primarily from an increase in credit granted;

- an increase in loans and advances of ₹5.85 billion resulting primarily from an increase of forward contract receivables; and

- an increase in liabilities of ₹5.58 billion resulting primarily from an increase of forward contract payables.

Net cash generated from operating activities in the Financial Year 2010 was ₹16.25 billion, resulting from operating profit before working capital changes of ₹9.37 billion, negative working capital adjustments of ₹11.79 billion and income tax payments of ₹4.91 billion. Our principal working capital adjustments for the Financial Year 2010 consisted of:

- a decrease in inventories of ₹7.70 billion resulting primarily from a decrease in the value of our stocks of finished products and raw materials arising from increased purchases and sales;

- a decrease in sundry debtors of ₹0.08 billion resulting primarily from a decrease in credit granted;

- a decrease in loans and advancements of ₹2.13 billion resulting primarily from lower advance income tax payments; and

- an increase in liabilities of ₹1.88 billion resulting primarily from an increase in sundry debtors.

Net cash used in operating activities in the Financial Year 2009 was ₹3.22 billion, resulting from operating profit before working capital changes of ₹11.43 billion, working capital adjustments of ₹7.49 billion and income tax payments of ₹7.16 billion. Our principal working capital adjustments for the Financial Year 2009 consisted:

- of an increase in inventories of ₹14.55 billion resulting primarily from an increase in our stocks of finished products and raw materials arising from reduced purchases and sales;

- an increase in sundry debtors of ₹0.97 billion resulting primarily from an increase in credit granted;

- a decrease in loans and advances of ₹4.02 billion resulting primarily from lower advance income tax payments; and

- an increase in liabilities of ₹4.01 billion resulting primarily an increase in sundry debtors.

Cash from/used in investing activities

Cash from/used in investing activities comprises the purchase of fixed assets and other investments; cash from investing activities comprises proceeds from the sale of fixed assets and interest received. The purchases of fixed assets referred to in the discussion below relate primarily to our expansion projects at VSP, where, among other things, we are implementing a brownfield expansion aimed at increasing the capacity of VSP from the current 3.0 mtpa to 6.3 mtpa by the year 2013. For further details, see "***—Capital Expenditure***", below in this section, and the section titled "***Business–Expansion and Development Projects***" on page 97 of this Draft Red Herring Prospectus.

Net cash used in investing activities in the nine months ended December 31, 2011 was ₹12.28 billion, resulting from purchases of fixed assets of ₹12.55 billion marginally offset by interest of ₹0.14 billion received on our term deposits with banks and proceeds of ₹0.13 billion from the sale of fixed assets.

Net cash used in investing activities in the Financial Year 2011 was ₹24.43 billion, resulting from purchases of fixed assets of ₹25.34 billion partly offset by interest of ₹4.48 billion received on our term deposits with banks.

Net cash used in investing activities in the Financial Year 2010 was ₹25.87 billion, resulting from purchases of fixed assets of ₹32.74 billion partly offset by interest of ₹6.56 billion received on our term deposits with banks.

Net cash used in investing activities in the Financial Year 2009 was ₹12.27 billion, resulting from purchases of fixed assets of ₹20.50 billion partly offset by interest of ₹8.21 billion received on our term deposits with banks.

Cash from/used in financing activities

Our cash from/used in financing activities relates principally to the receipt of proceeds from and repayment of secured and unsecured loans, interest and finance charges and the payment of dividends to our shareholder, GoI, and dividend taxes.

Net cash from financing activities in the nine months ended December 31, 2011 was ₹12.83 billion, principally from secured borrowings of ₹5.26 billion and unsecured borrowings of ₹12.05 billion, partly offset by interest and finance charges of ₹1.30 billion. In addition, we paid a dividend of ₹2.74 billion and dividend taxes of ₹0.44 billion in the nine months ended December 31, 2011.

Net cash used in financing activities in the Financial Year 2011 was ₹6.08 billion, resulting principally in repayment of unsecured borrowings of ₹1.12 billion and payment of interest and finance charges of ₹1.66 billion. In addition, we paid a dividend of ₹2.98 billion and dividend taxes of ₹0.49 billion in the Financial Year 2010.

Net cash used in financing activities in the Financial Year 2010 was ₹2.46 billion, resulting principally from unsecured borrowings of ₹7.25 billion, partly offset by repayment of secured borrowings of ₹5.00 billion. In addition, we paid a dividend of ₹3.39 billion and dividend taxes of ₹0.58 billion in the Financial Year 2010.

Net cash from financing activities in the Financial Year 2009 was ₹4.75 billion, resulting principally from secured borrowings of ₹5.75 billion partly offset by payment of interest of ₹0.92 billion. We paid no dividend in the Financial Year 2009.

Capital expenditure

Our capital expenditures totaled ₹20.50 billion, ₹32.78 billion, ₹25.34 billion and ₹12.55 billion in the Financial Years 2009, 2010 and 2011 and the nine months ended December 31, 2011, respectively.

These expenditures relate primarily to our expansion projects at VSP, where, among other things, we are implementing a brownfield expansion aimed at increasing the capacity of VSP in phases from 3.0 mtpa to 6.3 mtpa by the Financial Year 2013, which is in its advanced stages, and to 7.3 mtpa by the Financial Year 2015. Apart from capacity expansion, the expansion is also expected to increase energy efficiency, productivity and yield, as well as deploy more environmentally friendly technologies.

The total capital expenditure expected to be incurred in connection with the expansion to 6.3 mtpa is approximately ₹ 123.00 billion. The capital expenditure incurred on this project as of December 31, 2011 was ₹87.00 billion. We already have entered into a long term agreement, valid until March 3, 2015, with NMDC for the supply of iron ore in order to meet the requirements of our expanded capacity.

Separately, on January 10, 2011, our Company entered into a MoU with the Ministry of Railways, GoI, for the manufacture and supply of railway axles. We are setting up a plant with the capability of producing rail axles at New Jalpaiguri in the state of West Bengal, on land to be provided by the Ministry of Railways.

We periodically reassess our capital expenditure plans, and the planned amounts of such expenditures may change materially after such assessment. Our expansion plans, including acquisitions of other businesses and joint ventures, require significant capital expenditures. Factors that could affect the feasibility of our expansion plans and its ability to timely complete them include receiving financing on reasonable terms or at all, obtaining required regulatory permits and licences, the expiration of any agreements with local governments related to such projects, demand for our products and general economic conditions. Any of these factors may cause us to delay, modify or forego some or all aspects of our expansion plans. We cannot assure prospective investors that we will be able to complete our projects on schedule, within budget, or at all.

Indebtedness, contractual obligations and off-balance sheet arrangements

Indebtedness

The following table summarises our outstanding indebtedness as of the dates indicated:

	At March 31,			At Dec. 31,
	2009	**2010**	**2011**	**2011**
	(₹ million)			
Secured loans				
Working capital borrowings from banks	3,341.9	3,294.0	1,966.1	4,739.1
Loans from banks against term deposits	5,735.3	579.2	782.8	3,268.3
Secured total	*9,077.2*	*3,873.2*	*2,748.9*	*8,007.4*

Unsecured loans				
Short term loans from banks	1,000.4	5,699.6	1,851.2	5,165.0
Short term foreign currency facilities	0.0	2,253.1	6,767.5	12,058.1
Short term loans from others	0.0	499.6	0.0	3,448.8
Unsecured total	*1,000.4*	*8,452.3*	*8,618.7*	*20,671.9*
Total	***10,077.6***	***12,325.5***	***11,367.6***	***28,679.3***

Most of our current financing arrangements are secured by our current assets. Security is typically given on a *pari passu* basis to multiple lenders pursuant to composite hypothecation agreements.

For further information on our borrowings, see the section titled "***Financial Indebtedness***" beginning on page 273 of this Draft Red Herring Prospectus and Annexure O of our restated consolidated financial statements beginning on page 159.

Contractual obligations

The table below presents our total contractual obligations by year of maturity as of December 31, 2011.

	Amount due				
	within one year or on demand	**in the second year**	**in the third to fifth year**	**over five years**	**Total**
			(₹ million)		
Short term bank loans..	28,679.30	-	-	-	28,679.30

Capital Commitments

As at December 31, 2011, we had capital commitments of ₹44.22 billion relating to our capacity expansion plans.

Contingent Liabilities

As per the audited restated consolidated financial statements of the Company for the nine months ended December 31, 2011, we have certain contingent liabilities not provided for, amounting to ₹29.69 billion. The contingent liability amounts disclosed in our audited restated consolidated financial statements represent estimates and assumptions of our management based on advice received. For further information on such contingent liabilities, please refer to the section titled "***Financial Statements-Statement of Contingent Liabilities***" on page 159 of this Draft Red Herring Prospectus.

Off-balance Sheet Arrangements

We have not entered into, and are not a party to, any off-balance sheet arrangements.

Market Risks

We are exposed to market risks in our normal business activities. Market risk is the potential loss that may result from market changes associated with an existing or forecasted financial or commodity transaction. The types of market risks we are exposed to and examples of each are:

Commodity Price Risk

Our Company's income is exposed to the market risk of price fluctuations related to the sale of steel products. Market forces generally determine prices for the steel products that we sell. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that our Company earns from the sale of its steel products.

With regard to raw materials and energy sources, the cost of iron ore, in particular, has been volatile over the course of the last several years. In addition, energy and fuel prices have been highly volatile at times. To address such cost volatility, where competitively possible, we attempt to increase the price of steel we sell in the spot market in order for fluctuations in the price of these inputs to be, in part, passed on to our customers rather than absorbed solely by us.

In addition, in order to further minimise exposure to fluctuations in raw material costs, and to secure an adequate supply of raw materials, our Company has entered into regular period purchase agreements for certain raw materials. While enabling us to reduce our exposure to fluctuations in raw material costs, this also exposes us to an element of market risk relative to our Company's sales contracts. After new contracts are negotiated with our customers, the average sales prices could increase or decrease. If that average sales price decreases, our Company may not be able to reduce its raw material costs to a corresponding degree depending on the timing of the relevant purchase contracts.

Interest Rate Risk

Changes in interest rates could affect our results of operations and financial condition. As of December 31, 2011, the majority of our total indebtedness was at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. We do not currently enter into any derivative transactions to hedge against our exposure to interest rate risks.

Currency Exchange Risk

Changes in currency exchange rates may affect our results of operations. Approximately 42% of our total indebtedness of ₹28.67 billion as of December 31, 2011 was denominated in foreign currencies, most significantly the U.S. Dollar, and we expect that a portion of our future indebtedness will continue to be denominated in foreign currencies. We also expect our future capital expenditure in connection with our proposed expansion plans to include expenditure in foreign currencies for imported equipment and machinery. Depreciation of the Indian Rupee against the U.S. Dollar and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency or any proposed capital expenditure in foreign currencies.

Operating Risk

Our operations are subject to various operating risks that may materially increase our cost of mining operations and delay or disrupt production at particular mines either permanently or for varying lengths of time, which could have a material adverse effect on our business, results of operations and financial condition. While we maintain a mega-risk insurance policy that covers loss to our property and consequential loss of profits, this may not cover our entire loss. We also do not maintain insurance coverage for third party liability or insurance for storage of goods or products. For further information relating to our insurance policies, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to our Company's Business and Operations–Our Company's insurance policies provide limited coverage, potentially leaving us uninsured or under insured against certain business risks***" on page 27 of this Draft Red Herring Prospectus.

Credit Risk

The carrying amounts of bank balances, sundry debtors, loans and advances represent the maximum credit exposure of our Company. Substantially all of our cash is deposited principally with several nationwide and regional renowned banks in India without significant credit risk. We do not expect any losses to result from non-performance of these financial institutions. Our credit risk is partially attributable to our sundry debtors, a portion of which is not secured by any form of credit support, such as letters of credit, performance guarantees or escrow arrangements. We have no other financial assets that carry significant exposure to credit risk.

Seasonality

Our results of operation are not ordinarily affected by seasonality, except to the extent demand for long products, which are widely used in the construction industry, is affected by periods of curtailed construction activity due to adverse weather conditions.

Effect of Inflation

During the Financial Years 2009, 2010 and 2011 and the nine months ended December 31, 2011, the Wholesale Price Index increased by 8.1%, 3.8%, 9.6%% and 9.8%, respectively. (Source: GoI). We do not believe inflation has had a significant impact on the results of our operations.

Analysis of Certain Changes

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no events or transactions that may be described as "unusual" or "infrequent".

Significant Economic Changes That Materially Affected Or Are Likely To Affect Income From Continuing Operations

Other than as mentioned under the sub-section titled "***Factors affecting our results of operation***" on page 250, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Other than as described in this Draft Red Herring Prospectus, particularly in the sections titled "***Risk Factors***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 14 and 249 of this Draft Red Herring Prospectus, respectively, to our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Future changes in the relationship between costs and revenues, in case of events such as future increases in labour or material costs or prices that will cause a material change are known.

Other than as described elsewhere in this Draft Red Herring Prospectus, particularly as mentioned under the section titled "***Factors Affecting Our Financial Condition and Results of Operations***" in this section, to our knowledge, there are no known factors that might affect the future relationship between costs and revenues.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Changes in revenues during the last three years are as explained under "Results of operations" in this section.

Significant Regulatory Changes

To the best of our knowledge, other than as described in this Draft Red Herring Prospectus, there have been no significant regulatory changes that could affect our revenue from continuing operations.

Significant Developments Subsequent to Date of Latest Financial Statements

The following are material developments which have occurred in our Company subsequent to December 31, 2011, the date of the last financial statements as disclosed in this Draft Red Herring Prospectus:

- We had a stock split of Equity Shares and Preference Shares from ₹1,000.00 to ₹10.00;
- We commissioned a new blast furnace in April 2012;
- We converted from a private to public company; and
- We redeemed 1,000,000 and 11,850,000 Redeemable Preference Shares of ₹1,000.00, each on March 31, 2012 and April 1, 2012, respectively.

Except as stated in this Draft Red Herring Prospectus, to our knowledge no other circumstances have arisen since December 31, 2011, which materially affect or are likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to impact our accounting policies or the manner of our financial reporting. The Institute of Chartered Accountants of India, however, previously announced a road map for the adoption of, and convergence of Indian GAAP with, IFRS, pursuant to which certain public companies in India, including our Company, would be required to prepare annual and interim financial statements under IFRS. Because the Ministry of Corporate Affairs, GoI deferred the implementation of the roadmap, there is significant lack of clarity on the adoption of and convergence with IFRS, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. For more information, see the section titled "***Risk Factors–External Risk Factors– The proposed adoption of the International Financial Reporting Standards ("IFRS") could result in our financial condition and results of operations appearing materially different than under Indian GAAP***" on page 35 of this Draft Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Borrowings of our Company

Set forth below, is a brief summary of our Company's borrowings (both, fund based and non-fund based) as of April 30, 2012, together with a brief description of certain significant terms of such financing arrangements. Our Company's borrowings consist of mostly working capital facilities availed from the banks mentioned below. The total amount outstanding as on April 30, 2012 is ₹ 28,462.55 million*.

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on April 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
1.	SBI	Our Company has entered into a multiple banking arrangement with SBI on April 18, 2005 for availing working capital loans.[1]	Fund based: i. Cash credit/export packing credit - ₹ 1,000.00 million ii. Short Term Loan (as a sub-limit of letter of credit).	i. ₹ 0.68 million ii. ₹ 1,008.43 million iii. ₹ 3,529.64 million	i. 11.00 ii. 10.25 iii. 10.30	November 22, 2012	Hypothecation of current assets and assets created out of project letter of credit on *pari-passu* basis with other banks under multiple banking arrangements by composite hypothecation agreement dated April 18, 2005 which was last amended on January 8, 2010.
			Non- Fund based: i. Letter of credit - ₹ 9,000.00 million ii. Bank guarantee - ₹ 1,000.00 million iii. Forward cover -₹ 145.00 million (One way interchangeability of non-fund based limit to fund based limit of 5,000.00 million and interchangeability of 100% fund based limits to non fund based limits).	i. ₹ 26.55 million ii. Nil iii. Nil			
2.	State Bank of Hyderabad	Our Company has entered into a multiple banking arrangement with State Bank of Hyderabad, dated October 16, 2009 for working capital requirements.[2]	Fund based: i. Cash credit - ₹ 2,000.00 million ii. Short Term loan (as a sub limit of cash credit and letter of credit limits).	i. Nil ii. ₹ 2,012.49 million	i. 12.00 ii. 10.60	March 14, 2013	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by hypothecation agreement dated October 16, 2009.
			Non fund based: i. Letter of credit - ₹ 3,700.00 million ii. Bank guarantee - ₹ 300.00 million	i. ₹ 20.08 million ii. ₹ 10.00 million			

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on April 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			(Full interchangeability from fund based limits to non fund based limits).				
3.	Canara Bank	Our Company has entered into a multiple banking arrangement with Canara Bank dated March 11, 2005 for working capital requirements.[3]	Fund based: i. Cash credit - ₹ 2,000.00 million.	i. ₹ 251.90 million	i. 10.75	March 25, 2013	Hypothecation of current assets by common hypothecation agreement, dated April 18, 2005 and supplemental agreements dated August 3, 2006, May 19, 2007, August 1, 2009 and September 16, 2010.
			Non- Fund based: i. Inland letter of credit/foreign letter of credit - ₹ 1,000.00 million ii. Bank guarantee - ₹ 150.00 million iii. Letter of credit for Capital equipment- ₹ 4300.00 million.	i. Nil ii. Nil iii. ₹ 4,274.20 million			
4.	Bank of Baroda	Our Company has entered into a multiple banking arrangement with Bank of Baroda, on December 19, 2005 for the purpose of working capital requirements.[4]	Fund based: - i. Cash credit - ₹ 338.5.00 million ii. Pre-shipment packing credit - ₹ 200.00 million.	i. ₹ 252.09 million ii. Nil	i. 10.75	March 29, 2013	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by composite hypothecation agreement dated December 19, 2005 (as amended on January 6, 2006 and August 10, 2006)
			Non-fund based: i. Letter of credit - ₹ 2,000.00 million ii. Bank guarantee - ₹ 10.00 million. (Cash credit/ pre-shipment packing credit is interchangeable to letter of credit and vice versa).	i. ₹ 384.43 million ii. Nil			
5.	Andhra Bank	Our Company has entered into a composite loan agreement with Andhra Bank dated November 12, 2008 for renewal of working capital facilities.[5] Further, the bank has sanctioned short term loan vide letter dated March 19, 2012.	Fund based: i. Cash credit - ₹ 140.00 million ii. Working capital demand loan - ₹ 210.00 million iii. Export packing credit - ₹ 115.00 million.	i. ₹ 0.50 million ii. Nil iii. Nil	11.50	One year till April 20, 2012 [6]	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by composite hypothecation agreement dated September 8, 2006.

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on April 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			Non- Fund based: i. Letter of credit - ₹ 4000.00 million (Out of this secured limit is ₹ 450.00 million) ii. Bank Guarantee - ₹ 30.00 million (Non fund based interchangeable to fund based and vice versa).	i. ₹ 6.78 million ii. Nil			
			Short Term loan - ₹ 3,000.00 million.	₹ 5.29 million	10.75		
6.	UCO	Our Company entered into an agreement with UCO on April 18, 2005 for availing working capital facility.[7]	Fund based: i. Cash credit - ₹ 50.00 million ii. Working capital demand loan - ₹ 200.00 million iii. Export packing credit - ₹ 150.00 million.	Nil[(19)]	12.75%	January 20, 2013	Hypothecation of stock of raw materials, finished goods and stores, spaces and receivables, including all products, goods and movable property of any kind by composite hypothecation agreement dated April 18, 2000 which was last amended on January 21, 2012.
			Non- fund based: i. Letter of credit - ₹ 350.00 million ii. Bank guarantee - ₹ 50.00 million.				
7.	IDBI	IDBI has through sanction letter dated September 27, 2010 sanctioned working capital loans and cash management services to our Company.[8]	Fund based: i. Cash credit - ₹ 2,000.00 million ii. Working capital demand loan (sub-limit of cash credit) - ₹ 1,800.00 million iii. Forward cover - ₹ 200.00 million iv. Current Account - ₹ 1,000.00 million. (One way interchangeability of cash credit to letter of credit/buyer's credit)	i. ₹ 1,997.93 million ii. Nil iii. Nil iv. ₹ 838.09 million	10.50%	March 2, 2013	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on April 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			Non- Fund based: i. Letter of credit /buyers' credit – ₹ 3,500.00 million ii. Bank guarantee (sub-limit of letter of credit) – ₹ 750.00 million.	i. ₹ 411.39 million. ii. ₹ 217.28 million.			
8.	Vijaya Bank	Vijaya Bank through sanction letter dated June 22, 2011 has sanctioned working capital loan to our company.[9]	₹ 3,000.00 million (with an overdraft facility of ₹ 1,000.00 million).	i. ₹ 989.30 million	i. 10.65	June 29, 2012	Nil
9.	HSBC	Our Company and HSBC have entered into a loan agreement pursuant to a sanction letter dated January 31, 2011 for availing working capital facilities.	₹ 1,000.00 million which includes foreign exchange lines of ₹ 500.00 million (fund based)	Nil[(19)]	As per tariff. Interest shall be payable at monthly rests on the first day of the subsequent month for which it pertains.	Continuing with yearly review	Nil
10.	IndusInd	IndusInd has issued a sanction letter dated September 27, 2010 for working capital facilities.	Line of credit - ₹ 4,500.00 million (non-fund based and working capital demand loan of ₹ 2,500.0 as sub-limit of non-fund based limit)	Nil[(19)]	To be decided from time to time.	12 months and subject to yearly review[10.]	Nil
11.	Citi Bank	Our Company has entered into a loan agreement with Citi Bank, dated September 28, 2010 for availing working capital credit facilities.	₹ 1,350.00 million (interchangeable between fund based and non fund based facilities subject to utilization of fund based facilities not exceeding at any point of time a maximum of ₹ 1,000.00 million).	i. ₹ 479.91 million (USD 9.04 million)[(15)(16)] ii. ₹ 889.95 million (USD 16.60 million)[16]	i. 1.51 ii. 1.58	12 months and subject to yearly review.[11]	Nil
12.	HDFC	Our Company and HDFC have entered into a loan agreement dated November 19, 2010 for availing revolving working capital facility and further the fund based limits have been converted into revolving credit	i. ₹ 1,000.00 million (fund based) ii. ₹ 1,000.00 million (Non fund based)	i. Nil ii. ₹ 15.87 million	To be decided from time to time.	12 months and subject to yearly review.	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on April 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
		facilities vide loan agreement dated January 6, 2012.					
13.	Deutsche Bank	Our Company and Deutsche Bank have entered into a loan agreement dated May 6, 2010 for availing buyer's credit for imports.[12]	₹ 1,950.00 million/ Equivalent foreign currency (fund and non-fund based)	i. ₹ 1,106.43 million (USD 21.61 million)[16] ii. ₹ 850.13 million (USD 16.48 million)[16]	i. 1.15 ii. 1.17	12 months and subject to yearly review[13].	Nil
14.	RBS	RBS has issued a sanction letter dated June 22, 2011 for availing buyer's credit for import.	USD 38.00 million.	i. ₹ 960.10 million (USD 18.7 million) [16]	i. 0.72	Up to one year from the date of shipment for import of non capital goods.	Nil
15.	Bank of Tokyo	Bank of Tokyo has issued a sanction letter dated March 1, 2011 for availing revolving foreign currency loan for import financing.[16]	USD 125.00 million/ Equivalent Indian rupees.	i. ₹ 1,055.35 million (USD 19.87 million)[16] ii. ₹ 1,003.47 million (USD 18.90 million)[16] iii. ₹ 602.33 million (USD 10.93 million)[16] iv. ₹ 971.93 million (USD 19.11 million)[16] v. ₹ 907.06 million (USD 17.29 million)[16] vi. ₹ 1649.98 million (USD 30.43 million)[16]	i. 1.28 ii. 1.28 iii. 1.31 iv. 1.30 v. 1.39 vi. 1.38	February 28, 2013	Nil
16.	Kotak Mahindra	Kotak Mahindra through sanction letter dated September 19, 2011 has sanctioned working capital facilities to our company.	₹ 2,000.0 million.	Nil[(19)]	To be decided from time to time.	12 months	Nil
17.	JP Morgan	Our Company and JP Morgan have entered into an agreement dated May 9, 2011 for availing working capital facilities.	₹ 450.00 million.	i. ₹ 444.68 million	i. 9.60	Current until terminated by JP Morgan and subject to annual review.	Nil
		JP Morgan has issued a sanction letter dated March 21, 2011 for availing buyer's credit facility.	USD 40.00 million.	i. ₹ 979.67 million (USD 18.76 million)[(15)(16)] ii. ₹ 760.52 million (USD 15.00 million)[(15)(16)]	i. 1.49 ii. 1.47	February 28, 2013	Nil
18.	Standard Chartered Bank	Standard Chartered Bank has issued a sanction letter dated May 7, 2010 for availing buyer's credit facility.	Letter of Credit of USD 25.00 million (Financial Guarantee of USD 25.00 million as a sublimit of letter	Nil[(19)]	To be decided from time to time.	One year[17]	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on April 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			of credit.)				
19.	Union Bank of India	Union bank of India has issued a sanction letter dated March 7, 2012 for availing loan for the purpose of capital expenditure and expansion.	₹ 3,000.00 million.	₹ 1,414.70 million	10.65%	12 months	Nil

[1] The loan agreement dated April 18, 2005 was last renewed on November 23, 2011.
[2] The loan agreement was a renewal and enhancement of an earlier facility provided by the State Bank of Hyderabad and was further renewed through letters date December 30, 2010, March 31, 2011 and March 15, 2012.
[3] Canara Bank has renewed the working capital facility sanctioned to our Company through letter dated March 26, 2012.
[4] The loan agreement was renewed last through a letter dated April 9, 2012.
[5] The loan agreement was renewed last through a letter dated May 2, 2011
[6] Our Company has requested Andhra Bank to renew the existing working capital limits through its letter dated November 10, 2011.
[7] The loan agreement dated April 18, 2005 was last renewed on January 21, 2012.
[8] The sanction letter dated September 27, 2010 was renewed on December 20, 2010, June 8, 2011 and March 6, 2012.
[9] Our Company has entered into an agreement dated July 30, 2011 with Vijaya Bank for release of an overdraft of ₹ 1,000 million
[10] IndusInd Bank has renewed the existing limits through its letter dated April 25, 2012.
[11] Citi Bank has renewed the existing working capital limits by letter dated May 7, 2012.
[12] Loan agreement dated May 6, 2010 was amended on September 13, 2010. Our Company requested the bank to renew the existing limits. The bank is continuing the sanctioned limits and formal sanction letter from the bank is yet to be received by our Company.
[13] Deutsche Bank renewed the working capital limits with effect from May 8, 2012.
[14] Bank of Tokyo renewed the working capital limits with effect from February 29, 2012.
[15] The forward contracts are entered with State Bank of India.
[16] The forward contracts are entered with the banks for import of raw material and the amounts shown in ₹ including the forward premium.
[17] The loan agreement dated May 7, 2010 was last renewed May 8, 2012.
[18] Our Company had also availed of a loan of ₹ 1,500 million from SBI by way of a commercial paper which was outstanding on April 30, 2012 but the same has been fully repaid as of the date of this DRHP.
19 As of April 30, 2012, no amount has been drawn down under this facility.
*The amounts outstanding as of April 30, 2012 are as certified by the lenders and do not contain particulars of the overdraft taken by our Company against fixed deposits.

Commercial Paper

S. No.	Name of Lender	Amount (in ₹ Million)	Date of Expiry
1.	Birla Sunlife Trustee Private Limited A/c -Birla Sunlife Cash Plus.	2,000.00	July 26, 2012

Corporate Actions:

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

i. to change or alter the capital structure of our Company;

ii. to undertake any amendments in the Memorandum and Articles of Association;

iii. to undertake or permit any scheme of amalgamation, consolidation, demerger, merger or corporate reconstruction or acquisition of any company assets, business, or undertaking or body corporate;

iv. to change the ownership or control of our Company which may change the effective beneficial ownership or control of our Company and also affect change in the management of the business;

v. to declare any dividend on its share capital, if it fails to meet its obligations to pay the interest and/or commission and/or installment and/or the moneys payable to the lenders, so long as it is in such default;

vi. to prepay the outstanding principal amount of the facilities which are in the nature of loans in full or in part before the repayment dates;

vii. giving of any corporate or financial guarantee;

viii. to withdraw or allow to be withdrawn any monies brought in by the promoters and directors or relatives and friends of the promoters or directors of our Company, unless specifically waived by the lender; or

ix. to invest by way of share capital in, or lend or advance funds to or place deposits with any other concern, including its associates concern, except in the normal course of business or as advances to employees.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there is no outstanding material litigation, suits, criminal or civil prosecutions, arbitrations, statutory or legal proceedings, tax liabilities against our Company and our Subsidiaries, and there are no material defaults, non-payment of statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions, defaults in dues payable to holders of any debenture, bonds or fixed deposits or arrears of preference shares issued by our Company and our Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Subsidiaries or Directors, that may have a material adverse effect on our business, nor, so far as we are aware, are there any such proceedings pending or threatened.

Neither our Company nor its Directors have been declared as willful defaulters by the RBI or any other authority and there are no violations of securities laws committed by them in the past or pending against them or any person or entity connected with them, except as mentioned below.

We have disclosed all the legal proceedings pending against our Company and the Subsidiaries in a consolidated manner. In addition, we have summarized the significant proceedings pending against our Company and Subsidiaries in relation to criminal cases, public interest litigation, environment cases and other proceedings involving claims exceeding ₹ 60.00 million.

Contingent Liabilities of our Company as of December 31, 2011:

Our contingent liabilities not provided for as of December 31, 2011, on a consolidated basis amount to ₹ 29,691.40 million.

If any of these contingent liabilities materialize, the value of our capital works in progress and profitability could be adversely affected.

Outstanding Litigation/Proceedings involving our Company

Cases filed against our Company

Criminal cases

There are 14 criminal cases pending against our Company, details of which are as follows:

1. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 4048/2008) dated January 10, 2008 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. P.V.S. Prasad Rao, Executive Director (Works) and Mr. V. S. Rao, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to take adequate precautions to prevent the de-watering pumps from accidently being electrically charged, which led to the death of a contract worker due to electric shock. Our Company has replied to the show cause notice vide its letter (No.VSP/SED/08/673) dated January 22, 2008, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 1268/2008) dated March 12, 2008 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and the manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 158/2009) dated March 12, 2008 before the III Metropolitan Magistrate Court, Gajuwaka and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is June 28, 2012.

2. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 2029/2009) dated August 5, 2009 for the violation of certain provisions of the Factories Act read with the rules made there under, against Mr. Prabhakar Rao, the then Executive Director (Works) and Mr. A. K. Makhija, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to take adequate precautions before allowing a contract worker to enter into a tank storing crude benzole to clean the sludge settled at the bottom, which lead to the worker's death due to inhaling toxic vapors. Our Company has replied to the show cause notice, vide its letter (No.VSP/SED/2009/7090023610) dated September 14, 2009, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 891/2009) dated October 20, 2009 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 395/2009) dated October 20, 2009 before the II Additional Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is June 28, 2012.

3. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 102/2010) dated January 20, 2010 for violation of certain provisions of the Factories Act read with the rules made there under, against Mr. Prabhakar Rao, the then Executive Director (Works) and Mr. A.K. Makhija, General Manager (Environmental and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to construct and maintain the scaffolding to wire rod mill structure, which resulted in the death of a worker due to the collapsing of the scaffolding. Our Company has replied to the show cause notice vide its letter (No.VSP/Pr. Safety/10/703) dated February 5, 2010, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 82/2010) dated March 29, 2010 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 329/2010) dated March 29, 2010 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

4. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 374/2010) dated February 20, 2010 for the violation of certain provisions of the Factories Act read with the rules made there under, against Mr. Prabhakar Rao, the then Executive Director (Works) and Mr. A. K. Makhija, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to take adequate precautions during the unloading of oxygen cylinders, which resulted in the death of a workman after a truck caught fire due to leakage of oxygen and liquefied petroleum gas cylinder. Our Company has replied to the show cause notice vide its letter (No.VSP/Pr. Safety/10/738) dated March 29, 2010, subsequent to which the Inspector of Factories, Visakhapatnam-II vide order (A. No. 296/2010) dated April 8, 2010 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and the manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 326/2010) dated April 9, 2010 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is June 21, 2012.

5. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 736/2010) dated March 30, 2010 for the violation of certain provisions of the Factories Act read with the rules made there under, against Mr. Prabhakar Rao, the then Executive Director (Works) and Mr. A.K. Makhija, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to take adequate precautions to secure covering/fencing of a cable trench to its full length, which led to the death of a worker, who fell

into the open trench. Our Company has replied to the show cause notice vide its letter (No.VSP/Pr.Safety/10/749) dated April 19, 2010, subsequent to which the Inspector of Factories, Visakhapatnam vide order (No. 473/2010) dated June 3, 2010 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 328/2010) dated June 3, 2010 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 29, 2012.

6. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A 1478/2010) dated July 9, 2010 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Prabhakar Rao, the then Executive Director (Works) and Mr. A.K. Makhija, General Manager (Environmental and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to adopt safety protocols and quality testing before commencing and during the prumatic pressure test which resulted in the death of one factory worker and caused serious injuries to another. Our Company has replied to the show cause notice vide its letter (VSP/ Pr. Safety/ 10/ 849) dated August 2, 2010, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 723/2010) dated September 2, 2010 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 469/2010) dated September 3, 2010 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

7. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 2188/2010) dated September 20, 2010 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Ravindra Ranjan, General Manager in-charge (Works) and Mr. A.K. Makhija, General Manager (Environmental and Safety) who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to provide fall protection arrangements to the workers, which resulted in the death of a worker. Our Company has replied to the show cause notice vide its letter (No.VSP/Pr. Safety/10) dated October 6, 2010, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 897/2010) dated November 9, 2010, directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 551/2010) dated November 10, 2010 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

8. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A.2742/2009) dated October 26, 2009 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Prabhakar Rao, the then Executive Director (Works) and Mr. A.K. Makhija, General Manager (Environmental and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to provide substantial hand rails of sufficient height to the working platform provided for the operation of the slide gate cylinder of the empty ladle in continuous casting department which caused multiple injuries that later caused the death of a worker. Our Company has replied to the show cause notice vide its letter (VSP/SED/2009/7090026116) dated December 3, 2009, subsequent to which, the Inspector of Factories, Visakhapatnam vide order (A. No. 1023/2009) dated December 31, 2009 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 15/2010) dated December 31, 2009 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of

the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

9. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A.141/2011) dated January 28, 2011 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Ravindra Ranjan, General Manager in-charge (Works) and Mr. A.K. Makhija, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager allowed oil tanks in the storage yard of Mecon Limited to get loaded on to a truck trailer which was parked right under the overhead power lines, which resulted in the death of a worker when the hook of the crane being used came in contact with the overhead power lines. Our Company has replied to the show cause notice vide its letter (No.VSP/Pr. Safety/11/50) dated February 12, 2011 subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 177/2011) dated April 6, 2011 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 169/2011) dated April 6, 2011 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

10. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 613/2011) dated March 31, 2011 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Ravindra Ranjan, General Manager in-charge (Works) and Mr. A.K. Makhija, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager' , respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to provide a gate with interlocking or other efficient device to the hoist way of skip hoist in the coke over battery which resulted in a factory worker getting trapped between the skip hoist bucket and the fixed structure causing his death. Our Company has replied to the show cause notice vide its letter (No.VSP/SED/2011/7110040427) dated May 3, 2011 subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 405/2011) dated June 2, 2011 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and the manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 209/2011) dated June 3, 2011 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

11. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 1097/2011) dated May 26, 2011 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Ravindra Ranjan, General Manager in-charge (Works) and Mr. A.K. Makhija, General Manager (Environment and Safety), who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to cover a floor opening in the sinter machine, which resulted in a factory worker's death. Our Company has replied to the show cause notice vide its letter (No.VSP/Pr. Safety/11/1234) dated June 8, 2011 subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 560/2011) dated July 25, 2011 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 223/2011) dated July 28, 2011 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

12. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 1641/2011) dated August 10, 2011 for the violation of certain sections of the Factories Act read with the rules made there under, against

Mr. Ravindra Ranjan, General Manager in-charge (Works) and Mr. A.K. Makhija, General Manager (Environmental and Safety) who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to provide arrangements for fall protection like safety belt with lanyard hooked to a suitably designed permanent fixture, which resulted in a worker losing balance and falling into the ladle causing his death. Our Company has replied to the show cause notice vide its letter (No.VSP/SED/2011/7110043714) dated September 12, 2011, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 752/2011) dated October 24, 2011 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and the manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 270/2011) dated October 27, 2011 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

13. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 1725/2011) dated August 20, 2011 for the violation of certain sections of the Factories Act read with the rules made there under, against Mr. Ravindra Ranjan, General Manager in-charge (Works) and Mr. A.K. Makhija, General Manager (Environment and Safety) who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to cover the openings in the bin top covers and arrange the illumination in such a way so as to prevent direct glare at the bin top level, which resulted in the death of a worker as he fell into the floor opening. Our company has replied to the show cause notice vide its letter (No.VSP/Pr. Safety/11/194) dated August 29, 2011, subsequent to which the Inspector of Factories vide order (A. No. 763/2011) dated October 29, 2011 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and the manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 271/2011) dated November 1, 2011 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and the manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 28, 2012.

14. The Joint Chief Inspector of Factories, Visakhapatnam has issued a show cause notice (No. A. 3116/2008) dated October 30, 2008 for the violation of certain sections of the Factories Act against Mr. Umesh Chandra, General Manager (Works) and Mr. A.K. Makhija, General Manager (Environment and Safety) who have been nominated as the 'occupier' and the 'manager', respectively, for our Company's factory under the Factories Act. The show cause notice alleges that the occupier and the manager have failed to provide guards to the couplings of certain shuttle trolleys and to maintain the minimum gap between the chute and the shuttle trolley. This resulted in the death of a worker, who got caught between the chute and shuttle trolley. Our Company has replied to the show cause notice vide its letter (VSP/SED/2008/116) dated November 20, 2008, subsequent to which the Inspector of Factories, Visakhapatnam vide order (A. No. 1219/2008) dated December 23, 2008 directed the Assistant Inspector of Factories, Visakhapatnam to file a complaint against the occupier and the manager before the appropriate Magistrate Court. The state of Andhra Pradesh represented by the Assistant Inspector of Factories, Visakhapatnam has filed a complaint (S.T.C No. 166/2009) dated December 28, 2008 before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and has prayed that the occupier and manager be held liable under section 92 of the Factories Act and that they may be issued an order under section 102 of the Factories Act, directing them to comply with the provisions and the rules made there under. This case is pending before the II Additional Chief Metropolitan Magistrate Court, Visakhapatnam and the next date of hearing is August 29, 2012.

Public Interest Litigation

There are two public interest litigations pending against our Company, details of which are as follows:

1. Jana Jagrana Samakhya Swachchanda Seva Samsthan has filed a writ petition (W.P. No. 18125 of 2002) dated September 3, 2002 against our Company, and others before the Andhra Pradesh High Court alleging that the dust pollution caused on account of certain activities undertaken by our Company including the offloading, handling and transportation of dry bulk cargo like coking coal, limestone and coke, that is being imported by our Company and the

other respondents, at the Visakhapatnam port is causing environmental pollution and is a health hazard to the citizens residing around the port area. It has been prayed that a writ of mandamus be issued directing our Company and the other respondents to obtain 'consent for operation' from the APCCB under the Air Act and the Water Act and also to comply with the conditions and stipulations prescribed by the APCCB vide its order dated February 29, 2000 for curbing dust pollution caused on account of the loading, unloading, storage and handling activities in the Visakhapatnam port area. A claim of ₹ 500.00 million has also been made against our Company and other respondents towards compensation for the pollution caused and the consequent ill effects on the health of the residents of the port area. Our company has filed its counter statement dated November 29, 2002 stating that the cargo being imported by our Company is not in the nature of dry cargo as it has inherent moisture content and that our Company is taking adequate pollution control measures such as sprinkling of water as soon as the handling process begins, to suppress the dust pollution. This case is pending before the Andhra Pradesh High Court and the next date of hearing has not been fixed.

2. Mr. Gurram Veerabhadram and six others have filed a writ petition (W.P. No. 23744 of 2002) dated November 24, 2002 against our Company and others before the Andhra Pradesh High Court alleging that the pollution caused by the dolomite mining operations of our Company at Madharam village, Khammam district, Andhra Pradesh emanates high pollution effluents and heavy dust, which is hazardous to health and also results in low quality yield of crops from the agricultural land and gardens of the petitioners that are located in Madharam village. Mr. Gurram Veerabhadram and six others have prayed for the issue of writ of mandamus directing our Company and the other respondents to pay monetary compensation to them from 1989 onwards till the rectification of the air, water, and land pollution emanating from the mines and also that our Company's mining operations be declared as illegal and violative of Article 19(1)(g) and Article 253 of the Constitution of India, 1950. Further, by way of interim relief, Mr. Gurram Veerabhadram and six others have prayed that our Company and the other respondents be directed to pay monetary compensation to six of the petitioners including Mr. Gurram Veerabhadram at the rate of ₹ 0.03 million per acre per year and to one other petitioner at the rate of ₹ 0.10 million per acre per year commencing from 1989 onwards till the date of disposal of the said writ petition. The Andhra Pradesh High Court passed an interim order dated December 30, 2002 directing the APPCB to depute an officer to examine the various allegations made in the writ petition and submit a report to the Andhra Pradesh High Court within a period of three weeks. Our Company filed a counter affidavit dated March 11, 2003 stating that that the mining operations at Madharam were being carried out in a scientific manner keeping the pollution within the prescribed limits. Subsequently, the Andhra Pradesh High Court passed another interim order dated May 1, 2008 directing APPCB to submit a report after verifying the industrial operations of our Company with reference to the applicable pollution control norms and a report on the compliance by our Company with the directions of the appellate authority under the Air Act and Water Act dated February 17, 2004. Pursuant to this order, the APPCB board submitted an affidavit dated June 10, 2008 as to the compliance by our Company of the directions of the appellate authority under the Water Act and Air Act. Our Company filed a reply dated August 1, 2008 to the affidavit stating that our Company had taken various pollution controlling mechanisms to maintain the ambient air quality standards within the prescribed limited including the interlocking of the mining process and pollution control equipment, providing closed chutes at all free falling dust areas and sprinkling of water on open heaps of dolomite. The contingent liability of our Company as on March 31, 2012 if this case is decided against us is approximately ₹ 31.65 million. This case is currently pending before the Andhra Pradesh High Court and the next date of hearing has not been fixed.

Income Tax cases

There are 56 income tax cases pending *inter alia* before various authorities like the Supreme Court of India, Andhra Pradesh High Court, Income Tax Appellate Tribunal and Commissioner of Income Tax (Appeals). The total amount involved in these cases is approximately ₹ 3403.16 million. Subsequent to assessment orders, the tax demand raised by the assessing officer was paid prior to filing an appeal before the first appellant authority. As a result, there may not be any additional liability to the Company, in case the appellant authority upholds the order of the assessing officer. In case of any relief granted by the appellant authority, our Company will be entitled to the refund of the amount previously deposited under protest. There are seven cases which involve amounts in excess of ₹ 60.00 million. Brief description of these cases is provided below:

Assessment Year 2010-2011

1. Our Company has filed an appeal ITA (No. 829/11-12) dated March 30, 2012 before the Commissioner of Income Tax (Appeals), Visakhapatnam, under section 246A (1) (a) of the IT Act against the assessment order of the Joint

Commissioner of Income Tax, Range 3, Visakhapatnam, dated March 7, 2012 under section 143(3) of the IT Act on the ground that the Joint Commissioner of Income Tax had erred in disallowing various deductions claimed by our Company. The impugned order disallowed afforestation and horticulture expenses, depreciation on assets not owned by our Company, expenses made on account of post retirement benefit scheme, employees family benefit scheme, leave encashment scheme, long service awards, expenditure on account of mines closure, peripheral development expenses. The above mentioned order thereby made disallowances of approximately ₹ 1,343.99 million having tax implications of approximately ₹ 456.83 million. Further, there was an additional demand of ₹ 43.12 million under the said order towards the interest on dividend distribution tax. Our Company filed a rectification petition dated March 12, 2012 for rectifying the mistake in the order regarding the imposition of interest over the dividend distribution tax. As informed by the Joint Commissioner of Income Tax, Visakhapatnam, the rectification order is under process, pursuant to which the tax payable was arrived at ₹ 456.83 million and the same was paid by the Company on March 28, 2012. The appeal is pending before the Commissioner of Income Tax (Appeals) and this case is yet to be posted for hearing.

Assessment Year 2009-2010

1. Our Company has filed an appeal (ITA No.637/11-12) dated January 31, 2012 before the Commissioner of Income Tax (Appeals), Visakhapatnam, under section 246A(1)(a) of the IT Act, against the assessment order of the Additional Commissioner of Income Tax, Range 3, Visakhapatnam, dated December 30, 2011 under section 143(3) of the IT Act for the assessment year 2009-2010 on the ground that the Additional Commissioner of Income Tax had erred in disallowing various deductions claimed by our Company. The impugned order disallowed afforestation and horticulture expenses, depreciation on assets not owned by our Company, expenses made on account of post retirement benefit scheme, employees family benefit scheme, leave encashment scheme, long service awards, expenditure on account of mines closure, peripheral development expenses, technical consultancy fees and other miscellaneous expenses. The order thereby made disallowances of approximately ₹ 1,034.00 million having tax implications of approximately ₹ 462.30 million including interest of ₹110.88 million. Our Company filed a rectification petition dated January 06, 2011 for rectifying the interest wrongly levied for the aforesaid amount. Pursuant to the said petition, an order (No. AABCR0435L/Cir.3 (1)/VSP/2011-2012) dated January 20, 2011 had been passed by the Joint Commissioner of Income Tax, Visakhapatnam, by which the tax payable was rectified to ₹ 351.50 million. Against the said demand our Company has remitted the entire amount to the Income Tax Department on February 1, 2012. The appeal is pending before the Commissioner of Income Tax (Appeals) and this case is yet to be posted for hearing.

Assessment Year 2008-2009

1. Our Company has filed an appeal (ITA No. 166/08-09) dated December 3, 2010 before the Commissioner of Income Tax (Appeals), Visakhapatnam, against the assessment order of the Additional Commissioner of Income Tax, Range 3, Visakhapatnam, dated October 29, 2010 under section 143(3) of the IT Act on the ground that the Additional Commissioner of Income Tax had erred in disallowing various deductions claimed by our Company. The impugned order treated the receipts from the sale of trees as revenue income instead of capital receipts, disallowed depreciation on assets not owned by our Company, expenses made on account of post retirement benefit scheme, employees family benefit scheme, leave encashment scheme, technical consultancy fee, change in the accounting policy. The order thereby made disallowances of approximately ₹ 2,166.97 million having tax implications of approximately ₹ 720.80 million. Against the said demand, our Company has remitted the entire amount to the IT Department on December 3, 2010. The Commissioner of Income Tax (Appeals), Visakhapatnam vide its order (ITA No. 166/Additional CIT/R-3/VSP/10-11/11-12) dated December 30, 2011 partially allowed the appeal by disallowing the addition of certain expenses as taxable income as ordered by the Additional Commissioner of Income Tax, Range 3, Visakhapatnam. After deletion of the certain additions made by the assessment officer, our Company had calculated the tax payable as ₹ 504.10 million with respect to the remaining disallowance of ₹1497.60 million. Aggrieved by the aforementioned order our Company has filed an appeal (ITA No.95/V/2012) dated April 4, 2012 before the Income Tax Appellate Tribunal, Visakhapatnam. The matter is currently pending and this case is yet to be posted for hearing

Assessment Year 2007-2008

1. Our Company has filed an appeal (ITA No. 404/08-09) dated March 12, 2009 before the Commissioner of Income Tax (Appeals), Visakhapatnam, against the assessment order of the Assistant Commissioner of Income Tax, Circle 3(1), Visakhapatnam, dated February 18, 2009 passed under section 143(3) of the IT Act for the assessment year 2007-2008 on the ground that the Assistant Commissioner of Income Tax, Visakhapatnam had erred in disallowing various

deductions claimed by our Company. The impugned order treated the receipts from the sale of trees as revenue income instead of capital receipts, disallowed depreciation on assets not owned by our Company, expenses made on account of post retirement benefit scheme, employees family benefit scheme, leave encashment scheme and long service awards. The order thereby made disallowances of approximately ₹ 892.10 million having tax implications of approximately ₹ 301.00 million. Against the said demand, our Company has remitted the entire amount to the IT Department on March 5, 2009. The Commissioner of Income Tax (Appeals), Visakhapatnam, vide its order (ITA No. 404/ACIT/C-3(1)/VSP/08-09011-12) dated December 19, 2011 upheld the disallowances made by the Assistant Commissioner of Income Tax, Visakhapatnam. Aggrieved by the above mentioned order our Company has filed the appeal (ITA No.97/V/2012) dated March 30, 2012 before the Income Tax Appellate Tribunal, Visakhapatnam. The matter is currently pending and the next date of hearing has not yet been decided.

Assessment Year 2004-2005

1. Our Company filed an appeal (ITTA No. 2347/10) dated June 8, 2010 before the Andhra Pradesh High Court against the order of the Income Tax Appellate Tribunal, Visakhapatnam, dated February 5, 2010 for the assessment year 2004-2005 on the ground that the Income Tax Appellate Tribunal had erred in upholding the order of the Commissioner of Income Tax (Appeals) with respect to deduction of ₹ 2,036.52 million claimed under section 80 HHC of the IT Act, while computing the taxable income based on the book profits under section 115JB of the IT Act, thereby making a tax implication of approximately ₹ 156.60 million. Our Company remitted the entire amount of demand on July 31, 2006 and on January 12, 2007 as per the assessment order under section 143 (3) to the Income Tax Department. The matter is currently pending before the Andhra Pradesh High Court and this case is yet to be listed for hearing.

2. Our Company has filed an appeal (ITA No. 413/11-12) dated January 20, 2012 before the Commissioner of Income Tax (Appeals), Visakhapatnam against the assessment order of the Joint Commissioner of Income Tax, Visakhapatnam dated December 19, 2011 passed under section 143(3) read with section 253 of the IT Act for the assessment year 2004-2005. Initially our Company filed its returns for the assessment year 2004-2005 on October 29, 2004 admitting nil income during the above mentioned period. However, vide an assessment order dated November 30, 2006, the Assistant Commissioner of Income Tax, Circle 3(1) Visakhapatnam, determined that the amount of tax payable by our Company is ₹ 303.09 million. Our Company had paid an amount of ₹ 65.60 million on July 31, 2006. Subsequently, the Assistant Commissioner of Income Tax, Visakhapatnam vide his letter (No. AABCR 0435L/Circular.3 (1)/2004-05) dated December 26, 2006 adjusted certain refunds and tax already paid by our Company and determined the balance amount payable as ₹ 235.65 million. Our Company had paid the same on January 12, 2007. Our Company filed an appeal before the Commissioner of Income Tax (Appeals), Visakhapatnam against the order dated November 30, 2006 on the grounds that the Assistant Commissioner of Income Tax had erred in disallowing the deductions claimed under section 80HHC and had not adjudicated the matter relating to deductions claimed by our Company to the tune of ₹ 237.90 million on account of post retirement medical and settlement benefits scheme and employee family benefit scheme. The Commissioner of Income Tax Appeals, vide order (ITA No. 123/ACIT/C-3(1)/VSP/06-07) dated March 30, 2007 allowed the appeal partially and also confirmed the findings of assessing officer with respect to the above mentioned claim under section 80HHC and had not adjudicated the matter relating to post retirement benefits, etc. Our Company filed an appeal dated May 24, 2007 before the Income Tax Appellate Tribunal. The Income Tax Appellate Tribunal vide order (ITA No. 222 and 223/Vizag/2007) dated February 5, 2010 directed the Commissioner of Income Tax (Appeals), Visakhapatnam to adjudicate the matter relating to post retirement benefits afresh. The present appeal is pending before Commissioner of Income Tax (Appeals) against the order passed by Joint Commissioner of Income Tax disallowing the claims made by our Company and this case is yet to be posted for hearing.

Assessment Year 2004-2005 and 2005-2006

1. Our Company has filed a special leave petition (C.C. No.673 of 2007) dated January 13, 2007 before the Supreme Court against the order (No. 652 of 2004) of the Authority for Advance Rulings, New Delhi ("**AAR**") dated July 19, 2006 passed under section 115JB of the IT Act. Our Company has filed an application dated November 29, 2004 before the AAR for arriving at the methodology of set off of interim profit against losses brought forward for the assessment year 2004-2005 and 2005-2006. However, AAR upheld the methodology followed by the Income Tax department and imposed minimum alternate tax on our Company before absorption of the accumulated depreciation, thereby making a tax demand of approximately ₹ 1096.30 million for the assessment year 2004-2005 and 2005-2006. Our Company has paid an amount of ₹ 65.65 million for the assessment year 2004-05 and ₹ 1,052.65 million for the

assessment year 2005-06 on July 31, 2006 to the Income Tax Department. The Supreme Court vide order dated January 31, 2007 has condoned the delay and has granted leave. The matter is currently pending and this case is yet to be listed for hearing.

Commercial Tax Cases

There are 31 commercial tax pending cases against our Company relating to sales tax, value added tax and entry tax pending before the Andhra Pradesh High Court, Sales Tax Appellate Tribunal and Appellate Deputy Commissioner of Commercial Taxes. The total amount involved in these cases is approximately ₹ 10,035.72 million. These cases include three cases which involve amounts in excess of ₹ 60.00 million. Brief description of these cases is provided below:

Assessment Year 2005-2006

1. Our Company has filed a writ petition (No. 14584 of 2007) dated July 6, 2007 before Andhra Pradesh High Court against the order (GI No. 7247/2005-06 CST) of the Assistant Commissioner, Commercial Taxes, LTU, Visakhapatnam, dated June 19, 2007 for the financial year 2005-2006 on the ground that the Assistant Commissioner erred in treating the stock transfer of goods/material from factory to the branches of our Company as inter-state sales under section 3(a) of the CST Act, thereby raising a demand of ₹ 3,832.46 million as sales tax on stock transfer of goods/material including tax on LTC sales and project sales and applicable deductions. Our Company has disputed the sales tax of ₹ 3,832.93 million and has prayed before the Andhra Pradesh High Court to declare the orders of the Assistant Commissioner, Commercial Taxes, Visakhapatnam as illegal, arbitrary and against the principals of natural justice and stay the collection of sales tax pursuant to the said order. The appeal has been admitted and an interim stay has been granted by the Andhra Pradesh High Court vide order in W.P.M.P no. 18341 of 2007 in W.P No. 14584 of 2007 dated January 21, 2008. Pursuant to the petition under section 151 of CPC, the Andhra Pradesh High Court directed the Assistant Commissioner of Commercial Tax not to take any coercive steps against our Company as the disputed question of fact with regard to the nature of the transaction would be decided through the writ petition. This case is currently pending before the Andhra Pradesh High Court and the next date of hearing has not been decided.

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Assessment Year 2004-2005

1. Our Company has filed a writ petition (No. 10380 of 2008) dated April 29, 2008 before Andhra Pradesh High Court against the order (GI. No. 7247/2004-05(CST) of the Assistant Commissioner, Commercial Taxes, LTU, Visakhapatnam, dated March 31, 2008 for the financial year 2004-2005 on the ground that the Assistant Commissioner erred in treating the stock transfer of goods/material from factory to the branches of our Company as inter-state sales under section 3(a) of the CST Act, thereby raising a demand of ₹ 3,652.43 million as sales tax on stock transfer of goods/material including tax on LTC sales and project sales and applicable deductions. Our Company has disputed the sales tax of ₹ 3,651.91 million and has prayed before the Andhra Pradesh High Court to declare the orders of the Assistant Commissioner as illegal, arbitrary and against the principals of natural justice and stay the collection of tax pursuant to the said order. The appeal has been admitted and an interim stay has been granted by the Andhra Pradesh High Court vide order in W.P.M.P No. 13600 of 2008 in W.P No. 10380 of 2008 dated May 2, 2008, pursuant to a petition under section 151 of CPC, against the collection of the assessed amount. The matter is currently pending and the next date of hearing has not yet been fixed.

Assessment Year 2003-2004

1. Our Company has filed a writ petition (No. 18514 of 2007) dated October 6, 2007 before Andhra Pradesh High Court against the order (GI. No. 7247/2003-04(CST) of the Appellate Deputy Commissioner, Commercial Taxes, Visakhapatnam dated August 23, 2007 for the financial year 2003-2004 on the ground that the Appellate Deputy Commissioner erred in treating the stock transfer of goods/material from factory to the branches of our Company as inter-state sales under section 3(a) of the CST Act, thereby raising a demand of ₹ 2,404.05 million as sales tax on stock transfer of goods/material. Our Company has prayed for the Andhra Pradesh High Court to declare the orders of the Assistant Commissioner as illegal, arbitrary and against the principals of natural justice and stay the collection of tax pursuant to the said order. Our Company has made a pre-deposit of ₹ 801.30 million pursuant to the order of the joint commissioner dated June 27, 2007 requiring our Company to pay one-third of the tax amount claimed. The appeal has been admitted and interim stay has been granted by the Andhra Pradesh High Court vide order (W.P.M.P No. 23165 of 2007 in W. P. No. 18514 of 2007) dated November 1, 2007. This case is currently pending before the Andhra Pradesh High Court and the next date of hearing has not yet been provided.

Excise Tax Cases

There are 66 central excise and service tax cases pending against our Company before the Commissioner of Central Excise and Customs and Service Tax, and the CESTAT. The total amount involved in these cases is approximately ₹ 4,320.00 million. Of the 66 cases, include 12 cases involve amounts in excess of ₹ 60.00 million. And a brief description of these cases is provided below:

1. A show cause notice (No. V/15/127/2009-Adj) dated September 15, 2009 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on the service tax paid on input services worth ₹ 619.66 million used for an expansion project, alleging credit was taken before the commencement of production for the period from December 2006 to September 2008 and required recovery of the same under rule 14 of the CENVAT Rules read with the proviso to section 11A(1) of the CE Act. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/CE/SCN/2009-10/1401) dated March 11, 2010 stating that under rule 3 of the CENVAT Rules, a manufacturer or producer of final products or provider of taxable service shall be allowed to take credit of the service tax paid on any input service received by the manufacturer of the final product or by the provider of output services on or after September 10, 2004. The services received from various service providers in relation to expansion works, qualifies the definition of input service as per rule 2(l) of CENVAT Rules, and hence credit availed by our Company is in order. Our Company had requested the Commissioner of Central Excise, Customs and Service tax to dispose the show cause notice. This case is pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

2. A show cause notice (No. V/15/08/2010-Adj) dated February 10, 2010 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on the service tax paid on input services worth ₹ 614.30 million used for expansion project, alleging credit was taken before commencement of production for the period from October, 2008 to March, 2009 and required recovery of the same under rule 14 of the CENVAT Rules, read with the proviso to section 11A(1) of the CE Act. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/CE/SCN/2010-11/309) dated July 1, 2010 stating that under rule 3 of the CENVAT Rules, a manufacturer or producer of final products or provider of taxable service shall be allowed to take credit of the service tax paid on any input service received by the manufacturer of final product or by the provider of output services on or after September 10, 2004. The services received from various service providers in relation to expansion, works qualifies the definition of input service as per rule 2(l) of CENVAT Rules, and hence credit availed by our Company is in order. Our Company had requested the Commissioner of Central Excise, Customs and Service Tax to dispose the show cause notice. This case is pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

3. A show cause notice (No. V/15/153/2010-Adj) dated November 3, 2010 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on the service tax paid on input services worth ₹ 356.33 million used for expansion project, alleging credit was taken before commencement of production for the period between October, 2009 to March, 2010 and required recovery of the same under rule 14 of the CENVAT Rules, read with the section 73(1) of the Finance Act 1994. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/CE/SCN/2011-12/087) dated May 4, 2011 stating that under rule 3 of the CENVAT Rules a manufacturer or producer of final products or provider of taxable service shall be allowed to take credit of the service tax paid on any input service received by the manufacturer of final product or by the provider of output services on or after September 10, 2004.The services received from various service providers in relation to expansion works qualifies the definition of input service as per rule 2(l) of CENVAT Rules and hence credit availed by our Company is in order. Our Company had requested the Commissioner of Central Excise, Customs and Service tax to dispose the show cause notice. This case is pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

4. A show cause notice (No. V/15/37/2011-Adj) dated March 14, 2011 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on the service tax paid on input services worth ₹ 293.19 million used for expansion project, alleging credit was taken before commencement of production for the period from April, 2010 to September, 2010 and required recovery of the same under rule 14 of the CENVAT Rules, read with the section 73(1) of the Finance Act, 1994. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/CE/SCN/2011-12/599) dated December 19, 2011

stating that under rule 3 of the CENVAT Rules a manufacturer or producer of final products or provider of taxable service shall be allowed to take credit of the service tax paid on any input service received by the manufacturer of final product or by the provider of output services on or after September 10, 2004. The services received from various service providers in relation to expansion works qualifies the definition of input service as per rule 2(l) of CENVAT Rules and hence credit availed by our Company is in order. Our Company had requested the Commissioner of Central Excise, Customs and Service tax to drop the show cause notice. This case is pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

5. A show cause notice (No. V/15/180/2011-Adj) dated September 20, 2011 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on the service tax paid on input services worth ₹. 313.40 million used for expansion project, alleging credit was taken before commencement of production for the period from October, 2010 to March, 2011 and required recovery of the same under rule 14 of the CENVAT Rules, read with the section 73(1) of the Finance Act 1994. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/CE/SCN/2011-12/600) dated December 19, 2011 stating that under rule 3 of the CENVAT Rules, a manufacturer or producer of final products or provider of taxable service shall be allowed to take credit of the service tax paid on any input service received by the manufacturer of final product or by the provider of output services on or after September 10, 2004. The services received from various service providers in relation to expansion works qualifies the definition of input services per rule 2(l) of CENVAT Rules, and hence credit availed by our Company is in order. Our Company had requested the Commissioner of Central Excise, Customs and Service tax to drop the show cause notice. This case is pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam has not yet been fixed.

6. A show cause notice (No. V/15/289/2011-Adj) dated January 27, 2012 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on inputs and capital goods of ₹ 67.00 million used for the period from January, 2011 to June, 2011. Our Company has made an application dated April 13, 2012 to the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam, requesting them to extend the period of filing the reply to the show cause notice by another 30 days. Our Company is in the process of filing a reply to the show cause notice.

7. Six show cause notices (No. V/15/109/2004-Adj) dated September 30, 2004 for the period from September 2003 to June 2004, (No. V/15/23/2005-Adj) dated April 25, 2005 for the period from July 2004 to November 2004, (No. V/15/104/2005-Adj) dated December 14, 2005 for the period from December 2004 to March 2005, (No. V/15/56/2006-Adj) dated May 1, 2006 for the period from April 2005 to December 2005, (No. V/15/144/2006-Adj) dated January 19, 2007 for the period from January 2006 to June 2006 and (No. V/15/74/2007-Adj) dated July 19, 2007 for the period from July 2006 to December2006, were issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company, proposing disallowance of CENVAT credit on inputs and capital goods of ₹ 196.55 million used for expansion project. Our Company has filed a reply against the show cause vide its letters (No.VSP/FIN/SCN/SCNAPR03/654) dated December 31, 2004, (No. VSP/FIN/SCN/CENVAT/06-07/643) dated November 1, 2006, (No. VSP/FIN/SCN/CENVAT/06-07/011) dated April, 15, 2006, (No. VSP/FIN/SCN/111) dated August 09, 2005, (No.VSP/FIN/SCN:144/CENVAT/07-08/) dated June 19, 2007 and (No. VSP/FIN/SCN: 74/CENVAT/07-08/235) dated August 31, 2007. The Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam vide order (No. 21/2007-08/RS) dated September 27, 2007 disallowed the entire amount. Our Company filed an appeal (No. E/16/2008) dated December 31, 2007 against the above mentioned order before the CESTAT, Bengaluru and prayed for setting aside of the order for recovery of the credit. Our Company has also filed an appeal no. E/Stay/14/2008 in E/16/2008 and prayed for a waiver of the pre-deposit of ₹ 196.55 million and The CESTAT, Bengaluru vide order (No. 1453/2010) dated October 26, 2010 directed the adjudicating authority to reconsider the issue afresh. Pursuant to this direction, the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam vide the order. (No. VIZ-CEX-001-COM-005 -12) dated January 16, 2012 allowed ₹ 42.20 million and disallowed ₹ 153.80 million as CENVAT credit and imposed a penalty of ₹ 0.4 million under rule 15 of CENVAT Rules. Our Company is in the process of filing an appeal against the order of the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam.

8. A show cause notice (No. V/15/34/2005-Adj) dated May 2, 2005 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company proposing a demand of ₹ 170.10 million as duty under proviso to section 11A (1) and section 38 A of the CE Act, on the items produced in auxiliary shops for the period from April 2000 to March 2003. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/SCN/AUXSHOPS) dated July 25, 2005 stating that Notification No. 65/95 issued pursuant to the CET Act

gives exemption to all excisable goods manufactured in a workshop within the factory premises and intended for use in the said factory for repair/maintenance of the machinery installed therein. Further, Notification No. 67/95 issued pursuant to the CET Act exempts both capital goods and inputs used for manufacture of final products. This case is currently pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

9. A show cause notice (No. V/15/106/2006 Adj) October 27, 2006 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company proposing a demand of ₹ 81.72 million as duty under proviso to section 11A (1) and section 38 A of the CE Act on the items produced in auxiliary shops for the period from April, 2003 - March, 2006. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/SCN/AUXSHOPS/798) dated January 4, 2007 stating that Notification No. 65/95 issued pursuant to the CET Act gives exemption to all excisable goods manufactured in a workshop within the factory premises and intended for use in the said factory for repair/maintenance of the machinery installed therein. Further Notification No. 67/95 issued pursuant to the CET Act exempts both capital goods and inputs used for manufacture of final products. This case is currently pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

10. A show cause notice (HQPS No 21/96(AE) dated April 26, 1999 was issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam against our Company proposing a demand of ₹ 54.81 million as duty on excess stocks found at stockyard for the period from 1991-1992 to 1997-1998. Our Company has filed a reply against the show cause vide a letter (No. VSP/FIN/SCN/SCN21-96/232) dated September 1, 2001 and requested the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam to drop the proceedings relating to the excise duty citing reasons of limitation and non applicability of section 11 AC of the CE Act, which was incorporated only with effect from September 28, 1996 which was being retrospectively applied as the duty amounts became payable prior to September 1996. The Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam vide the order (No. 23/03-04) dated August 18, 2003 imposed a duty of ₹ 48.27 million under section 11(A) (1) of the CE Act read with rule 9(2) of the CE Rules. The order also imposed a mandatory penalty of ₹ 21.53 million under section 11 AC of the CE Act and an additional ₹ 25.00 million penalty under rule 173Q of the CE Rules. Our Company has filed an appeal dated November 18, 2003 against the said order before the CESTAT, Bengaluru. CESTAT, Bengaluru vide stay order (No. 1009/2004) dated October 8, 2004 directed our Company to pre-deposit an amount of ₹ 10.00 million within three months and on such pre-deposit, stayed the duty till the final disposal of the appeal and vide final order (No. 1279/2005 in E/1087/2003) dated August 3, 2005 has set aside the order of the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and held that the Commissioner had erred in not applying the Central Board of Excise and Customs circular dated September 29, 1999 which set out the procedure to be followed if the quantity in the stockyard is either more than or less than the quantity cleared by the factory for determining the amount of duty to be paid and remanded the matter for applying boards circular and determine the liability. Our Company has taken credit of the pre-deposit of ₹ 10.00 million during October 2005. This case is currently pending before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam and the next date of hearing has not yet been fixed.

11. Two show cause notices (No. V/15/143/06-Adj) dated December, 01, 2006 and (No. V/15/28/2007-Adj). dated March 21,2007 were issued by the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam for demanding a duty of ₹ 51.80 million towards shortages of final product reported in the annual stock verification report for the year 2004-05 and 2005-06 and to account in the daily stock account register, the excess stock of 6.83 mt. Considering the nature of operations of steel industry, the Central Board of Excise and Customs has issued an order (F. No. 4/73/70-CX/6) dated April 12, 1971. As per the order, assesses are to intimate central excise officers before stock taking to enable the central excise officers to associate themselves with such stock taking. The show cause notice is based on the stock verification report of the years 2004-05 and 2005-06. Our Company has replied to the show cause notice vide letters (VSP/FIN/SCN/07-08/51) and (VSP/FIN/SCN/07-08/308) dated April 5, 2007 and May 31, 2007 respectively and personally appeared before the Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam on December 26, 2007 wherein the factual position was explained in details about the methodology adopted by our Company for accounting of production, clearance and stock verification and the reasons attributable for shortage and excess in the annual stock verification report. The Commissioner of Central Excise, Customs and Service Tax, Visakhapatnam vide the order (No. 39/2007-08(RS) dated May 02, 2008 imposed a duty of ₹ 51.80 million under proviso to section 11A of the CE Act; levied interest on the duty confirmed under the proviso to section 11AB of the CE Act; imposed penalty of ₹ 51.80 million under section 11AC of the CE Act. Our Company has filed an appeal dated October 16, 2008 against the said order before the CESTAT, Bengaluru. The CESTAT, Bengaluru

vide stay order (No. 23/2010) dated December 21, 2009 allowed the petition for waiver of pre-deposit and stayed the recovery of duty till the disposal of the appeal. The matter is pending before the CESTAT, Bengaluru and the next date of hearing has not yet been fixed.

12. The Directorate General of Central Excise, Chennai issued a show cause notice (No. 27/2009) dated April 15, 2009 for demanding an amount of ₹ 121.50 million during the period between April 2004 and September 2008 alleging that the shortage in payment was on account of undervaluation of finished excisable goods cleared for consumption in their expansion project, is in contravention of section 4 of the CE Act read with rule 4 of the CEVR. The Commissioner of Central Excise, vide Order (No. 29/2010 (MP) dated August 13, 2010 confirmed the duty demand of ₹ 121.50 million under section 11 A (1) of the CE Act and imposed a penalty of ₹ 121.50 million under section 11AC of the CE Act. Our Company has replied to the show cause notice on July 15, 2010 stating that the goods used for captive consumption are to be valued as per rule 8 of the CVER and as such the valuation adopted by our Company is correct. Our Company has filed an appeal (E/2356/2010) dated November, 08, 2010 against the said order before the CESTAT, Bengaluru. The matter is pending before the CESTAT, Bengaluru and the next date of hearing has not yet been fixed.

Customs Tax cases

There are 182 customs cases pending *inter alia* before various authorities such as the Assistant Commissioner of Customs, CESTAT and Andhra Pradesh High Court with respect to disputes relating to the refund of excess customs duty paid on coking coal, imported limestone, internals of gear box and ferro silicon, for finalization of provisional duty on limestone and coking coal and for differential charge of customs duty. The total amount involved in these cases is approximately ₹ 173.22 million. These cases include one case which involves an amount in excess of ₹ 60.00 million. Brief description this case is provided below:

1. Our Company filed an appeal dated December 3, 2007 before the CESTAT, Bengaluru against the order (No. 38/2007(V) CH) dated August 20, 2007 of the Commissioner of Appeals, Central Excise and Customs, Visakhapatnam which confirmed the order (No. 21/2005) of the Assistant Commissioner of Customs, Visakhapatnam dated June 14, 2005. Our Company vide a letter dated March 17, 2005 had been asked to submit necessary evidence to show that the incidence of duty paid had not been passed to any other person to examine the unjust enrichment aspect, for a refund of ₹129.00 million to our company which was the excess customs duty paid against the project imports during the years 1982 to 1993. The appeal was filed on the ground that the impugned order of the Assistant Commissioner of Customs, Visakhapatnam finalized the provisional assessment in respect of project imports by our Company and credited the excess payment of duty of ₹ 129.00 million to the consumer welfare fund in terms of the section 27 of the Customs Act. The appeal was dismissed by the Commissioner of Appeals, Central Excise and Customs, Visakhapatnam. Thereafter our Company has filed an appeal before the CESTAT, Bengaluru for which the permission of the Committee on disputes, Cabinet Secretariat, Government of India, has been obtained on August 11, 2010. This case is now pending before the CESTAT, Bengaluru and the next date of hearing has not yet been fixed.

Arbitration Matters

There are 24 arbitration proceedings pending against our Company before various arbitral tribunals. The arbitration matters amongst others are in relation to disputes involving contract for supply of raw material, provision of services, construction of structural steel works, transportation and stevedoring, handling, cleaning and forwarding of imported coking coal, etc. The total amount involved in these cases is approximately ₹ 840.89 million and the matters are currently pending. These cases include three cases which involve amounts in excess of ₹ 60.00 million. Brief description of these cases is provided below:

1. PASL has filed an arbitration case (No. PMA/NCJ/23/2002) against our Company before a sole arbitrator in relation to the contract dated January 5, 1998 for providing transportation and stevedoring services for pig iron exports. This contract was entered into for a period of two years and was later extended for a period of three years till September 14, 2002. Thereafter, our Company floated fresh tenders for the same work on September 26, 2002 and PASL also submitted a bid quoting fresh rates. However, on account of the administrative delays in finalizing the tender, PASL was requested to provide the aforementioned services till the finalization of the tender. A dispute arose between our Company and PASL in relation to the base rate for calculation of escalation during this extended period. The main issue involved in this dispute is whether the base date for calculation of escalation shall be fixed in terms of the contract dated January 5, 1998 or in terms of the tender floated on September 26, 2002. It is contended by our

Company that during the extended period the rates offered to PASL, the base date for calculation of escalation and the other terms and conditions governing the relationship between the parties would be based on the tender floated in 2002 and that PASL had conveyed its acceptance to the same. PASL in its claims statement dated July 25, 2007 has claimed a sum of ₹ 114.13 million as escalation charges along with *pendent lite* interest from our Company. Our Company has filed a counter claim dated January 9, 2010 for rejection of the claims made by PASL and has prayed for the grant of a nil award. The arbitration proceedings have been completed and the award is awaited.

2. MIEL has filed an arbitration proceeding (ICA No. 1644/2008) against our Company before the Indian Council of Arbitration, New Delhi vide letter dated April 29, 2008 in relation to the acceptance to tender (A/T No. Pur.7.66.0008/4044) dated May 27, 2007 for supply of silicon manganese. As per the terms of the said acceptance to tender, MIEL was required to supply 10,000 mt of silicon manganese at the rate of 1,667 mt per month from June 2007 till completion. However, MIEL failed to adhere to the supply schedule and supplied a total of 2634.30 mt only. As a consequence, our Company had to resort to risk purchases in order to make up for the short supply and thereby incurred additional costs. Our Company withheld the payment of ₹ 105.95 million that was to be made to MIEL as adjustment for the risk purchases and liquidated damages. Subsequently, MIEL filed an application (A.O.P. 1213/2007) under section 9 of the Arbitration and Conciliation Act, 1996 seeking for the grant of an ex parte interim injunction restraining our Company and its officials from encashing the bank guarantee issued by MIEL in favour of our Company and from invoking the risk purchase clause for the purchase of the remaining 5,027 mt of silicon manganese, which was to be supplied by MIEL to our Company, at the cost and risk of MIEL, before the IV Additional District Court, Visakhapatnam. The said application was dismissed vide order dated May 6, 2008 and the court ordered MIEL to approach the arbitral tribunal for relief. In the mean while, MIEL filed the claim statement dated April 29, 2008 alleging that the risk purchase action of our Company was not valid and claiming an amount of ₹ 156.52 million. Further, along with the claim statement MIEL also filed an interim application before the tribunal seeking for the grant of an ex parte interim injunction restraining our Company and its officials from encashing the bank guarantee and from invoking the risk purchase clause for the purchase of the remaining 5,027 mt of silicon manganese at the cost and risk of MIEL. Our Company filed a counter claim dated May 18, 2009 and claimed liquidated damages of ₹ 15.21 million along with interest for delayed supply of the material as per the terms of the above mentioned acceptance to tender. The matter is pending before the arbitration tribunal and the next date of hearing is July 9, 2012 and July 10, 2012.

3. M/s Balaji Coke Industry Private Limited ("**BCIPL**") filed an arbitration application (No. AC/1578/2008) dated July 11, 2007 before Indian Council of Arbitration, New Delhi in relation to a contract (No. PUR.6.17.013/0051) dated June 21, 2006 for the supply of low metallurgical ash coke ("**LAM coke**") to our Company. As per the terms of the contract, BCIPL was required to supply 30,000 mt of LAM coke and was also required to nominate a vessel for the shipment of the LAM coke as per the specifications provided. However, BCIPL failed to nominate a vessel which satisfied the said criteria and the shipment continued to incur heavy plot rent and demurrage. Due to this our Company had to resort to risk purchases from alternate sources in order to make up for the short fall in the supply of LAM coke and incurred additional costs. Our Company also invoked the bank guarantee of ₹ 6.96 million on April 9, 2007. Subsequently, BCIPL filed a claims statement dated July 11, 2007 and made a claim of ₹ 145.00 million besides seeking for the refund of the bank guarantee enchased by our Company. Our Company filed a counter claim dated October 30, 2007 praying for the rejection of the claims made by BCIPL and also claimed a sum of ₹ 77.82 million together with interest for the additional cost incurred by it. The matter is currently pending before the arbitral tribunal and the next date of hearing has not been fixed.

Civil Cases

There are 189 civil cases pending against our Company, before the Supreme Court of India, Andhra Pradesh High Court, Allahabad High Court, Gujarat High Court, Calcutta High Court, Madras High Court, Bhubaneswar High Court and various lower courts in Agra, Patna, Baroda, Kanpur, Vadodara, Ahmedabad, and Vizag *inter alia* relating to various subject matters including disputes in relation to tenders issued for the execution of civil and structural works, recovery of death benefits and recovery of salaries. The total amount involved in these cases ₹ 968.03 million. These cases include four cases which involve amounts in excess of ₹ 60.00 million. Brief description of these cases is provided below:

1. SCCVPL filed a petition (A.O.P. No.1433/2011) before the IV Additional District Judge, Visakhapatnam challenging the arbitration award dated July 27, 2011 in relation to a contract (No. T&S/07/005/ICC/SCC/002) dated June 7, 2007 for stevedoring, handling, clearing and forwarding of imported coking coal received from the shipping process, for a period of one year, entered between our Company and SCCVPL. As per the terms of the contract SCCVPL was

required to handle an approximate quantity of 500,000 tonnes of coking coal on negotiated rates as provided in the letter of acceptance dated May 28, 2007. A dispute arose between our Company and SCCVPL as our Company rejected certain claims made by SCCVPL in the letter dated May 8, 2008 for handling of excess quantity of coking coal in short period. SCCVPL invoked the arbitration clause under the contract and filed an arbitration claim statement dated November 22, 2008 claiming ₹ 207.20 million and an additional claims statement dated January 29, 2009 claiming an additional amount of ₹ 49.76 million for the services rendered. Our Company filed a counter statement dated July 17, 2009 for the dismissal of the claim. The arbitrator vide award dated July 27, 2011 rejected the original claim and allowed the additional claim of ₹ 49.76 million of SCCVPL. This award has been challenged in the present petition and SCCVPL. has sought for the setting aside of the arbitral award and a further direction to our Company to pay to SCCVPL an amount of ₹ 193.57 million with interest at the rate of 12.0 % till the date of the award and the rate of 18.0 % till the date of payment of the claim. This case is pending before the IVth Additional District Judge, Visakhapatnam, and the next date of hearing is June 22, 2012.

2. ISN Raju filed a petition (A.O.P. No. 1198/2007) dated May 10, 2007 before the II Additional District Judge, Visakhapatnam challenging the arbitration award dated January 10, 2007 in relation to a contract (No.VSP/CONT/C-03/1999-2000) dated April 7, 2000 entered into between our Company and ISN Raju for raising of ash pond embankment, allied civil engineering and piping work of ash pond. As certain claims made by ISN Raju in relation to the contract such as claims relating to extra mobilization, extra claim for works, claims for lifting of items done above ground level and claim for devaluation of quantities were rejected by our Company, ISN Raju invoked the arbitration clause and filed a claim statement dated January 31, 2004 seeking a claim of ₹ 266.65 million from our Company. Our Company filed a counterclaim dated June 26, 2004 for the dismissal of the claim made by ISN Raju. The arbitral tribunal vide its award dated January 10, 2007 directed our Company to pay ₹ 13.01 million to ISN Raju. This award was challenged by ISN Raju in the present petition. This case is pending before the II Additional District Judge, Visakhapatnam and the next date of hearing has not yet been fixed.

3. CNMCL filed a petition before the Principal District Judge, Visakhapatnam dated September 16, 2011 challenging the arbitration award dated May 20, 2011 in relation to a contract dated June 14, 2006 entered into between our Company and CNCML for the supply of LAM coke. As per the terms of the contract, CNMCL was required to supply to our Company a total quantity of 30,000 mt +/- 5.0 % shipping tolerance of LAM coke within the shipping schedule as decided between them. CNMCL failed to supply the coke to our Company. Pursuant to this, our Company resorted to risk purchases from other sources and incurred additional costs of USD 1.94 million and also encashed the bank guarantee of USD 0.15 million. Subsequently, our Company invoked the arbitration clause in the contract and filed an arbitration claim dated December 15, 2009 before the International Court of Arbitration. Our Company claimed that it was entitled to receive an amount of USD 1.79 million from CNMCL as outstanding after the encashment of the bank guarantee payable with an interest of 12.0 % per annum till the date of realization. CNMCL by its counter claim dated March 19, 2010 claimed that it was entitled to receive a claim of USD 0.22 million from our Company under various heads and at an interest rate of 18.0 % from October 15, 2006 to January 7, 2007 since it was the delay on part of our Company in finalising the lay time that prevented CNMCL from fulfilling its contractual obligations. The arbitrator passed an award dated May 20, 2011 directing CNMCL to pay to our Company a sum of USD 1.60 million and USD 0.21 million towards interest. In addition CNMCL was also directed to reimburse our Company for the costs of the arbitration amounting to USD 0.05 million and the legal costs incurred amounting to ₹ 0.09 million. CNMCL has filed the present petition challenging this award and has also filed an interim application (IA No. 3078/2011) dated September 16, 2011 under section 151 of the CPC seeking for condonation of delay in filing the petition under section 35 of the Arbitration and Conciliation Act, 1996. The said application seeking for the condonation of delay is pending before the Principal District Judge, Visakhapatnam and the next date of hearing has not yet been fixed.

4. VMPL filed a petition (A.O.P 253/2007) dated February 14, 2007 before the Principal District Judge, Visakhapatnam challenging the arbitral award dated November 10, 2006 in relation to a contract (No. VSP/CONT/M-367/1994-95) dated January 18, 1995, for the supply, fabrication, erection, commissioning and testing of the yard piping of underground cooling water system of turbo generator no. 4, entered into between our Company and VMPL. A dispute arose between our Company and VMPL in relation to the settlement of the final bill and the price escalation bill submitted by VMPL upon the completion of the work. Subsequently, VMPL invoked the arbitration clause under the contract and filed an arbitration claim dated December 12, 2003 before the Indian Council of Arbitration, New Delhi. VMPL claimed that it was entitled to receive a total amount of ₹ 125.82 million along with interest. Our Company filed a counter statement dated April 24, 2004 for the dismissal of the claim made by VMPL. The arbitral tribunal vide award dated November 10, 2006 directed our Company to pay a sum of ₹ 2.72 million along with interest to VMPL. This award has been challenged in the present petition and VMPL has sought for the setting aside of the arbitral award

to the extent of claims disallowed to them as per their claim statement dated December 12, 2003. This case is pending before the Principal District Judge, Visakhapatnam, and the next date of hearing is June 13 2012.

Contempt Case

1. Mr. V. Sudhakar Rao and Mr. M. Chinna Rao have filed two contempt cases (CC.No.1791 of 2011) and (CC.No.1792 of 2011) before the Andhra Pradesh High Court both dated December 19, 2011 against our Chairman and Managing Director and three other officials, contending that the Chairman and three other officials have committed contempt of court because of willful disobedience of the common order passed by the Andhra Pradesh High Court on September 2, 2011 directing our Company to consider the case of Mr. V. Sudhakar Rao and Mr. M. Chinna Rao for selection to the post of assistant store keeper along with other candidates. Mr. V. Sudhakar Rao and Mr. M. Chinna Rao also contended that our Company intentionally and deliberately violated their rights by denying them opportunity of employment. Our Chairman and other officials have filed a common counter affidavit dated February 20, 2012 denying the above mentioned allegations. The Andhra Pradesh High Court vide interim order dated April 10, 2012 held that the Chairman and the three other officials are *prima facie* guilty of contempt of court, and were directed to be present before the Andhra Pradesh High Court on April 20, 2012. The Chairman and the three officials of our Company have filed two contempt appeals (No.5/2012 and 6/2012) on April 13, 2012 against the interim order dated April 10, 2012. These appeals were heard on April 18, 2012 and stay has been granted against the impugned interim order dated April 10, 2012. The aforementioned contempt appeals are pending before the Andhra Pradesh High Court and the next date of hearing has not yet been fixed. The two contempt cases (CC No. 1791 of 2011) and (CC No. 1792 of 2011) which stood posted to April 20, 2012 are now posted for hearing on June 4, 2012.

Competition Law Case

1. The erstwhile MRTP Commission took cognizance of a matter on the basis of a newspaper report published in the Financial Express on March 11, 2008 wherein *inter alia* it has been reported that steel companies like our Company and SAIL have raised the prices of steel more speedily than the rise in prices of iron ore and coking coal without any justification and that the impact of the price rise was felt by the construction and automobile sector. Thereafter, a complaint dated March 18, 2008 was filed by the Engineering Export Promotion Council (a body sponsored by Ministry of Commerce, GoI) before the Director General of the then MRTP Commission alleging that the Indian engineering industry has been hit hard due to the sudden rise in steel prices in India which was much higher in comparison to the steel prices in other parts of the world. After the repeal of the Monopolies and Restrictive Trade Practice Act, 1969, the CCI investigated into the matter (No. RTPE Case No. 09/2008) and a notice (1W/1/32/DGCCI-2010/01/2525) dated September 1, 2010 was issued under section 36(2) read with section 41(2) of the Competition Act stating that our Company had raised the steel prices without any justification. Further the notice demanded our Company to explain/furnish/submit the desired information/evidence relating to the details of our managing director and managing personnel, raw materials and inputs used during the manufacture of semi-finished/flat/long products, details of various costs incurred amongst others. Our Company replied to the notice vide letter dated September 15, 2010. The Competition Commission of India heard the oral submissions made by the parties on September 29, 2011 and requested for further information from our Company. Subsequently, our Company received another letter from the CCI dated June 14, 2011 (No. DGIR/2008/IP/09) informing our Company that the aforesaid matter was referred to the Director General for investigation, subsequent to which a report dated May 31, 2011 has been filed by the Director General. The letter directed our Company to file its reply to the said report within two weeks. Our Company filed its reply to the report vide its letter dated July 28, 2011. The CCI sent another communication to our Company dated October 21, 2011 whereby our Company was directed to furnish additional information. Our Company has filed an additional response before the CCI vide its letters dated November 11, 2011. The CCI vide order dated February 29, 2012 directed the Director General to submit a fresh report. This case is pending before the CCI for publication of final orders.

Labour and Service Matters

There are 141 labour and service matters pending against our Company before the various Courts including *inter alia* the Andhra Pradesh High Court and the Jharkhand High Court and the CGIT cum Labour Courts at Hyderabad and Vizag, with respect to disputes relating to amongst others, continuation of service, enhance subsistence allowance, failure to provide retirement benefits, failure to determine the correct seniority position, illegal and wrongful suspension, denial of promotion and discrimination in matters of determining promotion, allegations against our Company for not having cancelled tests for recruitment after the questionnaire was leaked, arbitrary reduction in time scale without assigning proper reasons, irregularities in payment of pension, denial of voluntary retirement scheme and denial of suitable employment under the rehabilitation scheme. The amount involved in the above matters is ₹ 8.62 million.

Consumer cases

There are three consumer cases filed by certain individuals against our Company pending before the District Consumer Forum, Vizag and the AP State Consumer Dispute Redressal Commission, Hyderabad, with respect to disputes relating to rejection of claims by insurance companies for group insurance policy taken through our Company. The amount involved in the above matters is ₹ 0.60 million.

Other miscellaneous cases

There are 27 other miscellaneous cases against our Company pending *inter alia* before the Andhra Pradesh High Court and various district courts in Visakhapatnam. These cases, amongst others, relate to disputes over release of death benefits of the deceased employees, cancellation of employment by the State Government, share in terminal benefits of ex-employees, disputes in relation to unauthorized encroachment of land, acquisition of unauthorized pieces of land and the grant of succession certificates. The amount involved in these cases is ₹ 5.98 million.

Cases filed by our Company

Criminal Cases

There are 14 criminal cases filed by our Company, and pending before the Metropolitan Magistrate, Kolkata, the District Court, Indore, the Sub Divisional Junior Magistrate, Bhubaneswar, the Chief Judicial Magistrate Patna and the II Additional Chief Metropolitan Magistrate, Visakhapatnam. These criminal cases have been filed by our Company in relation to dishonor of cheques under the Negotiable Instrument Act, 1881, custody of stolen material and fraud relating to bank guarantees. The amount involved in these 14 matters is approximately ₹ 64.89 million.

Arbitration Matters

There are 30 arbitration proceedings initiated by our Company that are pending before various arbitral tribunals with respect to disputes *inter alia* relating to contracts and tenders for supply of various raw materials and equipments. The total amount involved in these cases is ₹ 1,176.49 million. These cases include one case which involves amounts in excess of ₹ 60.00 million. Brief description of this case is provided below:

1. Our Company has initiated arbitration proceedings against MMTC vide its letter to the Secretary, Department of Public Enterprises dated September 15, 2009 and has filed its claim statement dated February 1, 2011 before the arbitral tribunal, in relation to a letter of intent dated March 24, 2007 issued by our Company to MMTC for supply of 160,000 mt of LAM coke from March, 2007 to April, 2008. As MMTC failed to supply the entire material requested for, our Company had to incur an additional cost of ₹ 954.48 million for procurement of the defaulted quantity of coke. In its claims statement dated February 1, 2011, our Company has claimed that it is entitled to receive an amount of ₹ 954.48 million along with interest at the rate of 12.0 % per annum till the date of payment. In its counter claim dated June 29, 2011, MMTC prayed for rejection of our Company's claim. The hearings before the tribunal were concluded on March 14, 2012 and the award of the tribunal is awaited.

Civil Cases

There are 73 civil cases filed by our Company, pending *inter alia* before the Andhra Pradesh High Court, Bombay High Court, Calcutta High Court and various lower courts in Patna, Agra Kolkata, Ghaziabad, Ahmedabad and Visakhapatnam with respect to, amongst others, relating to disputes in relation to payment of electricity duty, recovery of amounts towards payment of property and vacant land taxes, suits for recovery of money in the cheque bouncing cases, suits filed for recovery of amount from the sale of pig iron etc. The total amount involved in these cases is approximately ₹ 7,117.17 million. These cases include five cases which involve amounts in excess of ₹ 60.00 million. Brief description of these cases is provided below:

1. Our Company has filed a petition (A.O.P. No. 1443/2011) dated November 2, 2011 before the I Additional District Judge, Visakhapatnam to set aside the arbitral award dated July 16, 2011 in relation to the contract dated June 10,

2007 between our Company and SFA for the supply of silicon manganese. As per the terms of the said contract, SFA was required to supply 6600 mt of silicon manganese at the rate of ₹ 0.04 million per unit by May 31, 2008. However, SFA failed to supply the said quantities of silicon manganese, pursuant to which, our Company resorted to risk purchases from alternate sources and incurred additional costs of ₹ 85.93 million. Thereafter, our Company encashed the bank guarantee dated April 19, 2007 for an amount of ₹ 2.60 million which had been issued by SFA. Subsequently, SFA invoked the arbitration clause under the Contract and filed an arbitration claim dated September 29, 2008 before the Indian Council of Arbitration, New Delhi alleging that our Company had wrongfully invoked a bank guarantee of ₹ 2.60 million under a contract which was not concluded as SFA had not accepted Company's request to revise its offer. Our Company filed a counter claim dated August 21, 2009 refuting the claims made by SFA and claimed that it was entitled to receive an amount of ₹ 77.97 million from SFA as outstanding after the encashment of the bank guarantee payable with an interest of 12.0 % per annum till the date of realization. Thereafter, the arbitration tribunal vide award dated July 16, 2011 dismissed the claims of SFA and our Company and granted a nil award. Aggrieved by the award our Company filed the present petition praying that the above mentioned award be set aside. This case is pending before the I Additional District Judge of Visakhapatnam and the next date of hearing is June 22, 2012.

2. Our Company filed a writ petition (W.P. No. 15088 of 2007) dated July 10, 2007 before the Andhra Pradesh High Court challenging the order of the Commissioner, Greater Visakhapatnam Municipal Corporation ("**Commissioner"**) dated June 1, 2007. The Commissioner in the impugned order upheld the notices dated October 26, 2006 and October 18, 2006 which required our Company to pay vacant land tax from April 1, 2006 at the rate of ₹ 155.24 million per annum and property tax from April 1, 2006 at the rate of ₹ 136.59 million per annum under section 220 of the Hyderabad Municipal Corporation Act, 1955. Pursuant to the impugned order, our Company received two demand notices dated June 20, 2007 and June 21, 2007 demanding property tax and vacant land tax respectively making a demand of ₹ 204.88 million and ₹ 310.49 million. The Andhra Pradesh High Court has passed an interim order dated July 23, 2007 granting an interim stay of operation of the impugned order on the payment of 50.0 % of the property tax on buildings by our Company. This interim order was made absolute by the Andhra Pradesh High Court in its subsequent order dated December 10, 2007. Subsequently, the court passed another interim order dated February 18, 2009 holding that during the pendency of the petition our Company shall go on paying 50.0 % of the property tax on buildings every year. The matter is currently pending before the Andhra Pradesh High Court and the next date of hearing has not yet been fixed.

3. The Chief Electrical Inspector, Government of Andhra Pradesh has issued a notice (No. CEIG/AO (Duty)/D.No.558/2004) dated March 1, 2004 asking our Company to furnish details of its power generation plants and pay electricity duty at the rate of ₹ 0.25 per unit of energy generated and used for captive consumption, excluding the energy utilized for auxiliaries of the generating plant with effect from July 17, 2003. This notice was issued pursuant to the amendment of the Andhra Pradesh Electricity Duty Act, 1939 dated October 13, 2003 whereby every electricity generating Company which generates energy and uses it for its own purpose is liable to pay to the State Government, every month, a duty calculated at the rate of ₹ 0.25 per unit of energy on and in respect of such energy consumed during the previous month. Our Company has filed a writ petition (W.P.No. 8215/2004) dated April 23, 2004 praying for the issue of the writ of mandamus declaring section 3B of the Andhra Pradesh Electricity Duty Act, 1939 as ultra vires. The writ petition also prayed that the levy of electricity duty at the rate of ₹ 0.25 per unit only on the captive consumption is discriminatory and is an arbitrary exercise of power by the State Government and is in violation of Article 14, 19(1)(g) and Article 300A of the Constitution of India, 1950 and should therefore be struck down. Our Company has also filed a miscellaneous petition (W.P.M.P 10667/2004) dated April 23, 2004 praying that all further proceedings pursuant to the above mentioned notice be stayed. The State Government has filed a common counter affidavit dated October 16, 2006. The Andhra Pradesh High Court has passed an interim order dated April 28, 2004 directing that insofar as the impugned amendment is concerned, the State Government will not enforce the recovery of the amount demanded from our Company towards generation and consumption of electricity power, but our Company will continue to submit the details of its electricity consumption. This case is currently pending before the Andhra Pradesh High Court and the next date of hearing has not yet been fixed.

4. Andhra Pradesh State Electricity Regulatory Commission have filed two separate civil appeals (C.A. No 1945 of 2004) and (C.A. No 1946 of 2004) before the Supreme Court of India dated February 6, 2004 and February 20, 2004, respectively against the order of the Andhra Pradesh High Court dated August 1, 2003 allowing the appeal filed by our Company against the order (in OP No. 1 of 1999) of Andhra Pradesh State Electricity Regulatory Commission dated February 8, 2002 approving the proposal of AP TRANSCO to levy certain grid support charges on our Company. This case is now pending before the Supreme Court of India, and the next date of hearing has not yet been fixed.

5. The Company received a show cause notice (No. F9(31)05/CRC/DDA/North) dated December 17, 2007 from the Estate Officer, DDA to show cause as to why the damages of ₹ 62.57 million shall not be levied against our Company for the unauthorized use and occupation of the commercial premises measuring 22 bighas and 10 biswas in Barwala village, Delhi for a period from October 6, 2005 to December 31, 2006. Our Company filed its reply to the show cause notice vide letter (No. RINL/VSP/DEL/08/09/210) dated April 19, 2008, requesting the DDA to withdraw the show cause notice since the stockyard was in the possession of the company's consignment agent and that any liability pertaining to the stockyard was to be borne by the consignment agency as per the terms of the contract dated June 27, 2000 entered into by our Company and the agency. Subsequently, the estate officer vide an order dated April 6, 2010 directed the Company to pay the amount of ₹ 62.57 million. Against this order, the Company filed an appeal (P. P. Appeal No. 1/ 2010) dated April 17, 2010 before the VIII District Court, Rohini, Delhi and the same was dismissed by the said court vide order dated November 15, 2010. Thereafter our Company filed a review petition (M/124 of 2010) before the VIII District Court, Rohini, Delhi, which was dismissed vide order dated January 17, 2012. Thereafter, our Company filed a writ petition (W.P. (C) No. 645/2012) dated January 28, 2012 before the Delhi High Court, challenging the order dated November 15, 2010 passed by the district court directing our Company to pay the damages levied by DDA. The said appeal was dismissed vide order dated January 31, 2012 which set aside the order dated November 15, 2010 and the order dated January 17, 2010 passed by the district court and the order of the estate officer dated April 6, 2010. Further the said order directed both the parties to appear before the estate officer for a fresh assessment of damages, however holding that the liability to pay the damages thus fixed shall squarely lie upon our Company and not the consignment agency. Our Company filed an appeal (LPA No. 167 of 2012) before the Division Bench of the Delhi High Court, challenging only that part of the order dated January 31, 2012 which imposes the liability to pay the damages assessed on our Company alone. The same was dismissed vide order dated February 28, 2012. Thereafter, our Company filed a special leave petition (Diary No. 13466 of 2012) dated April 17, 2012 before the Supreme Court of India challenging the order dated February 28, 2012. The matter is pending before the Supreme Court of India and the next date of hearing has not yet been fixed.

Railway Cases

There are 196 railway related cases filed by our Company including among others against the Central Railways, South Eastern Railways and East Coast Railways amongst others, pending *inter alia* before the Delhi High Court, Gujarat High Court, Bombay High Court and Railway Claims Tribunal at Secunderabad and Ahmedabad. These cases relate to disputes over shortage of goods supplied, unfair charge of excess freight, supply of unfit wagons, non delivery of consignment goods collection of freight under wagon load rate instead of train load rate facility, non compliance of advice for loadability of weight for charge of "BOY" wagons and non-implementation of modifications in the rationalization scheme. The amount involved in these cases is ₹ 53.01 million.

Other Miscellaneous Cases

There are six other miscellaneous cases filed by our Company against various individuals pending *inter alia* before the Andhra Pradesh High Court, Additional Senior Civil Judge Court and Junior Civil Judge Court in Visakhapatnam and Gajuwaka. These cases relate to disputes over recovery of released money, refund of advances and disputes relating to declaring our Company's area an industrial township. The amount involved in these cases ₹ 1.26 million.

Potential Litigation/Notices Received

1. A first information report (No. 91/2012) dated May 2, 2012 was filed by Saiyed Gufran Pervaze under section 154 and section 157 read with section 174 of the Code of Criminal Procedure, 1973 ("**CrPC**") before the Inspector of Police, Steel Plant Police Station, Visakhapatnam against our Company on account of the recent accident in the VSP that occurred at blast furnace 3, slagpit-2, VSP and resulted in the death of two individuals who worked as the operator and the supervisor respectively.

2. Mr. B.K. Mahapatra has issued a letter dated May 13, 2012 to our Company, alleging the commission of certain irregular activities by the officials of BSLC and OMDC, including (a) the making of contradictory statements in the Annual Report of BSLC for the year ended January 31, 2011 *vis-à-vis* certain presentations made for the grant of environmental clearance from the MoEF, GoI on January 24, 2012 pertaining to the total acreage of the land involved and coverage of forest land; (b) non-finalizations of tenders at appropriate time intervals to avoid any discontinuance of essential jobs; (c) large scale pilferage of stock and store items in BSLC; and (d) appointments of executives in

OMDC without following norms and procedure. The letter further states that the aforementioned irregularities have caused damage to the respective companies permanently.

3. In addition, there are 19 other legal notices issued against our Company by various individuals. The outstanding notices relate *inter alia* to demand for repayment of outstanding loan, payment for compensation for death of an employee, payment of arrears of wages under the Interstate Migrant Workmen Act, 1972, denial of a job opportunity to an employee, compensation under section 28 of the Land Acquisition Act, 1894 demand of an outstanding amount with respect to a purchase order, claim for payment of arrears for usufructs of fruit bearing trees, requesting our Company not to disburse death benefits to persons other than the legal heir of the deceased, payment of outstanding amounts with respect to contracts entered into by our Company and a request before our Company to take action against a person who has unlawfully secured employment in our Company and made false representations.

Material Developments since the Date of the Last Balance Sheet

Except as disclosed in the section titled "***Management's Discussion and Analysis of Financial Condition and Results of Operation*** " on page 249 of this Draft Red Herring Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our total assets or ability to pay our material liabilities within the next 12 months.

Cases against other Companies whose outcome could have an effect on our Company

There are no cases against other Companies whose outcome could have an effect on our Company.

Outstanding Litigation/Proceedings involving the Subsidiaries

Except as mentioned below, there are no outstanding litigation/proceedings involving the Subsidiaries.

1. EIL

Outstanding Litigation/Proceedings Involving EIL

Cases Filed against EIL

Nil

Cases Filed by EIL

Nil

2. OMDC

Outstanding Litigation/Proceedings Involving OMDC

Cases Filed against OMDC

Criminal Case

There are four criminal cases filed against OMDC, and pending before the Judicial Magistrate, 1 class, Barbil, Odisha, the Judicial Magistrate I Class, Jagadhiri, Haryana and the Odisha High Court. These criminal cases have been in relation to dishonor of cheques under the Negotiable Instrument Act, 1881, theft of iron ore from mines, dismantling and shifting of reserved forests under the Forest Conservation Act. The amount involved in these four matters is unascertainable million. Brief description of these cases is provided below:

1. The Forest department of Orissa, Keonjhar Division filed an FIR (No 543135/1503) dated July 24, 1999 against the general manager of OMDC and certain other officials for violation of the Forest Conservation Act, 1972 ("**Forest Conservation Act**") and the Orissa Forest Act, 1972 ("**Orissa Forest Act**"). Pursuant to the FIR, the Forest

department of Orissa filed a complaint (No. 1035) dated March 3, 2001 before the Judicial Magistrate, I Class, Barbil stating that the above mentioned officials of OMDC were liable to be punished under the provisions of the Forest Conservation Act and the Orissa Forest Act for dismantling and shifting the reserved forest boundaries of Ulliburu reserve forest by over 550 meters length and for damaging, cutting and clearing uprooted sal and non sal saplings and brush wood from the above mentioned patch. The matter is currently pending before the Judicial Magistrate, 1 class, Barbil and the next date of hearing has not yet been fixed.

2. An FIR (No. 306 (24)) dated December 29, 2006 was filed was filed with the Inspector-in-Charge, Barbil police station against four personnel of OMDC in relation to theft of iron ore at Thakurani Mines. Pursuant to the bail petition (GR No. 538/2006) filed before the Judicial Magistrate I Class, Barbil, praying that the above mentioned personnel of OMDC be prosecuted under section 120 (B) and section 34 of the Indian Penal Code, read with section 21 of the Mines and Minerals Development Regulation Act, 1957 and lawful action be taken against such organized crime. Thereafter the Judicial Magistrate I Class, Barbil granted bail to all the four personnel by order dated January 17, 2007 on the ground that the above mentioned accused persons are capable of furnishing good securities amounting to Rs 20,000 for each of the accused persons and there is no chance of them absconding in the event of their release on bail. The above mentioned bail petition was allowed on the grounds that the above mentioned accuseds shall not commit similar offence while on bail, they shall not tamper with the prosecution evidence in any manner, they shall cooperate with the investigation of this case and they shall attend court in person on each date of posting of this case until further orders. The matter is currently pending before the Judicial Magistrate I Class, Barbil and the next date of hearing is on June 18, 2012.

3. Mr. Maninder Singh Anand issued a notice dated October 12, 2010 against OMDC alleging that the cheque dated October 12, 2010 issued by OMDC for ₹ 372 was dishonored. Thereafter, Mr. Maninder Singh Anand filed a complaint dated December 23, 2010 under Section 138 of the Negotiable Instruments Act, 1881 ("**NI Act**"), before the Court of the Judicial Magistrate I Class, Jagadhiri, Haryana against OMDC and certain of its officials alleging that no payment was made despite issue of the above mentioned notice. The case is currently pending before the Judicial Magistrate of I Class, Jagadhiri, Haryana and the next date of hearing is on May 18, 2012.

4. Barbil Municipality has filed an application (No. 3(a) cc1/2008) dated January 31, 2003 before the Judicial Magistrate I Class, Barbil under section 273-A and section 385-A of the Odisha Municipal Act, 1950 against OMDC alleging that OMDC had commenced construction of a screening plant and a house for office purpose in Plot No. 131, Khata No. 4 in Barbil without obtaining any prior permission from Barbil Municipality. Previously the Barbil Municipality had issued notices (No. 7207 and No. 7203) dated December 10, 2002 to OMDC, directing them to demolish the illegal and unauthorized construction. Despite receiving the above mentioned notices, OMDC continued the illegal constructions. Thereafter, Barbil Municipality filed the application dated January 31, 2003 praying that the Judicial Magistrate I Class, Barbil, impose and realize the cost of the litigation and impose a daily fine on OMDC till the date of demolition and remit the cost/fine/tax. The matter is pending before the Judicial Magistrate I Class, Barbil and the next date of hearing has not yet been fixed.

Civil Cases

OMDC is involved in 15 civil cases pending before the Supreme Court of India, Odisha High Court, Calcutta High Court, and various lower courts in Barasat and Champua relating to various subject matters including disputes in relation to execution of arbitral awards, application for stay of operation, failure to fulfill contractual obligations, against notices to vacate land and against the cancellation of a tender notice. The total amount involved in these cases is not ascertainable. These cases include one case which involves amounts in excess of ₹ 60.00 million. A brief description of this case is provided below:

1. The Sub-collector, Champua initiated a suo moto case under Orissa Regulation 2 of 1956 against OMDC alleging that OMDC had unauthorized possession of certain land belonging to Mr. Surendra Naik, a member of a scheduled tribe. The Sub-collector vide order dated August 16, 1997, directed restoration of the disputed land in favour of Mr. Surendra Naik. OMDC filed an application before the Additional District Magistrate, against this order. The application was rejected by order dated March 22, 1999 on the ground that the appeal was barred by limitation. Aggrieved by this order, OMDC filed petitions before the Odisha High Court. The Odisha High Court by its order dated July 26, 2000, remanded the matter to the Sub-Collector for final disposal. The Sub-Collector by its order dated March 16, 2001 rejected the claim of OMDC. OMDC thereafter filed an appeal against the order of the Sub-Collector before the Additional District Magistrate (Revenue), Keonjhar. This appeal was set aside by the order dated September

19, 2001 and the case was remanded for fresh disposal to the Sub-Collector. The matter is currently pending before the Sub-Collector and the next date of hearing has not yet been fixed.

Arbitration

There are seven arbitration proceedings pending against OMDC before various arbitral tribunals. The arbitration matters amongst others are in relation to disputes involving a contract for shortage of supply of iron ore, refund of earnest money deposit, claim for loss of production due to non issuance of transit passes, etc. The total amount involved in these cases is approximately ₹ 238.49 million. These cases include three cases which involve amounts in excess of ₹ 60.00 million. Brief description of these cases is provided below:

1. M/s Orissa Stevedores Limited ("**OSL**") filed a claim statement (No. 120 of 2008) dated February 26, 2009 before a sole arbitrator in relation to a contract dated April 6, 2005 entered into between OMDC and OSL for port handling, stacking and stevedoring operation at the Haldia and Paradip ports. As per the terms of the contract, OSL was, *inter alia*, required to provide a developed plot inside the port prohibited area at the Paradip port and utilize OMDC's plot at the Haldia dock complex for stacking of iron ore fines, as specified under the contract. The contract made OSL expressly liable for the losses incurred by OMDC, in case of any failure on part of OSL to meet its targets, as specified under the contract. According to an assessment and survey report of OMDC's plot at the Haldia port dated November 24, 2005, OMDC's plot was found to be over stacked by OSL which resulted in depression, water logging and loss of iron ore fines amounting to ₹ 17.58 million. This amount of ₹ 17.58 million was deducted by OMDC from the bills of OSL. OSL thereafter filed this claim statement stating that it had discharged its contractual obligations as per the above mentioned contract and claimed a total sum of ₹ 394.23 million from OMDC consisting of, *inter alia*, the amount deducted from its bill compensation for certain non gratuitous services rendered by it and compensation at the agreed rates for the shortfall of minimum export amounts, as specified under the contract. OMDC filed a counter statement and counter claim dated April 24, 2009 denying the claim and allegations made by OSL and prayed for recovery f the value of the left over stock worth ₹ 83. 33 million and the quantum of rebate offered by OSL for using OMDC's plot at Haldia, thus praying for a total sum of ₹ 83.32 million and an additional claim of ₹ 3.94 million as counter claim. OSL filed a rejoinder dated July, 2009 stating that OMDC had sold the left over stock and released the consideration to that effect and that OMDC's counter claim was beyond the terms of the above stated contract. Thereafter, OMDC replied to the counter claim on August, 2009 stating that the left over materials from Haldia port had not been sold and the loss had not been yet recovered and that the counter claim was not beyond the terms and conditions of the contract. OMDC also prayed that the counter claim for the left over stocks be allowed together with interest from April 1, 2007. The matter is pending before the arbitrator and the next date of hearing is on September 8, 2012 and on September 9, 2012.

2. Eastern India Minerals Limited ("**EIML**") filed a claim statement dated August 21, 2007 before the arbitral tribunal in relation to a contract dated October 4, 1993 entered into between EIML and OMDC for a period of 20 years. EIML, a company engaged in the mining of iron ore is a joint venture company formed on August 18, 1992 pursuant to a memorandum of understanding dated April 24, 1992 between Usha Rectifier Corporation India Limited ("**URCIL**") and OMDC. The dispute arose due to losses incurred by EIML amounting to ₹ 30.21 million on account of non issue of transit passes by OMDC to EIML for the period from September 1, 2006 until September 28, 2006. EIML alleged that failure of OMDC to issue such transit passes was a breach of the above mentioned contract dated October 4, 1993 and that further, OMDC had failed to hand over certain land to EIML for carrying on mining operations, as agreed upon under the contract, on account of not obtaining the necessary environmental clearance in respect of such land. EIML prayed for specific performance of the contract by requiring OMDC to obtain the necessary environmental clearance under the Forest Conservation Act in respect of such land and also prayed for a perpetual injunction restraining OMDC from acting in any manner in breach of its obligations under the contract and for refusing to issue transit passes. Thereafter, EIML amended its claim statement in August, 2007 claiming that EIML was not liable to pay minimum guarantee charges, as specified under the contract, for the period when mining operations were suspended and claimed a refund of ₹ 12.9 million paid by them to OMDC as per the contract. EIML also claimed reimbursement of salaries and other expenses, and prayed that directions be issued to OMDC for getting statutory clearances for removal of stocks/material lying at Barbil and to permit EIML to sell lump ores from the mine since the crushing plant was not permitted to function. OMDC filed a counter claim dated July 23, 2010 stating that the contract dated October 4, 1993 and the memorandum of understanding dated April 24, 1992 should be treated as non-est and also prayed that EIML return the iron ore mines to OMDC with immediate effect. OMDC also alleged that EIML's claim of ₹ 30.21 million was not a valid claim and stated that as EIML's plant capacity was reduced from two mt to one mt, therefore EIML was not entitled to get any area for mining purposes as per the claim statement. OMDC had

claimed a sum of ₹ 112.7 million due to business losses suffered by it for transport blockade by EIML workers along with an interest at the rate of 18 % per annum. On February 23, 2011, EIML filed an amendment to the claim statement and stated that the allegations in the counter claim were untrue and that the agreement dated October 4, 1993 was valid until August 31, 2019. On July 28, 2011, EIML made an application for interim relief before the arbitral tribunal praying that an injunction order be passed restraining OMDC from taking any steps pursuant to the demands made by them as per their letters dated July 8, 2011 and July 13, 2011 and to stay the demand of ₹ 1.25 million on account of salaries till the disposal of the arbitration proceedings. The arbitrator through an interim order dated January 31, 2012 disposed off the interim application in respect of nonpayment of establishment charges and reimbursement of salaries and directed EIML to furnish security of ₹ 0.0500 million by way of bank guarantee and upon such security being furnished there will be no coercive measure taken on the part of OMDC until further orders The matter is pending before the arbitrator and the next date of hearing has not yet been fixed.

3. Visa Steel Limited ("**VSL**") filed a claim statement dated March 11, 2008 before the sole arbitrator in relation to a contract dated December 21, 2004 between VSL and OMDC for supply of iron ore by OMDC for a period of 55 months, in certain quantities and specifications laid down under the agreement for running of a blast furnace plant by VSL at an initial basic price of ₹ 512 per mt. In March 2006, OMDC revised the price and increased it to ₹ 672 per mt which was not accepted by VSL. Thereafter, a direction was issued by OMDC to its officials on May 5, 2006 to stop supply of iron ore until the outstanding dues were settled. Following this, VSL filed the claim statement before the arbitrator stating that it had suffered losses due to non-supply of iron ore which was a breach of the above mentioned contract. VSL prayed that the revised price or ₹ 1,001 per mt demanded by OMDC is arbitrary, unreasonable and should be declared invalid and a direction be issued to OMDC to immediately resume supply of iron ore at the rate of ₹ 672 per mt for 40,000 mt per month or alternatively at a price determined by the arbitrator. VSL also claimed a total sum of ₹ 1.90 million along with interest at the rate of 12 % per annum due to losses suffered. OMDC filed a counter statement dated July 18, 2008 denying the allegations made by VSL and stated that it had revised the price to ₹ 1,001 per mt of iron ore pursuant to its letters dated December 27, 2004, February 9, 2005 and June 25, 2005 which were accepted by VSL by its letter dated June 26, 2005. OMDC further alleged that it had supplied 53,669 mt of iron ore to VSL for which a payment of ₹ 13.50 million, being the differential price between the price paid and price agreed upon by the parties, was not received by OMDC and hence VSL should pay a sum of ₹ 13.50 million along with an interest of 18 % per annum along with costs incidental to the proceedings. The matter is currently pending before the sole arbitrator and the next date of has not yet been fixed.

Public Interest Litigation Cases

OMDC is involved in three public interest litigation proceedings, details of which are provided below: The amount involved in the above mentioned matters is unascertainable. A brief description of these cases is provided below:

1. Mr. P.K Das has filed an application (W.P. (C) No. 1975/2003) before the Odisha High Court dated February 22, 2003 against the Union of India, State of Odisha, the Odisha State pollution Control Board, OMDC and certain others, alleging that the illegal construction in certain earmarked residential areas of Barbil Municipality has caused irreparable damage to the environment and that no permission had been obtained from the Orissa State Pollution Control Board before the commencement of the mining activities. The Odisha High Court by order (MC No. 1753 of 2003) dated March 6, 2003 directed the parties to maintain status quo until further orders and no new construction is to be undertaken. The matter is pending before the Odisha High Court and the next date of hearing has not yet been fixed.

2. Janajagaran and others have filed an application (WP (C) No. 5484/2004) under Section 91 of the Civil Procedure Code, 1908, dated May 14, 2004against OMDC and certain others, before the Odisha High Court alleging that OMDC and other mine owners have increased the price of iron ore fines, as a result of which the cost of steel has increased from Rs 16,00 per mt to ₹ 30,000 per mt and such illegal and monopolistic activity of OMDC and other mine owners has caused multiple problems such as destruction of roads, economic imbalance in the market, tedious journeys causing unnecessary delays and increased expenses incurred by transporters on account of wear and tear. It has been prayed that the Odisha High Court call upon OMDC and others to show cause as to why the present application should not be allowed and in the event of insufficient cause the present petition be allowed. It has also been prayed that OMDC be directed to safeguard the revenue and control the economic imbalance and to control the price of iron ore and steel on the national highways. The matter is pending before the Odisha High Court and the next date of hearing has not yet been decided.

3. Janajagaran and others have filed a petition (I.A. No. 515 of 2005) arising out of (CS No. 683 of 2005) against OMDC and certain others before the Court of Civil Judge (Senior division), Bhubaneswar, alleging that OMDC and others have created obstruction to the right of way of men, cattle and vehicle of public at large at the concerned national highways under the guise of trade and business. It was also alleged that OMDC and others caused public nuisance and heavy trafficking hazards and health problems due to pollution of the fresh air created by unauthorized and illegal trade and business carried on by them in Keonjhar and Sundargarh to gain maximum profits. This resulted in gross interference with the public right to fresh air and a common injury the public who have a right of passage over the highway. It was prayed that the Court of Civil Judge (Senior division), Bhubaneswar exercise its discretion and inherent powers under section 94 and section 151 of the Civil Procedure Code, read with Order 39 Rule 1 and 2 of the Civil Procedure Code and issue an ad interim and temporary injunction against OMDC and others restraining them from creating any obstruction in the concerned national highways. The matter is pending before the Court of Civil Judge (senior division), Bhubaneswar and the next date of hearing has not yet been fixed.

Labour Cases

There are 17 labour and service matters pending against our OMDC before the various Courts including the Odisha High Court, Central Government Industrial Tribunal, Motor Accident Case Tribunal, Keonjhar and the Commissioner for Workmen Compensation, Keonjhar with respect to disputes relating to amongst others, claim for regularization of service, payment of wages, against termination of service, payment of statutory dues, inaction in granting appointment, pay structure and challenging retirement on superannuation. The amount involved in the above matters cannot be ascertained.

Tax Cases

There is one tax cases against OMDC before the Odisha High Court challenging the order which did not grant absolute stay of the demand notice and directing OMDC to pay ₹ 0.02 million on account of sales tax.

Miscellaneous cases

There is one consumer cases filed by Mr. Prithviraj Singh Kumpawat against OMDC before the District Consumer Forum-Consumer Protection, Jodhpur claiming ₹ 26,000 as travel allowance and compensation at the time of interview for recruitment and one provident fund case filed against OMDC before the Assistant Provident Fund Commissioner, West Bengal with respect to a dispute relating to determination of dues on contract employees.

Cases Filed by OMDC

Civil Cases

There are 10 civil cases filed by OMDC, before the Odisha High Court, the Senior Civil Judge, Champua and the Court of Sub Collector Champua relating to various subject matters including disputes in relation to evictions and an application challenging the action of the State Government in not complying with the directions of the Central Government for renewal of a mining lease. The total amount involved in these cases is not ascertainable. These cases include one case which involves amounts in excess of ₹ 60.00 million. Brief description of this case is provided below:

1. OMDC filed an application (W.P.(C) (No 16874 of 2009) dated November 8, 2009 before the Odisha High Court seeking a direction to the State Government for compliance of the order passed by the Central Government, Revisional Authority under section 30 of the Mines and Minerals Development Act, 1957, challenging the action of the State Government in not complying with the directions of the Central Government Revisional Authority as per the order (No. 17/2009) dated February 2, 2009 which rejected OMDC's application for renewal of mining lease for iron and manganese ore over an area of 254.952 hectares in village Kohla Roida, Keonjhar Odisha on the ground that the area exceeds the maximum area prescribed under the Minerals Development Act, 1957. OMDC prayed that the order of the State Government be set aside as previous permission for obtaining leases had been obtained from the Central Government.

Criminal Case

There is one criminal case filed by OMDC. A Brief description of the same has been provided below:

1. OMDC has filed a n application (CRLLP No. 4 of 2004) dated April 1, 2004 under section 452 of the CrPC read with Chapter 6, Rule 27 of the Odisha High Court Rules, 1948, before the Odisha High Court in appeal against the order of the Judicial Magistrate I Class, Barbil dated November 26, 2003 wherein Mr. Amit Kumar Mishra, Mines Manager, OMDC had been acquitted under section 630 of the Companies Act and under section 255 (1) of the CrPC. The dispute arose as Mr. Amit Kumar Mishra, Mines Manager, OMDC refused to vacate the quarters situated in plot No. 636 which belonged to OMDC, despite being transferred from OMDC to BSLC even after various letters had been issued by OMDC asking him to vacate the plot. Thereafter the application dated April 1, 2004 was filed by OMDC. It was prayed before the Odisha High Court that Mr. Amit Kumar Mishra be directed to pay rent for the unauthorized occupation of the quarter of OMDC or alternatively deliver the property as mandated under section 452 of the CrPC and pass such further orders as deem fit in the interest of justice. The case is pending before the Odisha High Court and the next date of hearing has not yet been fixed.

3. BSLC

Outstanding Litigation/Proceedings Involving BSLC

Cases Filed against BSLC

Civil Case

There are 15 civil cases pending against BSLC, before the Odisha High Court, and various lower courts in Rorkela, Birmitrapur, relating to various subject matters including disputes in relation to execution of arbitral awards, illegal occupation of land, eviction, challenging a letter which refused to issue check off facilities, payment of life insurance benefit, and illegal occupation of tribal land. The total amount involved in these cases is not ascertainable.

Labour Cases

There are four labour and service matters pending against BSLC before various courts including the Odisha High Court and Central Government Industrial Tribunal, with respect to disputes relating to amongst others, demand for ex gratia payment, payment of sick leave wages, challenging the denial of promotion and replacement of service. The amount involved in the above matters cannot be ascertained.

Tax Case

There is one tax case pending against BSLC before the Odisha High Court challenging an unwarranted order passed by the Tax Recovery Officer, Rourkela. The amount involved in this case is ₹ 14, 802.

Cases Filed by BSLC

Civil Cases

There are 15 civil cases filed by BSLC, before the Odisha High Court, the Additional District Judge, Rourkela, and various other lower courts relating to various matters including disputes in relation to quarter eviction, trespass of land, challenging government awards, application for transfer of land and applications challenging the validity of a government notification. The total amount involved in these cases is not ascertainable.

Proceedings Initiated against the Subsidiaries for economic offences

There are no proceedings initiated against the Subsidiaries for any economic offences.

Details of Past Penalties imposed on the Subsidiaries

There are no past penalties imposed on the Subsidiaries.

Outstanding Litigation/Proceedings involving the Directors of our Company

There are no pending adjudicatory, regulatory or arbitral proceedings involving any of our Directors as on date of this Draft Red Herring Prospectus. Further, neither our Company nor our Directors have received any notices from any regulatory body or any other person with respect to any threatened or potential litigation or regulatory proceedings or investigation against them. However incidental to the business of our Company and our Subsidiaries, parties may from time to time file suits/cases impleading our Company and its Subsidiaries through or along with their respective officers and Directors in their official capacity.

Proceedings Initiated against the Directors for economic offences

There are no proceedings initiated against our Directors for economic offences.

Details of Past Penalties Imposed on the Directors

There are no past penalties imposed on any of our Directors.

Proceedings Initiated by SEBI

There are no proceedings initiated by the SEBI against our Directors or any entity in which our Directors are involved as promoters or directors

GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licences, permissions, registrations and approvals from the Government, various governmental agencies and other statutory and/or regulatory authorities, required for carrying out its present business and except as mentioned below, no further material approvals are required for carrying on our Company's present business. The object clause and object incidental to the main objects of the Memorandum of Association enable our Company to undertake its existing activities.

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further major approvals from any Government authority are required to continue these activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. Certain approvals may have elapsed in their normal course and our Company is the process of making applications for renewal of such approvals.

A. Approvals in relation to our Company's incorporation, change of name and registered office

Certificate of incorporation issued by the RoC on February 18, 1982, under the Companies Act.

Fresh certificate of incorporation issued by the RoC dated May 10, 2012 consequent upon the change in the status of our Company from a private limited company to a public company.

B. Approvals in relation to the Offer

Corporate approvals

The Board of Directors have, pursuant to resolution dated May 16, 2012 authorised the Offer.

Approvals from GoI

The MoS through its letter no. 5(5)2010-VSP dated February 8, 2012 conveyed the approval granted by the GoI to the Offer.

The MoS pursuant to its letter dated May 8, 2012 granted consent to include 977,969,240 Equity Shares held by the President of India as Promoter's Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber or dispose off in any manner, the Promoter's Contribution from the date of transfer in the Offer, for a period of three years, or for such other time as required under the ICDR Regulations.

Approvals from stock exchanges

1. In-principle approval from the NSE dated [●]; and

2. In-principle approval from the BSE dated [●].

Our Company has also obtained necessary contractual approvals required for the Offer.

C. General approvals

PAN: AABCR0435L
IEC: 2688000551

(a) Approvals for our Company's business

Our Company requires various approvals for it to carry on its steel manufacturing business in India. Some of the significant approvals required by our Company are as follows:

1. Licenses issued under the Factories Act and the rules thereof for the maximum number of workers permitted to be employed on any one day in a factory/unit.

2. Central excise registration certificate under the CE Rules for manufacturing and operating as a dealer of excisable goods issued by the relevant state government.

3. Certificate of registration issued by the Sales Tax Department of the relevant state under the Central Sales Tax (Registration and Turnover) Rules, 1957.

4. Certificate of registration for registration as a dealer under the CST Act issued by the Superintendant of Sales Tax of the relevant state.

5. Consents under the Air Act and Water Act issued by the relevant state pollution control board.

6. Authorisation under the Hazardous Wastes Rules issued by the relevant state pollution control board.

7. Various licences to import store compressed gas, liquid petroleum gas, propane gas in pressure vessels or vessels issued by the Chief Controller of Explosives under the Explosives Act.

8. License to import and store petroleum issued by the Department of Explosives under the Petroleum Act, 1934.

9. Certificate for the use of boilers under the Indian Boilers Act, 1927 issued by the Directorate of Steam Boiler of the relevant state.

10. Authorization to import and handle radioactive material under Atomic Energy Act, 1962 issued by Radiological Safety Division, GoI.

11. Certificate of verification from the Controller of Legal Metrology under the Standards of Weights and Measures Act, 1976 (now repealed by the Legal Metrology Act, 2009) and the A. P. Standards of Weights and Measures Enforcement Rules, 1986.

12. Certificate of registration under Shops and Establishments Act issued by the Shops and Establishments Department/Municipal Corporation/Labour Department of the relevant state.

13. Certificate of registration under Contract Labour Act issued by the Assistant Labour Commissioner, Ministry of Labour, GoI.

14. Licenses issued by the Wireless Planning and Coordination Wing, Ministry of Communications and Information Technology, for radio frequency communications.

Some of these approvals expired in the ordinary course of business and renewal applications for these are submitted from time to time.

(b) Major factory approvals

Some of the key approvals obtained by our Company for VSP.

S. No.	Description	Registration/Reference no.	Date of issue/renewal	Expiry date
1.	License to work as a factory under the Factories Act issued by the Factories Department, Government of Andhra Pradesh	43927	December 13, 2000	The license shall be valid until it has been duly cancelled.
2.	Acknowledgment for manufacturing /expansion to manufacturing iron and steel issued by the Secretariat for Industrial Assistance, Ministry of Commerce and Industry, GoI.	185/SIA/IMO/2009	January 22, 2009	NA
3.	Approval for expansion of the liquid steel capacity from 3 MT to 6.3 MT issued by the MoS	6 (1/05)VSP	October 28, 2005	NA
4.	Revised plan for VSP issued by the Factories Department, Government of Andhra Pradesh	D.Dis.D3/VSP-II/1473/2008	May 4, 2009	NA
5.	Renewal consent order to operate the industrial plant, under the Water Act, the Air Act and the	APPCB/VSP/VSP/108/CFO/HO/2011-2960	February 2, 2011	December 31, 2011*

S. No.	Description	Registration/Reference no.	Date of issue/renewal	Expiry date
	Hazardous Wastes Management Rules issued by the APPCB			
6.	Environmental clearance for VSP issued by the Department of Environment, Forests and Wildlife	11011/1/87-IA	January 4, 1988	NA
7.	Consent order for establishment for expansion of existing production capacity under the Water Act and the Air Act issued by the APPCB	APPCB/VSP/108/HO/2005/317	May 9, 2005	Valid for 5 years from the date of issue**
8.	Environmental clearance for the expansion of hot metal (steel plant) issued by the MoEF	J-11011/196/2005- IA II (I)	August 11, 2005	NA

**Our Company has made an application (no. VSP/W/EnMD/06/1189) dated October 31, 2011 to the Environmental Engineer, APPCB for renewal of the consent order bearing no. APPCB/VSP/VSP/108/CFO/HO/2011-2960, dated February 2, 2011.*

***Our Company had made an application vide letter dated April 24, 2010 addressed to the Senior Environment Engineer, APPCB for the extension of the consent for establishment bearing no. APPCB/VSP/108/HO/2005/317 till June 2012.*

(c) Mining leases

We are required to obtain certain approvals from various central and state government departments and other authorities for undertaking mining activities. We apply for approvals, permits, licences, clearances, consents and registrations at the appropriate stage of development of a mine and when granted, such approvals, permits, licences, clearances, consents and registrations contain certain conditions for continuous compliance. We are currently in possession of seven mines of which four mines are in operation.

1. **Limestone mine**

The Government of Andhra Pradesh has issued a mining lease dated July 31, 2002 in favour of our Company for land bearing R.S. no. 376 admeasuring a total area of 1,295 hectares situated at K. Agraharam, Muktheswarapuram village, Jaggayyapet mandal, Krishna district, Andhra Pradesh for a period of 20 years. The lease is valid till August 8, 2020. The licences and approvals obtained by us in relation to this mine are provided below.

S. No.	Name of approval/clearance	Reference number	Date of issue/renewal	Date of expiry
1.	Environmental clearance issued by the MoEF	J-11015/13/93-IA.II (M)	October 21, 1993	NA
2.	Renewal of consent to operate order under the Air Act and the Water Act issued by the APPCB	APPCB/VJA/VJA/439/HO/CFO/2011-2666	November 18, 2011	June 30, 2012
3.	Forest clearance issued by the Environment, Forest, Science and Technology Department, Government of Andhra Pradesh	G.O. MS No. 52	May 9, 2000	May 8, 2021
4.	Terms of reference issued by the MoEF for expansion in production capacity	J-11015/28/2010-IA.II (M)	March 9, 2010	NA

2. Dolomite mine

The Government of Andhra Pradesh has issued a mining lease dated from September 30, 2002 in favour of our Company for land bearing survey no. 179 (part), 180, 181, 182/P and 183/P of Madharam village, survey no. 71/P, 72/P, 75/P of Seripuram village, survey no. 74, 75/P, 76/P, 79/P, 80/P, 81 to 86, 87/P of Pocharam village and survey no. 407 part of Karepally village admeasuring a total area of 384.46 hectares situated at Singareni and Garla mandals, Khammam district, Andhra Pradesh for a period of 20 years. The lease is valid till July 13, 2020. The licences and approvals obtained by us in relation to this mine are provided below.

S. No.	Name of approval/clearance	Reference number	Date of issue	Date of expiry
1.	Environmental clearance for expansion of production capacity issued by the MoEF*	J-11015/184/2007-IA.II (M)	December 10, 2009	NA
2.	Consent order for establishment for expansion of production capacity under	APPCB/VJA/KTM/63/CFE/HO/2010-3219	March 9, 2011	Valid for five years from date of issue

S. No.	Name of approval/clearance	Reference number	Date of issue	Date of expiry
	the Air Act and the Water Act issued by the APPCB for a capacity of 1,500 tonnes per annum *			
3.	Consent to operate under the Air Act and the Water Act issued by the APPCB	APPCB/VJA/KTM/63/HO/CFO/2010-2300	January 18, 2010	October 31, 2010**

* *the environmental clearance and the consent for establishment for the expansion of production are subject to the outcome of the writ petition (W.P. No. 23744/2002) filed before the Andhra Pradesh High Court. For details see the section titled "**Outstanding Litigation and Material Developments**" on page 280 of the Draft Red Herring Prospectus.*

** *Our Company has filed an application (no. MDM/7-57/2011/1112) dated August 27, 2011 before the Commissioner of Industries, Hyderabad for consent to operate under the Air Act and the Water Act for expansion of capacity from 1,500 tonnes per day to 4,000 tonnes per day of dolomite.*

3. Manganese ore mine

The Government of Andhra Pradesh has issued a mining lease dated November 6, 2008 in favour of our Company for land bearing survey no. 251, 253, 254, 255 and 257 (P) etc. and 87 to 107, 109 to 120 etc. admeasuring a total area of 264.54 hectares situated at Garbham village, Merakamudidam mandal, Vizianagaram district, Andhra Pradesh for a period of 20 years. The lease is valid till October 6, 2022. The licences and approvals obtained by us in relation to this mine are provided below.

S. No.	Name of approval/clearance	Reference number	Date of issue	Date of expiry
1.	Environmental clearance issued by the MoEF	J-11015/375/2005-IA.II (M)	October 4, 2006	NA
2.	Consent to operate under the Air Act, the Water Act and Hazardous Wastes Management Rules issued by the APPCB.	9059/APPCB/ZO-VSP/Tech./2011-1825	May 25, 2011	December 31, 2013

4. Quartz mine

i. The Government of Andhra Pradesh has issued a mining lease dated from November 1, 2001 in favour of our Company for land bearing survey 153, admeasuring a total area of 3.240 hectares situated at Kinthada village, K. Kotapadu mandal, Visakhapatnam district, Andhra Pradesh for a period of 20 years. The lease is valid till October 31, 2021. Our Company has filed an application for consent for establishment under Air Act and Water Act with the APPCB vide an application (no. Mines/HQ/KQM/2-03/2007/1272) dated May 3, 2007.

ii. The Government of Andhra Pradesh has issued an in-principal approval vide its memo (No. 9132/M.III(2)/2007-3) dated January 27, 2009 for grant of mining lease in favour of our Company for land admeasuring 20.64 hectares in survey no. 1 Marrivalasa village, K. Kotapadu mandal, Visakhapatnam district, Andhra Pradesh for a period of 30 years. Additionally, the Government of Andhra Pradesh has also issued an in-principal approval vide memo (No. 9133/M.III(2)/2007) dated January 27, 2009 for grant of mining lease in favour of our Company for land admeasuring 40.47 hectares in survey no. 268 Pindrangi village, K. Kotapadu mandal, Visakhapatnam district, Andhra Pradesh for a period of 30 years. The Government of Andhra Pradesh vide memo (No. 13205/M.III(2)/2009-1) dated December 14, 2009 has accorded permission to our Company to submit a combined mining plan for both the above mentioned mines within a period of six months from the date of receipt of the said memo. The combined mining plan was approved by the Zonal Joint Director of Mines and Geology, Visakhapatnam on June 23, 2010. The MoEF has prescribed terms of reference for undertaking detailed EIA study for the purpose of obtaining environmental clearance, vide letter (no. J-11015/282/2010-IA.II(M)) dated March 28, 2011.

5. Silica Sand Mine

i. The Government of Andhra Pradesh has issued a mining lease dated from April 23, 2003 in favour of our Company for land bearing survey no. 61 & 78 of Saripalli village, survey no. 6 of Noolamrajupota village, and survey no. 265 of Nellimarla village admeasuring a total area of 64.67 hectares situated at Nellimarla mandal, Vizianagaram district, Andhra Pradesh for a period of 20 years. The lease is valid till April 22, 2023. The licences and approvals obtained by us in relation to this mine are provided below.

S. No.	Name of approval/clearance	Reference number	Date of issue	Date of expiry

S. No.	Name of approval/clearance	Reference number	Date of issue	Date of expiry
1.	Environmental clearance issued by the MoEF	J-11015/830/2007-IA.II (M)	December 12, 2008	NA
2.	Consent to operate under the Air Act, the Water Act and Hazardous Wastes Management Rules issued by the APPCB	9059/APPCB/ZO-VSP/Tech./2010-1075	October 22, 2010	November 30, 2012

ii. The Government of Andhra Pradesh has issued a mining lease dated from March 29, 2003 in favour of our Company for land bearing survey no. 110, admeasuring a total area of 7.50 hectares situated at Kharajada village, Srikakulam mandal, Srikakulam district, Andhra Pradesh for a period of 20 years. The lease is valid till March 28, 2023. Currently, our Company is not conducting any mining operations in this mine.

iii. The Government of Andhra Pradesh has issued a mining lease dated from March 2, 2000 in favour of our Company for land bearing survey nos. 1 & 27, admeasuring a total area of 31.161 hectares situated at Nellimarla village, Nellimarla mandal, Vizianagram district, Andhra Pradesh for a period of 20 years. The lease is valid till March 1, 2020. Our Company has filed a notice of intention for temporary discontinuance of the mine vide its letter dated April 12, 2005.

(d) Applications for the grant of mining leases and prospecting licences

Our Company has made the following applications for the grant of mining leases and prospecting licences:

S. No.	Area/Mine	Particulars of application
Iron ore in Andhra Pradesh		
1.	Reserve forest of Obulapuram, Kalayandurg range, Bellary block, Anantapur district, Andhra Pradesh	Application dated October 11, 2011 for grant of prospecting license for iron ore covering an area of 1,752.11 hectares filed before the Assistant Director of Mines and Geology, Anantapur division, Anantapur district, Andhra Pradesh.
2.	Kothapalli, Damera and Yerraballi villages, Bheemadevarapalli mandal, Karimnagar district, Andhra Pradesh	Application dated July 8, 2011 for grant of prospecting license for iron ore covering an area of 341.93 hectares filed before the Assistant Director of Mines and Geology, Karimnagar division, Karimnagar district, Andhra Pradesh.
3.	Gudur reserve forest of Gudur range, Warangal district, Andhra Pradesh	Application dated November 3, 2010 for grant of prospecting license for iron ore covering an area of 2,500 hectares filed before the Assistant Director of Mines and Geology, Warangal division, Warangal district, Andhra Pradesh.
4.	Bayyaram reserve forest and Motla Timmapuram reserve forest, Bayyaram range, Kothagudem division, Khammam district, Andhra Pradesh	Application dated October 29, 2010 for grant of prospecting license for iron ore covering an area of 2,500 hectares filed before the Assistant Director of Mines and Geology, Kothagudem division, Khammam district, Andhra Pradesh.
5.	Vemparala village, Addanki mandal, Ongole division, Prakasam district, Andhra Pradesh	Application dated October 24, 2005 for grant of mining lease for iron ore covering an area of 77.065 hectares filed before the Assistant Director of Mines and Geology, Ongole division, Prakasam district, Andhra Pradesh.
6.	Raidurg section Obulapuram village, Kalyandurg range, Anantapur district, Andhra Pradesh	Application dated October 30, 2006 for grant of the prospecting license for iron ore covering an area 304.185 hectares filed before the Assistant Director of Mines and Geology, Anantapur district, Andhra Pradesh.
7.	Konijedu etc. Ongole division, Prakasam district, Andhra Pradesh	Application dated May 23, 2005 for grant of mining lease for iron ore covering an area of 1,307.26 hectares filed before the Assistant Director of Mines and Geology, Ongole division, Prakasam district, Andhra Pradesh.
Iron ore mine in Odisha		
8.	Kensara, Batagaon and Khajuridihi villages, Bonai division, Sundargarh district, Odisha	Revision application dated June 21, 2010 for reconsideration and allotment of mining lease for iron ore covering an area of 360.154 hectares filed before the Secretary, GoI, Ministry of Mines, New Delhi.
9.	Kadakala, Marsuan, Tiriba and Rakma villages, Keonjhar district, Odisha	Revision application dated June 21, 2010 for reconsideration and allotment of mining lease for iron ore covering an area of 1,300.931 hectares filed before the Secretary, GoI, Ministry of Mines, New Delhi.
10.	Tantigram, Khajuridihi and Jaldihi villages, Bonai division, Sundargarh district,	Revision application dated June 21, 2010 for reconsideration and allotment of mining lease for iron ore covering an area of 1,246.065 hectares filed before the Secretary, GoI, Ministry of Mines, New Delhi.

S. No.	Area/Mine	Particulars of application
	Odisha	
11.	Khajuridihi reserve forest, Bonai division, Sundargarh district, Odisha	Application dated November 19, 2003 for grant of mining lease for iron ore covering an area of 569.56 hectares filed before the Collector, Sundargarh district.
12.	Khajuridihi village, Bonai division, Sundargarh district, Odisha	Application dated November 19, 2003 for grant of mining lease for iron ore covering an area of 939.1427 hectares filed before the Collector, Sundargarh district.
Iron ore mine in Jharkhand		
13.	Henua protected forest, Kantakaduar Hoburu, Timra, and Solol villages, Chaibasa division, West Singhbhum district, Jharkhand	Application dated May 31, 2011 for grant of the prospecting license for iron ore/manganese ore covering an area of 690 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, West Singhbhum district, Jharkhand.
14.	Karampada reserve forest, Kumdi, Sasangarhi and Papaita Buru villages, Chaibasa division, West Singhbhum district, Jharkhand	Application dated May 31, 2011 for grant of the prospecting license for iron ore/manganese ore covering an area of 575 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, West Singhbhum district, Jharkhand.
15.	Raika protected forest, Charsaburu, Bameburu, Bururaika and Donadaburu villages, Chaibasa division, West Singhbhum district, Jharkhand	Application dated December 7, 2010 for grant of the prospecting license for iron ore/manganese ore covering an area of 1,498.50 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, West Singhbhum district, Jharkhand.
16.	Raika protected forest, Banaburu protected forest Chaibasa division, West Singhbhum district, Jharkhand	Application dated December 7, 2010 for grant of the prospecting license for iron ore/manganese ore covering an area of 875 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, West Singhbhum district, Jharkhand.
17.	Bondburu protected forest, Chaibasa division, West Singhbhum district, Jharkhand	Application dated November 22, 2010 for grant of the prospecting license for iron ore/manganese ore covering an area of 20.07 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, West Singhbhum district, Jharkhand.
18.	Ghatkuri reserve forest, Lutu Buru, Pansira Buru and Lambara villages, Chaibasa region, West Singhbhum district, Jharkhand	Application dated July 15, 2010 for grant of the prospecting license for iron ore/manganese ore covering an area of 727.50 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, West Singhbhum district, Jharkhand.
19.	Ankua reserve forest, Gumphu, Bhuru, Timra and Ankua villages, Chaibasa region, West Singhbhum district, Jharkhand	Application dated July 15, 2010 for grant of the prospecting license for iron ore/manganese ore covering an area of 1,162.75 hectares filed before the District Mining Officer, Department of Mines and Geology, Chaibasa, Singhbhum district, Jharkhand.
Iron ore mine in Rajasthan		
20.	Tunda, Bijetha, Biletha, Tola and Nathun villages, Jhahazpur taluqa, Bhilwara district, Rajasthan	Application dated February 29, 2012 for grant of mining lease for iron ore and associated mineral covering an area of 5,200 hectares filed before the Mining Engineer, Department of Mines and Geology, Bhilwara, Rajasthan.
21.	Jamalpur, Bhamanwas, Makhuta, Azambad villages, Khetri tehsil, Khetri division, Jhunjhunu district, Rajasthan	Application dated July 12, 2011 for grant of the prospecting license for iron ore/associated minerals covering an area of 770 hectares filed before the Mining Engineer, Department of Mines and Geology, Sikar district, Rajasthan.
22.	Tonda, Rampura, Badalwal, Mehra, Bansayal protected forest villages, of Khetri tehsil, Khetri division, Jhunjhunu district, Rajasthan	Application dated July 12, 2011 for grant of the prospecting license for iron ore/associated minerals covering an area of 2,640 hectares filed before the Mining Engineer, Department of Mines and Geology, Sikar district, Rajasthan.
23.	Sultangarh, Irarikiara, Baran, Banera, Daragarh and other villages, Bhilwara and Banera division, Bhilwara district, Rajasthan	Application dated January 29, 2010 for the grant of mining lease for iron ore covering an area of 2,948.50 hectares filed before the Mining Engineer, Department of Mines and Geology, Bhilwara district, Rajasthan.
24.	25 villages in Banera and Bhilwara divisions, Bhilwara district, Rajasthan	Application dated April 28, 2010 for the grant of mining lease for iron ore covering an area of 2,948.50 hectares filed before the Mining Engineer, Department of Mines and Geology, Bhilwara district, Rajasthan.

S. No.	Area/Mine	Particulars of application
25.	Pur-Banera village, Bhilwara tehsil, Bhilwara district, Rajasthan	Application dated September 2, 2009 for the grant of mining lease for iron ore covering an area of 2,303.75 hectares filed before the Mining Engineer, Department of Mines and Geology, Bhilwara district, Rajasthan.
Iron ore mine in Chhattisgarh		
26.	Bailadilla reserve forest, Kirandul village, Dantewara district, Chhattisgarh	Revision application dated June 21, 2010 for reconsideration and allotment of mining lease for iron ore covering an area of 631.34 hectares filed before the Secretary, GoI, Ministry of Mines, New Delhi.
27.	Malta reserve forest, Narayanpur sub-division, Bastar district, Chhattisgarh	Revision application dated June 21, 2010 for reconsideration and allotment of mining lease for iron ore covering the area of 3,975 hectares filed before the Secretary, GoI, Ministry of Mines, New Delhi.
Iron ore mine in Uttar Pradesh		
28.	Girar, Barwar reserve forest, Barwar, Girar, Dhansakera villages, Girar division, Lalitpur district, Uttar Pradesh	Application dated April 21, 2011 for grant of the prospecting license for iron ore/associated minerals covering an area of 1,060 hectares filed before the District Mining Officer, Department of Mines and Geology, Lalitpur district, Uttar Pradesh.
Iron ore mine in Karnataka		
29.	Belgal, Honnahalli, Halakundi, Tummati, Vittalapura, Avinamadugu, Vittalapura (Metriki reserve forest) villages, Bellary division, Bellary district, Karnataka	Application dated January 28, 2012 for grant of prospecting license for iron ore covering an area of 2,379.55 hectares filed before the Commissioner of Mines and Geology, Government of Karnataka, Bengaluru.
Thermal coal mine in Andhra Pradesh		
30.	Punukulachilka, Khammam district, Andhra Pradesh	Application dated October 28, 2005 for the allotment of non coking coal block filed before Joint Secretary, Ministry of Coal, GoI, New Delhi.
31.	Penagadapa, Khammam district, Andhra Pradesh	Application dated December 28, 2005 for the allotment of non coking coal block filed before Joint Secretary, Ministry of Coal, GoI, New Delhi.
32.	Anisettipalli, Khammam district, Andhra Pradesh	Application dated December 28, 2005 for the allotment of non coking coal block filed before Joint Secretary, Ministry of Coal, GoI, New Delhi.
Dolomite mine in Andhra Pradesh		
33.	Dharmapuram village, Bayyaram mandal, Kothagudem division, Khammam district, Andhra Pradesh	Application dated November 2, 2009 for grant of mining lease for dolomite covering an area of 319.14 hectares filed before the Director of Mines and Geology, Government of Andhra Pradesh.
Manganese ore mine in Andhra Pradesh		
34.	Garbham village, Merakamudidham mandal, Vizianagaram district, Andhra Pradesh	Application dated December 26, 1995 for grant of mining lease for manganese ore covering an area of 13.262 hectares filed before Director of Mines and Geology, Hyderabad, Andhra Pradesh.

(e) Mining leases of our Subsidiaries

Our Subsidiaries are required to obtain certain approvals from various central and state government departments and other authorities for undertaking mining activities. Our Subsidiaries are currently in possession of seven mines, however, all the mining leases in relation to these mines have expired. The details of these mining leases and the renewal applications filed by our Subsidiaries are as below.

<u>*OMDC*</u>

1. Iron and Manganese ore mine at Thakurani

The Government of Odisha has issued a mining lease for iron ore dated November 14, 1962 in favour of Bird and Company Private Limited ("**BCPL**") for land admeasuring a total area of 1600.94 hectares situated at Barbil village, Chamakapur pargana, Barail thana, Champua sub-district, Keonjhar district, Odisha for a period of 20 years from October 1, 1954. Subsequently, the Mining and Geology Department, Government of Odisha vide its proceedings (No. III(A)MG-125/83-9901/MG/Bhubaneswar) dated September 4, 1981 granted permission for the inclusion of manganese ore in the aforementioned mining lease for iron ore, retrospectively. The lease was valid till September 30, 1974. The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	Bharat Process and Mechanical Engineers Limited ("**BPME**") has filed an application for renewal of mining lease for iron and manganese ore covering an area of 778.762 hectares situated at Sading, Dalki, Karakolha, etc., Chapua subdivision, Keonjhar district, Odisha, for a period of 20 years with effect from October 1, 2004 to September 30, 2024, before the Secretary to Government of Odisha, Department of Steel and Mines.*	963	September 27, 2003

**The Department of Steel and Mines, Government of Odisha has issued a notice (no. III(A)SM-03/2010/3610) dated June 10, 2010 stating that the application no. 963 dated September 27, 2003 for renewal of mining lease is deficient in certain documents and has sought clarification from OMDC as to why it has not been able to set up a mineral based industry in Odisha and shift its registered office to Odisha as per the understanding with the Government of Odisha based on which the mining leases were issued to OMDC and BPME.*

2. Manganese ore mines at Dalki

The Government of Odisha has issued a mining lease for manganese ore dated November 16, 1962 in favour of BCPL for land admeasuring a total area of 534.19 hectares situated at Dalki village, Chamakapur pargana, Barbil thana, Champua sub-district, Keonjhar district, Odisha for a period of 20 years from October 1, 1954. The lease was valid till September 30, 1974. The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	BPME has filed an application for renewal of mining lease for manganese ore covering an area of 266.77 hectares situated at Dalki vilage, Keonjhar district, Odisha, for a period of 20 years with effect from October 1, 1994 to September 30, 2014, before the Secretary to Government of Odisha, Department of Steel and Mines.*	585	August 23, 1993

**The Director of Mines, Ministry of Mines, GoI vide order (no. 142/2010) dated May 14, 2010 has set aside the order of the Government of Odisha (no. 12764/SM III(A)SM-13/2003) dated August 24, 2006 rejecting the renewal application for the mining lease and directed the Government of Odisha to consider the application for the renewal of mining lease in a time bound manner.*

3. Iron and Manganese ore mines at Kolha-Roida

The Government of Odisha has issued a mining lease for manganese ore dated September 20, 1986 in favour of BPME for land admeasuring a total area of 254.952 hectares situated at Kolha Roida village, Chamakapur pargana, Barbil thana, Champua sub-district, Kenojhar district, Odisha for a period of 20 years from August 15, 1976. Subsequently, a supplementary mining lease for iron ore was executed on April 2, 1987 over the same area of 254.952 hectares, which was co-terminus with the principal mining lease for manganese ore. The lease was valid till August 14, 1996. The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	BPME has filed an application for renewal of mining lease for iron and manganese ore covering an area of 254.952 hectares situated at Kolha-Roida village, Keonjhar district, Odisha, for a period of 20 years with effect from August 16, 1996 to August 15, 2016, before the Secretary to Government of Odisha, Department of Steel and Mines.*	-	July 14, 1995

**The Director of Mines, Ministry of Mines, GoI vide order (no. 17/2009) dated February 2, 2009 has set aside the order of the Government of Odisha (no.16733/III(A)SM-14/03-16733) dated November 16, 2006 rejecting the renewal of mining lease application and directed that the status-quo operating prior to November 16, 2006 be restored.*

4. Iron and manganese ore mine at Belkundi

The Government of Odisha has issued a mining lease for iron and manganese ore dated November 12, 2002 in favour of OMDC for land admeasuring a total area of 1276.79 hectares situated at Nalda, Karakolha, Karakhendra, Belkundi, Uliburu, Barbil unit 7 and 8, Uliburu reserved forest, Barbil tahsil, Barbil thana, Champua sub-district, Keonjhar district, Odisha for a period of 20 years from August 16, 1986. The lease was valid till August 15, 2006.The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	OMDC has filed an application for renewal of mining lease for iron and manganese ore covering an area of 1,276.79 hectares situated at Nalda, Belkundi, Karakolha, Karakhendra, Barbil 7 and 8, Uliburu reserve forest, etc., Chapua subdivision, Keonjhar district, Odisha, for a period of 20 years with effect from August 16, 2006 to August 15, 2026, before the Secretary to Government of Odisha, Department of Steel and Mines.*	1378	Acknowledgement dated August 12, 2005

**The Department of Steel and Mines, Government of Odisha has issued a notice (no. III(A)SM-04/10/5197) dated August 12, 2010 stating that the application no. 1378 dated August 12, 2005 for renewal of mining lease is deficient in certain documents and has asked OMDC to submit the required documents.*

5. Manganese ore mine at Bhadrasai

The Government of Odisha has issued a mining lease for manganese ore dated April 29, 2000 in favour of OMDC for land admeasuring a total area of 998.70 hectares situated at Kolha Roida village, Bhuyan Roida, Kundrapani, Chatabar, Bichakundi and Sidhamath reserve forest, Barbil tahasil, Champua sub-district, Keonjhar distict, Odisha for a period of 20 years from October 1, 1990. The lease was valid till September 30, 2010. The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	OMDC has filed an application for renewal of mining lease for manganese ore covering an area of 998.70 hectares situated at Kolha-Roida, Bhuyan Roida, Kundrupani, Chattabar, Bichhakundi and Siddhamath reserve forest, Chapua subdivision, Keonjhar district, Odisha, for a period of 20 years with effect from October 1, 2010 to September 30, 2030, before the Secretary to Government of Odisha, Department of Steel and Mines.	1704	July 18, 2009

6. Iron ore mine at Bagiaburu

The Government of Odisha has issued a mining lease for iron ore dated April 29, 2000 in favour of OMDC for land admeasuring a total area of 21.52 hectares situated at Uliburu reserve forest, Barbil tahasil, Barbil thana, Champua sub-district, Keonjhar district, Odisha for a period of 20 years from October 1, 1990. The lease was valid till September 30, 2010. The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	OMDC has filed an application for renewal of mining lease for iron ore covering an area of 21.52 hectares situated at Uliburu reserve forest, Chapua subdivision, Keonjhar district, Odisha, for a period of 20 years with effect from October 1, 2010 to September 30, 2030, before the Secretary to Government of Odisha, Department of Steel and Mines.	1703	July 18, 2009

BSLC

1. Limestone and dolomite mine at Birmitrapur

The Government of Odisha has issued a mining lease for limestone and dolomite dated July 11, 1995 in favour of BSLC for land admeasuring a total area of 1099.303 hectares situated at Bandhabahal, Birhira, Talsara, Jarmal, Rajhapara etc. villages, Birmitrapur thana, Sadar, Panposh and Sundargarh sub-districts, Sundargarh district, Odisha for a period of 10 years from March 1, 1990. The lease was valid till February 29, 2000. The following application has been filed for the renewal of mining lease:

S. No.	Particulars of application	Application/ Acknowledgment no.	Date
1.	BSLC has filed an application for renewal of mining lease for limestone and dolomite covering an area of 1099.303 hectares situated at Birmitrapur, Panposh subdivision Sundargarh district, Odisha, for a period of 20 years with effect from March 1, 2000 to February 29, 2020, before the Secretary to Government of Odisha, Department of Mining and Geology.*	111	February 27, 1999

**The Department of Steel and Mines, Government of Odisha has issued a notice (no. 3900/III(B)SM-14/2005) dated May 26, 2011 stating that the application no. 111 dated February 27, 1999 for renewal of mining lease is deficient in certain documents and has asked BSLC to submit the required documents.*

(f) Intellectual property registrations

1. Our Company has the trademark registration for its brand name "VIZAGUKKU" (registration no. 1290291) dated January 21, 2006 "VIZAGTMT" (LABEL) (registration no. 1249507) dated March 20, 2009 and "VIZAGSTEEL" (registration no. 621157) dated March 3, 2008.
2. Our Company has a design registration (no. 193838) dated November 20, 2003 for the design of a metal rod.
3. Our Company has a copyright registration (no. L-25218/2005) dated October 28, 2005 for "computerized ready reckoner on worldwide material".
4. Our Company has a patent registration (no. 249661) dated November 1, 2011 for its invention titled "Rotary union for water application in a top cone water cooling system". This patent is valid for a period of 20 years from May 27, 2005.

(g) Intellectual property applications:

1. Our Company has applied for the registration of the trademark "VSP" vide an application dated November 3, 2011.
2. Our Company has applied for the registration of the trademark "VIZAGUKKU" in hindi, vide an application dated March 3, 2009.
3. Our Company has applied for the registration of the trademark "I" (logo), vide an application dated January 4, 2007.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Approvals from the Selling Shareholder

The MoS through its letter No. 5(5)/2010-VSP dated February 8, 2012 has approved the sale of a proportion of its shareholding in our Company by way of an offer for sale. Pursuant to this decision, the MoS acting on behalf of the President of India has been authorized to offer for sale 488,984,620 Equity Shares of par value ₹ 10 each, comprising 10 % of the total paid-up equity share capital of our Company.

Corporate Approvals

Our Board has, pursuant to resolution passed at its meeting held on May 16, 2012, authorised the Offer and has approved the Draft Red Herring Prospectus.

Approval for Lock-in

The Promoter through its letter dated May 8, 2012 granted approval for the lock-in of its pre-Offer shareholding, less Equity Shares offered pursuant to the Offer for a period of three years and one year as required under ICDR Regulations.

Approval from Stock Exchanges

We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. BSE Limited is the Designated Stock Exchange.

Prohibition by the SEBI, the RBI or other governmental authorities

Our Company, our Subsidiaries, our Promoter and our Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or government authorities. Neither our Promoter nor any of our Directors have been or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory or governmental authorities.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against any Director or any entity in which our Directors are involved as promoters or directors or trustees.

Neither our Company, our Subsidiaries, our Promoter nor the Directors have been named as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Offer

This Offer is in compliance with Regulation 4(2) and Regulation 26(1) of the ICDR Regulations:

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the ICDR Regulations:

(a) Our Company, our Directors, our Promoter, the persons in control of our Company, and the companies with which our Directors, our Promoter or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;

(b) Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Offer through its applications dated [●] and [●], respectively and has received the in-principle approvals from the NSE and the BSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, the BSE Limited shall be the Designated Stock Exchange;

(c) Our Company has entered into agreements dated [●] and [●] with NSDL, CDSL and Registrar to the Offer for dematerialization of the Equity Shares;

(d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

As this is an Offer for Sale, the condition specified in Regulation 4(2)(c) and (g) does not apply.

Our Company is eligible for the Offer in accordance with Regulation 26(1) of the ICDR Regulations, which states as follows:

(a) Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets. However, the limit of fifty per cent. on monetary assets shall not be applicable to the Offer as this public offer is made entirely through an offer for sale;

(b) Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, on both standalone and consolidated basis for at least three out of the immediately preceding five years;

(c) Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

(d) Our aggregate of the proposed Offer and all previous issues made in the same financial years in terms of the Offer size is expected to not exceed five times the pre-Offer net worth of our Company; and

(e) Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, distributable profits and net worth derived from the Auditor's report on our Company's restated consolidated financial statements as at, and for the last five years ended March 31, 2011 are set forth below:

(₹ in million unless otherwise stated)

Particulars	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Net tangible assets(1)	111,163.50	89,843.10	58,863.50	34,717.60	22,126.50
Monetary assets(2)	27,264.50	54,155.40	66,241.70	76,991.10	71,946.80
Monetary assets as a percentage of the net tangible assets	24.53	60.28	112.53	221.76	325.17
Distributable profits(3)	27,982.10	25,130.70	49,575.90	36420.50	15,932.20
Net worth(4)	132,262.30	129,476.00	123,893.70	114,705.30	94,216.10

(1) 'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets as defined in Accounting Standard 26 - Intangible Assets, notified by the Companies (Accounting Standards) Rules, 2006.
(2) Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.
(3) 'Distributable profits' have been defined in terms of Section 205 of the Companies Act and have been derived based on Restated Net Profit after Extraordinary Items for each of the financial years.
(4) 'Net worth' has been defined as the aggregate of share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditure, if any.

Our Company's net tangible assets, monetary assets, distributable profits and net worth derived from the Auditor's report on our Company's restated standalone financial statements as at, and for the last five years ended March 31, 2011 are set forth below:

(₹ in million unless otherwise stated)

Particulars	31-Mar-11	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07
Net tangible assets(1)	110,735.00	89,843.10	58,863.50	34,717.60	22,126.20
Monetary assets(2)	19,988.90	54,155.40	66,241.70	76,991.10	71,946.80
Monetary assets as a percentage of the net tangible assets	18.05	60.28	112.53	221.76	325.17
Distributable profits(3)	27,732.20	25,130.70	49,575.90	36,420.50	15,932.20
Net worth(4)	132,261.00	129,476.00	123,893.70	114,705.30	94,216.10

(1) 'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets as defined in Accounting Standard 26 - Intangible Assets, notified by the Companies (Accounting Standards) Rules, 2006.
(2) Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.
(3) 'Distributable profits' have been defined in terms of Section 205 of the Companies Act and have been derived based on Restated Net Profit after Extraordinary Items for each of the financial years.
(4) 'Net worth' has been defined as the aggregate of share capital and reserves, excluding preference share redemption reserve and miscellaneous expenditure, if any.

For further details of our financial statements see the section titled "***Financial Statements***" on page 159 of this Draft Red Herring Prospectus.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING UBS SECURITIES INDIA PRIVATE LIMITED AND DEUTSCHE EQUITIES (INDIA) PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY AND THE SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 18, 2012 WHICH READS AS FOLLOWS:

"WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED OFFER, STATE AND CONFIRM AS FOLLOWS:

1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY OUR COMPANY, WE CONFIRM THAT:**

   a) **THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

   b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   c) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN**

ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3) WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4) WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. NOTED FOR COMPLIANCE.

5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. – NOT APPLICABLE

8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF OUR COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF OUR COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – NOT APPLICABLE AS IT IS AN OFFER FOR SALE.

9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND OUR COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE

10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE.

11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM OUR COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF OUR COMPANY; AND

(B) AN UNDERTAKING FROM OUR COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER. – NOTED FOR COMPLIANCE

14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF OUR COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16) WE ENCLOSE THE STATEMENT OF "PRICE INFORMATION ON PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)", AS PER THE FORMAT SPECIFIED BY THE BOARD THROUGH THEIR CIRCULAR.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company, the Selling Shareholder, the Directors and the Book Running Lead Managers

Our Company, the Selling Shareholder, the Directors and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our web site www.vizagsteel.com or the website of any Subsidiary, or of any affiliate or associate of our Company or its Subsidiaries, would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to the Equity Shares offered through the Offer.

Caution

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement entered into among the Book Running Lead Managers, our Company and the Selling Shareholder and the Underwriting Agreement to be entered into among the Underwriters, the Registrar to the Offer, our Company and the Selling Shareholder.

All information shall be made available by our Company, the Selling Shareholder and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither our Company, our Directors, the Selling Shareholder nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Each of the Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, Subsidiaries, Joint Ventures, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, Subsidiaries, Joint Ventures, affiliates or associates for which they have received, and may in future receive, compensation.

Investors that Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Price Information of Past Issues handled by Book Running Lead Managers

1. Past issues handled by UBS Securities

(a) Price information of past issues handled by UBS Securities India Private Limited

Sr. No.	Issue Name	Issue size (₹ Cr.)	Issue price (₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	Orient Green Power Co. Ltd.	900.0	47.0	8-Oct-10	45.7	44.7	-5%	6,103.5	41.2	6,076.0	40.7	5,987.7	39.1	6,312.5
2	Prestige Estates Projects Ltd	1,200.0	183.0	27-Oct-10	190.0	193.2	6%	6,012.7	205.9	6,312.5	187.9	5,988.7	160.2	5,752.0

Source: www.nseindia.com

(b) Summary statement of price information of past issues handled by UBS Securities India Private Limited

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-2011	2	2,100.0	-	-	1.0	-	-	1.0	-	-	2.0	-	-	-
2011-2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com

Note*:* In the event any day falls on a holiday, the price/ index of the immediately preceding working day has been considered.

2. Price information of past issues handled by DEIPL

(c) Price information of past issues handled by DEIPL

Sr. No.	Issue Name	Issue size (₹ Cr.)	Issue price [a](₹)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date [b] (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day[b] (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day[b] (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day[b] (Closing)
1	Coal India Limited	15,199.4	245.0	4-Nov-10	287.8	342.4	39.7%	20,893.6	319.9	20,156.9	320.0	19,691.8	322.3	19,966.9
2	Ramky Infrastructure Limited	530.0	450.0	8-Oct-10	471.6	387.4	(13.9)%	6,103.5	358.8	6,062.7	349.7	6,012.7	364.6	6,312.5

(a) Excluding any employee/retail discount

(b) Benchmark index being the index of the designated stock exchange for the respective transaction (i.e. Sensex in case of Coal India Limited and Nifty in case of Ramky Infrastructure Limited)

Source: www.nseindia.com, www.bseindia.com

(d) Summary statement of price information of past issues handled by DEIPL

Fiscal Year	Total No. of IPOs	Total Funds Raised (₹ Cr.)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011-2012	2.0	15,729.4	-	-	1.0	-	1.0	-	-	-	1.0	-	1.0	-
2012-2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: www.nseindia.com, www.bseindia.com

Note: In the event any day falls on a holiday, the price/ index of the immediately preceding working day has been considered.

Track Record of Past Issues Handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers as specified in circular no.CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the websites of the Book Running Lead Managers at www.ubs.com/indianoffers and www.db.com/india.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), or trusts under the applicable trust laws, and who are authorized under their constitution to hold and invest in equity shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the department of posts and permitted Non-Residents including Eligible NRIs and Foreign Institutional Investors ("**FIIs**") applying under the portfolio investment scheme set out in the relevant schedules to the FEMA. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Visakhapatnam, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any invitation, offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (i) in the United States only to "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", which, for the avoidance of doubt, does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs"), in reliance on the exemption from registration under the U.S. Securities Act provided by Rule 144A or another available exemption and (ii) outside the United States in reliance on Regulation S.

Each purchaser of Equity Shares inside the United States or who is a U.S. person will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S.

Each purchaser of Equity Shares outside the United States will be required to represent and agree, among other things, that such purchaser is acquiring the Equity Shares in an "offshore transaction" in accordance with Regulation S.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus will be submitted to the BSE. The disclaimer clause as intimated by BSE to us, on completion of scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to us, on completion of scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, Maharashtra, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500195, Andhra Pradesh, India.

Listing

Applications will be made to the Stock Exchanges for final listing and trading approvals after Allotment. In-principle approval of the BSE and the NSE to list the Equity Shares in the Offer will be obtained prior to filing of the Draft Red Herring Prospectus. BSE Limited will be the Designated Stock Exchange with which the basis of Allotment will be finalised for the Offer.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Selling Shareholder will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after the Selling Shareholder become liable to repay it, i.e. from the date of refusal of permission from the Stock Exchanges or within 12 Working Days from the Offer Closing Date, whichever is earlier, then the Selling Shareholder shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 Working Days from the Offer Closing Date.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein; or*

(b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*."

Consents

Consents in writing of: (a) the Selling Shareholder, the Directors, our Company Secretary and Compliance Officer, the Auditors; and (b) the Book Running Lead Managers, Syndicate Members, Bankers to the Offer, Bankers to our Company, Escrow Collection Bankers, Registrar to the Offer, the domestic legal advisors to our Company, the domestic legal advisors to the Book Running Lead Managers, the international legal advisors to our Company and the Behre Dolbear International Limited to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s B.V. RAO & Co., Chartered Accountants, the Auditors of our Company, have given their written consent to the inclusion of their report in the form and context in which it appears in the section "***Financial Statements***" on page 159 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in the section "***Statement of Possible Tax Benefits Available to our Company and its Shareholders***" on page 74 and such consent and report have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], a SEBI registered credit rating agency engaged by us for the purpose of obtaining an IPO grading in respect of this Offer, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and the Designated Stock Exchange.

Expert Opinion

Except for the report of [●] in respect of the IPO Grading of this Offer (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange, the "Statement of Possible Tax Benefits Available to our Company and its Shareholders" and the audit reports of B.V. Rao & Co., Chartered Accountants, the Auditors of our Company, included in this Draft Red Herring Prospectus, report provided by Behre Dolbear International Limited dated May 17, 2012, and except for such persons or entities deemed to be experts' under the Companies Act, our Company has not obtained any expert opinions.

Offer Related Expenses

The expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, underwriting and management fees, selling commissions, SCSBs' commissions/fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees.

The estimated Offer expenses are as under:

S. No	Activity	Expense (₹ in millions) [(1)]	As a % of Total Offer Expenses[(1)]	As a % of Offer Size[(1)]
1.	Fees payable to Book Running Lead Managers	[●]	[●]	[●]
2.	Advertising and marketing expenses			
3.	Fees payable to the Registrar	[●]	[●]	[●]
4.	Underwriting commission, fees payable to the Bankers to the Offer, brokerage and selling commission (including commission payable to the members of the Syndicate and the SCSBs, and processing fees to SCSBs for ASBA Applications, as applicable)[(2)]			
5.	IPO Grading expense	[●]	[●]	[●]
6.	Others (legal fees, listing fees, printing and stationery expenses etc.)	[●]	[●]	[●]
7.	**Total estimated Offer expenses**	[●]	[●]	[●]

(1) *Will be incorporated at the time of filing of the Prospectus.*

(2) *Disclosure of commission and processing fees will be incorporated at the time of filing the Red Herring Prospectus.*

All expenses with respect to the fees payable to the Book Running Lead Managers, Registrar to the Offer, legal advisors, brokerage and selling commission and expenses towards the publication of offer related advertisements in connection with the Offer would be paid by the Selling Shareholder through the Department of Disinvestment, Ministry of Finance, GoI.

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers and the Syndicate

The total fees payable to the Book Running Lead Managers and the Syndicate (including underwriting commission and selling commission) will be as stated in the engagement letter with the Book Running Lead Managers dated September 20, 2011, issued by the Selling Shareholder, a copy of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Draft Red Herring Prospectus until the Offer Closing Date.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer by the Selling Shareholder for processing of application, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU dated [●] signed with our Company, the Selling Shareholder and the Registrar to the Offer, a copy of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Offer Closing Date.

IPO Grading

This Offer has been graded by [●] and has been assigned the "[●]" indicating [●], through its letter dated [●], which is valid for a period of [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by [●], furnishing the rationale for its grading will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Offer Closing Date.

Particulars regarding public or rights issues during the last five years

Our Company and its Subsidiaries have not made any previous rights or public issues in India or abroad during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration other than for cash, except as disclosed in the section titled "***Capital Structure – Share Capital History of our Company***" on page 61 of this Draft Red Herring Prospectus.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Capital Issues in the Last Three Years by our Company or Subsidiaries

EIL has made a preferential allotment of 477,035 equity shares in favour of the President of India for consideration other than cash towards acquisition of 85,219 shares of OMDC and 43,449,605 equity shares of BSLC held by the President of India under the terms of a restructuring scheme.

There has been no capital issue by the other Subsidiaries of our Company in the last three years. For details of the capital issue by our Company in the last three years, please see the section titled "***Capital Structure***" on page 61 of the Draft Red Herring Prospectus.

Performance vis-à-vis objects

Our Company has not completed any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Promise v/s performance - Last Issue of Subsidiaries, Associate Companies

None of our Subsidiary or our associate companies have made any public or rights issues in the 10 years preceding the date of this Draft Red Herring Prospectus.

Outstanding Debentures or Bond Issues or Preference Shares

Except as disclosed in the section titled "***Capital Structure***" on page 61 our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Partly Paid-Up Equity Shares

As of the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and hence no stock market data is available.

Other Disclosures

The Selling Shareholder or our Directors have not purchased or sold or financed any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI. SEBI has not initiated any action against any entity related to the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The MoU between the Registrar to the Offer, the Selling Shareholder and our Company will provide for retention of records with the Registrar to the Offer for a period of at least three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to this Offer may be addressed to the Registrar to the Offer, giving full details such as name of the sole or First Bidder, Bid-cum-Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate, as the case may be, where the Bid was submitted and cheque or draft number and issuing bank thereof.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer, with a copy to the relevant SCSBs or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Syndicate ASBA Bidding Locations, as the case may be, giving full details such as name of the sole or First Bidder, Bid-cum-Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch, as the case may be, where the ASBA Bid was submitted and ASBA Account number in which the amount equivalent to the payment amount was blocked.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Shareholders'/Investors' Grievance Committee to deal with and monitor the redressal of complaints from shareholders, prior to the filing of the Red Herring Prospectus. For details see the section titled "***Our Management***" on page 136 of this Draft Red Herring Prospectus.

Compliance Officer

Our Company has appointed Mr. P. Mohan Rao as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. He can be contacted at the following address:

Mr. P. Mohan Rao
Administrative Building
Visakhapatnam Steel Plant
Visakhapatnam - 530 031
Andhra Pradesh, India
Telephone: +91 891 251 8015
Facsimile: +91 891 251 8249
Email: csipo@vizagsteel.com

Disposal of investor grievances by listed companies under the same management as our Company

EIL

The board of directors of EIL has constituted a shareholders'/investors' grievance committee comprising of Ms. Uma Menon , Chairperson and Mr. Harsh Mahajan, Director, in accordance with clause 49 of the listing agreement with the stock exchange to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts, non-receipt of dividend/interest/annual reports, etc. Ms. M. Roy is the compliance officer. As of March 31, 2012 there were no pending investor complaints.

OMDC

The board of directors of OMDC has constituted a shareholders'/investors' grievance committee comprising of Ms. Uma Menon, Chairperson and Mr. T. Chattopadhyay, Director, in accordance with clause 49 of the listing agreement with the stock exchange to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts, non-receipt of dividend/interest/annual reports, etc. Ms. Sucharita Das, Company Secretary is the Compliance Officer. As of March 31, 2012 there were no pending investor complaints.

BSLC

The board of directors of BSLC has constituted a shareholders'/investors' grievance committee comprising of Ms. Uma Menon , Chairperson and Mr. Harsh Mahajan, Director, in accordance with clause 49 of the listing agreement with the stock exchange to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts, non-receipt of dividend/interest/annual reports, etc. Ms. M. Roy, Company Secretary is the Compliance Officer. As of March 31, 2012 there were no pending investor complaints.

Changes in Auditors

For Fiscals 2007, 2008 and 2009, M/s Rao & Kumar, Chartered Accountants, were the statutory auditors of our Company. Pursuant to letter dated August 26, 2009 from the Office of the Comptroller and Auditor General of India, New Delhi, M/s. BV Rao & Co., Chartered Accountants, were appointed as the statutory Auditor for Fiscal 2010, 2011 and 2012.

Capitalization of reserves or profits

Our Company has not undertaken any capitalisation of reserves or profits at any time during last five years.

Revaluation of assets

There has been no revaluation of assets of our Company at any time during last five years.

Tax Implications

Investors that are Allotted Equity Shares in the Offer will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For details, see the section titles "***Statement of Possible Tax Benefits Available to our Company and its Shareholders***" on page 74 of this Draft Red Herring Prospectus.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered are subject to the provisions of the Companies Act, the SCRR, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the Allotment Advice, CAN, the Listing Agreements to be entered into with the Stock Exchanges and other terms and conditions as may be incorporated in Allotment Advice and other documents or certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Offer and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act and our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees of the Equity Shares in this Offer shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled "***Main Provisions of Articles of Association of our Company***" on page 378 of this Draft Red Herring Prospectus.

Mode of Payment of Dividends

Our Company shall pay dividend, if declared, to our equity shareholders as per the provisions of the Companies Act, our Articles of Association, the Listing Agreements entered into with the Stock Exchanges and any guidelines or directives that may be issued by the GoI in this respect. For a description of our Dividend Policy, see the section titled "***Dividend Policy***" on page 158 of this Draft Red Herring Prospectus.

Face Value and Offer Price

The face value of each Equity Shares is ₹ 10. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law. The Price Band, the Minimum Bid Lot and the Rupee amount of the Retail Discount and the Employee Discount will be decided by our Company, in consultation with the Selling Shareholder and the Book Running Lead Managers and which shall be published in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation, being the newspapers in which the pre-Offer advertisements were published, at least two Working Days prior to the Offer Opening Date.

Cost of the Offer

The GoI shall bear the cost of making this offer as the Offer involves a disinvestment by the GoI.

Compliance with Regulations issued by SEBI

Our Company and the Selling Shareholder shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time including ICDR Regulations.

Rights of the Equity Shareholder

Subject to applicable laws, rules, regulations, guidelines and our Articles the equity shareholders of our Company shall have the following rights:

- right to receive dividends, if declared, after Allotment;
- right to attend general meetings and exercise voting powers, unless prohibited by law;
- right to vote on a poll either in person or by proxy;

- right to receive offers for rights shares and be Allotted bonus shares, if announced;
- right to receive any surplus on liquidation subject to any statutory and any preferential claims being satisfied;
- subject to applicable law (including any RBI rules and regulations), right of free transferability; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreements executed with the Stock Exchanges and our Memorandum of Association and Articles of Association.

All our Equity Shareholders have the same voting rights. For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, transfer and transmission, and lien and/or consolidation/splitting, see the section titled "***Main Provisions of Articles of Association of our Company***" on page 378 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the ICDR Regulations, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and advertised in all editions of English national daily newspaper, Hindi national daily newspaper and all edition of Telugu newspaper, each with wide circulation, at least two Working Days prior to the Offer Opening Date.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts in Visakhapatnam, India.

Joint Holders

Subject to the provisions of our Articles of Association, where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares that are Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A Fresh nomination can be made only on the prescribed form available on request at the Registered Office or with the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective Depository Participant.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs, FIIs and FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. OCBs cannot participate in this Offer.

Offer Period

OFFER OPENS ON	**[●]**
OFFER CLOSES FOR QIB BIDDERS ON	**[●]***
OFFER CLOSES FOR NON-QIB BIDDERS ON	**[●]**

** Our Company, in consultation with the Book Running Lead Managers may decide to close the Offer Period for QIBs one Working day prior to the Offer Closing Date, subject to the ICDR Regulations.*

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer.

In accordance with Regulation 26(4) of the ICDR Regulations, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for (a) the lock-in of the pre-Offer capital of our Company and (b) the Promoter's Contribution, as provided in the section titled "***Capital Structure***" on page 61 and otherwise as provided in our Articles, there are no restrictions on transfers and transmission of Equity Share and on their consolidation/splitting. For further details, see the section titled "***Main Provisions of the Articles of Association of our Company***" on page 378 of this Draft Red Herring Prospectus.

Option to receive Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in this Offer in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Selling Shareholder, our Company and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Selling Shareholder, our Company and the Book Running Lead Managers are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

OFFER STRUCTURE

This is a public offer of 488,984,620 Equity Shares through an Offer for Sale by the Selling Shareholder, at a price of ₹ [●] per Equity Share for cash including a share premium of [●] aggregating to ₹ [●] million being made through the Book Building Process. The Offer comprises 440,086,158 Equity Shares to the public and an Employee Reservation portion of 48,898,462 Equity Shares for subscription by Eligible Employees. The Offer constitutes 10% of the paid up equity share capital of our Company.

The Offer is being made through the Book Building Process.

	Eligible Employees	**QIBs***	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Reservation of 48,898,462 Equity Shares.	Not more than 220,043,079 Equity Shares or the Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Not less than 66,012,924 Equity Shares available for allocation or Net Offer less allocation to QIBs and Retail Individual Bidders.	Not less than 154,030,155 Equity Shares or the Net Offer less allocation to QIBs and Non-Institutional Bidders.
Percentage of Net Offer available for Allotment/allocation	Reservation of up to 10% of the Offer.	Not more than 50% of the Net Offer shall be allocation to QIBs. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available to QIBs in the QIB Portion.	Not less than 15% of the Net Offer or the Net Offer less allocation to QIBs and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Net Offer or the Net Offer less allocation to QIBs and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment if respective category is oversubscribed	Proportionate	In the QIB Portion, proportionate as follows: (a) 11,002,154 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 209,040,925 Equity Shares shall be allocated on a proportionate basis to all QIBs (including Mutual Funds) receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares in multiples of [●] Equity Shares, such that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares in multiples of [●] Equity Shares, such that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000 (net of Employee Discount).	Such number of Equity Shares not exceeding the size of this Net Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Offer, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000 (net of Retail Discount).
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.	[●] Equity Shares and in multiples of one Equity Share thereafter.
Trading Lot	One Equity Share	One Equity Share.	One Equity Share.	One Equity Share.

Who can Apply	Eligible Employees	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals) registered with SEBI, scheduled commercial banks, Mutual Funds, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, National Investment Fund, provident funds with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million in accordance with applicable law, insurance funds set up and managed by army, navy or air force of Union of India and Insurance funds set up and managed by the Department of Posts, GoI and the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of GoI published in the Gazette of India.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, Sub-Accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals (including HUFs in the name of the Karta) and Eligible NRIs who are individuals applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value.
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount.	The entire Bid Amount shall be blocked at the time of submission of the Bid-cum-Application Form. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount.	The entire Bid Amount shall be blocked at the time of submission of the Bid-cum-Application Form. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount.	The entire Bid Amount shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the entire Bid Amount.
Mode of Bidding**	Through the Bid-cum-Application Form. For ASBA Bidders, the form can be submitted either with the SCSBs or with the members of the Syndicate at the Syndicate ASBA Bidding Locations.	Bid-cum-Application Form. The form needs to be submitted either with the SCSBs or with the members of the Syndicate at the Syndicate ASBA Bidding Locations. ASBA is mandatory.	Bid-cum-Application Form. The form needs to be submitted either with the SCSBs or with the members of the Syndicate at the Syndicate ASBA Bidding Locations. ASBA is mandatory.	Bid-cum-Application Form. For ASBA Bidders, the Bid-cum-Application Form can be submitted either with the SCSBs or with the members of the Syndicate at the Syndicate ASBA Bidding Locations. ASBA is optional and Bids can be submitted through ASBA or non-ASBA.

**Subject to valid Bids being received at or above the Offer Price. The Offer is being made under sub-regulation(1) of Regulation 26 of the ICDR Regulations and through a Book Building Process wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. Further not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Offer Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any of the category or combination of categories at the discretion of our Company, the Book Running Lead Managers and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Offer Price.*

*** In case of ASBA Bidders, the SCSBs shall be authorised to block such funds in the bank account that is specified in the Bid-cum-Application Form. It is mandatory for all QIBs and Non-Institutional Bidders to participate in the Offer through the ASBA process.*

****In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum-Application Form, as the case may be.*

Minimum Offer to Public

The Offer shall constitute 10% of the post offer paid-up equity share capital of our Company.

Retail and Employee Discount

The Retail Discount and Employee Discount, if any, will be offered to Retail Individual Bidders and Eligible Employees Bidding in the Retail Portion and the Employee reservation portion, respectively, at the time of making a Bid. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion at a price within the Price Band can make payment at the payment amount, i.e., the Bid Amount less Retail Discount or Employee Discount, as applicable, at the time of making a Bid. Retail Individual Bidders and Eligible Employees Bidding in the Retail Portion and the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount or Employee Discount, as applicable, at the time of making a Bid. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion must ensure that the payment amount does not exceed ₹ 200,000. Please see the section titled "***Offer Procedure - Grounds for Technical Rejections***" on page 366 for information on rejection of Bids.

Withdrawal of this Offer

In accordance with the ICDR Regulations, the Selling Shareholder and our Company in consultation with Book Running Lead Managers, reserve the right not to proceed with this Offer at any time after the Offer Opening Date but before Allotment. If our Selling Shareholder and Company withdraws the Offer, our Company will issue a public notice within two days of such decision, providing reasons for not proceeding with the Offer or such other time as may be directed by SEBI. The Book Running Lead Managers, through the Registrar to the Offer, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Offer after the Offer Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh draft offer document with SEBI and the stock exchanges where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Offer is subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges with respect to the Equity Shares issued through the Red Herring Prospectus, which our Company, will ensure will be completed within 12 Working Days from the Offer Closing Date; and (ii) the final RoC approval of the Prospectus.

Under the ICDR Regulations, QIBs shall not be allowed to withdraw their Bids after the Offer Closing Date.

Letters of Allotment or Refund Orders or instructions to SCSBs

The Registrar to the Offer shall give instructions for credit to the beneficiary account with Depository Participants within 12 Working Days of the Offer Closing Date.

Applicants residing at the locations where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit, RTGS and NEFT. The Selling Shareholder and our Company shall ensure dispatch of refund orders by registered post or speed post at the sole or First Bidder's sole risk within 10 Working Days of the Offer Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Offer Closing Date.

In case of ASBA Bidders, the Registrar to the Offer shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid-cum-Application Forms for withdrawn, rejected or unsuccessful and such surplus funds for partially successful ASBA Bids within 12 Working Days of the Offer Closing Date.

Interest in case of delay in dispatch of Allotment Advice/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, the Selling Shareholding and our Company further undertakes that:

i. Allotment of Equity Shares will be made only in dematerialized form within 12 Working Days from the Offer Closing Date;

ii. Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 12 Working Days from the Offer Closing Date;

iii. Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn, rejected or for unsuccessful Bids shall be made within 12 Working Days of the Offer Closing Date.

The Selling Shareholder shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 days from the Offer Closing Date. If such money is not repaid within 8 days from our Company becoming liable to repay, our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

The Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Offer. Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centres will be payable by the Bidders. In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Offer.

Offer Programme

OFFER OPENS ON	**[●]**
OFFER CLOSES FOR QIB BIDDERS ON	**[●]***
OFFER CLOSES FOR NON-QIB BIDDERS ON	**[●]**

** Our Company, in consultation with the Book Running Lead Managers may decide to close the Offer Period for QIBs one Working day prior to the Offer Closing Date, subject to the ICDR Regulations.*

Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Offer Period as mentioned above at the Bidding centers mentioned in the Bid-cum-Application Form, or in the case of Bids submitted through ASBA, the Designated Branches of the SCSBs and the Bidding Centres of the members of the Syndicate at the Syndicate ASBA Bidding Locations, **except that on the Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) [●] p.m. (Indian Standard Time) in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) [●] p.m. (Indian Standard Time), for Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, which may be extended up to such time as permitted by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Offer Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Offer. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only on Working Days.

On the Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the Book Running Lead Managers to the Stock Exchanges within half an hour of such closure.

Our Company and Selling Shareholder in consultation with the Book Running Lead Managers, reserves the right to revise the Price Band during the Offer Period in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two Working Days prior to the Offer Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Offer Period will be extended for at least three additional Working Days after revision of the Price Band subject to the Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate.

OFFER PROCEDURE

This section applies to all Bidders. QIBs and the Non-Institutional Bidders can participate in the Offer only through the ASBA process. Retail Individual Bidders and Eligible Employees, Bidding in the Employee Reservation Portion can participate in the Offer through ASBA as well as non-ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. ASBA Bidders should note that they may submit their ASBA Bids to the members of the Syndicate at the Syndicate ASBA Bidding Centres or to the SCSBs. ASBA Bidders may also apply electronically through the internet banking facility wherever provided for by the SCSB. Bidders other than ASBA Bidders are required to submit their Bids to the Syndicate.

*The Retail Discount and Employee Discount will be offered to the Retail Individual Bidder and Eligible Employee Bidding in the Employee Reservation Portion at the time of making a Bid. Individual Bidders can Bid at a price net of the Retail Discount and will be required to indicate the Bid price before adjustments for such Retail Discount, if any. Similarly, Eligible Employees Bidding in the Employee Reservation Portion can Bid at a price net of the Employee Discount and will be required to indicate the Bid price before adjustments for such Employee Discount, if any. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion must ensure that the payment amount does not exceed ₹ 200,000. Where the payment amount is in excess of ₹ 200,000, Bidders must ensure that they apply only through the ASBA process and such Bidders will not be eligible for the Retail Discount or Employee Discount. Please see the section titled "**Offer Procedure - Grounds for Technical Rejections**" on page 366 of this Draft Red Herring Prospectus for information on rejection of Bids.*

Please note that all the Bidders are required to make payment of the full Bid Amount or ensure that the ASBA Account has sufficient credit balance such that the Bid Amount can be blocked by the SCSB at the time of making the Bid.

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.

Public Announcement pursuant to filing of the Draft Red Herring Prospectus

Pursuant to the filing of this Draft Red Herring Prospectus with SEBI, the Selling Shareholder and our Company shall on the next day, make a Public Announcement in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation. This Public Announcement, subject to the provisions of Section 60 of the Companies Act, shall invite public to give their comments to SEBI in respect of disclosures made in this Draft Red Herring Prospectus.

Book Building Procedure

This Offer is being made through the Book Building Process, wherein not more than 50% of the Net Offer shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than 5% of the QIB Portion then allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Offer Price.

Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Further, 48,898,462 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Under subscription, if any, in the Employee Reservation Portion, shall be added to the Offer. In the event of under subscription in the Offer, spill over to the extent of under subscription shall be allowed to the Employee Reservation Portion.

Under subscription in any category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

In case of QIBs, the members of the Syndicate or SCSBs can reject Bids at the time of acceptance of the Bid-cum-Application Form, provided that the reasons for such rejection shall be disclosed to such QIB in writing. Further, QIB Bids can also be rejected on technical grounds listed on page 366 of this Draft Red Herring Prospectus. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion, Bids can be rejected on the technical grounds listed on page 366 of this Draft Red Herring Prospectus or if all required information is not provided or the Bid-cum-Application Form is incomplete in any respect. Consequent refunds will be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's sole risk.

The Price Band, the minimum Bid lot and the Rupee amount of the Retail Discount and Employee Discount for the Offer will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, and advertised in a widely read English, Hindi and Telugu newspaper, (i.e., [●] edition of [●], [●] edition of [●] and [●] edition of [●]), each with wide circulation, at least two Working Days prior to the Offer Opening Date.

Investors should note that Allotment to successful Bidders will be only in the dematerialized form. Bid-cum-Application Forms which do not have the details of the Bidder's depository accounts including DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Equity Shares will be traded only on the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Retail Individual Bidders and Eligible Employees Bidding in the Retail Portion and the Employee Reservation Portion may Bid through the ASBA process at their discretion. However, QIBs and Non-Institutional Bidders must compulsorily use the ASBA process to participate in the Offer.

Retail Individual Bidders and Eligible Employees, Bidding in the Employee Reservation Portion through the non-ASBA process

In the event of Bidding through the non-ASBA process, the Retail Individual Bidders and the Eligible Employees shall only use a Bid-cum-Application Form bearing the stamp of a member of the Syndicate. Copies of the Bid-cum-Application Form will be available with the members of the Syndicate and at our Registered and Corporate Office. The Bid-cum-Application-Forms for Eligible Employees Bidding in the Employee Reservation Portion will be available only at our Registered and Corporate Office.

Retail Individual Bidders and the Eligible Employees Bidding in the Employee Reservation Portion shall have the option to make a maximum of three Bids (in terms of number of Equity Shares and respective Bid Amount) in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. The Bid-cum-Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Retail Bidder or the Eligible Employee and countersigned by the relevant member of the Syndicate.

Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, Retail Individual Bidders or the Eligible Employees Bidding in the Employee Reservation Portion are deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Retail Individual Bidder or Eligible Employee. Upon determination of the Offer

Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form.

Retail Individual Bidders, Eligible Employees, QIBs and Non-Institutional Bidders Bidding through the ASBA process

ASBA Bidders can submit their Bids by submitting Bid-cum-Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the members of Syndicate at the Syndicate ASBA Bidding Locations. The physical Bid-cum-Application Forms will be available with the Designated Branches, members of the Syndicate at the Syndicate ASBA Bidding Locations and at our Registered Office and Corporate Office. The Bid-cum-Application Forms will also be available for download on the websites of the Stock Exchanges at least one day prior to the Offer Opening Date. In the event the Bid-cum-Application Form downloaded from the websites of the Stock Exchanges is submitted with a member of Syndicate, the relevant member of the Syndicate should stamp it before uploading the details of the Bid-cum-Application Form. Bid-cum-Application Forms (except Bids submitted through electronic mode) shall be serially numbered. Bid-cum-Application-Forms for Eligible Employees Bidding in the Employee Reservation Portion will only be available at our Registered and Corporate Office.

In case of application in physical mode, the ASBA Bidder shall submit the Bid-cum-Application Form bearing the stamp of the SCSB and/or Designated Branch and/or the member of the Syndicate, as the case may be, at the relevant Designated Branch or the members of the Syndicate at the Syndicate ASBA Bidding Locations, respectively. The Bid-cum-Application Form shall be serially numbered, and the date and time shall be stamped at the Bidding center.

ASBA Bidders Bidding directly through the SCSBs should ensure that the Bid-cum-Application Form is submitted to a Designated Branch where the ASBA Account is maintained. ASBA Bidders Bidding through a member of the Syndicate should ensure that the Bid-cum-Application Form is submitted to a member of the Syndicate only at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that Bid-cum-Application Forms submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB where the ASBA Account, as specified in the Bid-cum-Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid-cum-Application Forms (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html).

In case of application in electronic form, the ASBA Bidder shall submit the Bid-cum-Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for Bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids.

Upon completing and submitting the Bid-cum-Application Form to the SCSB or the member of the Syndicate at the Syndicate ASBA Bidding Locations, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form, as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder. Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form.

To supplement the foregoing, the mode and manner of Bidding is illustrated in the following chart.

Category of bidder	Permitted modes of Bidding	Application form to be used for Bidding	To whom the application form has to be submitted
Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion	Either (i) ASBA or (ii) non-ASBA	(i) If Bidding through ASBA, the Bid-cum-Application Form (physical or electronic)	(i) If physical Bid-cum-Application Form is being used, either to the members of the Syndicate only at Syndicate ASBA Bidding Locations* or to the Designated Branch of the SCSB where the ASBA Account is maintained; or (ii) if electronic Bid-cum-Application Form is being used, to the SCSBs, electronically through the internet banking facility.
		(ii) If Bidding through non-ASBA, the Bid-cum-Application Form.	(i) if Bid-cum-Application Form is being used, to the members of the Syndicate at the Bidding Centres as stated in the Bid-cum-Application Form.
Non-Institutional Bidders and QIBs	ASBA (Kindly note that ASBA is	Bid-cum-Application Form (physical or	(i) If physical Bid-cum-Application Form is being used, either to the members of the Syndicate only at Syndicate

	mandatory and no other mode of Bidding is permitted as per SEBI Circular dated April 29, 2011	electronic) with an indication of the mode of payment option being "ASBA"	ASBA Bidding Locations* or to the Designated Branch of the SCSB where the ASBA Account is maintained; or (ii) if electronic Bid-cum-Application Form is being used, to the SCSBs, electronically through the internet banking facility.

**ASBA Bidders Bidding through a member of the Syndicate should ensure that the Bid-cum-Application Form is submitted to a member of the Syndicate only at the Syndicate ASBA Bidding Locations (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that Bid-cum-Application Forms submitted to members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB where the ASBA Account, as specified in the Bid-cum-Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid-cum-Application Form (A list of such branches is available at http://www.sebi.gov.in/pmd/scsb-asba.html).*

The prescribed colour of the Bid-cum-Application Form for the various categories is as follows:

S. No.	Category	Colour of Bid-cum-Application Form*
1.	Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis (ASBA and Non-ASBA)	[●]
2.	Eligible NRIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals) applying on a repatriation basis (ASBA and Non-ASBA)	[●]
3.	Eligible Employees applying under the Employee Reservation Portion (ASBA and Non-ASBA)	[●]

** Excluding electronic Bid-cum-Application Forms*

Who can Bid?

- Indian nationals resident in India, who are competent to contract under the Indian Contract Act, 1872, as amended, in single or joint names (not more than three). Based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. Such Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies, limited liability partnerships and societies registered under applicable law in India and authorized to invest in equity shares under their respective constitutional or charter documents;

- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not permitted to participate in this Offer;

- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the ICDR Regulations and other laws, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, under the QIB Category;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;

- Venture Capital Funds registered with SEBI;

- Foreign Venture Capital Investors registered with SEBI;

- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions or charter documents to hold and invest in equity shares;

- Scientific and/or industrial research organisations in India authorised to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority, India;

- Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;

- National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;

- Insurance funds set up and managed by army, navy or air force of the Union of India;

- Multilateral and Bilateral Development Financial Institutions

- Insurance funds set up and managed by the Department of Posts, India;

- Eligible Employees Bidding in the Employee Reservation Portion; and

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Note: In accordance with current RBI regulations, OCBs cannot participate in this Offer. QFIs are also not eligible to participate in this Offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in United States. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") in reliance on Rule 144A under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Participation by Associates and Affiliates of Book Running Lead Managers and Syndicate Members

The Book Running Lead Managers and the Syndicate Members shall not be allowed to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Book Running Lead Managers and the Syndicate Members may subscribe to or purchase Equity Shares in the Offer, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis. Further, affiliates and associates of the Underwriters, including the Book Running Lead Managers that are FIIs or their Sub-Accounts may issue off-shore derivate instruments against Equity Shares allocated to them in this Offer.

Bids by Mutual Funds

As per the ICDR Regulations, 5% of the QIB Portion is reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 11,002,154 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

1. **No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds; and**

2. **No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

Bids by Eligible NRIs or FIIs or VCFs on a repatriation basis

There is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs registered with SEBI. Such Eligible NRIs or FIIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation. As per regulations made by the RBI, OCBs cannot participate in this Offer.

Bids by Eligible NRIs

Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to their Non-Resident External ("**NRE**") or Foreign Currency Non-Resident ("**FCNR**") accounts maintained with authorized dealers registered with the RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid-cum-Application Form meant for Non-Residents ([●] in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be.

Eligible NRIs Bidding on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts. Eligible NRIs Bidding on a non-repatriation basis are advised to use the Bid-cum-Application Form meant for Resident ([●] in colour).

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation. Eligible NRIs Bidding under the Non-Institutional Portion are required to utilise the ASBA facility to submit their Bids.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Offer paid up equity share capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total paid-up capital or 5% of our total issued capital in case such sub-account is a foreign corporate or a foreign individual. Such investment must be made out of funds raised or collected or brought from outside through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of this Draft Red Herring Prospectus, the aggregate FII holding in us cannot exceed 24% of our total issued capital.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "**SEBI FII Regulations**"), an FII, as defined in the SEBI FII Regulations may issue, deal in or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII is also required, in terms of regulation 15A(2) of the SEBI FII Regulations, to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the Book Running Lead Managers and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Offer. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company or any Book Running Lead Manager or Syndicate Member. FIIs can participate only through the ASBA process.

Bids by SEBI-registered Venture Capital Funds

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended, prescribe investment restrictions on VCFs registered with SEBI.

The holding by any individual VCF registered with SEBI in a company should not exceed 25% of the corpus of such VCF. Further, VCFs can invest only up to 33.33% of their investible funds by way of subscription to an initial public offering.

Pursuant to the ICDR Regulations, the shareholding of SEBI-registered VCFs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft red herring prospectus with SEBI.

Refunds, dividends and other distributions, if any, will be payable in Indian rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian rupees will be converted into USD or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the

Bid-cum-Application Form. Failing this, the Selling Shareholder and our Company reserves the right to reject any Bid without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid-cum-Application Form. Failing this, the Selling Shareholder and our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the "**IRDA Investment Regulations**"), are broadly set forth below:

1. **equity shares of a company: The least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;**
2. **the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans ("ULIPs") ; and**
3. **The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).**

In addition, the IRDA, by circular bearing number IRDA/INV/CIR/027/2008-09 dated December 26, 2008 partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub-ceilings. Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid-cum-Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof. Provident funds/pension funds can participate in the Offer only through the ASBA process.

Bids by Banking Companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30% of the paid-up share capital of the investee company or 30% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in the Equity Shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks (currently reflected in the RBI Master Circular of July 1, 2011).Banking companies can participate in the Offer only through the ASBA process.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means a permanent and full-time employee of our Company (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid-cum-Application Form and who continue to be in the employment of our Company until submission of the Bid-cum-Application Form. An employee of our Company who was recruited against a regular vacancy but was on probation as on the date of submission of the Bid-cum-Application Form will be deemed a 'permanent employee' of our Company.

However, please note that Company's Directors, Key Managerial Personnel and employees involved in the decision making process for price fixation, either directly or through their family members or any person acting on their behalf, cannot participate in the Offer.

Employee reservation portion means the portion of the Offer being 48,898,462 Equity Shares available for allocation to Eligible Employees, on a proportionate basis.

Bids under the Employee Reservation Portion shall be subject to the following:

- Only Eligible Employees (as defined in this Draft Red Herring Prospectus) would be eligible to apply in the Offer under the Employee Reservation Portion.

- The sole/First Bidder shall be an Eligible Employee.

- Bid shall be made only in the prescribed Bid-cum-Application Form (i.e. [●] colour form).

- Eligible Employees should provide the details of the depository accounts including DP ID, Client ID, Beneficiary Account Number ("**BAN**") and PAN as well as employee number in the relevant space in the Bid-cum-Application Form.

- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under the Employee Reservation Portion.

- Eligible Employees who Bid for Equity Shares in the Employee Reservation Portion may Bid at Cut-Off Price.

- The maximum Bid Amount by any Eligible Employee cannot exceed ₹ 200,000.

- The value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.

- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.

- Bid by an Eligible Employee can also be made in the Retail Portion and Non-Institutional Portion and such Bids shall not be treated as multiple Bids.

- If the aggregate demand in this category is less than or equal to 48,898,462 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- If the aggregate demand in this category is greater than 48,898,462 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see the section titled "***Offer Procedure - Basis of Allotment***" on page 371 of this Draft Red Herring Prospectus.

- Any under-subscription in the Employee Reservation Portion may be added to the Net Offer. The Selling Shareholder and our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange may allocate such Equity Shares to any category or combination of categories in the Offer. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Offer

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or SEBI registration certificate (as applicable) and/or bye laws must be lodged with the Bid-cum-Application Form. With respect to Bids made by limited liability partnerships registered under the Limited Liability

Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(i) With respect to Bids by VCFs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form, as applicable. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(ii) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid, in whole or in part, in either case without assigning any reasons thereof.

(iii) With respect to Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject such Bid, in whole or in part, in either case without assigning any reasons thereof.

The Selling Shareholder and our Company in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that our Company, the Book Running Lead Managers and the Selling Shareholder may deem fit.

The Selling Shareholder and our Company, in their absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice/CANs/refund orders/letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Offer shall use Demographic Details as obtained from the Depositories.

The above information is given for the benefit of the Bidders. The Selling Shareholder, our Company, its Directors, officers, the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus. The Selling Shareholder, Our Company and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size for all Bidders (including ASBA bidders)

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000 (net of Retail Discount, if any). In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000 (net of Retail Discount, if any). If the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-Off Price (net of Retail Discount), the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion indicating their agreement to Bid and purchase at the final Offer Price as determined at the end of the Book Building Process. Retail Individual Bidders Bidding at the Cut-Off Price should ensure payment at the Cap Price less Retail Discount at the time of making a Bid. Retail Individual Bidders should note that while filling the "Bid Options" block in the Bid-cum-Application Form, they must indicate the Bid Price without adjusting the Retail Discount. However, for the purpose of filling in the "SCSB/Payment Details" block in the Bid-cum-Application Form, Retail Individual Bidders must mention the amount actually paid i.e. the Bid Amount less Retail Discount.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of

Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 200,000. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidder cannot withdraw its Bid after the Offer Closing Date and is required to pay the entire Bid amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-off Price. **Please note that QIBs and Non-Institutional Bidders can participate in the Offer only through the ASBA process.**

(c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount by the Eligible Employees does not exceed ₹ 200,000 (net of Employee Discount, if any). Bidders in the Employee Reservation Portion may Bid at Cut-Off Price. Bidders may note that the total Bid Amount will be used to determine whether the Bid exceeds ₹ 200,000 or not. The Allotment in the Employee Reservation Portion will be on a proportionate basis in case of over-subscription in this category. Further, the value of Allotment to any Eligible Employee shall not exceed ₹ 200,000. Bidders in the Employee Reservation Portion have the option to Bid at the Cut-Off Price indicating their agreement to Bid and purchase at a discount of [●] to the Offer Price. A discount of [●] to the Offer Price shall be available to the Eligible Employees even if they make a price Bid instead of Bidding at the Cut-Off Price. The Offer Price will be determined at the end of the Book Building Process. Eligible Employees Bidding under the Employee Reservation Portion have an option to participate in the Offer through the ASBA process. Eligible Employees Bidding at the Cut-Off Price should ensure payment at the Cap Price less Employee Discount at the time of making a Bid. Eligible Employees should note that they can Bid at a price net of the Employee Discount and will be required to indicate the Bid price before adjustments for such Employee Discount, if any. However, for the purpose of filling in the "SCSB/Payment Details" block in the Bid-cum-Application Form, Eligible Employees Bidding in the Employee Reservation Portion must mention the amount actually paid i.e. the Bid Amount less Discount.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund".

Information for the Bidders:

1. Our Company will publish an advertisement regarding filing of the Draft Red Herring Prospectus with SEBI in English, Hindi and Telugu newspaper within one Working Day from the filing of this Draft Red Herring Prospectus.

2. Our Company shall file the Red Herring Prospectus with the RoC at least three days before the Offer Opening Date.

3. Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-Offer advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation. In the pre-Offer advertisement, our Company and the Book Running Lead Managers shall declare the Offer Opening Date, the Offer Closing Date. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.

4. Our Company shall announce the Price Band at least two Working Days before the Offer Opening Date in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band.

5. The Offer Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Offer Period shall be extended, by an additional three Working Days, subject to the total Offer Period not exceeding ten Working Days. The revised Price Band and Offer Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the members of the Syndicate.

6. The Book Running Lead Managers shall dispatch the Red Herring Prospectus and other Offer material including Bid-cum-Application Form, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Offer, investors' associations and SCSBs in advance.

7. Copies of the Bid-cum-Application Form will be available for all categories of Bidders, with the Designated Branches, members of the Syndicate (in the Syndicate ASBA Bidding Centres) and at our Registered and Corporate Office. Electronic Bid-cum-Application Form will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one Working Day prior to the Offer Opening Date. Copies of the Bid-cum-Application Form will be available for the Retail Individual Bidders and the Eligible Employees Bidding in the Employee Reservation Portion with the members of the Syndicate and at our Registered and Corporate Office.

8. QIBs and Non-Institutional Bidders may participate in the Offer only through the ASBA process. Retail Individual Bidders and Eligible Employees have the option to Bid through the ASBA process. ASBA Bidders are required to submit their Bids to the members of the Syndicate at the Syndicate ASBA Bidding Centres or to the SCSBs. Bidders other than ASBA Bidders are required to submit their Bids to the members of the Syndicate.

9. Bid-cum-Application Form submitted through the non-ASBA process should bear the stamp of the members of the Syndicate, otherwise they will be rejected. The Bid-cum-Application Form used by Bidders to apply through ASBA process shall bear the stamp of the SCSBs and/or the Designated Branch or the member of the Syndicate, if not, the same shall be rejected.

10. With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be suspended for credit, and no credit of Equity Shares pursuant to the Offer will be made in the accounts of such Bidders.

Based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

Additional information specific to ASBA Bidders

1. Bid-cum-Application Form in physical form will be available with the Designated Branches, members of the Syndicate at the Syndicate ASBA Bidding Centres and at our Registered and Corporate Office. Electronic Bid-cum-Application Forms will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one Working Day prior to the Offer Opening Date. Further, the SCSBs will ensure that a soft copy of the abridged Red Herring Prospectus is made available on their websites. The Book Running Lead Managers shall ensure that adequate arrangements are made to circulate copies of the abridged Red Herring Prospectus and Bid-cum-Application Form to the SCSBs and the Syndicate.

2. The ASBA Bids should be submitted in the physical mode to the Syndicate on the prescribed Bid-cum-Application Format at the Syndicate ASBA Bidding Centres and either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained. Bid-cum-Application Form in electronic mode can be submitted only to the SCSBs with whom the ASBA Account is maintained and not to the members of Syndicate. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account.

   ASBA Bidders Bidding through a member of the Syndicate should ensure that the Bid-cum-Application Form is submitted to a member of the Syndicate at the Syndicate ASBA Bidding Centres and that the SCSB where the ASBA Account is maintained as specified in the Bid-cum-Application Form, has named at-least one branch in the relevant Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid-cum-Application Forms, as displayed on the website of SEBI (www.sebi.gov.in/pmd/scsb-asba.html). ASBA

Bidders Bidding directly through the SCSBs should ensure that the Bid-cum-Application Form is submitted to a Designated Branch where the ASBA Account is maintained (www.sebi.gov.in/pmd/scsb.pdf).

3. For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Centres, the members of the Syndicate shall upload the ASBA Bid on to the electronic Bidding system of the Stock Exchanges and deposit the Bid-cum-Application Form with the relevant branch of the SCSB at the relevant Syndicate ASBA Bidding Centres authorized to accept such Bid-cum-Application Form from the members of the Syndicate (as displayed on the website of SEBI (www.sebi.gov.in/pmd/scsbasba.html). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid-cum-Application Form. For ASBA Bids submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid-cum-Application Form, before entering the ASBA Bid into the electronic Bidding system.

   ASBA Bidders should ensure that they have funds equal to the Bid Amount in the ASBA Account before submitting the Bid-cum-Application Form to the members of the Syndicate at the Syndicate ASBA Bidding Centres or the respective Designated Branch. An ASBA Bid where the corresponding ASBA Account does not have sufficient funds equal to the Bid Amount at the time of blocking the ASBA Account is liable to be rejected.

4. The members of the Syndicate at the Syndicate ASBA Bidding Centres and the SCSBs shall accept ASBA Bids only during the Offer Period and only from the ASBA Bidders. The SCSB shall not accept any Bid-cum-Application Form after the closing time of acceptance of Bids on the Offer Closing Date.

5. The Bid-cum-Application Form shall bear the stamp of the SCSBs and/or the Designated Branch, member of the Syndicate at the Syndicate ASBA Bidding Centres (as displayed on the website of SEBI (www.sebi.gov.in/pmd/scsb-asba.html), if not, the same shall be rejected.

   Bidders may note that in case the DP ID, BAN and PAN mentioned in the Bid-cum-Application Form, as the case may be and entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, BAN and PAN available in the Depository database, the Bid-cum-Application Form is liable to be rejected and the Selling Shareholder, our Company and the members of the Syndicate shall not be liable for losses, if any.

For Bid-cum-Application Forms, the basis of allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic Bid details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Offer will undertake technical rejections based on the electronic Bid details and the Depository database. In case of any discrepancy between the electronic Bid data and the Depository records, the Selling Shareholder and our Company in consultation with the Designated Stock Exchange, the Book Running Lead Managers and the Registrar, reserves the right to proceed as per the Depository records or treat such Bid as rejected.

For ASBA Bids submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match the same with the Depository database for correctness of DP ID, BAN and PAN. In cases where any DP ID, BAN and PAN mentioned in the Bid file for an ASBA Bidder does not match the one available in the Depository database the Selling Shareholder and our Company in consultation with the Designated Stock Exchange, the Book Running Lead Managers, the Registrar, reserves the right to proceed as per the depository records on such ASBA Bids or treat such ASBA Bids as rejected. The Registrar will reject multiple ASBA Bids based on common PAN as available on the records of the Depositories.

For ASBA Bids submitted to the members of the Syndicate at the ASBA Bidding Centres, the basis of allotment will be based on the Registrar's validation of the electronic Bid details with the depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic Bid details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Offer will undertake technical rejections based on the electronic Bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, the Selling Shareholder and our Company in consultation with the Designated Stock Exchange, the Book Running Lead Managers, the Registrar and our Company, reserves the right to proceed as per the depository records or treat such Bid as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

Method and Process of Bidding

1. The Selling Shareholder and our Company in consultation with the Book Running Lead Managers shall decide the Price Band and the minimum Bid Lot for the Offer and the same shall be advertised in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation, at least two Working Days prior to the Offer Opening Date. The members of the Syndicate and the SCSBs shall accept Bids from the Bidders during the Offer Period.

2. The Offer Period shall be for a minimum of three Working Days and shall not exceed ten working days. The Offer Period may be extended, if required, by an additional three Working Days, subject to the total Offer Period not exceeding ten Working Days. Any revision in the Price Band and the revised Offer Period, if applicable, will be published in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation and also by indicating the change on the website of the Book Running Lead Managers.

3. During the Offer Period, Bidders using the ASBA process shall approach the members of the Syndicate at the Designated Branches or Syndicate ASBA Bidding Centres to register their Bids. Please note that QIBs and Non-Institutional Bidders may participate in the Offer only through the ASBA process.

4. Bidders other than ASBA Bidders who are interested in Bidding for the Equity Shares should approach the members of the Syndicate to register their Bid. The members of the Syndicate or SCSBs, as the case may be, accepting Bids have the right to vet the Bids during the Offer Period in accordance with the terms of the Draft Red Herring Prospectus.

5. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

6. The Bidder cannot Bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to the members of the Syndicate or SCSBs, as the case may be. Submission of a second Bid-cum-Application Form to the members of the Syndicate or SCSBs will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the approval of the Basis of Allotment. However, Eligible Employee Bidding under the Employee Reservation Portion may also Bid in the Net Offer and such Bids will not be treated as multiple Bids. However, the Bidder can revise the Bid through the Bid Revision Application Form, the procedure for which is detailed under the paragraph entitled "***Build-up of the Book and Revision of Bids***" on page 354 of this Draft Red Herring Prospectus.

7. The members of the Syndicate/the SCSBs, as the case may be, will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

8. Along with the Bid-cum-Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in "***Escrow Mechanism - Terms of payment and payment into the Escrow Accounts***" on page 352 of this Draft Red Herring Prospectus.

9. Upon submission of the Bid-cum-Application Forms with the members of the Syndicate at the Syndicate ASBA Bidding Centres, the concerned member of the Syndicate shall issue an acknowledgement by giving the counter foil of the Bid-cum-Application Form to the ASBA Bidder as proof of having accepted the Bid. Thereafter, the member

of the Syndicate shall upload the details of the Bid in the electronic Bidding system of the Stock Exchanges and forward the Bid-cum-Application Form to the concerned SCSB. The SCSB shall carry out further action for such Bid-cum-Application Form such as signature verification and blocking of funds. If sufficient funds are not available in the ASBA Account, the SCSB shall reject such Bids. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid-cum-Application Form and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

10. For ASBA Bids submitted directly to the SCSBs, whether in physical or electronic mode, the respective Designated Branch shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid-cum-Application Form, prior to uploading such Bids with the Stock Exchanges. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Bids and shall not upload such Bids with the Stock Exchanges. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid-cum-Application Form and will enter each Bid option into the electronic Bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS/acknowledgement shall be furnished to the ASBA Bidder on request.

11. The Bid Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Bid-cum-Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Offer Account. In case of withdrawal/failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

INVESTORS ARE ADVISED NOT TO SUBMIT THE BID-CUM-APPLICATION FORMS TO THE ESCROW COLLECTION BANKS. BIDS SUBMITTED TO THE ESCROW COLLECTION BANKS SHALL BE REJECTED AND SUCH BIDDERS SHALL NOT BE ENTITLED TO ANY COMPENSATION ON ACCOUNT OF SUCH REJECTION.

Bids at Different Price Levels

1. In accordance with ICDR Regulations, the Selling Shareholder and our Company in consultation with the Book Running Lead Managers and without prior intimation to or approval from the Bidders, reserves the right to revise the Price Band during the Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price, disclosed at least two Working Day prior to the Offer Opening Date and the Cap Price will be revised accordingly.

2. The Selling Shareholder and our Company in consultation with the Book Running Lead Managers will finalise the Offer Price within the Price Band, without the prior approval of or intimation to the Bidders.

3. The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion may bid at the Cut-off Price. However, Bidding at Cut-off Price is not permitted for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

4. Employee Discount will be applicable to all Eligible Employees Bidding in the Employee Reservation Portion.

5. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion Bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). The Selling Shareholder and our Company in consultation with the Book Running Lead Managers may decide to offer discount of ₹ [●] to the Offer Price determined pursuant to the completion of the Book Building Process to the Eligible Employees and Retail Individual Bidders.

6. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and

Eligible Employees Bidding in the Employee Reservation Portion who Bid at the Cut-Off Price, the Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion who Bid at the Cut-Off Price will receive refunds of the excess amounts in the manner provided in this Draft Red Herring Prospectus.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see the section titled "***Offer Procedure - Payment Instructions***" on page 362 of this Draft Red Herring Prospectus.

Electronic Registration of Bids

1. The members of the Syndicate and SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

2. The members of the Syndicate, our Company, the Selling Shareholder and the Registrar to the Offer are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the SCSBs, (iii) the Bids accepted but not uploaded by the SCSBs or (iv) with respect to ASBA Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account. The members of the Syndicate and the SCSBs shall be responsible for any error in the Bid details uploaded by them.

3. The members of the Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Offer Closing Date.

4. In case of apparent data entry error by either the members of the Syndicate or the collecting bank in entering the Bid-cum-Application Form number in their respective schedules other things remaining unchanged, the Bid-cum-Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the Bid-cum-Application Form number by either the member of the Syndicate or collecting bank leading to rejection of the Bid-cum-Application Form, the Registrar may identify based on the Bid-cum-Application Form, the entity responsible for the error.

5. The Stock Exchanges will offer an electronic facility for registering Bids for the Offer. This facility will be available with members of the Syndicate and their authorised agents and the SCSBs during the Offer Period. The members of the Syndicate and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building Process on a regular basis. On the Offer Closing Date, the members of the Syndicate and the Designated Branches shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of the Syndicate on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Offer Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for allocation.

6. Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price would be made available at the Bidding Centres during the Offer Period.

7. At the time of registering each Bid, other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the on-line system:

    - Bid-cum-Application Form number
    - PAN (of the First Bidder, in case of more than one Bidder)
    - Investor Category and sub-category
    - DP ID
    - Client ID
    - Number of Equity Shares Bid for
    - Price per Equity Share (price option) and Bid Amount
    - Cheque amount

- Cheque number

With respect to Bids by ASBA Bidders, at the time of registering such Bids, the SCSBs shall enter the following information pertaining to the ASBA Bidders into the online system:

- Bid-cum-Application Form number
- PAN (of the First Bidder, in case of more than one Bidder)
- Investor Category and sub-category
- DP ID
- Client ID
- Number of Equity Shares Bid for
- Price option and Bid Amount
- Bank account number

With respect to ASBA Bids submitted to the members of Syndicate at the Specified Cities, at the time of registering each Bid, the members of Syndicate shall enter the following details on the on-line system:

- Bid-cum-Application Form number
- PAN (of the First Bidder, in case of more than one Bidder)
- Investor Category and sub-category
- DP ID
- Client ID
- Number of Equity Shares Bid for
- Price per Equity Share (price option) and Bid Amount
- Bank code for the SCSB where the ASBA Account is maintained
- Location of Syndicate ASBA Bidding Location

8. A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches, as the case may be. The registration of the Bid by the members of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/Allotted.

9. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

10. In case of QIBs, the Book Running Lead Managers have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except only on the technical grounds listed on page 366 of this Draft Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid-cum-Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

11. The permission given by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Selling Shareholder, our Company and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Selling Shareholder (who is also our Promoter), our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, Red Herring Prospectus or the Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

12. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Offer Closing Date to modify/verify certain selected fields uploaded in the online

system during the Offer Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. In case no corresponding record is available with depositories, which matches the three parameters, DP ID, Beneficiary Account No. and PAN, then such Bids are liable to be rejected.

13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details.

Build Up of the Book and Revision of Bids

1. The Bidding process shall be only through an electronically linked transparent Bidding facility provided by the Stock Exchanges. Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically transmitted to the Stock Exchanges' mainframe on a regular basis.

2. The book gets built up at various price levels. At the end of each day of the Offer Period, the demand shall be shown graphically on the Bidding terminals of the Syndicate and the websites of BSE at www.bseindia.com and the NSE at www.nseindia.com.

3. During the Offer Period, any Bidder who has Bid for the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Bid Revision Application Form.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Bid Revision Application Form. Apart from mentioning the revised options in the Bid Revision Application Form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Bid Revision Application Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and such Bidder is changing only one of the options in the Bid Revision Application Form, he must still fill the details of the other two options that are not being revised, in the Bid Revision Application Form. The members of the Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Bid Revision Application Form.

5. The Bidder can make this revision any number of times during the Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Bid Revision Application Form and the revised Bid must be made only in such Bid Revision Application Form or copy thereof.

6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who had Bid at Cut-Off Price could either (i) revise their Bid or (ii), in case of ASBA Bids, issue instructions to block an additional amount based on cap of the revised Price Band to the same member of the Syndicate or the same Designated Branch (as the case may be) through whom such Bidder had placed the original Bid, or (iii) in case of Bids other than ASBA Bids, make additional payment based on the cap of the revised Price Band to the same member of the Syndicate through whom such Bidder had placed the original Bid (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-Off Price). In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-Off Price.

7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who have Bid at Cut-Off Price could either revise their Bid or the excess amount paid at the time of Bidding would be unblocked by the SCSBs in case of ASBA Bids or refunded from the Escrow Account in case of Bids other than ASBA Bids.

8. The Selling Shareholder and our Company, in consultation with the Book Running Lead Managers, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ [●] to ₹ [●].

9. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the Book Running Lead Managers shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

1. Based on the demand generated at various price levels and the book built, the Selling Shareholder and our Company in consultation with the Book Running Lead Managers shall finalise the Offer Price, the Retail Discount and the Employee Discount.

2. The Allotment to QIBs will be not more than 50% of the Offer, on a proportionate basis and the availability for allocation to Non-Institutional Bidders and Retail Individual Bidders will be not less than 15% and 35% of the Offer, respectively, on a proportionate basis, in a manner specified in the ICDR Regulations and the Red Herring Prospectus and the Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.

3. In case of over-subscription in all categories, not more than 50% of the Offer shall be allotted on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allotted proportionately to the QIBs in proportion to their Bids.

4. Any under-subscription in the Employee Reservation Portion may be added to the Offer. The Selling Shareholder and our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange may allocate such Equity Shares to any category or combination of categories in the Offer. Subject to allocation of not less than 35% of the Net Offer to Retail Individual Bidders and not less than 15% of the Net Offer to Non-Institutional Bidders, the under-subscription in the Employee Reservation Portion will first be allocated towards over-subscription in the Retail Portion (if any) and thereafter towards over-subscription (if any) in any other category, in the Offer, except if these categories are not adequately over-subscribed.

5. Any under-subscription in any category in the Offer will be allowed to be met with spill-over from any other category or combination of categories in the Offer, by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange and in accordance with the ICDR Regulations. In case of under-subscription in the Offer spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Offer. In the event of over-subscription in any category, allocation will be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price.

6. Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

7. QIB Bidders shall not be allowed to withdraw their Bid after the Offer Closing Date.

8. The Basis of Allotment shall be put up on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the Selling Shareholder, the Underwriters and the Registrar to the Offer shall enter into an underwriting agreement on or immediately after the finalisation of the Offer Price.

2. After signing the underwriting agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, and other provisions of applicable laws which then would be termed the 'Prospectus'. The Prospectus will contain details of the Offer Price, Offer size, underwriting arrangements and will be complete in all material respects.

Pre-Offer Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the ICDR Regulations, in English and Hindi national newspapers and one Telugu newspaper, each with wide circulation. In the pre-Offer advertisement, we shall declare the Offer Opening Date and the Offer Closing Date.

Advertisement regarding Offer Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, among others shall indicate the Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Book Running Lead Managers or the Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been or are to be Allotted Equity Shares, pursuant to the approval of Basis of Allotment. The investor should note that our Company shall issue instructions for demat credit of Equity Shares to all successful Bidders in this Offer on the date of Allotment.

2. The Book Running Lead Managers the members of the Syndicate or the Registrar to the Offer, as the case may be, will send a Allotment Advice to Bidders who have been or are to be Allotted Equity Shares, pursuant to the approval of the Basis of Allotment, subject however to the realisation of his or her cheque or demand draft paid into the escrow account.

3. The dispatch of an Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allotted to such Bidder.

Designated Date and Allotment

1. Our Company will ensure that (i) the Allotment shall be made with 12 Working Days of the Offer Closing Date; and (ii) credit to the successful Bidder's depositary account will be completed within 12 Working Days of the Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, our Company will ensure that the credit of Equity Shares to the successful Bidder's Depository Account is completed within two Working Days from the date of Allotment.

2. In accordance with the ICDR Regulations, Equity Shares will be offered and Allotment shall be made only in the dematerialised form to the Allottees.

3. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules and regulations;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete and sign the Bid-cum-Application Form in the prescribed form;

4. Ensure that the bank account details are entered only in the space provided specifically for this purpose. Bids submitted which do not have the bank details are liable to be rejected;

5. Ensure that the Depository Participant and the Beneficiary Account are correct as Allotment will be in the dematerialised form only;

6. Ensure that the Bid-cum-Application Forms submitted at the Bidding Centres bear the stamp of the members of the Syndicate;

7. QIBs and Non-Institutional Bidders should submit their Bids through ASBA process only;

8. Ensure that you have been given a TRS for all your Bid options;

9. Submit revised Bids to the members of the Syndicate and obtain a revised TRS;

10. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act, 1961. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

11. Ensure that the Demographic Details are updated, true and correct in all respects;

12. Ensure that the names given in the Bid-cum-Application Form is exactly the same as the names available in the depository database. In case the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form;

13. Ensure that full Bid Amount is paid for the Bids submitted to the Members of the Syndicate;

14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal; and

15. Ensure that the Depository Participant identification number, client identification number of your demat account and PAN mentioned in the Bid-cum-Application Form, as the case may be and entered into the electronic Bidding system of the stock exchanges by the members of the Syndicate match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database.

16. If you are a Retail Individual Bidder or an Eligible Employee Bidding under the Employee Reservation Portion, ensure that the payment amount does not exceed ₹ 200,000. Where the payment amount is in excess of ₹ 200,000 Bidders must ensure that they apply only through the ASBA Process and such Bidders shall not be eligible for Retail Discount or Employee Discount.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;

4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;

5. Do not send Bid-cum-Application Forms by post; instead submit the same to the members of the Syndicate only;

6. QIBs and Non-Institutional Bidders should not Bid at Cut-Off Price;

7. Do not Bid for a Bid Amount exceeding ₹ 2,00,000 (for Bids by Retail Individual Bidders and Eligible Employees);

8. Do not fill up the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

9. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;

10. Do not Bid for allotment of Equity Shares in physical form; and

11. Do not submit Bids without payment of the entire payment amount.

12. Do not submit a Bid in case not competent to contract under the India Contract Act, 1982.

INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

Do's:

1. Check if you are eligible to Bid under ASBA;

2. Ensure that you specify ASBA as the 'Mode of Application' and use the Bid-cum-Application Form bearing the stamp of the relevant SCSB or the members of the Syndicate (except in case of electronic Bid-cum-Application Forms);

3. Read all the instructions carefully and complete the Bid-cum-Application Form;

4. Ensure that your Bid-cum-Application Form is submitted at a Designated Branch where the ASBA Account is maintained and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Offer or the Book Running Lead Managers;

5. In case of Bid-cum-Application Form submitted to a member of the Syndicate at the Syndicate ASBA Bidding Centres, ensure that the SCSB where the ASBA Account is maintained as specified in the Bid-cum-Application Form, has named at-least one branch as displayed on the website of SEBI in the Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid-cum-Application Form;

6. Ensure that the Bid-cum-Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;

7. Ensure that you have mentioned the correct ASBA Account number in the Bid-cum-Application Form;

8. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid-cum-Application Form to the respective Designated Branch or to the members of the Syndicate at the Syndicate ASBA Bidding Centres;

9. Ensure that you have correctly checked the authorisation box in the Bid-cum-Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid-cum-Application Form;

10. Ensure that you receive an acknowledgement from the Designated Branch or from the members of the Syndicate at the Syndicate ASBA Bidding Centres, as the case maybe, for the submission of your Bid-cum-Application Form; and

11. Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form.

Don'ts:

1. Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to a Designated Branch or to the members of the Syndicate at the Syndicate ASBA Bidding Centres;

2. Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA;

3. Do not send your physical Bid-cum-Application Form by post. Instead submit the same to a Designated Branch or to a member of the Syndicate at the Syndicate ASBA Bidding Location;

4. Do not submit more than five Bid-cum-Application Form per ASBA Account;

5. Do not submit the Bid-cum-Application Form with a member of the Syndicate at a location other than the Syndicate ASBA Bidding Centres; and

6. Do not submit ASBA Bids to a member of the Syndicate at the Syndicate ASBA Bidding Location unless the SCSB where the ASBA Account is maintained as specified in the Bid-cum-Application Form, has named at-least one branch, as displayed on the SEBI website (www.sebi.gov.in/pmd/scsb-asba.html) in the relevant Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid-cum-Application Form.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORMS

Bidders can obtain Bid-cum-Application Forms and/or Bid Revision Application Forms from the Book Running Lead Managers or Syndicate Members or Registered Office of our Company or Registrar to the Offer.

1. QIBs and Non-Institutional Bidders may participate in the Offer only through the ASBA process. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion have the option to Bid through the ASBA process. ASBA Bidders are required to submit their Bids to the members of the Syndicate at the Syndicate ASBA Bidding Centres or to the SCSBs. Bidders other than ASBA Bidders are required to submit their Bids to the members of the Syndicate.

2. Bids and revisions of Bids must be made only in the prescribed Bid-cum-Application Form, Bid Revision Application Form, as applicable.

3. In case of Retail Individual Bidders (including Eligible NRIs) and Eligible Employees submitting Bids in the Employee Reservation Portion, Bids and revisions of Bids must be made for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000. In case the Bid Amount is more than ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at the Cut-Off Price, the Bid will be considered for allocation in the Non-Institutional portion. The option to Bid at the Cut-Off

Price is available only to Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion indicating their agreement to Bid and purchase at the Offer Price as determined at the end of the Book Building Process.

4. In case of Non-Institutional Bidders and QIB Bidders, Bids and revisions of Bids must be made for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 200,000.

5. Bid-cum-Application Forms, Bid Revision Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Draft Red Herring Prospectus and in the Bid-cum-Application Forms, Bid Revision Application Forms, as the case may be. Incomplete Bid-cum-Application Forms or Bid Revision Application Forms are liable to be rejected. Bidders should note that the Selling Shareholder, our Company and the members of the Syndicate and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid-cum-Application Forms, Bid Revision Application Forms.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

7. Information provided by the Bidders will be uploaded in the online system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. The Bidders should ensure that the details are correct and legible.

8. Bids through ASBA must be:

    i. made only in the prescribed Bid-cum-Application Form or Bid Revision Application Forms (if submitted in physical mode) or the electronic mode.
    ii. made in single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant).
    iii. completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.

9. If the ASBA Account holder is different from the ASBA Bidder, the Bid-cum-Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Bid-cum-Application Forms.

10. For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs or to the member of the Syndicate at the Syndicate ASBA Bidding Centres on the prescribed Bid-cum-Application Form. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account. The member of the Syndicate will upload the Bid in electronic book and forward it to concerned SCSB for blocking the Bid Amount.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Offer will obtain from the Depository the Demographic Details of the Bidders. These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) or unblocking of ASBA Account. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the members of the Syndicate or the Registrar to the Offer or the Escrow Collection Banks or the SCSBs nor our Company or the Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN

THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, BENEFICIARY ACCOUNT NUMBER AND PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, BENEFICIARY ACCOUNT NUMBER AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders may note that in case the DP ID, beneficiary account number and PAN mentioned in the Bid-cum-Application Form, as the case may be and entered into the electronic Bidding system of the stock exchanges by the members of the Syndicate or the SCSBs, as the case may be, do not match with the DP ID, beneficiary account number and PAN available in the Depository database or in case PAN is not available in the Depository database, the Bid-cum-Application may be is liable to be rejected and the Selling Shareholder, our Company and the members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purpose by the Registrar to the Offer except in relation to the Offer.

By signing the Bid-cum-Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Allotment Advice and Refund orders, if any, would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder (other than ASBA Bidders) in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Selling Shareholder, Escrow Collection Banks, Registrar to the Offer nor the members of the Syndicate shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, beneficiary account number and PAN of the sole/First Bidder, then such Bids are liable to be rejected.

Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid-cum-Application Form or the Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depositary Participant details).

3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in normally in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which

should be furnished in the space provided for this purpose on the Bid-cum-Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Offer.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholder and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of Equity Shares from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account and the SCSBs will also transfer the funds represented by Allotment of Equity Shares from the respective ASBA Accounts to the Public Offer Account. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement, this Draft Red Herring Prospectus and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Offer to facilitate collections from the Bidders. Under the terms of the escrow mechanism for this Offer, the Escrow Collection Banks would sweep the monies lying to the credit of the Escrow Accounts at the end of each day into a term deposit, or as may otherwise be permitted under applicable law, operated by the Escrow Collection Banks, at an interest rate as may be mutually agreed among the Escrow Collection Banks, in consultation with Selling Shareholder and our Company.

The procedures relating to the creation of such deposits and payment of interest monies, if any, thereon shall be set forth in the Escrow Agreement. The Bidders expressly agree that they shall not be entitled for any interest monies, if any, from such deposits and agree that these may be transferred to the Selling Shareholder as may be agreed by them with the Escrow Collection Banks and provided under the escrow arrangement.

Payment mechanism for ASBA Bidders

For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Centres, the members of the Syndicate shall upload the ASBA Bid on to the electronic Bidding system of the Stock Exchanges and deposit the Bid-cum-Application Form with the relevant branch of the SCSB at the Syndicate ASBA Bidding Centres authorized to accept such Bid-cum-Application Forms from the members of the Syndicate as displayed on the SEBI website (www.sebi.gov.in/pmd/scsb-asba.html). The relevant branch of the SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid-cum-Application Form.

For ASBA Bids submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the Bid-cum-Application Form, before entering the ASBA Bid into the electronic Bidding system. SCSBs may provide the electronic mode of Bidding either through an internet enabled Bidding and banking facility or such other secured, electronically enabled mechanism for Bidding and blocking funds in the ASBA Account.

ASBA Bidders should ensure that they have funds equal to the Bid Amount in the ASBA Account before submitting the Bid-cum-Application Form to the members of the Syndicate at the Syndicate ASBA Bidding Centres or the

respective Designated Branch. An ASBA Bid where the corresponding ASBA Account does not have sufficient funds equal to the Bid Amount at the time of blocking the ASBA Account is liable to be rejected.

In the event of withdrawal or rejection of the Bid-cum-Application Form or for unsuccessful Bid-cum-Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within 12 Working Days of the Offer Closing Date. The Bid Amount shall remain blocked in the ASBA Account until transfer of the Bid Amount to the Public Offer Account, or until withdrawal/failure of the Offer or until rejection of the ASBA Bid, as the case may be.

Terms of Payment for Bidders other than ASBA Bidders and Payment into the Escrow Account

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid-cum-Application.

2. The Bidders shall, with the submission of the Bid-cum-Application, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid-cum-Application, the Bid will be rejected. Bid-cum-Application Forms accompanied by cash, stockinvest, money order or postal order will not be accepted.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   i. In case of Resident Retail: [●]
   ii. In case of Non-Resident Retail: [●]
   iii. In case of Eligible Employees Bidding in the Employee Reservation Portion: [●].

4. In case of Bids by Eligible NRIs applying on repatriation basis, only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs who intend to make payment through freely convertible foreign exchange and are Bidding on a repatriation basis must make the payments through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder Bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder Bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE Account or FCNR Account or NRO Account.

6. In case of Bids by FIIs, the payment should be made out of funds held in a ‘Special Rupee Account’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the ‘Special Rupee Account’.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Offer Accounts with the Bankers to the Offer.

9. No later than 12 Working Days from the Offer Closing Date, the Registrar shall dispatch all refund amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for Allotment to such Bidders.

10. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

11. Payments made through cheques without the Magnetic Ink Character Recognition ("**MICR**") code will be rejected.

12. Bidders are advised to provide the number of the Bid-cum-Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid-cum-Application Form.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use stockinvest instruments in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through stockinvest will not be accepted in the Offer.

Submission of Bid-cum-Application Forms

All Bid-cum-Application Forms or Bid Revision Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the Bid-cum-Application Form or the Bid Revision Application Forms shall be submitted to the Designated Branches of the SCSBs/members of the Syndicate (at Syndicate ASBA Bidding Centres).

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Bid Revision Application Form. However, the collection centre of the members of the Syndicate or the SCSB, as the case may be, will acknowledge the receipt of the Bid-cum-Application Forms or Bid Revision Application Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form or Bid Revision Application Form, as the case may be, for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Bid Revision Application Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, all Bids will be checked for common PAN as per Depository records and all such Bids will be treated as multiple Bids and are liable to be rejected.

In this regard, the procedures which would be followed by the Registrar to detect multiple Bids include the following:

- All Bids will be checked for common PAN as per Depository records. For Bidders other than Mutual Funds and FII Sub-Accounts, Bids bearing the same PAN will be treated as multiple Bids and are liable to be rejected.

- For Bids from Mutual Funds and FII Sub-Accounts, which are submitted under the same PAN, as well as Bids for whom the submission of PAN is not mandatory such as on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Bids will be scrutinized for DP ID and beneficiary account number. In case such Bids bear the same DP ID and beneficiary account number, these will be treated as multiple Bids and are liable to be rejected.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids made by Eligible Employees both under the Employee Reservation Portion as well as in the Offer shall not be treated as multiple Bids.

After submitting a Bid-cum-Application Form either in physical or electronic mode, where such ASBA Bid is uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another Bid-cum-Application Form. Submission of a second Bid-cum-Application Form to either the same or to another Designated Branch of the SCSB or to any member of the Syndicate, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic Bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Offer. Duplicate copies of Bid-cum-Application Form available on the website of the Stock Exchanges bearing the same application number will be treated as multiple Bids and are liable to be rejected. More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Bid-cum-Application Forms from such ASBA Bidders with respect to any single ASBA Account. However, an ASBA Bidder may revise the Bid through the Bid Revision Application Form.

The Selling Shareholder and our Company reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the Income Tax Act. In accordance with the ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid-cum-Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field *i.e.* either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Offer will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their ASBA Bids during the Offer Period by submitting a request for the same to the member of the Syndicate or the Designated Branch, as the case may be, through whom the ASBA Bid had been placed. In case of ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Centres, upon receipt of the request for withdrawal from the ASBA Bidder, the relevant Syndicate Member shall do the requisite, including deletion of details of the withdrawn Bid-cum-Application Form from the electronic Bidding system of the Stock Exchanges and forwarding instructions to the relevant branch of the SCSB for unblocking of the funds in the ASBA Account. In case of ASBA Bids submitted to the Designated Branch, upon receipt of the request for withdrawal from the ASBA Bidder, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Bid-cum-Application Form from the electronic Bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account directly.

In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Offer Closing Date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalisation of Allotment. The Registrar shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'. QIBs cannot withdraw their Bids after the Offer Closing Date.

REJECTION OF BIDS

In case of QIBs, the Selling Shareholder and our Company in consultation with the Book Running Lead Managers may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion, Bids would be rejected on the technical grounds listed on page 366 of this Draft Red Herring Prospectus and if all the information required is not provided and the Bid-cum-Application Form is incomplete in any respect. Additionally, with respect to ASBA Bids, the Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's ASBA Account.

In case the DP ID, Client ID, BAN and PAN provided in the Bid-cum-Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, beneficiary account number and PAN available in the depository database, the Bid is liable to be rejected.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds including:

1. DP ID and Client ID not mentioned in the Bid-cum-Application Form;

2. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the Bid-cum-Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;

3. Application on plain paper;

4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply. However a limited liability partnership firm can apply in its own name;

5. Bids by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors and insane persons;

6. PAN not mentioned in the Bid-cum-Application Form, except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim provided such claims have been verified by the Depository Participants;

7. GIR number furnished instead of PAN;

8. Bids by OCBs;

9. Bids by QFIs;

10. Bids by Bidders whose demat accounts have been suspended for credit pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

11. Bids for lower number of Equity Shares than the minimum specified for that category of investors;

12. Submission of more than five Bid-cum-Application Form per ASBA Account;

13. Bids at a price less than the Floor Price;

14. Bids at a price more than the Cap Price;

15. Bids at Cut-Off Price by Non-Institutional Bidders and QIBs;

16. Bids for a value of more than ₹ 200,000 by Bidders falling under the category of Retail Individual Bidders and Eligible Employees Bidding in the Retail Portion and the Employee Reservation Portion, respectively;

17. Bids for a Bid Amount of more than ₹ 200,000 by Bidders applying through the non-ASBA process;

18. Bids by persons who are not Eligible Employees and have submitted their Bids under the Employee Reservation Portion;

19. Bids by Company's Directors, Key Managerial Personnel and employees involved in the decision making process for price fixation and their family members or any person acting on their behalf;

20. Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines and approvals;

21. Bids for number of Equity Shares which are not in multiples of [●];

22. Bidder category not ticked in the Bid-cum-Application Form;

23. Multiple Bids as defined in the Red Herring Prospectus;

24. In case of Bids under power of attorney or by limited companies, corporate, trust *etc.*, relevant documents are not submitted;

25. Bids accompanied by stockinvest/money order/postal order/cash;

26. Signature of Bidders missing. In case of joint Bidders, the Bid-cum-Application Forms not being signed by each of the joint Bidders and not appearing in the same sequence as appearing in the depository's records;

27. Bid-cum-Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Bidder;

28. Bid-cum-Application Forms does not have the stamp of the members of the Syndicate or the SCSB and/or the Designated Branch (except for electronic ASBA Bids), as the case may be;

29. Bid-cum-Application Forms not having details of the ASBA Account to be blocked.

30. Bid-cum-Application Forms does not have Bidder's depository account details;

31. Bid-cum-Application Forms not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Offer Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid-cum-Application Forms;

32. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, beneficiary account number and PAN or if PAN is not available in the Depository database;

33. With respect to ASBA Bids, inadequate funds in the ASBA Account to enable the SCSB to block the Bid Amount specified in the Bid-cum-Application Format the time of blocking such Bid Amount in the ASBA Account;

34. Application-Cum-Bid-Forms not containing the authorizations for blocking the Bid Amount in the bank account specified in the Application-Cum-Bid-Form;

35. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law;

36. Bids where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;

37. Bids by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;

38. Bids by any person outside India if not in compliance with applicable foreign and Indian laws;

39. Bids not uploaded on the terminals of the Stock Exchanges;

40. Bids by QIB Bidders uploaded after 4.00 p.m. on the Offer Closing Date, Bids by Non-Institutional Bidders uploaded after 5.00 p.m. on the Offer Closing Date, and Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion uploaded after 5.00 p.m. on the Offer Closing Date.

41. Bids by QIBs or Non-Institutional Bidder not submitted through the ASBA process.

42. Bids by QIB Bidders and Non-Institutional Bidders accompanied by cheque(s) or demand draft(s);

43. Bid-cum-Application Form submitted to a member of the Syndicate at locations other than the Syndicate ASBA Bidding Centres or at a Designated Branch where the ASBA Account is not maintained, and Bid-cum-Application Forms submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Offer.

44. In case of Bid-cum-Application Forms submitted to a member of the Syndicate at the Syndicate ASBA Bidding Centres, the SCSB where the ASBA Account is maintained as specified in the Bid-cum-Application Form, has not named at least one branch in the relevant Syndicate ASBA Bidding Centres for the members of the Syndicate to deposit Bid-cum-Application Forms, as displayed on the website of SEBI (www.sebi.gov.in/pmd/scsb-asba.html).

IN CASE THE DP ID, BENEFICIARY ACCOUNT NUMBER AND PAN MENTIONED IN THE BID-CUM-APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, BAN AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES THE APPLICATION IS LIABLE TO BE REJECTED AND THE SELLING SHAREHOLDER, OUR COMPANY AND THE MEMBERS OF THE SYNDICATE SHALL NOT BE LIABLE FOR LOSSES, IF ANY.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

In accordance with the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements will be signed among our Company, the respective Depositories and the Registrar to the Offer:

- an agreement dated [●], among NSDL, our Company and the Registrar to the Offer;

- an agreement dated [●], among CDSL, our Company and the Registrar to the Offer.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or the Bid Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names mentioned in the Bid-cum-Application Form or Bid Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Bid Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders' DP ID, BAN, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch, as the case may be, where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary accounts, refund orders *etc.* In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the relevant Designated Branch. The SCSB or the Syndicate/Sub-syndicate Member, as applicable, shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB or the Syndicate/sub-syndicate member, as applicable, including its Designated Branches and the branches where the ASBA Accounts are held. The Selling Shareholder, our Company, the Book Running Lead Managers, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable ICDR Regulations.

PAYMENT OF REFUND

Within 12 Working Days of the Offer Closing Date, the Registrar to the Offer will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/Allotment to Bidders

In the case of Bidders other than ASBA Bidders, the Registrar to the Offer will obtain from the Depositories the Bidders' bank account details, including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code, on the basis of the DP ID, BAN and PAN provided by the Bidders in their Bid-cum-Application Forms. Accordingly, Bidders are advised to immediately update their bank account and other details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Bidders' sole risk and neither our Company, the Selling Shareholder, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, will be liable to compensate the Bidders for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will normally be payable in Indian Rupees only and net of bank charges and/or commission. Where so desired, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

2. Direct Credit – Applicants having bank accounts with the Refund Bank (s) per the Demographic Details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds ₹ one million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding IFSC code. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to ₹ 1,500 and through Speed Post/Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid-cum-Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Offer Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, the Selling Shareholder and our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants within 12 Working Days of the Offer Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS or NEFT, the refund instructions will be given to the clearing system within 12 Working Days from the Offer Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at all the Stock Exchanges where the Equity Shares are listed are taken within 12 Working Days from the Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment shall be made only in dematerialized form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 Working Days of the Offer Closing Date; and

- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Offer Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's ASBA Account shall be made within 12 Working Days from the Offer Closing Date.

Allotment of Equity Shares in the Offer, including the credit of Allotted Equity Shares to the beneficiary accounts of the depository Participants, will be made not later than 12 Working Days of the Offer Closing Date. If Allotment letters/refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through direct credit, NEFT, RTGS or NECS, the refund instructions have not been issued to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Selling Shareholder becomes liable to repay, the Selling Shareholder will, on and from the expiry of such eight days, be liable to repay the money with interest at 15% *per annum*, as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

***shall be punishable with imprisonment for a term which may extend to five years.*"**

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at a discount of ₹ [●] to the Offer Price.

2. The Net Offer size less Allotment to Non-Institutional and QIBs shall be available for Allotment to Retail Individual Bidders who have Bid at a price that is equal to or greater than the Offer Price.

3. If the aggregate demand in this category is less than or equal to 154,030,155 Equity Shares at or above the Offer Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

4. If the aggregate demand in this category is greater than 154,030,155 Equity Shares at or above the Offer Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

1. Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Offer Price.

2. The Net Offer size less Allotment to QIBs and Retail Individual Bidders shall be available for Allotment to Non-Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.

3. If the aggregate demand in this category is less than or equal to 66,012,924 Equity Shares at or above the Offer Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

4. In case the aggregate demand in this category is greater than 66,012,924 Equity Shares at or above the Offer Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs in the QIB Portion

1. Bids received from the QIBs Bidding in the QIB Portion at or above the Offer Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIBs will be made at the Offer Price.

2. The QIB Portion shall be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price.

3. Allotment shall be undertaken in the following manner:

   i. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
      - In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
      - In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Offer Price.
      - Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds shall be available for Allotment to all QIBs as set out in (b) below.

   ii. In the second instance Allotment to all QIBs shall be determined as follows:

      - In the event of oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB.
      - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs.
      - Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIBs on a proportionate basis.

   iii. The aggregate Allotment to QIBs Bidding in the QIB Portion may be upto [●] Equity Shares.

D. Employee Reservation Portion

1. The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employees does not exceed ₹ 200,000. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion may Bid at Cut-Off Price.

2. The value of Allotment to any Eligible Employee shall not exceed ₹ 200,000.

3. Bids received from the Eligible Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Eligible Employees will be made at the Offer Price less Employee Discount.

4. If the aggregate demand in this category is less than or equal to 48,898,462 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand. The maximum Bid under Employees Reservation Portion by an Eligible Employee cannot exceed ₹ 200,000.

5. If the aggregate demand in this category is greater than 48,898,462 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

6. Only Eligible Employees are eligible to apply under the Employee Reservation Portion.

The Book Running Lead Managers, the Registrar to the Offer and the Designated Stock Exchange shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the ICDR Regulations. The drawing of lots (where required) to finalise the Basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Method of Proportionate Basis of Allotment in the Offer

In the event of the Offer being over-subscribed, our Company and the Selling Shareholder shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the Book Running Lead Managers and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

    - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is as far as possible, equal to the number of Equity Shares calculated in accordance with (b) above; and

    - Each successful Bidder shall be Allotted a minimum of [•] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allotted on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Offer Details

Sr. No.	Particulars	Offer details
1.	Offer size	202 million equity shares
2.	Employee Reservation Portion	2 million equity shares
3.	Net Offer Size	200 million equity shares
4.	Portion available to QIBs (50%)	100 million equity shares
5.	Of which:	
6.	Allocation to MF (5%)	5 million equity shares
7.	Balance for all QIBs including MFs	95 million equity shares
8.	No. of QIB applicants	10
9.	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million equity shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million equity shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.50	3.74	4.24
MF5	20	0.50	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus.

2. Out of 100 million equity shares allocated to QIBs, 5 million (*i.e.* 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in QIB category.

3. The balance 95 million equity shares (*i.e.* 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).

4. The figures in the fourth column entitled "Allocation of balance 95 million equity shares to QIBs proportionately" in the above illustration are arrived as under:

    a) For QIBs other than Mutual Funds (A1 to A5) = No. of equity shares Bid for (*i.e.* in column II) X 95/495

    b) For Mutual Funds (MF1 to MF5) = [(No. of shares Bid for (*i.e.* in column II of the table above) less equity shares Allotted (*i.e.*, column III of the table above)] X 95/495

    c) The numerator and denominator for arriving at allocation of 95 million equity shares to the 10 QIBs are reduced by 5 million equity shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders or instructions to the SCSBs

The Registrar to the Offer shall give instructions for credit to the beneficiary account with Depository Participants within 12 Working Days of the Offer Closing Date. Applicants residing at the Locations where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit, RTGS and NEFT. The Selling Shareholder and our Company shall ensure dispatch of refund orders by registered post or speed post at the sole or First Bidder's sole risk within 12 Working Days of the Offer Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Offer Closing Date. In case of ASBA Bidders, the Registrar to the Offer shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid-cum-Application Form for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Offer Closing Date.

Interest in case of delay in despatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar

Our Company agrees that Allotment of Equity Shares in the Offer and credit of Allotted Equity Shares to the successful Bidders' depository accounts will be completed within 12 Working Days of the Offer Closing Date.

Allotment of Equity Shares in the Offer, including the credit of Allotted Equity Shares to the beneficiary accounts of the depository Participants, will be made not later than 12 Working Days of the Offer Closing Date. If Allotment letters/refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through direct credit, NEFT, RTGS or NECS, the refund instructions have not been issued to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Selling Shareholder becomes liable to repay, the Selling Shareholder will, on and from the expiry of such eight days, be liable to repay the money with interest at 15% *per annum*, as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

The Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Selling Shareholder and our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other locations will be payable by the Bidders.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. That the complaints received in respect of this Offer shall be attended to by our Company expeditiously and satisfactorily;

2. That all steps for completion of the necessary formalities for commencement of trading at all the Stock Exchanges where the Equity Shares are listed are taken within 12 Working Days of the Offer Closing Date;

3. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Offer Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

4. That the certificates of the securities/refund orders to the non-resident Indians shall be despatched within specified time;

5. That no further issue of securities shall be made till final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares offered through the Offer; and

6. Those adequate arrangements shall be made to collect all Bid-cum-Application Form and to consider them similar to non-ASBA applications while finalising the Basis of Allotment.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

1. That the Equity Shares are free and clear of all liens or encumbrances and shall be transferred to the successful Bidders within the specified time;

2. The funds required for making refunds to unsuccessful Bidders or despatch of Allotment Advice as per modes prescribed in this Draft Red Herring Prospectus shall be made available to the Registrar to the Offer;

3. That the transfer of Equity Shares shall be made and the refund orders shall be dispatched within 12 Working Days of the Offer Closing Date, as far as possible, and that the Selling Shareholder shall pay interest of 15% per annum if allotment has not been made and refund orders have not been dispatched within the aforesaid period;

4. If the Selling Shareholder does not proceed with the Offer after the Offer Opening Date, the reason thereof shall be given as a public notice within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisement had appeared. The stock exchanges where the Equity Shares are listed shall also be informed promptly;

5. The Selling Shareholder shall not further transfer Equity Shares during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/to be Allotted pursuant to the Offer

6. The Selling Shareholder will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale;

7. The Selling Shareholder will take all such steps as may be required to ensure that the Equity Shares are available for transfer in the Offer for Sale;

8. The Selling Shareholder has authorized the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale;

9. The Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the final trading approvals from all the Stock Exchanges have been obtained.

Withdrawal of the Offer

Our Company, in consultation with the Selling Shareholder and the Book Running Lead Managers, reserves the right not to proceed with the Offer any time after the Offer Opening. If our Company and the Selling Shareholder withdraw from the Offer, our Company shall issue a public notice that shall include reasons for such withdrawal within two days of such decision. The notice of withdrawal will be issued by our Company in the same newspapers where the pre-Offer advertisements had appeared and our Company will also promptly inform the Stock Exchanges. The Book Running Lead Managers, through the Registrar to the Offer, shall notify the SCSBs to unblock the ASBA Accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. If our Company and the Selling Shareholder withdraw the Offer after the Offer Closing Date and thereafter determine that any of them will proceed with an initial public offering of our Equity Shares, a fresh draft red herring prospectus will be filed with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event of withdrawal of the Offer any time after the Offer Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, *i.e.* from the date of withdrawal, then our Company, on and from such expiry of eight days, be liable to repay the money, with such interest as prescribed under Section 73 of the Companies Act.

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

Table A

Article 3 provides that:

The regulations contained in Table 'A' in the First Schedule to the Act shall not apply to the Company subject and except in so far as the same are amended or altered by these Articles of association.

Shares are at disposal of our Directors

Article 7 provides that:

Subject to the provision of Section 81 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any Person or Persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call of shares shall not be given to any person or persons without sanction of the Company in General Meeting.

Increase, Reduction and Alteration of Capital

Article 9 provides that:

Subject to the provisions of the Act and the approval of the President, the Directors may with the sanction of the Company in general meeting, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

Article 10 provides that:

Subject to Section 97 of the Act and such directions as may be issued by the President in this behalf, new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the Directors shall determine and in particular such shares may be preference shares or not;

Provided that no shares (not being preference shares) shall be issued carrying voting right or rights in the Company as to dividend, Capital or otherwise which are disproportionate to the rights attaching to the holders of other shares (not being preference shares).

Article 11 provides that:

Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provision herein contained with reference to the payment of calls and installments, forfeitures transfer and transmission, lien, voting, surrender and otherwise.

Article 12 provides that:

(i) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares then:

(a) Such further Shares shall be offered to the persons who, at the date of the offer, are holders of the equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those Shares at that date.
(b) The offer aforesaid shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right.
(d) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner and to such persons(s) as they think most beneficial to the Company.

(ii) Notwithstanding anything contained in Article 12 (i), the further Shares aforesaid may be offered to any Persons (whether or not those persons include the persons referred to in clause (a) of sub clause (i) hereof) in any manner whatsoever,

(a) if a special resolution to that effect is passed by the Company in General Meeting, or
(b) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favor of the proposal contained in the motion moved in the General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(iii) Nothing in sub-clause (iii) of sub-Article (a) of 12 (i) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or
(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(iv) Nothing contained in this Article shall apply to the increase of the subscribed capital caused by the exercise of an option attached to the debentures issued or loans raised by the Company

(a) to convert such debentures or loans into Shares in the Company; or
(b) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such debentures or the terms of such loans include a term provided for such option and such term has either been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules if any, made by, that Government in this behalf and in the case of debentures loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

Article 13 provides that:

Subject to the provisions of Sections 100 to 104 of the Act and to such directions as may be issued by the President in this behalf, the Company may, from time to time, by special resolution reduce its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets, or is superfluous or by reducing the liability on the shares or otherwise as may seem expedient, and capital may be paid off upon the footing that it may be called upon again or otherwise, and the Board may, subject to the provisions of the Act, accept surrender of shares.

Article 14 provides that:

Subject to the approval of President, the Company in general meeting may, from time to time, sub-divide or consolidate its shares or any of them and exercise any of the powers conferred by Subsection 1 (a) – (e) of Section 94 of the Act and shall file with the Registrar such notice of exercise of any such power as may be required by the Act.

Article 15 provides that:

If at any time, the Capital, by reason of the issue of preference shares or otherwise, is divided into different classes of share, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act be modified, abrogated or dealt with by agreement between the Company and by any person purporting to contract on behalf of that class, provided that such agreement is (a) ratified in writing by the holders of at least three-fourths of the nominal value of the issued shares of that class, or (b) confirmed by a resolution passed at a separate general meeting and supported by the votes of at least three-fourths of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every such meeting except that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of that class. This Article is not by implication to curtail the power of modification which the Company would have if the Article were omitted. Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy back such of the Company's own Shares or other securities as it may think proper subject to such limits, upon such terms and conditions and subject to such approvals as may be provided by law, and in accordance with the provisions of section 77A, 77AA and 77B of the Companies Act, 1956, or any statutory modification thereto and such other regulations and guidelines as may be issued in this regard.
Subject to the terms and conditions prescribed in section 79A of the Act and the rules and regulations prescribed in this connection, the Board of Directors, may offer, issue and allot Shares in the Capital of the Company as sweat equity shares or shares under the employees stock option scheme / employees stock option plan / employee stock purchase scheme and such other plans by whatever name called.

Transfer and Transmission of Shares

Article 18 provides that:

Subject to the provisions of section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

Article 19 provides that:

Save as herein otherwise provided, the Directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.

Article 20 provides that:

The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Article 21 provides that:

The instrument of transfer shall be in writing and all provision of section 108 of the Act, and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof.

In case of transfer of Shares where the Company has not issued any certificates and where the Shares are held in dematerialised form, the provisions of the Depositories Act shall apply.

Article 22 provides that:

Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares to be transferred, and such evidence, as the Company may require to prove the title of the transferor, on his right to transfer the shares. All instruments of transfer shall be retained by the Company, but any instrument of transfer which the Directors may decline to register shall, on demand, be returned to the person depositing the same.

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly enter particulars of every transfer or transmission of shares

Article 23 provides that:

I. On the death of a Member/ Debenture holder, his legal representatives shall be the only persons recognized by the Company as having any title of his interest in the Shares or Debentures.

II. Nothing contained in Article 18 shall prejudice any power of the Company to register as shareholder or debenture holder any person to whom the right to any shares or debentures in the Company has been transmitted by operation of law.

III. In the case of the death of any one or more of the persons named in the Register of Members or Debenture holders as the joint-holders of any share or debenture the survivor or survivors shall be the only persons recognized by the company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares or debentures held by him jointly with any other person.

IV. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member or Debenture holder (not being one of two or more joint-holders) shall be the only persons recognized by the Company as having any title to the shares or debentures registered in the name of such Member or Debenture holder and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or letters of Administration or a Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate of letters of Administration or a Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary.

V. a) The Board's power under Article 18 shall apply to registration of the transmission of the right to any shares in, or debentures of, the Company as they apply to, in the case of registration of transfer of shares or debentures.

b) Notwithstanding any provisions contained in these articles regarding Certificates/ transfer/ Transmission of shares, the provisions of Depositories Act shall apply for transfer done in electronic form.

Article 24 provides that:

The Register of members or the Register of debenture holders may be closed for any period or periods not exceeding in the aggregate 45 days in each year but not exceeding 30 days at any one time after giving not less than 7 days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated.

Article 25 provides that:

No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage. Power of attorney or similar other document with the Company.

Calls

Article 26 provides that:

The Directors may, from time to time, make calls upon the members in respect of any moneys, unpaid on their shares and specify the time or times of payments, and each member shall pay to the Company at the time or times so specified the amount called on his shares. Provided however, that the Directors may, from time to time, at their discretion extend the time fixed for the payment of any call.

Article 27 provides that:

If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made, shall pay interest on the same at such rate not exceeding 6% per annum as the Directors shall fix, from the day appointed for the payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.

Article 28 provides that:

The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made, upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 6 per cent per annum as the members paying such sum in advance and the Directors agree upon, and the Directors may, at any time, repay the amount so advanced upon giving to such member three months' notice in writing. Provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Members shall not be entitled to any voting rights in respect of the money so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Article 29 provides that:

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Lien

Article 30 provides that:

The Company shall have first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares / debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares / debentures shall operate as a waiver of the Company's lien if any, on such shares /debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Article 31 provides that:

The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists, is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or insolvency to the share.

Article 32 provides that:

The proceeds of the sale shall be received by the Company and shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale.

Forfeiture of Shares

Article 33 provides that:

I. If a member fails to pay any call, or installment of a call on the day appointed for payment thereof the Board may, at any time thereafter during such time as any part of the call or installment remain unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

II. The notice aforesaid shall :

   (a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
   (b) Name a place or places on and at which such call or installment and interest as Board may determine is to be paid;
   (c) State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.

III. If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which the notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other monies payable in respect of the forfeited shares and not actually paid before forfeiture.

IV. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. At any time before sale of disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

Article 34 provides that:

I. A person whose shares, have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture remain liable to pay to the Company all moneys which at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

II. The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

Article 35 provides that:

I. A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

II. The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

III. The transferee shall thereupon be registered as the holders of the share.

IV. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture sale or disposal of the share.

Article 36 provides that:

The provisions of these articles as to forfeiture shall apply in the case of non-payment of any sum which, by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off; annuls the forfeiture there of upon such condition as it thinks fit.

Dematerialisation/Rematerialisation of Securities

Article 37 provides that:

I. Dematerialisation / Rematerialisation of Securities :

Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialization / rematerialize its securities and to offer securities in a dematerialized / rematerialized form pursuant to the Depositories Act.

II. Options for investors :

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time or any statutory modification thereto or re-enactment thereof.

Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the Law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

III. Securities in depositories to be in fungible form.

All securities held by a Depository shall be dematerialised and shall be in fungible form. No certificate shall be issued for the securities held by the Depositories. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

IV. Rights of depositories and beneficial owners.

a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities, shall not have any voting rights in respect of the securities held by it.
c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities that are held by a Depository.

V. Depository to furnish information.

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be required by the Company in that behalf.

VI. Service of document.

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of any electronic mode or by delivery of discs etc.

VII. Transfer of securities.

Nothing contained in Section 108 of the Act or these articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.

VIII. Allotment of securities dealt with in Depository

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

IX. Distinctive number of securities held in a Depository.

Nothing contained in Section 83 of the Act, or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company, shall apply to securities held with a Depository.

X. Register and index of beneficial owners.

The Register and index of beneficial owner(s) maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of Members and Security holders for the purpose of these articles.

General Meeting

Article 44 provides that:

The first annual general meeting of the Company shall be held within 18 months of its incorporation. The next annual general meeting shall be held within 6 months after the expiry of the financial year in which the first annual general meeting was held, and thereafter an annual general meeting shall be held within 6 months after the expiry of each financial year. Except in the case when for any special reason, time for holding any annual general meeting (not being the first annual general meeting) is extended by the Registrar under Section 166 of the Act, no greater interval than 15 months shall be allowed to elapse between the date of one annual general meeting and that of the next. Every annual general meeting shall be held during business hours on a day other than public holiday either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated and the notices calling the meeting shall specify it as the annual general meeting. Such general meeting shall be called “Annual General Meeting” and all other meetings of the Company shall be called “Extra-ordinary General Meeting.”

A member of one Company may participate in a general meeting through the elections mode, that is by way of a video conferencing facility, subject to compliance with applicable law. However the quorum required under section 194 of the Act, as well as the Chairman of the meeting shall have to be physically present at the place of the meeting.
Voting by Postal Ballot is also permitted in case of such requirement from the Shareholders.

Article 45 provides that:

I. The Directors may call an Extra-ordinary General Meeting whenever they think fit.

II. Subject to the provisions of Section 169 of the Act:

a) The Directors shall, on the requisition of the holders of not less than one-tenth of the issued share capital of the Company, upon which all calls or other sums then due have been paid forthwith, proceed to call an Extra-ordinary General Meeting of the Company.

b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office of the Company and may consist of several documents in like form, each signed by one or more requisitionists. In case of joint holders of shares, all such holders shall sign the requisition.

c) If the Directors do not proceed, within 21 days from the date of the requisition being so deposited, to cause a meeting to be called, the requisitionists or a majority of them in value may themselves call the meeting but in either case, any meeting so called shall be held within three months from the date of the deposit of the requisition.

d) Any meeting called under this Article by the requisitionists, shall be called in the same manner as nearly as possible, as that in which meetings are to be called by the Directors.

e) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene a meeting shall be repaid to the requisitionists by the Company out of any sum due or to become due from the Company by way of fees or other remuneration for their service to such of the Directors as were in default.

Article 46 provides that:

A general meeting of the Company may be called, by giving not less than twenty one days notice in writing specifying the place, day and hour of meeting, with a statement of the business to be transacted at the meeting. Such notice shall be served on every member in the manner hereinafter provided, but with the consent in writing of all the members entitled to receive notice of same any particular meeting, may be convened by such shorter notice and in such manner as those members may think fit.

Provided, however, that where any resolution is intended to be passed as special resolution at any general meeting as required by Section 189 (2) of the Act, notice of such meetings specifying the intention to propose the resolution as a special resolution shall be served.

Article 47 provides that:

The accidental omission to give any such notice to or the non-receipt of any such notice by any member shall not invalidate the proceedings at any meeting.

Article 48 provides that:

The business of an ordinary meeting shall be to receive and consider the profit and loss account, the balance sheet, and the report of the Directors and the Auditors, to declare dividends and to transact any other business which under these Articles ought to be transacted at an ordinary meeting. All other businesses transacted at an ordinary meeting and all businesses transacted at an extra-ordinary meeting, shall be deemed special.

Article 49 provides that:

Five members present in person shall be a quorum for a General Meeting.

Article 50 provides that:

I. The President so long as he is a shareholder of the Company, may from time to time, appoint one or more persons (who need not be a member or members of the Company) to represent him at all or any meeting of the Company.

II. Any one of the persons appointed under sub-clause (I) of this Article who is personally present at the meeting shall be deemed to be a member entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll.

III. The President may, from time to time, cancel any appointment made under sub-clause (I) of this Article and make fresh appointments.

IV. The production, at the meeting, of an order of the President shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

V. Any person appointed by the President under this Article may, if so authorized, by such order, appoint a proxy, whether specially or generally.

Article 51 provides that:

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman, and if no Director shall be present, or if all the Directors present decline to take the chair then, the members present shall choose one of their members to be Chairman.

Article 52 provides that:

If within fifteen minutes, from the time appointed for the meeting a quorum is not present, the meeting if convened upon such requisition as aforesaid, shall be dissolved; but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place, and if at such adjourned meeting, a quorum is not present, those members who are present shall be quorum and may transact the business for which the meeting was called.

Article 53 provides that:

Every question submitted to a meeting shall be decided, in the first instance, by a show of hands and in the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Votes of Members

Article 54 provides that:

At any general meeting a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands demanded by a member present in person or proxy or by duly authorized representative, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the book of proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number of proportion of the vote recorded in favour of or against that resolution.

Article 55 provides that:

If a poll is duly demanded, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn.

Article 56 provides that:

The Chairman of a general meeting may, with the consent of the meeting, adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Article 57 provides that:

Subject to the provisions of Section 180 of the Act, any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

Article 58 provides that:

The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Article 59 provides that:

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meetings. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Article 60 provides that:

Upon a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy or by duly authorized representative shall have one vote for every share held by him

Article 61 provides that:

A proxy shall not be entitled to vote on a show of hands.

Article 62 provides that:

Any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that seventy two hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to such shares, unless the Directors shall have previously admitted his right to such shares or his right to vote at such meeting in respect thereof.

Article 63 provides that:

Where there are joint registered holders of any share any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this clause be deemed joint holders thereof.

Article 64 provides that:

A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on poll by his committee or other legal guardian, and any such committee or guardian may, on a poll vote by proxy.

Article 65 provides that:

On a poll, votes may be given either personally or by proxy or by duly authorized representative.

Article 66 provides that:

A member entitled to attend and vote at a meeting may appoint another person(whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. A proxy shall not be entitled to speak at a meeting or to vote except on a poll. The instruments appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorized in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

Article 67 provides that:

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of poll not less than 24 hours before the time appointed for taking of the poll and in default the instrument of proxy shall not be treated as valid.

Article 68 provides that:

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation, or transfer or transmission shall have been received at the office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

Article 69 provides that:

An instrument appointing a proxy shall be in the form prescribed in the Act.

Article 70 provides that:

No member shall be entitled to be present, or to vote on any question either personally or by proxy at any general meeting or upon poll, or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such members.

Article 71 provides that:

No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

Board of Directors

Article 72 provides that:

The business of the Company shall be managed by the Board of Directors

Article 73 provides that:

The President shall from time to time determine the number of Directors of the Company which shall neither be less than Five nor more than Sixteen. The Directors shall not be required to hold any qualification shares.

Article 74 provides that:

The Chairman / Chairman-cum-Managing Director shall be appointed by the President and the terms and conditions of his appointment shall also be determined by the President.

Article 75 provides that:

The President shall appoint all members of the Board of Directors and all of them except the Government Directors may be appointed in consultation with the Chairman. Part-Time Non-Official Directors shall be appointed for such period, as may be determined by the President, but not exceeding three years at a time.

Article 76 provides that:

The Directors shall be paid such remuneration as the President may from time to time determine. The terms and conditions of appointment of whole-time Directors including the Managing Director shall also be determined by the President. Subject to the provisions of Section 314 of the Act such reasonable additional remuneration as may be fixed by the President may be paid to any one or more of the Directors for extra or special service rendered by him or them or otherwise.

Division of Profits and Dividends

Article 104 provides that:

The profits of the Company available for payment of dividend subject to any special rights relating thereof created or authorized to be created by these presents and subject to the provision of these presents as to the reserve fund and amortization of Capital shall be divisible among the members in proportion to the amount of capital held by them respectively. Money paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company.

Article 105 provides that:

The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board.

Article 106 provides that:

No dividend shall be declared or paid by the Company except as per the provisions of Section 205 of the Act. No dividend shall carry interest as against the Company.

Article 107 provides that:

For the purpose of the last preceding Article the declaration of the Directors as to the amount of the profits of the Company shall be conclusive.

Article 108 provides that:

The Directors may, from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Article 109 provides that:

The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts liabilities of engagements in respect of which the lien exists.

Article 110 provides that:

Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but the call on each member shall not exceed the dividends payable to him, and the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the members be set off against the call.

Article 111 provides that:

Subject to the provisions of Section 205 of the Act, no dividend shall be payable except in cash.

Article 112 provides that:

A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.

Article 113 provides that:

The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause (Article 24) entitled to become a member, or which any person under that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

Article 114 provides that:

Any one of the several persons who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Article 115 provides that:

Unless otherwise directed and subject to provisions of the Act, any dividend may be paid either by cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holders, to the registered address of that one whose name stands first in the register in respect of the joint holding or by any other electronic mode/transfer; and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Article 116 provides that:

Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in the manner hereinafter provided.

Article 117 provides that:

No unclaimed or unpaid dividend shall be forfeited by the Board unless the claim thereto become "barred by law" and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unclaimed or unpaid dividend.

Article 118 provides that:

Where the Company has declared a Dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the Dividend, the Company shall within seven days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid and unclaimed for a period of 30 days, to a special account to be opened in that behalf in any scheduled bank called "_____" unpaid dividend Account." Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as the "Investor Education and Protection Fund", established under Section 205C of the Act. A Claim to any money so transferred may be preferred to the Central Government by the shareholders to whom the money is due.

Audit

Article 121 provides that:

All matters connected with the Accounts and Audit of the Company shall be governed by the provisions of the Act

Article 122 provides that:

Every account of the Company when audited and approved by a General Meeting shall be conclusive.

Notice

Article 123 provides that:

A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address, (if he has no registered address) to the address, if any, supplied by him to the Company for the giving of notice to him.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Company from 10.00 am to 4.00 pm on Working Days, from the date of the Red Herring Prospectus until the Offer Closing Date.

Material Contracts to the Offer

1. Letters of appointment, dated September 20, 2011, to the Book Running Lead Managers from the Department of Disinvestment, Ministry of Finance, GoI for appointment as book running lead managers.

2. Offer Agreement between our Company, the Selling Shareholder and the Book Running Lead Managers, dated May 16, 2012.

3. Memorandum of understanding between our Company, the Selling Shareholder and Registrar to the Offer, dated [●].

4. Escrow Agreement, dated [●], between our Company, the Selling Shareholder, the Book Running Lead Managers, the Escrow Collection Banks and the Registrar to the Offer.

5. Syndicate Agreement, dated [●], between our Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Members.

6. Underwriting Agreement, dated [●], between our Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Members.

7. Agreement, dated [●] between NSDL, our Company and Registrar to the Offer.

8. Agreement, dated [●] between CDSL, our Company and Registrar to the Offer.

Material Documents

1. Memorandum of Association and Articles of Association of our Company, as amended.

2. Certificate of incorporation dated February 18, 1982 for incorporation as 'Rashtriya Ispat Nigam Limited'.

3. Letter No. 5(5)2010-VSP dated February 8, 2012 issued by the MoS, granting approval for the Offer.

4. Resolutions passed by our Board dated May 16, 2012 in relation to the Offer.

5. Letter No. 5(5)2010-VSP dated May 8, 2012 issued by the MoS, granting consent to include 977,969,240 Equity Shares held by MoS as the Promoter's Contribution and lock-up of pre-Offer shareholding of the Selling Shareholder for a period of one year.

6. Our restated consolidated financial statements as of and for the nine months ended December 31, 2011 and years ended March 31, 2011, 2010, 2009, 2008 and 2007 and our restated standalone financial statements as of and for the nine months ended December 31, 2011 and the years ended March 31, 2011, 2010, 2009, 2008 and 2007, together with the reports thereon of M/s B.V. RAO & Co., Chartered Accountants, dated May 17, 2012.

7. Letter number 1(10)2010-VSP dated July 26, 2011, issued by the MoS appointing Mr. A.P. Choudhary as the Chairman and Managing Director of our Company.

8. Letter number 1(4)2007-VSP dated September 2, 2008, issued by the MoS, appointing Mr. Umesh Chandra as a Director of our Company.

9. Letter number 1(9)2008-VSP dated September 3, 2009, issued by the MoS, appointing Mr. P. Madhusudan as a Director of our Company.

10. Letter number 1(5)2009-VSP dated September 20, 2010, issued by the MoS appointing Mr. T.K. Chand as a Director of our Company.

11. Letter number 1(10)2009-VSP dated December 22, 2010, issued by the MoS appointing Mr. Y.R. Reddy as a Director of our Company.

12. Letter number 1(9)/2011-VSP dated April 19, 2012, issued by the MoS appointing Mr. N.S. Rao as a Director of our Company.

13. Letter number 1(5)2007-VSP dated March 2, 2010, issued by the MoS appointing Dr. Dalip Singh as a Director of our Company.

14. Letter number 1(1)2009-VSP dated September 28, 2010, issued by the MoS appointing Mr. A.P.V.N. Sarma as a Director of our Company.

15. Letter number 1(1)2009-VSP dated September 28, 2010, issued by the MoS appointing Mr. H.S. Chahar as a Director of our Company.

16. Letter number 1(1)2009-VSP dated September 28, 2010, issued by the MoS appointing Mr. Swashpawan Singh as a Director of our Company.

17. Letter number 1(1)2009-VSP dated September 28, 2010, issued by the MoS appointing Dr. Upendra Dutta Choubey as a Director of our Company.

18. Letter number 1(1)2009-VSP dated May 14, 2012, issued by the MoS appointing Mr. Virendra Singh Jain as a Director of our Company.

19. Letter number 1(1)2009-VSP dated May 14, 2012, issued by the MoS appointing Prof. Sushil as a Director of our Company.

20. Letter number 1(1)2009-VSP dated May 14, 2012, issued by the MoS appointing Mr. Ashok Jain as a Director of our Company.

21. Joint Venture Agreement dated January 14, 2009 with SAIL, CIL, NMDC and NTPC.

22. Joint Venture Agreement dated May 7, 2009 with MOIL.

23. MoU dated January 10, 2011 with the Ministry of Railways, GoI.

24. MoU dated December 14, 2011 with PGCIL.

25. Consortium Agreement August 30, 2011 with SAIL, NMDC, JSWL, JSPL, JISL and MIEL.

26. MoU dated January 13, 2012 with Government of Andhra Pradesh.

27. Agreement dated November 25, 2011 between NMDC and our Company for supply of iron ore.

28. Letter of Intent dated February 26, 2011 issued by our Company in favour of BM Alliance and BHP Billiton for supply of soft coking coal from Australia.

29. Letter of intent dated July 2, 2009 issued by our Company in favour of BM Alliance and BHP Billiton for supply of hard coking coal from Australia.

30. Agreement dated August 30, 2008 between Anglo American and our Company for supply of coking coal from Australia.

31. Agreement dated December 24, 2010 between Solid Energy and our Company for supply of low ash semi soft coking coal from New Zealand.

32. Agreement dated October 18, 2008 between Logan & Kanawha and our Company for supply of mid volatile hard coking coal from United States of America.

33. Agreement dated October 31, 2011 between Alpha Coal and our Company for supply of Soft Coking Coal.

34. Acceptance to tender dated October 29, 2010 placed by our Company for the supply of low silica limestone by Ras Al Khaimah.

35. Copies of annual reports of our Company for the years ended March 31, 2011, 2010, 2009, 2008 and 2007.

36. Consent of the Auditors for inclusion of statement of tax benefits and their reports on restated financial statements in the form and context in which they appear in the Draft Red Herring Prospectus.

37. The executive summary of the report prepared by Behre Dolbear International Limited dated May 17, 2012.

38. Consents of the Directors, the Selling Shareholder, the Compliance Officer, the Book Running Lead Managers, the Auditors, the domestic legal counsels, international legal counsel, the Bankers to our Company, the Registrar to the Offer, to act in their respective capacities.

39. Due diligence certificate, dated May 18, 2012 to SEBI from the Book Running Lead Managers.

40. In-principle listing approvals dated [●] and [●] received from the NSE and the BSE, respectively.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes. In accordance with Section 61 of the Companies Act, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of the Prospectus with the RoC, reference shall be made to the shareholders of our Company for the same.

DECLARATION

We, the undersigned, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or regulations issued thereunder, as the case may be. We hereby certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Mr. A.P. Choudhary Chairman and Managing Director	**Mr. A.P.V.N. Sarma*** Independent Director
Mr. Umesh Chandra Director (Operations), executive non independent Director	**Mr. H.S. Chahar** Independent Director
Mr. P. Madhusudan Director (Finance), executive non independent Director	**Mr. Swashpawan Singh** Independent Director
Mr. T.K. Chand Director (Commercial), executive non independent Director	**Dr. Upendra Dutta Choubey** Independent Director
Mr. Y.R. Reddy Director (Personnel), executive non independent Director	**Mr. Virendra Singh Jain** Independent Director
Mr. N.S. Rao Director (Projects), executive non independent Director	**Prof. Sushil** Independent Director
Dr. Dalip Singh Government nominee Director, non executive non independent Director	**Mr. Ashok Jain** Independent Director

** Through his constituted attorney, Mr. P. Madhusudan*

Signed by the Director (Finance)

____

Name: Mr. P. Madhusudan
Designation: Director (Finance)

SIGNED BY THE SELLING SHAREHOLDER

____

Name: Dr. Dalip Singh
Designation: Joint Secretary, Ministry of Steel
On behalf of the President of India, acting through the Ministry of Steel, Government of India

Date: May 18, 2012
Place: New Delhi

BEHRE DOLBEAR
founded 1911 **MINERALS INDUSTRY ADVISORS**

RASHTRIYA ISPAT NIGAM LIMITED

JORC EQUIVALENT RESERVE CLASSIFICATION STATEMENT AS ON 01-04-2012

(BEHRE DOLBEAR PROJECT NUMBER J12-081)

17th May 2012

PREPARED BY:

BEHRE DOLBEAR INTERNATIONAL LIMITED,
Hydra House, 26 North Street, Ashford, Kent, TN24 8JR, United Kingdom www.dolbear.com

A Member of the Behre Dolbear Group Inc.

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SUMMARY

Behre Dolbear International (BDI) has been engaged to conduct a JORC compliant desk top assessment of the resources / reserves in RINL, OMDC and BSLC mines, based on available records / reports and supported by site visits.

RINL has its own Limestone mines at Jaggayyapeta (Krishna District), Dolomite mines at Madharam (Khammam District), Manganese mines at Garbham (Vizianagaram District), Silica Sand Mine at Kharazada (Srikalulam District), Silica Sand Mine in Saripalli (Vizianagaram District) and Quartz Mine in Kintada (Visakhapatnam District), all located in the state of Andhra Pradesh.

RINL holds a 51% equity position in Eastern Investment Limited (EIL), which in turn has two subsidiaries i.e. Bisra Stone Lime Company (BSLC) & Orissa Mineral Development Corporation (OMDC). OMDC has six leases for Iron ore & Manganese ore and BSLC has a mining lease for Limestone & Dolomite.

The summary of JORC compliant ore reserves / mineral resources, mineral-wise and category wise is given below:

Summary of Ore Reserves/ Mineral Resources (JORC code compliant)							
Mineral/ Ore	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Limestone	36.06	245.15	281.21			108.15	**108.15**
Dolomite	28.82	125.09	153.91			71.00	**71.00**
Iron ore				9.89	151.92	83.65	**245.46**
Manganese ore					18.71	13.76	**32.47**

1.0 INTRODUCTION

RINL is in the process of making an Initial Public Offer (IPO) for 10% of its equity share capital and has engaged Behre Dolbear (BD) to prepare the JORC Code 2004 compliant statement of Ore Reserves/ Mineral Resources as part of the IPO process.

2.0 SCOPE OF WORK

Behre Dolbear's scope of work includes conducting a desk top review of the currently approved UNFC reserves as on 1-4-2012 by the Indian Bureau of Mines (IBM) and reclassifying these reserves as per Australasian Joint Ore Reserves Committee (JORC) Code 2004, based on the supporting documents provided and discussions held with RINL, OMDC and BSLC, and site visits. The list of documents made available for this desk top review is listed under the title 'References' against each Mining Lease (ML).

3.0 TENEMENTS OF RINL

The tenements considered in this report are divided primarily into two groups viz. tenements granted to RINL in the state of Andhra Pradesh and tenements acquired through its subsidiary company EIL in the state of Odisha.

RINL has its own Limestone mines at Jaggayyapeta (Krishna District), Dolomite mines at Madharam (Khammam District), Manganese mines at Garbham (Vizianagaram District), Silica Sand Mine at Kharazada (Srikalulam District), Silica Sand Mines in Saripalli (Vizianagaram District) & Nellimarla (Vizianagaram District) and Quartz Mine in Kintada (Visakhapatnam District), all located in the state of Andhra Pradesh. OMDC has six leases for Iron ore & Manganese ore and BSLC has a mining lease for Limestone & Dolomite. BD's desk top review study covers only 3 leases i.e. Limestone, Dolomite and Manganese ore. Sand and Quartz areas are not in the scope of this study.

The salient points related to these tenements are briefly summarized below:

3.1 Tenements granted to RINL in the State of Andhra Pradesh

The location of the Madharam, Jaggayyapeta and Garbham mining lease are shown in Figures 1, 2 & 3 respectively in Annexure-1.

The name of the Mining Lease (ML), minerals worked, area granted and the validity period of the corresponding tenements are given in **Table 1**.

Table 1: Tenements granted to RINL in Andhra Pradesh

	Tenement	Mineral name	Area (ha)	ML validity & status
1	Madharam Dolomite Mine	Dolomite	384.46	valid till 13-07-2020
2	Jaggayyapeta Limestone Mine	Limestone	1295.00	valid till 17-08-2020
3	Garbham Manganese Mine	Manganese	264.54	valid till 07-10-2022
4	Saripalli Sand Mine	Sand	64.67	valid till 22-04-2023

3.2 Tenements acquired through subsidiary EIL in the State of Odisha

The name of the Mining Lease (ML), minerals worked, area granted and the corresponding validity period of the tenements are given in **Table 2**.

Table 2: Tenements acquired by RINL through EIL in Odisha

S.No	Tenement	Mineral(s)	Area (ha)	ML validity & status
		OMDC Mining		
1	Thakurani Iron & Manganese Mine *	Iron & Manganese	778.762	ML period expired on 30-9-2004. Renewal of ML from 1-10-2004 to 30-9-
2	Bhadrasahi Manganese Mine **	Manganese	998.70	ML period expired on 30-9-2010. Renewal of ML application filed.
3	Kolha Roida Iron & Manganese Mine *	Iron & Manganese	254.952	ML period expired on 14-8-1996. Renewal of ML application for 20 years is pending. Mining operations
4	Bagiaburu Iron Mine	Iron	21.52	ML period expired on 30-9-2010. Renewal of ML application filed.
5	Dalki Manganese Mine *	Manganese	266.77	ML period expired on 30-9-1994. Renewal of ML application from 1-10-1994 to 30-9-2014 filed. Mining
6	Belkundi Iron & Manganese Mine **	Iron & Manganese	1276.79	ML period expired on 15-8-2006. Renewal of ML application from 16-8-
		BSLC Mining		
7	Birmitrapur Limestone & Dolomite Mine	Limestone & Dolomite	1099.303	ML expired in February 2000 and since then mine was operated under 'deemed extension clause'. Mine is inoperative

* Lease was in the name of B.P.M.E Ltd

** Lease was in the name of OMDC.

4.0 DETAILS OF TENEMENTS OWNED BY RINL

4.1 Madharam Dolomite Mine

4.1.1 Exploration history and reserves as per RINL

The Madharam dolomite mine, spread over 384.46 ha, is located 16 km away from Yellandu on Yellandu-Mehaboobabad road. It falls on the Survey of India toposheet no. 65/C/2 between 80^0 13' to 80^0 14' longitudes and 17^0 31' to $17^0$34' latitudes. The nearest railway station is Karepalli, 8.5 km from the ML. It is 60 km away from Khammam via Yellandu and 45 km away via Karepalli.

The formations in the area belong mostly to the Archaean with bands of Pakhal sediments. The Archean in this area consist of phyllites and granite exposed in the eastern part of the area. The regional stratigraphy reported is given below:

Kamthis	Sandstone
Pakhals	Limestone (dolomite) Shale and staurolite mudstone Conglomerates, arkose, quartzitic sandstone and grit
Archeans	Gneisses, charnockites and granulites. Banded hematite quartz amphibole schists, quartz chlorite schist

The dolomite strikes almost north-south and dips 20^0 to 50^0 east to south east and occasionally towards west. The structure of the deposit is rather controversial and has been subjected to folding and faulting.

Samples were collected from surface outcrops and boreholes for determining crushing strength, specific gravity, bulk density and the porosity of dolomite. Core samples were collected for determining the content of CaO, MgO and SiO_2. Composite samples were subjected to complete analysis to know the quality of dolomite. Laboratory scale tests were conducted on the representative samples of dolomite from the south block at National Metallurgical Laboratory (NML), Jamshedpur.

Investigations by Directorate of Mines & Geology (DMG) of Andhra Pradesh: At the instance of Visakhapatnam Steel Plant (VSP), DMG carried out an investigation for dolomite deposits in 1972-75 (Phase-I) and 1977 (Phase-II) at Madharam, near Karepalli, Yellandu Taluk, Khammam district to locate limestone suitable for the steel industry. Ten (10) boreholes totalling 305.3m drilling were drilled in Phase-I and 42 boreholes, in 100m grid intervals, totalling 1332.8m were drilled in Phase-II; and established a 2500 m long dolomite band along the strike and 80m to 400m wide in the south block. Phase-II boreholes were drilled, up to 30m depth, in a 100m grid pattern and 584 primary and 200 composite samples were analysed. No borehole was drilled to delineate the bottom contact of dolomite formation. A specific gravity of 2.71 to 2.78 was determined from core samples. A tonnage factor of 2.5 was considered to convert the volumes to tonnes in the ore reserve estimation. Out of the 42 boreholes, laterite/ lateritic soil was encountered in 20 boreholes with varying thickness from 0.2m to 13.5m. Lateritic soil was also found to occur within the dolomite formation.

The reserves were estimated by cross sectional method considering 23 geological sections drawn at 100m intervals. The volumes and grades were computed on the basis of boreholes, geological mapping, sampling and analysis. The volumes were converted to tonnes by multiplying with a conversion factor of 2.5. The reserves of dolomite in the south block were estimated at 41.18 Mt @ 30.5% CaO, 21.12% MgO, 0.90% SiO_2, 1.10% Fe_2O_3 and 46% LOI by DMG out of which 37.73 Mt were of SMS grade and 3.45 Mt were of BF grade dolomite.

Investigations by J.J. Soil Investigation & Environ Consultants Pvt Ltd (JJ): During the year 2007, JJ was engaged by RINL to explore an additional block of 31.5 ha area, located adjacent to the DMG explored block in the north, to assess its potential for dolomite and facilitate extension of the existing mechanised mine spread over 50 ha. Eight (8) vertical boreholes to a maximum depth of 30m, in a 200m grid, totalling 235.3m were core drilled in NX size with double tube core barrel. One metre core samples were drawn, logged, split longitudinally into two identical halves, and reduced by coning and quartering. Composite samples were formulated taking into consideration the lithological and chemical characteristics. The core recovery in the top part of the boreholes, in the lateritic soil and brown clay (in some boreholes even up to a depth of 20m), was zero. The overall core recovery was not found satisfactory in most of the 8 holes drilled by JJ.

The composite samples were analysed for major constituents viz. CaO, MgO, SiO_2, Al_2O_3, Fe_2O_3 and LOI. The dolomite band mainly consists of dolomite and a minor presence of shale. The CaO% varied from 26 to 32, MgO% from 17 to 21 and SiO_2% from 2 to 5. Based on the chemical constituents, dolomite has been classified into BF and SMS grades as per the specifications given below:

Constituent	BF grade	SMS grade
CaO%	20 to 30	20 to 30
MgO%	16 to 20	20 to 21
SiO_2%	< 5	<2.5
R_2O_3%	< 4	< 1.5

Dolomite with MgO more than 20% is classified as SMS grade and less than 20% as BF grade. This classification also accounts for the SiO_2 content as outlined in the table above. It was observed that the thickness of SMS grade dolomite is high and at some places it occurs as thick bands.

From the borehole data it was observed that the entire 31.5 ha area is covered by dolomite in the additional block. Since the boreholes were drilled up to 30m depth only, the estimation of reserves was also limited to this depth. A tonnage conversion factor of 2.5 was used to convert volumes to tonnes.

For the entire dolomite ore body up to 30m depth between section lines 1 to 9, 16.68 Mt geological Reserves are reported (of which 14.79 Mt are of SMS grade and 1.89 Mt are of BF grade). Mineable Reserves, while considering 30% mining losses, were computed at 11.676 Mt estimated, by JJ.

Measured Reserves were confined to the area extending for 100m in the strike direction and an equal distance perpendicular to the strike direction, on either side of the borehole, in view of the deposit with uniform chemical characteristics.

Indicated Reserves were estimated beyond the Measured Reserves between 100m and 200m distance from the borehole on both the strike and dip directions.

Inferred Reserves were estimated in the area beyond 200m distance from the boreholes, supported by sampling/ or field observations.

The reserves as on 31-10-2010 (including the additional block), as per the approved Scheme of Mining for the period 2011-12 to 2015-16, are given below:

Proved reserves as per DMG report (South block)	41.18 Mt
Geological Reserves as per JJ report (Additional area)	16.68 Mt
Mineable reserves as per JJ report (Additional area)	11.67 Mt
Total Reserves from South & Additional blocks	**52.86 Mt**
Mineable reserve after accounting for 5% mining losses	50.21 Mt
Depleted reserves till 31-3-2012	9.55 Mt
Balance of reserves as on 30-10-2010	**40.66 Mt**

4.1.2 Observations

The DMG and JJ investigated for dolomite in two distinct blocks within the leasehold in 1997 and 2007 respectively.

DMG drilled the southern lens (50 ha) in 100m grid pattern and estimated the reserves at 41.18 Mt @ 30.5% CaO, 21.12% MgO, 0.90% SiO_2, 1.10% Fe_2O_3 and 46% LOI, out of which SMS grade limestone accounts for 37.73 Mt and BF grade limestone for 3.45 Mt. The overburden in the area is practically nonexistent. Since the feasibility study was conducted and necessary legal approvals were obtained to mine dolomite; and as the mine has been operated for several years, it is prudent for BD to reclassify the DMG estimated reserves of the south lens to JORC code equivalent 'Proved Ore Reserves'.

JJ investigated the additional block spread over 31.5 ha by drilling in 200m grid pattern. The overburden in this area is rather high and reaches up to 18m thickness in some boreholes. JJ estimated 11.676 Mt Mineable Reserves in this additional block out of which 10.356 Mt are of SMS grade and 1.32 Mt are of BF grade dolomite. This block, however, is not being mined at present, although the mining boundary in the adjacent southern lens has almost approached its southern boundary. In view of 200m grid interval drilling, the JJ Estimated Reserves could be re-classified as JORC code equivalent 'Probable Ore Reserves'.

The reclassified JORC code equivalent Ore Reserves/ Mineral Resources as on 1-4-2012, are tabulated below:

Lens/ Block	Proved Ore Reserves (Mt)	Probable Ore Reserves (Mt)	Total Ore Reserves (Mt)
Southern Lens	41.18	-	41.18
Additional Block	-	11.67	11.67
Total Reserves	41.18	11.67	52.85
Mining losses @5%	2.06	0.58	2.64
Total Reserves minus mining loss	39.12	11.09	50.21
Ore depletion till 31-3-2012	10.30	0	10.30
Reserves as on 1-4-2012	**28.82**	**11.09**	**39.91**

Out of the Total Mineable Reserves of 50.21 Mt (south block plus additional block), 10.30 Mt were depleted till 31-3-2012 and the balance of Reserves as on 1-4-2012 are shown at 39.91Mt.

4.1.3 References

i. Report on the investigation of dolomite deposit in Madharam near Karepalli, Yellandu Taluka, Khammam district, Andhra Pradesh Department of Mines & Geology, Andhra Pradesh, 1977.
ii. Exploration Report in the leasehold area of Madharam dolomite mine in Khammam district of Andhra Pradesh by J.J. Soil Investigation and Environ Consultants (P) Limited, Visakhapatnam, 2007
iii. Revised feasibility study on Mining schemes to Visakhapatnam Steel Plant, Volume-1: Jaggayyapeta, Khammam and Machkot-Tiria deposits by M.N. Dastur & Company (P) Ltd, Consulting Engineers, Calcutta, December 1980
iv. Approved Mining plan (for first renewal of Mining Lease from 14-7-2000 to 13-7-2020) of Madharam Dolomite Mine, Singareni Mandal, Khammam district, Andhra Pradesh by Directorate of Mines & Geology, Government of Andhra Pradesh, Hyderabad
v. Approved Scheme of Mining of Madharam Dolomite Mines over 384.46 ha for the period from 2011-12 to 2015-16 by the Office of the Zonal Director of Mines & Geology, Government of Andhra Pradesh, Hyderabad

4.2 Jaggayyapeta Limestone Mine

4.2.1 Exploration history and reserves as per RINL

The Jaggayyapeta area is situated in the Palnad basin where it merges with the broad southern slopes of the Nalgonda-Khammam plateau. The area has a gentle rolling topography with elevations ranging from 56m to 80m above MSL and an average of 70m. Most of the area is covered by limestone outcrops and at places covered by lateritic soil.

The area falls in Survey of India topo sheet no. 65D/1 between 16^0 50' and 16^0 53' latitudes and 80^0 02' and 80^0 06' longitudes. The Jaggayyapeta limestone deposit lies about 5km south west of Jaggayyapeta town which is the Mandal headquarters and can be approached by a black topped road. An all weather road connects to Jaggayyapeta which is about 80 km from Vijayawada and 200 km from the state capital Hyderabad. The nearest railhead is Jaggayyapeta station and BG line is connected from ML to Motumarri at a distance of 31 km through Jaggayyapeta station on Kazipet-Vijayawada section of South Central railway.

No perennial water course or springs are seen in the area; the water table appears to be deep and is rarely intersected in boreholes drilled in the area.

The lithology of Jaggayyapeta and adjacent areas comprises of limestone, shale, quartzite and phyllite belonging to the Precambrian sedimentary formations. They are flanked by granite gneiss of Archaean age in the west, north and east. The rock types encountered in the explored area are shale overlain by limestone with an intermediate transition comprising argillaceous limestone and calcareous argillites.

The general trend of limestone in the north block is E-W with minor rolls along the strike and dip. The overall inclination of the beds is about 2^0 to 5^0 due South. The general trend of rocks in the south block is N-S with a gentle rolling dip of 2^0 to 5^0 due East.

Limestone outcrops were first reported by Foots in 1870 who correlated the quartzites and shales of the area with the Banaganapalli beds and the limestone with Jammalamadugu bed of the Kurnool series. The area was explored initially by the Geological Survey of India (GSI) during 1962-64 & 1972-74 and subsequently by Mineral Exploration Corporation Limited (MECL) in 1977.

Geological investigation by GSI: GSI divided the 2195 ha area into three blocks viz. block-A (796 ha), B (725 ha), and C (674 ha). Large scale mapping (2195 ha + 250 ha), surveying and contouring (1521 ha + 250 ha), drilling 229 holes (7127.95m), shallow pitting (5), surface sampling (chip and groove), pit sampling (33) and specific gravity determination (45 samples) formed part of the GSI exploration in two phases. The average core recovery from 42 boreholes (758.60m) in the north block was 92%. The total geological reserve was estimated on the basis of both the phases of exploration. These reserves occupy an aggregate area of 250 ha within the total area of 2195 ha explored. The reserves were estimated on the basis of acid insolubles with < 12% cut-off and the details are given below: The mineable reserves are calculated as 90% of the geological reserves, mining losses considered being 10%.

Measured resources have been determined within a limited margin of error, from sample analyses and measurements from closely spaced and geologically known sample sites. Under this category are the reserves estimated for outcrop zone of basal flux grade zone in blocks C and B, and outcrop of middle flux grade zone in blocks B and C. In both the cases, surface control was exercised by chip samples collected along the grid lines of 200m intervals and subsurface control by boreholes drilled at 200m grid interval in the former and 200m x 400m grid in the latter.

Indicated resources have been estimated partly from the sample analyses and measurements and partly from reasonable geological projections. Under this category fall reserves from basal flux grade zone in blocks C and B beyond the limits of measured reserves up to an Overburden to Ore ratio limit of 1:1, and outcrop zone of basal flux grade zone in block A, and outcrop zones of minor middle flux grade zones 2 and 3 in block B. In these areas boreholes were drilled at random points and large intervals. Chip sample data may or may not be available at close intervals, and there is no control over the analyses as in many cases only partial analytical data was available.

Inferred resources have been estimated mostly from unexplored areas and the quality & size are based on the geological evidences and projections. Under this category are resources from the overburden zone of the basal flux grade zone in blocks C and B where Overburden to Ore ratio limit exceeds 1:1 but is less than 2:1, and the upper flux grade bands in block 4. The control of surface data is limited in view of few intersections in this area.

The resources were calculated by geological cross sectional method. Sections were drawn at 200m or 100m intervals across the width of the flux grade limestone zones. Cross sectional areas were measured by dividing them into regular geometric shapes and also cross checked by graphical methods. The specific gravity of 2.72 t/m^3 and bulk density of 2.61 t/m^3 were determined but for the calculation of reserves, 2.5 t/m^3 was considered as safe after providing allowances for all types of losses due to irregularities of the deposit. The resources determined by GSI, from all the three blocks together, are given below:

Category	Geological reserve (Mt)	Mineable reserve (Mt)
Measured	47.97	43.17
Indicated	59.05	53.15
Inferred	27.94	25.15
Total	**134.96**	**121.47**

The average quality of limestone proved in the area by GSI is given below:

CaO%	MgO%	SiO_2%	Al_2O_3%	Fe_2O_3%
49.44	1.65	8.24	1.59	0.61

Geological investigations by MECL: Based on the preliminary investigation results of GSI, 157 ha (consists of northern parts of C & B blocks of GSI area) in the North block was further explored by MECL in the year 1977. The objective of the investigation was to obtain further information in between the boreholes (North block = 42 holes & South block = 24 holes at a total of 1873.03m) drilled in a 400m x 200m grid interval for quality control purpose. MECL drilled 24 holes (426.75m) in a 200m x 100m grid interval (strike x dip) in the north block (102 ha) and 24 holes in the south block (55 ha). Drilling was done up to the shale bed demarcating the bottom contact of limestone. 459 samples were analysed for acid insolubles and 50 composite samples were analysed for CaO, MgO, SiO_2, Fe_2O_3, and LOI in the north block. The average core recovery in the north block was 91.47%. Primary core samples were drawn at one length and all of them were analysed for acid insolubles.

The reserves were estimated by standard methods from geological cross sections 2 to 14 in the North block and 18 to 25 in the South block. The volumes and grades were computed using various formulae set down in the report. The volumes and grades were computed on the basis of geological mapping, sampling and its analysis and borehole data. The volumes were multiplied by the bulk density 2.60 to obtain tonnage. The specifications of BF grade limestone provided by Steel Authority of India (SAIL) are given below:

Radical	%
CaO	45 Minimum
MgO	6.0 Maximum
Total Acid Insolubles (T.A.I)	12.0 Maximum

The reserves proved by MECL in the North and South blocks, covering 157 ha area, are given below. The grade is the arithmetic mean of 24 boreholes in each block.

North block		South block	
Mt	**Grade (%)**	**Mt**	**Grade (%)**
24.73	T.A.I - 10.83 CaO - 49.43 MgO - 0.67 SiO_2 - 8.63 Fe_2O_3 - 0.88 LOI - 38.05	**13.98**	T.A.I - 10.50 CaO - 49.74 MgO - 0.54 SiO_2 - 9.80 Fe_2O_3 - 0.57 LOI - 38.23

Of the total area of 2195 ha, RINL was granted 1295 ha of ML consisting of 900 ha reserve forest and 395 ha of patta land. At present, mining operations are carried out in the north block and RINL had extracted 6.31 Mt till 31-3-2010, as per the approved Scheme of Mining for the period 2010-11 to 2014-15. The Reserves/ Resources estimated by GSI were classified as per UNFC code by RINL (Scheme of Mining) as on 31-3-2010 and are given below:

Category	UNFC code	Mt
Proved reserves	111	43.17
Probable reserves	121	53.15
Total reserves		**96.32**
Possible reserves	333	25.15

The Proved Reserves (111) as on 1-4-2012 after accounting for the depletion of 7.11 Mt since inception is 36.06 Mt.

Ore to waste ratio (including soil, clay, weathered limestone, high silica limestone, shale intercalations, and 5% mining loss) was computed at 1 : 0.20. Though ore to waste ratio was calculated at 1:0.20, in practice, the waste generation is very nominal since high silica limestone having acid insolubles more than 12% is also mined along with the ore and fed to the crusher. As such, generation of waste is almost negligible. Sub grade ore having more than 32% CaO content and -6mm fines are stacked separately for future use. The crushed ROM is screened to separate -70mm + 6mm size limestone product during the rainy season only. In the other seasons all the ROM fed to the crusher is taken into the product. The average grade of -6mm fines is given below:

CaO%	Fe_2O_3%	Al_2O_3%	MgO%	SiO_2%
28.7	12.64	3.50	0.86	19.70

The physical and chemical specifications of limestone product are given blow:

Size	-70mm +6mm
CaO%	45.0 Min
MgO%	6.0 Max
Acid Insolubles	12 Max

4.2.2 Observations

GSI explored the entire leasehold and estimated the resources as explained under ‘Geological investigations by GSI’. MECL subsequently conducted detailed exploration in the north block, which consists of northern part of blocks C & B (of GSI codification) and estimated reserves as explained under ‘Geological investigation by MECL’. So, the total reserves estimated by GSI and MECL have no direct linear relationship as the area explored by MECL is a portion selected from the total area explored by GSI. RINL, while preparing the Mining plan/ Scheme of Mining, took into consideration GSI reserves only. Thus, the re-evaluation of the entire leasehold while considering the reserves estimates by MECL in parts of C & B blocks was not undertaken by RINL.

RINL classified the GSI’s ‘Measured reserves’ as ‘Proved reserves (UNFC code 111)’, ‘Indicated Reserves’ as ‘Probable reserves (UNFC code 121)’ and the ‘Inferred reserves’ as ‘Possible reserves (UNFC code 333)’, in the approved Mining plan/ Scheme of Mining by IBM.

BD is of the opinion that the ‘Measured reserves’ estimated by GSI could be reclassified as JORC code equivalent ‘Measured Mineral Resources’, ‘Indicated reserves’ as ‘Indicated Mineral Resources’ and ‘Inferred’ reserves as ‘Inferred Mineral Resources’. As a feasibility study was conducted and necessary legal approvals were obtained to mine limestone; and the mine was being operated for several years, it would be prudent for BD to reclassify the JORC code ‘Measured Mineral Resources’ to ‘Proved Ore Reserves’ category and the ‘Indicated Mineral Resources’ to ‘Probable Ore Reserves’ while leaving intact the ‘Inferred Mineral Resources’. Accordingly the reclassified JORC code equivalent Ore Reserves/ Mineral Resources as on 1-4-2012, are tabulated below:

Category	Mt	Grade (%)
Proved Ore Reserve (original)	43.17	CaO = 49.44 MgO = 1.65 SiO_2 = 8.24 Fe_2O_3 = 0.61 LOI = 38.05 AI = 1.83
Depletion till 31-3-2012	7.11	
Total Ore Reserves as on 1-4-2012	**36.06**	
Probable Ore Reserves	53.15	
Total Ore Reserves	**89.21**	
Inferred Mineral Resources	25.15	
Total Mineral Resources	**25.15**	

4.2.3 References

i. Final report on the investigation for flux grade Limestone in Jaggayyapeta area, Krishna district, Andhra Pradesh (1972-1974) by V Natarajan and S Rajagopalan Nair, Geological Survey of India, June 1975

ii. Exploration report on flux grade limestone deposits, North and South blocks Jaggayyapeta area, Krishna district, Andhra Pradesh by Mineral Exploration Corporation Limited, December 1977

iii. Revised feasibility study on Mining schemes to Visakhapatnam Steel Plant, Volume-1: Jaggayyapeta, Khammam and Machkot-Tiria deposits by M.N. Dastur & Company (P) Ltd, Consulting Engineers, Calcutta, December 1980

iv. Mining plan (for first renewal of Mining Lease from 8-8-2000 to 7-8-2020) of Jaggayyapeta Limestone Mine, Jaggayyapeta, Krishna district, Andhra Pradesh

v. Approved Scheme of Mining of Jaggayyapeta Limestone over 1295 ha, Jaggayyapeta, Krishna district, Andhra Pradesh for the period 2010-11 to 214-15, by Indian Bureau of Mines, Government of India

4.3 Garbham Manganese Mine

4.3.1 Exploration history and reserves as per RINL

The Garbham ML is located about one km north of Garbham village in Merakamudidham Mandal of Vizianagaram district, Andhra Pradesh. It falls between 18^{0} $22^{'}$ $13^{''}$ and 18^{0} $23^{'}$ $04^{''}$ longitudes and 83^{0} $26^{'}$ $02^{''}$ and 83^{0} $28^{'}$ $12^{''}$ latitudes of the Survey of India topo sheet no. 65 N/7. National highway no. 43, Visakhapatnam-Raipur, passes to the west of Garbham deposit and is connected at Komatipalli from Garbham deposit at a distance of 15 km by an all weather road. It is also approachable from Garividi by a 16 km tarmac road. Visakhapatnam port is 92 km away from the deposit.

For convenience, the lease area has been divided into three blocks viz. East, central and west Garbham. The lease area to the east of Garbham Merakamudidham road is referred as East Garbham block. The lease area to the west of Garbham Merakamudidham road and up to the NE-SW flowing nala situated to the east of Nooturla Gurlakonda is referred as Central Garbham block. The West Garbham block is bound by Bodikonda in the north and Amudalameta.

Garbham ML (264.54 ha) consisted of two mining leases viz. Garbham-I (59.04 ha) and Garbham-II (205.50 ha).

The regional geological succession after GSI is given below:

	Pegmatites and quartz veins Granites and granite gneisses Hypersthene gneisses (Charnockites?) Garnet sillimanite gneisses (Khondalites)
	Garnet granulites- Manganese ore horizon-I
	Crystalline limestones
	Calc-granulites
Khondalite formation	Garnet granulites- Manganese ore horizon-II
(Archaeans)	Coarse grained quartzites, Felspathic quartzites with lenticular bands of garnetiferous quartzites-Manganese ore horizon-III
	Coarse grained quartzites
	Garnet-sillimanite gneisses (Khondalites)
	Biotite gneisses

In the above succession Khondalite indicates the psammatic facies represented by quartzites predominating in the lower part and politic facies represented by garnet-sillimanite gneiss in the upper horizon. The major manganese mineralisation in this part of the belt is associated with calcic facies. The regional strike of the Eastern ghats (NE-SW) is also the strike of the manganese bearing rocks. The dips of the formation show variation (50^0 to 60^0 due south) both in amount and direction. The area is structurally complex and affected by folding and faulting.

The manganese ore bearing areas are located in the valley portions of high rising hill ranges of Eastern ghats. Manganese ore outcrops are exposed mainly in the abandoned pits and the remaining area is covered by soil. The high rising hills comprise quartzites and granulites in Udidammetta and Amudalametta and khondalites occurring on the Bodikonda in the north. The entire mineralised zone other than old quarries is covered by a blanket of lateritic soil and laterite of varying thickness from a few cm to 4m. The lateritic horizon contains pellets of manganese ore coated with iron oxide varying in size from 10mm to more than 10cm. The mineralisation lies within the weathered granulites and associated with lithomarge and granulites.

Geological investigation: GSI conducted regional survey and mapping, and exploration during 1977 to 1981 but the investigation report is not available for review. On behalf of RINL, JJ conducted preliminary exploration by diamond drilling and trial pitting to explore the extents of the manganese ore body during 1995-96. The exploration campaign by JJ included surveying, contouring (1:200 scale) and geological outcrop mapping (1:2000 scale) of 653.69 acres. Diamond drilling includes 14 inclined (609m) and 14 vertical (408m) boreholes between E-1500 and W-800 for a total of 790.72 m of pitting in 19 trial pits, 72 outcrop samples, 17 pit samples and 96 borehole core samples. The drilling (mostly one hole in each section line) established the manganese ore body between W-1900 & W-1200, W-1300 & E-100, and W-100 & E-500. Out of 6 boreholes drilled between E-900 & E-1500, only one borehole (GM-13) intersected a thin manganese ore band. Out of 22 boreholes drilled at near 100m intervals between W-1800 & E-500, only 6 boreholes intersected manganese ore bands.

Drilling was planned to ascertain the linear extent of manganese ore body in the western and eastern blocks from the central main pit. Boreholes were placed at 400m interval along the strike and 100m to 200m intervals perpendicular to the strike. Core recovery was 80% to 90% in the hard formations. Due to the soft nature of the manganese ore body, core could not be recovered by wet drilling methods, hence a dry drilling method was implemented wherever possible. Owing to differential hardness of the formations, wet drilling methods were followed and the core recovery was poor. In such places, sludge was collected and analysed for manganese content. Sludge samples have shown low Mn content due to contamination of sludge with clayey material. 85m of manganese ore was intersected in 9 boreholes and 96 core samples were analysed. A total of 185 samples were collected from boreholes, outcrops and pits and analysed for three radicals viz. Mn, SiO_2, Al_2O_3. The composite samples were analysed for Mn, SiO_2, Al_2O_3, P, S, and LOI content. The average grade of manganese ore is given below:

Mn%	Fe_2O_3%	SiO_2	Al_2O_3	P%	S%
30.03	14.97	13.61	5.27	0.26	Traces

The specification of manganese ore set for the steel plant was 28% Mn minimum. Based on this, cut-off grade for Mn has been fixed at 28%. Samples analysing above 40% Mn and below: 28% Mn (10% to 27% Mn) are suitably blended at mines to supply the required grade to the steel plant. Manganese ore with less than 10% Mn is stacked separately as sub-grade ore.

The main manganese ore body (Garbham Ore Body- GOB) has been established for 1200m in the strike direction. Another Manganese Ore Body (AMOB), located 300m south of GOB, is presumed to be parallel to GOB. This band extends in an E-W direction and still remains to be proved towards the west of the ML. The mineralisation in the East Garbham (EGOB) is mainly supergene enrichment within quartzites. The ore body is about 2m thick, covered by soil. Ore mineralisation in East Garbham does not appear to be promising. The old pits reached a depth of 15m and are mostly silted. The mineralisation is mainly associated with garnetiferous quartzites and coarse grained quartzites. Association of the manganese ore body with pockets of clay, lithomarge and cherts at the margins indicate that some of the mineralisation is also derived from garnet granulites.

The mineralisation has been classified into four types viz. colloidal, massive and compact, friable, and powdery types. The colloidal type occurs along the contact zones in the form of botroidal psilomelane. The lumpy form of pyrolusite is a common form of hard, compact and massive ore with concoidal fracture. The occurrence of massive ore could not be established but is anticipated to be about 10% based on the borehole data. The friable ore type of mineralisation occurs in granular form with loose bonding and moderate compaction. The ore is black in colour and friable in nature associated with lithomarge. The powdery ore is the most common form in this type of deposits.

Three ore bodies have been demarcated in the leasehold viz. EOB in Eastern Garbham, GOB the main ore body, and the AMOB ore body on the south of Garbham main pit. EOB is of supergene enrichment and its occurrence is restricted to shallow depths. Much of the recoverable ore was already mined out and the chances of its extension below are remote. The waste dumps are built immediately on the periphery of quarry faces and the pits are silted and collapsed. Operation of these pits involves huge excavation which may not be economical. GOB ore body is promising but the band is not traceable further east of Garbham main pit. Garbham main pit is water logged and silted and waste was dumped on all the sides of the pit from the earlier workings. Reclamation of this pit involves huge investment which may not be economical. As such it was proposed to develop this pit up to Pallapugudi on the west. It was also proposed to remove the waste dumps on the top of the north band to expose the manganese ore body in block-B. AMOB band identified to the south of the main pit occurs at shallow depths and is friable in nature.

Based on the old workings, surface out crops in the pits, borehole data and cross sections, the reserves have been estimated. The average dip of the ore body was considered at 55^0 due South. Since the core recovery was poor, the sludge samples data were considered for geological interpretation. The ore body is assumed to be a uniform tabular body (southern limb) beyond Garbham main pit on the west. Out of the total volume estimated, only 25% was considered as mineralisation and recovery was 50% which works out to be 12.5% of the total volume estimated. The tonnage factor considered for reserve estimation for Garbham main pit was 1.80 for fines and 2.20 for lumps with an average of 2.0, which is a general practice followed in these areas. Based on the bulk sample studies conducted regularly on the material despatched to VSP, the tonnage factor has been determined at 2.0. The lump to fines ratio works out to be 1:2.

1.02 Mt manganese ore reserves (Total Mn = 28%, Total Fe = 12.56%, Al_2O_3 = 5.96%, SiO_2 = 21.43%, P =0.28% and S = Traces) were estimated in 145.89 acres (Central Garbham) and 507.80 acres (East & West Garbham) by cross sectional method (13 sections at 100m intervals from E-100 to W-1100). Proved reserves were detemined between 131mRL and 98 mRL; and Probable insitu reserves between 98mRL and 83 mRL. The summary of reserves is given below:

Ore body	Proved reserve (t) UNFC code	Probable reserve (t) UNFC code
Garbham ore body (GOB)	491,856 (111)	265,125 (121)
East Garbham & AMOB of Central Garbham from lateritic ore (25% ore recovery)		100,000 (121)
Ore recoverable from old dumps (25% ore recovery)		160,000 (121)
Total	**491,856**	**525,125**
Depletion till 31-3-2008	102,363	-
Depletion from 1-4-2008 to 31-3-2012 from old dumps		44,278
Depletion from 1-4-2008 to 31-3-2012 from lateritic ore		2,085
Total depletion till 31-3-2012	**102,363**	**46,363**
Balance as on 1-4-2012	**389,493**	**478,762**

The reserves were further classified into different grade categories viz. High grade (218,970t @36.93% Mn), Direct grade (432,034t @28.76% Mn), and Blendable grade (105977t @ 21.22% Mn).

The ore body contains gangue materials like laterite, lateritic clay, clay, quartz, lithomarge etc and it is necessary to segregate manganese ore from the gangue. In view of this, the ore recovery is expected to be 40% and accordingly the reserves were calculated under the area of influence method.

4.3.2 Observations

Many boreholes drilled between E-1500 to W-1800 at near 100m intervals in the strike direction were barren and those boreholes that intersected the manganese ore body show varying ore body thicknesses. Plans and sections prepared by JJ, demarcating the proved and probable reserves in the main ore body GOB, are not available for review. In the light of random boreholes intersecting the ore body, the discontinuous nature of the ore body and the production of manganese ore mainly confined to the old dumps for several years due to the uneconomical mining scenario of the old silted and water logged pits, it is apt for BD to reclassify the 'Proved reserves' as JORC code equivalent 'Indicated Mineral Resources' and the 'Probable reserves' as JORC code equivalent 'Inferred Mineral Resources'. The JORC code equivalent Mineral Resources as on 1-4-2012, after accounting for depletion till 31-3-2012, are given below:

<table>
<tr><th>Ore body</th><th>Indicated Mineral Resources (Mt)</th><th>Inferred Mineral Resources (Mt)</th><th>Grade (%)</th></tr>
<tr><td>Garbham ore body (GOB)</td><td>0.389</td><td>0.265</td><td rowspan="4">Mn = 28
Fe = 12.56
Al_2O_3 = 5.96
SiO_2 = 21.43
P =0.28
S = Traces</td></tr>
<tr><td>East Garbham & AMOB of Central Garbham from lateritic ore (25% ore recovery)</td><td></td><td>0.098</td></tr>
<tr><td>Ore recoverable from old dumps (25% ore recovery)</td><td></td><td>0.116</td></tr>
<tr><td>Total Mineral Resources</td><td>0.389</td><td>0.478</td></tr>
</table>

JORC Complaint Ore Reserves / Resources estimate of Limestone, Dolomite and Manganese for all RINL leases are summarised in tables 3, 4 & 5 and are presented in Annexure-3.

4.3.3 References

i. Exploration Report on Garbham Manganese Deposit, Merkamudidham Mandal, Vizianagaram district, Andhra Pradesh volume-1 by J.J. Associates, Visakhapatnam, Andhra Pradesh, 1996

ii. Approved Mining plan for Garbham Manganese Mine, Garbham village, Merakamudidham Mandal, Vizianagaram district, Andhra Pradesh over 264.54 ha for 20 years and valid up to 7-10-2022 by Controller of Mines (South Zone), Indian Bureau of Mines, Government Of India, 21-10-2003

iii. Approved Scheme of Mining of Garbham Manganese Mine, Garbham village, Merakamudidam Mandal, Vizianagaram district, Andhra Pradesh for the period from

2008-09 to 2012-13 over 264.54 ha by Controller of Mines (South Zone), Indian Bureau of Mines, Government of India , 15-7-2008

iv. Exploitation of manganese ore deposits for Visakhapatnam steel plant- Feasibility report by Metallurgical & Engineering Consultants (India) Limited, Ranchi, India, November 1978.

4.4 Saripalli Sand Mine

The Saripalli sand ML was granted on 23-4-2003 over an area of 64.67 ha and is valid for 20 years up to 22-4-2023. RINL advised BD not to consider this river and runner sand deposit for re-classification of reserves/ resources as per JORC code.

5.0 DETAILS OF TENEMENTS OWNED BY EIL (SUBSIDIARY OF RINL)

OMDC, a subsidiary of EIL was granted three (3) MLs in the state of Odisha for iron and manganese minerals. Three (3) Mls were held by B.P.M.E Ltd which was merged with OMDC. Presently ML renewal applications have been filed all six (6) in the name of OMDC. The location of these six mining leases are shown in Figure - 4 & 5 in Annexure-1. As per the details provided by RINL, none of the six tenements have valid MLs and hence are not being operated at present. The ML renewal applications were filed under Mineral Concession Rules-1960 by OMDC and are being processed by the state government of Odisha and the Central government. Status of the ML renewal applications are included in Annexure-2. However, approved mining plans and Schemes of Mining by Indian Bureau of Mines (IBM) are available for each of the six tenements. Similarly, Forest diversion proposals under Forest Conservation Act-1980 and Environment clearance under Environmental Protection Act-1994 & amendments thereof have been applied for but not yet received . In light of the above pending legal issues and want of technical feasibility & economic viability reports, Behre Dolbear would like to classify these tenements under Mineral Resources/ Exploration Results, as the case may be.

Regional Geology & Stratigraphy

All six iron ore and manganese ore tenements form a part of the South-Eastern portion of the Singhbhum-Keonjhar-Bonai belt, also known as Jamda-Koira valley is represented by a narrow NNE-SSW trending folded synclinorium, 60km long and 25km wide. The Precambrian horse-shoe-shaped belt is well known for hosting large reserves of iron and manganese ores.

The belt was first reported by Jones in 1934 and has been studied in detail subsequently by several eminent geologists. Major litho-types discernible in the Singhbhum-Keonjhar-Bonai belt are schists, tuffs, phyllites, shale and banded iron formation including banded hematite jasper (BHJ), banded hematite chert (BHC) and banded hematite quartzite (BHQ).

The stratigraphic succession of the Precambrian rocks was first deciphered by Jones (1934) and later modified by Dunn (1940). Dunn, on the basis of detailed mapping recognized a new group lying unconformably over the iron ore group, which he named the “Kolhan Group”. The type area of the Kolhan Group lies to the north of Noamundi in Jharkhand State.

The most acceptable litho-stratigraphic succession for the belt was proposed by Murthy and Acharya in 1975 and verified by the Geologists of OMDC by way of detailed mapping and core drilling during exploration for manganese and iron ore. Murthy and Acharya coined a new name “Koira Group” to these formations of Bonai-Keonjhar belt and suggested the following stratigraphic succession:

Kolhan Group		Sand stones, Conglomerates, Breccia
~~Unconformity~~~~~~~~~~~~~~~~~~~~~~~~~~~		
Koira Group	Mixed facies formation	Basic lava, tuffs and tuffites of volcanic facies Iron, manganese, lenses of iron formation Chert, small dolomite patches of chemical facies Minor lenses of sandy and silty shale of clastic facies
	Banded shale formation	Banded shale member Black shale member Black shale chert member
	Banded iron formation	Finely banded Jaspilite member Coarsely banded Jaspilite member
	Volcanic formation	Tuffaceous shale Basic lava
	Basal sand stone	Gritty sand stone, quartzite conglomeritic at places with interbedded lava at top.
~~Unconformity~~~~~~~~~~~~~~~~~~~~~~~~~~~~~		

The technical details of each of the six iron ore and manganese ore tenements are described below:

5.1 Thakurani iron & manganese mines

5.1.1 Exploration history and reserves as per OMDC

The Thakurani lease area is located in the Barbil taluka of Keonjahar district of Odisha State and forms part of villages of Thakurani, Daiki, Karakolha, Sading, Santbahai, Uliburu and Barbil.

The state capital Bhubaneswar can be reached by road covering a distance of 280 km and the Paradip port is located at a distance of 300 km.

In general, it is a hilly terrain, with a prominent hill range on the eastern boundary. The elevations vary between 430m and 918m having a general gradient towards the north-north-east. The river Karo flows west of the western boundary of the leasehold.

The mining operations in this area have been going on since 01-10-1924. Originally, the area was held by M/s Bird & Co under M.L for iron and manganese over 25 sq miles w.e.f 1-1-1924 for 30 years. After partial surrender of the leasehold area and nationalization of the said company on 25-10-1980, the Company was renamed as Bird group of companies , a Government of India Undertaking. The renewed ML has an area of 6.181 sq miles equivalent to 1600.94 ha and was valid till 30-9-1984. The tenements then held by BPME, including this lease, were operated by OMDC, as its operating agent.

The first renewal of 1600.94ha ML expired on 30-9-1984. An application for a second renewal of mining lease was made in time and the ML was renewed till 30-9-2004. Subsequently, the lessee surrendered 54.39ha of Thakurani Reserve Forest (RF) and the lease area was reduced to 1546.55 ha.

The third renewal of Mining lease application for 20 years w.e.f 1-10-2004 to 30-9-2024 in the name of OMDC was filed for a reduced area of 778.762 ha and the same was recommended by Collector, Keonjhar & Director of Mines, Bhubaneswar, and is pending with the Secretary, Department of Steel and Mines, Government of Odisha (see Annexure-2).

The rocks exposed in this ML belong in general to the iron ore series, which have been grouped into the Koira group of rocks .The local stratigraphic succession of the area is as follows:

Soil alluvium
Laterites
Float iron ore
BIF with iron ore
Shale with manganese ore
Banded Shale

Due to weathering, lateralization is a common phenomenon affecting all rocks and more so the iron formations. The formations strike in a NE-SW direction with dips ranging from 35^0 to 55^0.

The ore reserves were estimated by cross sectional area method and grouped them into Proved and Probable categories. The cross sectional area was multiplied with length of influence, incidence factor and tonnage conversion factor to arrive at the Proved, Probable and Possible Reserve categories. Mineable reserves were calculated in the same manner as geological reserves after allowing the reserves locked in a 7.5m wide safety zone along the lease boundary and the ultimate pit slope. The geological and mineable reserves so estimated were as follows:

Category	**Iron ore (t)**		**Manganese (t)**	
	Geological	**Mineable**	**Geological**	**Mineable**
Proved	51,803,000	50,736,600	464,000	464,000
Probable	28,631,500	27,562,500	492,000	492,000
Possible	29,749,500	28,156,500	732,000	732,000
	110,184,000	**106,455,600**	**1,688,000**	**1,688,000**

As per the latest Scheme of Mining, 7,423,156t of iron ore had been depleted from the total reserve in 7 years till 01.04.2009 and the updated reserves after deducting the production/depleted reserve are given in the table below:

Type of ore	**Category**	**Reserves as on 1.4.2002 (t)**	**Reserves depleted (t)**	**Reserves as on 1.4.2009 (t)**
Iron ore	Proved	51,803,000	7,423,156	44,379,844
	Probable	28,631,500		28,631,500.
	Possible	29,749,500		29,749,500
	Total	**110,184,000**	**7,423,156**	**102,760,844**
Manganese ore	Proved	464,000		464,000
	Probable	492,000		492,000
	Possible	732,000		732,000
	Total	**1,688,000**		**1,688,000**

Since the ML area applied for renewal was reduced to 778.762 ha of the original ML area of 1546.55 ha, the reserves under various categories were re-estimated, block-wise, taking into consideration the position of the quarries and core drilling carried out in the area. The area applied for surrender over 767.788 ha does not contain any mineralization.

So far, 99 boreholes have been drilled in this ML with a total drilling of 3540.95m. Out of these, 2 holes were drilled for manganese exploration. On an average, the bore holes have been drilled at an average spacing of 200m along the strike and a variable interval of 50 to 200m across the strike.

Ore Zone	**Block**	**No of boreholes**	**(m)**
Iron ore area	A	84	3175.45
	D	13	334.00
Manganese ore area	B	2	31.50
Total		**99**	**3540.95**

As earlier, cross sectional area method has been adopted to calculate the reserves under Proved and Probable reserves categories. Cross sectional area measured from the cross sections was multiplied with length of section influence, incidence factor and tonnage factor to get the Proved reserves.

The parameters considered for Reserve estimation are given below:

Parameter	Iron ore zone	Manganese ore zone
Length of section influence	200m	100m
Metallurgical ore incidence factor	0.7	0.4
Tonnage factor of ore	3 t/m^3	2.5 t/m^3
Cut off grade	58% Fe	20% Mn
Sub grade ore generation factor	0.27	0.10
Intermediate waste generation factor	0.03	0.50

Based on the above considerations, the geological reserves have been estimated under Proved and Probable categories. The ore body up to the depth of intersection of bore hole/ quarries below the surface are grouped under the Proved category and the ore lying below the Proved category up to a depth of 30m, depending on topography, borehole data and quarry depth were grouped under Probable category of reserves.

In many pits manganese ore was mined out to 6m depth. In view of this observation, no estimates were made in the probable category for manganese ore.

The Mineable reserves have been estimated in the same manner as the Geological reserves duly giving allowance for the ore that will get blocked due to (a) 7.5m barrier along the lease boundary, (b) 10m along village road, (c) 50m boundary along state highway, (d) 50m along the railway line and (e) under the ultimate pit slope that may have to be left statutorily.

The updated ore reserves as on 1-4-2010, block-wise and category-wise are tabulated below:

Reserves	Cate-Gory	Iron ore (t)			Manganese ore (t)		
		Block-A	**Block-D**	**Total**	**Block-A**	**Block-B**	**Total**
Geological	Proved	58,451,400	10,579,800	69,031,200	458,000	813,000	1,271,000
	Probable	24,998,400	16,239,300	41,237,700			
	Total	83,449,800	26,819,100	**110,268,900**	458,000	813,000	**1,271,000**
Mineable	Proved	57,813,000	9,640,680	67,453,680	433,000	773,000	1,206,000
	Probable	24,372,600	13,843,200	38,215,800			
	Total	82,185,600	23,483,880	**105,669,480**	433,000	773,000	**1,206,000**

The Reserves as on 1-4-2012, under UNFC classification, after accounting for the depletion of 7,423,156t of iron ore to date, are given below:

Category	UNFC Code	Iron Ore (t)	Manganese ore (t)
Proved Reserves	111	67,453,680	1,206,000
Probable Reserves	122	38,215,800	
Sub Total (A)		**105,669,480**	**1,206,000**
Measured Resources	331	1,577.520	65,000
Indicated Resources	332	3,021,900	
Sub Total (B)		**4,599,420**	**65,000**
Total (A + B)		**110,268,900**	**1,271,000**

The average grade of iron ore and manganese was given as 64% to 66.5% Fe and 26% to 28% Mn respectively.

5.1.2 Observations

The exploratory boreholes are found to belong to five series viz. BH, RC, NC & C. Most of the drilling was limited to the northern and southern parts of Block-A for iron ore exploration. Many holes were found to be shallow as they encountered BHQ/ BHJ at shallow depths. The transverse sections were drawn at 200m interval in the iron ore area in Blocks A & D. Each of the sections (A-A' to O-O') in Block-A contains at least one borehole whereas in Block-D, out of 9 sections (A-A' to I-I') only five sections contain at least one borehole; and the boreholes in each section were not drilled at regular intervals and also don't cover the entire cross section. Block-D was drilled at a larger grid interval, with a lesser density of boreholes, than that of Block-A. The ore body has been extrapolated beyond the samples along the strike for which the quality and thickness parameters were not measured. The reserves computed in the transverse sections with no boreholes were classified invariably as Probable reserves.

The core recovery data are not available for review. The Reserves estimates given in the Mining plans/ Schemes of mining do not contain the corresponding quality parameters.

The manganese reserves estimated are limited to Blocks A & B. Six and five sections were drawn at 100m intervals in blocks A & B respectively. Only two boreholes drilled in the entire block-B, are in section Z-Z'. All other sections are hypothetical in nature and extrapolated both in strike and dip directions. There are few samples to define the geometry and the quality for the manganese ore body in both the blocks.

The legal approvals related to the renewal of the Mining Lease are yet to be obtained and hence the mine was not being operated.

In light of the above observations, BD proposes to reclassify the previously estimated Ore Reserves/ Mineral Resources to JORC code equivalent and is given below:

Category	Iron ore (Mt)			Manganese ore (t)		
	Block-A	Block-D	Total	Block-A	Block-B	Total
Indicated Mineral Resources	58.45	10.58	69.31			
Inferred Mineral Resources	25.00	16.24	41.24	0.458	0.813	1.271
Total Mineral Resources	**83.45**	**26.82**	**110.27**	**0.458**	**0.813**	**1.271**

5.1.3 References

i. Approved Mining Plan of Thakurani iron & manganese mines over an area of 1546.55 ha in district Keonjhar, Orissa for a period of 7 years from 2002-03 to 2008-09 by Regional Controller of Mines (NR), Indian Bureau o Mines, Government of India, 6-7-2005
ii. Approved Scheme of Mining of Thakurani iron & manganese mines over an area of 1546.55 ha in district Keonjhar, Orissa for a period of 5 years from 2009-10 to 2013-14 by Controller of Mines (CZ), Indian Bureau o Mines, Government of India, 9-8-2010

5.2 Bhadrasai manganese mines

5.2.1 Exploration history and reserves as per OMDC

This mine is located in Barbil taluka of Keonjahar district of Odisha State with ML area of 998.70 ha. It is the biggest ML of OMDC leases post part surrender of the leasehold in Thakurani iron and manganese mines.

Bhadrasahi ML forms part of the Survey of India toposheet no. 73G/5 & 73F/8 on a scale of 1:50,000 and is bound by the latitudes 21^0 59’00” to $22^0$01’15” and longitudes $85^0$21’30” to $85^0$24’30”. The lease area is connected by an all weather metalled road and is located at about 16 km from the Barbil town, which has a railway station, and is 11km from Bhadrasahi chowk as well as from NH 215.

Mining Lease for manganese expired on 30.09.2010. Renewal Application filed with State Govt of Odisha (see Annexure-2).

The land use pattern of the leasehold is given below:

Land Type	Area (ha)
Reserve Forest	77.265
Forest	800.045
Non-Forest	121.390
Total	**998.700**

The leasehold area is covered by a number of hillocks and truncated by major and minor valleys. Gobru pahar and Durga pahar being the most conspicuous hills in the area are situated at the centre and northern extreme of the leasehold, respectively. The lowest contour is 480m at the valley level. The Gobru pahar and Durga pahar are capped with massive iron ore / BHQ/ BHJ, where as the shale and phyllites occupy the valleys traversed by the rivers and streams. The geomorphic trend of the hill range and the strike of litho units in the area are in a NNE-SSW direction.

The local stratigraphic succession of various rocks is reported to be as follows:

Soil & alluvium
Laterites
Float iron ore
BIF with iron ore
Shale with manganese ore
Banded shale

The area forms a part of the Bonai synclinorium trending NNE-SSW, with the eastern and western limbs composed of continuous and discontinuous hill ranges of resistant BHQ/ BHJ and iron ores. The formations dip at angles between 35^0 to 55^0.

Iron ore bodies directly overlie shales at or near the top of the hill ranges and the manganese concentrations fringe the iron ore bodies on the inner slopes of the synclinorium.

For taking up detailed exploration a geological plan at 1:5000 scale was prepared with all litho contacts and the existing quarries on the basis of survey and geological mapping. Up to 2002-03 a total 94 different types of bore holes (core and noncore) were drilled. All these data were considered for estimation of reserves. A study of the geological plan reveals that the bore holes were more concentrated in the central and south central portions of the lease, wherein the spacing of boreholes was around 200m along the section line and 150m-200m along strike.

Ore reserves have been estimated by using the cross section area method. A total of 20 cross sections (AA' to TT') for iron ore were drawn covering the full area of the lease. Each section was also given an estimation of manganese ore reserves. A bulk density of 3.5 t/m^3 and 2.80 t/m^3 and a recovery factor of 0.60 and 0.20 were used for estimation of ore and manganese ore reserves respectively. The following factors formed the basis for classifying the reserves as Proved, Probable and Possible categories.

1. Proved limit is considered up to that depth to which the mineral occurrences have been proved by means of bore holes with lateral extensions of 100m for iron ore and 50m for manganese ore. At some places in the absence of bore holes the maximum quarry depths have been taken into account with lateral extension as specified for iron and manganese ore.
2. The probable limit is considered laterally by another 100m and 50m respectively for both iron and manganese ores from the Proved limit on either side w.r.t half of the depth attained by the respective quarries or bore holes.

3. Possible limits of the ore zone are also considered laterally keeping in view the low manganese ore. At some places BHJ horizons have been booked under the possible category up to a depth of 5m having an Fe content >45%. Taking into consideration the above parameters the threshold value of iron and manganese ores has been kept at 45% Fe and 10% Mn based on the present utilization pattern.

Based on the above mentioned methodology and assumptions made, the geological and mineable reserve of iron and manganese ores was calculated. The details of category wise geological and mineable reserves of iron ore, as per the Mining Plan, are tabulated below:

Iron ore

Category	Geological reserves (Mt)	Mineable reserves (Mt)	Cut off grade
Proved	57.09	56.77	55% Fe
Probable	17.32	17.18	
Total reserves	**74.41**	**73.95**	
Possible	20.26	19.07	45% - 55% Fe
Total resources	**94.67**	**93.02**	

Manganese ore

Category	Geological reserves (Mt)	Mineable reserves (Mt)	Cut off grade
Proved	7.69	7.48	20% Mn
Probable	4.67	4.46	
Total reserves	**12.36**	**11.94**	
Possible	4.56	4.41	10 % to 20% Mn
Total resources	**16.92**	**16.35**	

Based on the bore holes drilled in both the iron and manganese ore zones, the grade-wise resources have been computed by taking the logs and analysis data into consideration, and they are tabulated below:

Iron ore

Grade (Fe)	Ore incidence of total Resources (%)	Quantity of Resource (Mt)
45-50%	10	9.45
50-55%	9	8.53
55-58%	11	10.42
>58%	70	66.27
Total	**100**	**94.67**

Manganese ore

Grade (Mn)	Ore incidence of total Resources (%)	Quantity of Resource (Mt)
10-20%	Nil	Nil
20-25%	Nil	Nil
25-28%	6	1.015
28-32%	20	3.384
> 32%	74	12.521
Total	**100**	**16.920**

The reserves classified as per UNFC classification, in the approved Mining Plan, are given below:

Category	UNFC Code	Iron ore (Mt)	Manganese ore (Mt)
Proved Mineral Reserves	111	56.77	7.48
Probable Mineral Reserves	122	17.18	4.46
Total Mineral Reserves (A)		**73.95**	**11.94**
Prefeasibility Mineral Resource	221 222	0.32 0.14	0.21 0.21
Reconnaissance Mineral Resource	334	20.26	4.56
Total Resources (B)		**20.72**	**4.98**
Total (A+B)		**94.67**	**16.92**

5.2.2 Observations

Twenty transverse sections (AA' to TT') from 94 boreholes were drawn at 250m intervals covering the entire iron ore body based on which the iron ore reserves were estimated. As stated earlier, 36 holes belong to SS series, 48 to RC series and 10 to C series. The borehole spacing followed may not be sufficient to define the geometry of the iron ore and manganese ore body; and estimate their quality parameters. In the absence of plotting the boundaries of Proved, Probable and Possible reserves categories on the cross sections, it was difficult to know exactly the areas where the respective reserves were identified vis-à-vis the availability of sample data.

Manganese reserves of Proved, Probable and Possible categories were estimated on cross sections, LL' to TT', drawn at 250m intervals. The section intervals are very large for the estimation of manganese ore bodies which are discontinuous.

The ML is not operative at present for want of legal approvals.

In light of the above, BD proposes to classify the JORC code equivalent Ore Reserves/ Mineral Resources as given below:

Category	Iron ore (Mt)	Manganese ore (Mt)
Indicated Mineral Resources	57.09	7.69
Inferred Mineral Resources	17.32	4.47
Total Mineral Resources	**74.41**	**12.36**

5.2.3 References

i. Approved Mining Plan of Bhadrasahi iron and manganese mine over an area of 998.70 ha in district Keonjhar, Odisha for 5 years from 2010-11 to 2014-15, by Controller of Mines (Central Zone), Indian Bureau of Mines, Government of India, 20-4-2011

5.3 Bhadrasai (Kolha Roida) iron & manganese ore mine

5.3.1 Exploration history and reserves as per OMDC

The Kolha roida ML, Kolha roida village, Keonjhar district, Orissa State spreading over 254.952 ha area forms part of the Survey of India Toposheet no. 73 F/8 bound by 21^0 01' 15" to 22^0 02' 00" latitudes and 85^0 23' 40" to 85^0 25' 08" longitudes. The ML consists of 90.083 ha Reserve Forest land, 98.41 ha Forest land, 29.64 ha tenanted land and 36.81 ha Other Government land. This indicates that most of the leasehold area is covered by forest land.

Application for third renewal of ML filed for 20 years w.e.f 15.08.1996 to 14.08.2016 which was rejected by the State Govt of Odisha. Revision application filed with central tribunal on dtd.
30.11.2006 has been disposed off by the Central Tribunal directing to maintain status quo prior to the impugned rejection order of state govt. Mining operation was to have started over the area w.e.f March 2009, but Govt. of Odisha did not issue ore removal permission from the area (see Annexure-2).

The lithological units encountered in the ML area are Upper shale horizon with manganese, Middle horizon with banded iron formations with iron ore and top lateritic cover horizon with float and canga. The manganese ore zone occurs in the central part of the ML. The iron ore and manganese ore zones trend N-S to NNE-SSW with low to moderate dips towards the east and west.

For the preparation of the mining plan, the latest topography has been mapped at a 1:2000 scale, with 5m contour intervals. Based on the surface examination of the area and old workings, a revised lithological and structural map of the leasehold has been prepared. Contour plan and geological map of the existing quarries at a 1:1000 scale has been prepared. Based on the existing benches geological cross sections at strategic points in the iron ore and manganese quarries have been prepared. There are 14 iron ore and 7 manganese ore quarries in the leasehold out of which 11 iron ore and 3 manganese ore quarries were in operation.

The reserves have been estimated based on the exploratory work carried out in the ML, including a detailed study of the different quarry workings. A cut-off of 55% Fe and 25% Mn were applied for the estimation of iron ore and manganese reserves respectively. Ores with 52% to 55% Fe and 10% to 25% Mn were classified as sub-grade iron and Manganese ores respectively. A tonnage factor of 3.5t/m^3 and 2.8t/m^3 was determined for iron and manganese ores respectively. An ore recovery factor of 0.75 and 0.25 was determined for iron and manganese ores respectively based on the actual mining practices in and around the mines.

For the estimation of geological reserves (Proved and Probable categories) in quarry blocks, a number of geological cross sections were prepared utilizing the data from pits and the quarry floor. The sectional area was multiplied with the section influence, tonnage conversion factor and the incidence of mineralisation. Due to inadequate exploratory data, possible reserves were estimated by multiplying the surface area of non-quarry blocks with the thickness of the ore zone, tonnage conversion factor and mineralisation incidence factor.

For iron ore proved reserve estimation in quarry blocks, 15m depth from the surface level has been assumed based on quarry depth and trial pits sunk in the quarry floor out of which 5m was considered to be the average overburden thickness. The probable reserves were estimated for 25m thickness from below the proved category boundary.

For manganese ore reserve estimation in quarry blocks, a 17m thick zone which includes 5m thick overburden was considered for proved reserves, and another 5m below the proved category boundary was considered for probable reserves. The geological and mineable reserves of iron ore estimated at 55% Fe cur-off, as per the approved mining plan, are given below:

Category	**Quarry block (Mt)**	**Non-quarry block (Mt)**	**Total Geological (Mt)**	**Total Mineable @5% Mining losses (Mt)**	**Average grade of Proved reserves**
Proved	8.84		8.84	8.40	Fe = 66.26%
Probable	23.53		23.53	22.35	SiO_2 = 2.23%
Possible		7.87	7.87		Al_2O_3 = 1.92%
Total			**40.24**		P = 0.039%; S = 0.006%

The geological and mineable reserves of manganese ore estimated at 25% Mn cut-off, as per approved Mining plan, are given below:

Category	Quarry block (Mt)	Non-quarry block (Mt)	Total (Mt)	Total Mineable @5% Mining losses (Mt)	Average grade of Proved reserves
Proved	0.55		0.55	0.523	Mn = 37.6%
Probable	0.19		0.19	0.180	Fe = 16.7%
Possible		0.163	0.163		SiO_2 = 13%
Total			**0.903**		Al_2O_3 = 6.8%; P = 0.03%

After the approval of the mining plan on 7-7-1995, the reserves quoted (as above) in the approved Mining Plan were upgraded, wherein large parts of the Probable reserves were upgraded to Proved reserves and in the latest Scheme of Mining for the period from 2011-12 to 2015-16, the following reserves were quoted as per UNFC guidelines, as on 1-4-2011. During the revised estimation of reserves, the sectional influence for the iron and manganese ores was taken as 100m and 100-120m respectively while retaining the other estimation parameters as per the Mining Plan. Since then, there was no production in the mines and hence the reserves given below can be treated as of 1-4-2012.

Category	UNFC Code	Iron ore (Mt)	Manganese ore (Mt)
Proved Reserves	111	21.951	1.138
Probable Reserves	122	4.011	0.771
Total Reserves		**25.962**	**1.909**
Inferred Resources	333	**1.715**	**0.081**

The average chemical analysis of iron ore and manganese ore are given below:

Iron ore		Manganese ore	
Fe %	66.26	Mn %	37.6
SiO_2 %	2.23	Fe %	16.7
Al_2O_3 %	1.92	SiO_2 %	13.0
P %	0.039	Al_2O_3 %	6.8
S %	0.006	P %	0.03

5.3.2 Observations

In the Mining Plan, geological logs of 7 vertical and inclined boreholes, along with Fe% are given but the same were not mentioned in the report. The details on the core recovery are not provided in the report. The probable reserves were estimated by extrapolation below the proved reserves where drill hole and sample data do not exist. Similarly, the possible reserves were extrapolated beyond the Probable reserves at depth. Based on the increased depth of the iron ore quarries, the area of the proved reserves category has increased and accordingly there was change in reserves in the subsequent periods.

Drilling details related to manganese exploration are not available in the Mining Plan. The average chemical characteristics of iron ore and manganese ore from the analytical data of ore samples was treated as the grade of the proved reserves in the above table.

The legal approvals for the renewal of the ML are yet to be obtained and the mine is not operational at present.

In view of the above observations, BD reclassified the JORC code compliant Ore Reserves/ Mineral Resources, as on 1-4-2012, as given below:

Category	Iron ore (Mt)	Iron ore Average grade	Manganese Ore (Mt)	Manganese Ore Average grade
Indicated Mineral Resources	21.95	Fe = 66.26% SiO_2 = 2.23% Al_2O_3 = 1.92% P = 0.039%; S = 0.006%	1.138	Mn = 37.6% Fe = 16.7% SiO_2 = 13% Al_2O_3 = 6.8%; P = 0.03%
Inferred Mineral Resources	5.73		0.852	

5.3.3 References

i. Approved Mining Plan of Bhadrasahi (Kolha Roida) iron and manganese mines, district Keonjhar, Orissa, over 254.952 ha for 20 years from 14-8-1996 by Regional Controller of Mines, Indian Bureau of Mines, Government of India, 7-7-1995

ii. Approved Scheme of Mining of Bhadrasahi (Kolha Roida) iron and manganese ore mine over an area of 254.952b ha in Keonjhar district, Orissa for 5 years from 2011-12 to 2015-16

iii. Scheme of Mining Bhadrasahi (Kolha Roida) iron and manganese ore mine over an area of 254.952b ha in Keonjhar district, Orissa for 5 years from 2005-06 to 2009-10 (soft copy)

5.4 Bagiaburu iron ore mine

5.4.1 Exploration history and reserves as per OMDC

The Bagiaburu iron ore mine ML spreads over 21.52 ha area in Uliburu village, Barbil Tahasil, Keonjhar distirct of Orissa State. It is located in the Survey of India Toposheet no. 73F/8 between 22^0 07' 46" and 22^0 08' 14" latitudes and 85^0 23' 22" and 85^0 23' 41" longitudes. The entire ML area is covered by reserved forest land. The ML is accessible from Barbil by a 3km Barbil-Barajamda all weather road and 1km long murrum topped road. The nearest railway station is Barbil. The ore form the mine is transported to Thakurani siding and No.2 siding at Barbil.

Mining Lease expired on 30.09.2010. Renewal Application filed with State Govt (see Annexure-2).

Most of the Ml area is covered with laterites. The local stratigraphy of the area is given below.

Soil and Alluvium
Laterite
Banded Iron Formation (BIF) with iron ore
Shale

Around 10% of the Ml is covered by soil and alluvium at lower levels. Laterite is the common litho unit observed in the region. This outs and is alos intercalated with float/ lateritic iron ore and is considered as waste. BIF with iron ore consisting of siliceous rocks such as Banded Hematite Jasper (BHJ) and Banded Hematite Quartzite (BHQ) forms the protore or the primary rock where rhythmic banding of silica and iron ore is noticed. Because of high silica, these rocks are not used presently for metallurgical purpose.

The leaching of silica bands from BHQ/ BHJ gave rise to thinly laminated biscuit iron ores. Filling of the voids with iron oxides and subsequent compaction resulted in boulder iron ore. At places, laterite is enriched with Fe and this has been classified as lateritic ore. Wide variation of Fe content is observed due to variable degrees of enrichment of Fe in lateritic ore. Soft and hard laminated ores occur at depth. Iron ore stretches along a NE-SW direction and dips at 30^0 to 40^0 northwest. Shale is the bottom most litho unit and it is overlain by iron ore on the northern and southern sides.

The ML was operated since July 1972 in two quarries (1.38 ha and 9.89 ha area) by 4 benches but the mine operations have stopped at present.

11 boreholes (280m) were drilled in and around the quarries during 2001-02 to 2004-05. The minimum and maximum depth of the boreholes was 8m and 34.5m respectively with the average depth of the boreholes being 25.5m.

A surface contour plan and a corresponding geological plan at a 1:2000 scale were prepared for the ML area and extracted nine transverse geological sections. The cross sectional area method was adopted to estimate the reserves under proved, probable and possible categories. The section influence considered along the strike was 100m, and a tonnage factor of 3.5t/m^3, the metallurgical ore incidence factor of 0.60, sub-grade factor of 0.30 and waste factor at 0.10 were used. The cut-off grade applied for reserve estimation was 58% Fe. Mineable reserves were estimated with due consideration to a statutory safety zone of 7.5m, ultimate pit slope etc. The geological and mineable reserves as on 1-4-2012 (derived from the approved Mining Plan dt. 20-7-2010) are given below:

Category	Geological Reserves (Mt)	Mineable Reserves (Mt)	Average grade
Proved Reserves	3.72	3.57	Fe = 62.68%
Probable Reserves	1.42	1.34	Fe = 62.68%
Possible Reserves	0.71	0.63	Fe = 62.68%
Total	5.85	5.54	Fe = 62.68%

5.4.2 Observations

The borehole sample data presented in the Mining Plan does not contain the analysis of radicals Al_2O_3, SiO_2 and Phos and hence these radicals were not estimated. The core recovery data is also not available for review. As per the surface plan only 10 boreholes were drilled in the ML area and nine transverse sections at 100m interval were drawn with three sections, without any borehole. Hence the ore body geometry in these sections was shown based on the neighbouring sections. The continuity of the iron ore body data at depth below the proved category zone is only an assumption and not supported by any sample data. The legal grants are yet to be obtained for the renewal of the ML which has expired on 1-10-2010 and the mine is non-operational at present.

In view of the above observations, BD would like to classify the JORC code compliant Ore Reserves/ Mineral Resources as given below:

Category	Mt	Average grade
Indicated Mineral Resources	3.57	Fe = 62.68%
Inferred Mineral Resources	2.13	Fe = 62.68%
Total Mineral Resources	**6.70**	**Fe = 62.68%**

5.4.3 References

i. Approved Mining Plan over an area of 21.52 ha in district Keonjhar, Orissa for a period of 5 years from 2010-11 to 1014-15, by Regional Controller of Mines (Bhubaneswar), Indian Bureau of Mines, Government of India on 20-7-2010

5.5 Dalki manganese mines

5.5.1 Exploration history and reserves as per OMDC

Dalki manganese ore mine is located in the Barbil taluka of Keonjahar district, Odisha and is spread over an area of 266.77 ha in villages Dalki, Sading and Sayabali and Thakurani RF under Barbil PS. The area falls between 22^0 05’ 08” to 22^0 05’ 07” latitudes and 85^0 21’ 15” to 85^0 24’ 30” longitudes. The land use pattern of the lease hold is given in the table below:

Type of Land	Area (ha)
R.F	193.432
Protected Forest	39.504
Non-forest	33.834
Total	**266.77**

Application for third renewal of Mining Lease was filed for a period of 20 years w.e.f 01.10.1994 to 30.09.2014 has been rejected by the State Govt. Revision application filed with central tribunal on dtd. 04.10.2006 (see Annexure-2).

Dalki ML area is mostly covered by hills. The maximum and minimum elevations are 590.5m RL and 504.5m RL respectively. All the geomorphological features like the hill ranges and the valleys are controlled by the lithology and geological structure of the formations. The leasehold is predominantly covered by laterite and shale. The geomorphic trend of the hill ranges and the strike of litho units in the area are aligned in the NNE-SSW direction, which is conformable to the strike of the Bonai synclinorium. Innumerable nalas exist in a dendritic pattern and are all structurally controlled.

Based on the outcrops and quarries, the lithology of the lease area can be broadly grouped under three heads as per their relative dispositions.

Ferruginous laterite
Manganiferous laterite (with manganese ore)
Shale

Lateritization is a common phenomenon and affects all the rock types, at times in a pervsive manner and sometimes along fractures and joint planes. Shale forms the base and is overlain by manganese bearing laterite. In situ weathering and enrichment of manganiferous shale gave rise to lateritic manganese ore with variable thicknesses. These form the low grade manganese ores analyzed up to 35% Mn, while the replacement type found along joints and fractures is of superior quality, mostly represented by pyrolusite and psilomelane.

Exploration activity in the leasehold area was limited to trial pits only as this method was proved to be most suitable and economical for manganese mineralization as per the lessee. Based on a surface geological study, the trial pits were put on lateritic manganese bearing horizon where the chances of encountering manganese ore are higher. Though details of such trial pits are not available with the lessee, it is understood that most of the trial pits have, in the meantime, been converted into working quarries. Wherever the results of trial pits did not prove to be encouraging, such exploratory pits were left out as mere trenches. Four drill holes were drilled by the lessee and analysed for manganese.

In the approved Scheme of Mining (29-06-2011), the manganese ore reserves were estimated by the cross sectional area method in 18 cross sections (AA' to RR') at 100m intervals. Cross sectional areas measured from the sections were multiplied with length of influence of each section, tonnage conversion factor and ore incidence factor to estimate the reserves under Proved, Probable and Possible categories. The parameters considered for reserve estimation are given below:

Parameters	Quantitative Aspects
Length of influence for each section	100m - 150m
Tonnage factor	2.5 t/m^3
Cut-off grade	25% Mn
Saleable manganese ore incidence factor	25%
Sub-grade ore generation	10%
Intermediate waste generation	65%

Mineable reserves were calculated in the same manner as were the geological reserves which were estimated by duly giving allowance for reserves to be locked up in a 7.5m wide safety zone along the lease boundary and the ultimate pit slope. The geological and mineable manganese ore reserves, so estimated, are given below:

Category	Geological (t)	Mineable (t)
Proved	3,337,234	3,319,890
Probable	1,254,688	1,245,000
Possible	567,784	563 547
Total	**5,159,706**	**5,128,437**

A total of 400t manganese ore had been depleted from the total reserve during 2006-07 and 2007-08, when the mining was stopped for want of environmental clearance. No mining has been done since then. The updated reserves as 1-4-2012 are given below:

Reserves	Category	Reserves as on 1-4-2002 (t)	Reserves depleted (t)	Reserves as on 1-4-2012 (t)
Geological	Proved	3,337,234	400	3,336,834
	Probable	1,254,688		1,254,688
	Possible	567,784		567,784
	Total	**5,159,706**	**400**	**5,159,306**
Mineable	Proved	3,319,890	400	3,319,490
	Probable	1,245,000		1,245,000
	Possible	563,547		563,547
	Total	**5,128,437**	**400**	**5,128,037**

The geological reserves as on 1-4-2012 have been reclassified as per UNFC and are given below:

Category	UNFC code	Manganese ore (t)
Probable	121	3,336,834
Total reserves		**3,336,834**
Inferred	333	1,254,688
Reconnaissance	334	567,784
Total resources		**1,822,472**
Total		**5,159,306**

5.5.2 Observations

Dalki manganese ore ML was the least explored of the six MLs held by OMDC. Only four boreholes were drilled and their depths range from 18m to 44.5m, each covering individual pits. The data related to exploration pits are not available. The sections were drawn at 100m intervals. The quality estimates of the reserves are not available in the reports provided for review. The manganese ore was considered to be low grade. The parameters considered by OMDC to classify different categories of reserves/ resources are not available for review.

The ML is not being operated for want of lease renewal approvals.

In light of the above observations, BD proposed the following reclassified JORC code equivalent manganese Ore Reserves/ Mineral Resources as on 1-4-2012 are given below:

Category	Mt
Inferred Mineral Resources	4.59
Total Mineral Resources	**4.59**

5.5.3 References

i. Approved Mining Plan including Environmental Management Plan of K.S. Group (Dalki) manganese mine, district Keonjhar, Orissa over an area of 266.75 ha for 20 years by Regional Controller of Mines, Indian Bureau of Mines, Government of India, 11-5-1990
ii. Approved Mining Scheme of Dalki (K.S. Group) manganese mines over an area of 266.75 ha in district Keonjhar, Orissa for 5 years from 2001-02 to 2005-06 by Regional Controller of Mines, Indian Bureau of Mines, Government of India, 12-11-2001
iii. Approved Mining Scheme of Dalki manganese ore mine over an area of 266.77 ha in district Keonjhar, Orissa for 5 years from 20011-12 to 2014-15 by Regional Controller of Mines, Bhubaneswar, Indian Bureau of Mines, Government of India, 29-6-2011

5.6 Belkundi iron & manganese mines

5.6.1 Exploration history and reserves as per OMDC

Belkundi ML area over 1276.79 ha falls in the Survey of India Toposheet no. 73F/8 between 22^0 07' 30" and 22^0 09' 45" latitudes and 85^0 22' 30" and 85^0 27' 30" longitudes. The ML consists of 448.276 ha forest and 828.514 ha non-forest land. The site office of Belkundi ML is 3 km from Barbil. The area is well connected by an all weather asphalted road. The branch of S.E Railways namely Barajamda-Bolani-Khadan passes through the ML area. The Orissa State capital, Bhubaneswar is approximately 300 km distance by road from the ML.

Application for third renewal of Mining Lease was filed for 20 years w.e.f. 16.08.2006 to 15.08.2026 duly recommended by Collector, Keonjhar & Director of Mines, Bhubaneswar. Same is pending with the Secretary, Dept. of Steel & Mines, Govt. of Odisha (see Annexure-2).

The rock types exposed in the Ml belong to the Iron Ore Series of Precambrian age and the general sequence of rocks is given below:

Soil & Alluvium
Laterite

Manganese Ore
Iron ore
BHJ/ BHQ/ Quartzite & Manganese
Weathered shale

The siliceous iron ore / BHQ/ BHJ forms the protore or the primary rock where rhythmic banding of silica and iron ore is noticed. The secondary process like leaching out of silica bands from BHQ/ BHJ gave rise to the thinly laminated biscuit iron ores. This also renders friableness to the ore giving rise to blue dust pockets. At times filling of the voids with iron oxides and subsequent compaction gave rise to boulder iron ore (i.e. the soft laminated type). A clear transition from BHQ, soft laminated/ friable iron ore to hard boulder iron ore is seen towards the south-western corner of the leasehold. Lateritization of soft laminated ore is widespread in the area. Conglomerates of oligomicitc type are mostly found along the hill flank.

Small hillocks in the valley are capped with lateritized shale. In situ weathering and enrichment of manganiferous shale gave rise to lateritic manganese ore. Manganese ores encountered in the ML are of two types viz. lateritoid type and replacement type. The lateritoid type ores are products of in situ weathering and enrichment of manganiferous shale. The replacement type manganese ores are found along the fractures, joints etc of shales and quartzites. The colloidal solution of manganese ore being deposited along such weak planes gave rise to good quality manganese ore i.e. medium and high grade varieties. Manganese ores found here are mostly pyrolusites, psilomlanes and wads.

The strike of the ore body varies from N10^{0}E – S10^{0}W to N35^{0}E-S35^{0}W with 30^0 dips due west in the south western corner of the ML. In and around Murgi pit area, the ore body strikes N20^{0}E-S20^{0}W with a 60^0 westerly dip.

A total of 14 geological sections were drawn at strategic points on a 1:2000 scale at the position of quarries, boreholes and geologic outcrops, to estimate the iron ore reserves. Depending on the availability of borehole data, the section influence has been taken at 50m on either side and in the absence of boreholes the prevailing quarry depth was taken as the proved ore limit. Also, in sections where boreholes are present, the deepest borehole depth was considered as the proved reserve limit. For reserve estimation of iron ore the proved limit has been taken as 5m depth from the surface level, probable reserve limit at 10m below the proved reserve zone and possible reserve limit at 5m depth below the probable reserve zone limit. A bulk density of 3.0 t/m^3 and ore incidence factor of 0.58 was considered to estimate the reserves.

For the reserve estimation of manganese ore, the surface area method has been adopted. The depth influence / thickness of manganese ore zone was taken as 15m for Proved , 7.5m for Probable and 3.75m for Possible reserves estimation. A bulk density of 2.5 t/m^3 and ore incidence factor of 0.25 was considered to estimate the reserves.

The Lessee reported drilling of 16 boreholes during the period 2007-2008 to explore iron ore. However, in the Mining Plan, borehole logs (Lateritic iron ore, Hard laminated ore, Soft laminated ore, Blue dust, BHQ, Banded quartzite, shale and Laterite) of only 13 boreholes (584.95m drilling) are included. The depth of the boreholes varied from 22m to 60.5m. A summary of Iron ore (55% Fe cut-off) and Manganese ore (25% Mn cut-off) reserves as on 1-4-2012 are given below:

Category	UNFC code	Iron ore (t)	Manganese ore (t)
Proved	111	9898860	9885000
Probable	122	10118100	2383875
Total Reserves		**20,016,960**	**12,268,875**
Possible	333	7,116,600	3,800,438

An average grade of 63.46% Fe for Iron ore and 30.43% Mn for Manganese ore were estimated for the above tabulated reserves.

5.6.2 Observations

The iron ore area was explored by 16 boreholes but their core recoveries are not shown in the borehole logs. The spacing and location coordinates of the boreholes are not given in the approved Mining Plan. A detailed procedure of the grade (Fe, Al_2O_3, SiO_2 & Phos) estimation associated with the quantities is not available.

The exploratory data related to manganese ore is not present in the approved Mining Plan/ Scheme of Mining. The reserves were estimated by extrapolating the surface area at depth from the present quarry bottom limit, for which no quality data exists.

The necessary legal approvals for the renewal of ML from the Government of India are yet to be obtained. The ML is not operative at present.

In view of the above observations, BD proposes the reclassification of the stated reserves by EIL in the approved Mining plan and Scheme of Mining, as per the JORC code compliant Ore Reserves/ Mineral Resources.

Category	Iron ore (Mt)	Manganese ore (Mt)
Measured Mineral Resources	9.90	-
Indicated Mineral Resources	-	9.,89
Inferred Mineral Resources	17.23	2.38
Total Mineral Resources	**27.13** 63.46% Fe	**12.27** @30.43% Mn

A JORC Complaint Ore Reserves / Resources estimate of Iron Ore and Manganese for all OMDC leases are summarised in tables 6 & 7 and are presented in Annexure-3.

5.6.3 References

i. Approved Mining Plan with Progressive Mine closure plan of Belkundi Iron and Manganese Mine, Keonjhar district, Orissa for a period of 5 years valid up to FY2011 over an area of 1276.79 ha, by Controller of Mines 9Central Zone), Indian Bureau of Mines, Government of India, 2-7-2010

ii. Approved Scheme of Mining of Belkundi iron & Manganese ore Mine, Keonjhar district, Orissa, over an area of 1276.79 ha for a period of 5 years valid up to 31-3-2011, by Controller of Mines (Central Zone), Indian Bureau of Mines, Government of India, 2-12-2011

5.7 Birmitrapur limestone and dolomite mine

The location of Birmitrapur limestone and dolomite mine is shown in Figure -6 in Annexure-1

5.7.1 Exploration history and reserves as per BSLC

The tenement spreads over 1099.33 ha at Birmitrapur, Sundergarh district, Odisha and consists of six blocks viz I, II, III, IV, VI & XI, and falls within toposheet nos. 73B/4, B/8, B12, B11 & B15 between 22^0 00' 21.8" and 22^0 25' 00" latitudes, and 84^0 11' 42.3" and 84^0 45' 24" longitudes. Of the six blocks, only block XI (Birmitrapur block) was being worked. The other five blocks are non-operative at present.

The stratigraphy and structure of the Gangpur series was first visualised by MS Krishnan in 1937, Kanungo & Mahalik in 1967 and Choudhuri & Pal in 1983.

The limestone and dolomite deposits in the area belong to the Birmitrapur Stage of the Gangpur Series of the middle Dharwarian age. Dolomite forms the lower member over which the limestone is superimposed. Both are associated with mica schists, phyllites and quartzites. The occurrence of calcitic and dolomitic formations in Gangpur belt is confined mainly to two zones viz. the northern and the southern limbs of the east-west trending anticlinorium. The limestone and dolomite formations are sandwitched between the lower mica schsits and phyllites of the Karmunda Stage and upper metapelites of the Laingar Stage. The iron Ore Series is made up of phyllites, slates, lavas and basal conglomerates.

The rock types encountered in the area correspond mainly to the Birmitrapur Formation of the Gangpur Group representing limestone and dolomite only. The limestone and dolomite beds are observed to have a general east-west trend, dipping at an average angle of 60^0 due north. This could be due to the presence of asymmetrical folds in both the limestone and dolomite horizons. The average thickness of limestone and dolomite as interpreted in the area is about 40m and 35m respectively.

After detailed investigations, quarrying operations for limestone started in the year 1917 by the Bird & Company. During 1927-28 and 1932-33, GSI mapped the outcrops of Birmitrapur area and estimated limestone and dolomite reserves at 275 Mt up to a depth of 61m and 252 Mt up to a depth of 41m respectively. Out of these estimates, metallurgical grade limestone and dolomite were considered at 68 Mt and 84 Mt respectively. In the year 1949-50, GSI carried out further geological investigation.

During the period 1987-1995, BSLC carried out detailed exploration by diamond drilling in both the limestone and dolomite areas to estimate the reserves. The details of the total exploratory drilling carried out, quarry-wise, by BSLC in limestone and dolomite areas are given below:

Drilling in Limestone area

Name of the Quarry	No. of boreholes	Drilling meterage (m)
Hoist	12	678.00
Duarsini	14	750.00
Gurpahar	21	1355.46
KBL	01	50.00
Lancaster	01	20.00
Khajurgadha	03	161.00
A-Quarry	03	150.00
Total	**55**	**3164.46**

Drilling in Dolomite area

Name of the Quarry	No. of boreholes	Drilling meterage (m)
Duarsini	17	464.82
Main	14	354.00
Kansbahal	01	20.00
Patpahar	44	2049.30
Kurpani	03	132.00
Total	**79**	**3020.12**

The following chemical and physical parameters were considered to distinguish acceptable grade limestone/ dolomite from the sub-grade ores.

Chemical parameters

Parameter	Good grade ore		Sub-grade ore	
	Limestone	Dolomite	Limestone	Dolomite
CaO %	> 40.0	30.0 – 35.0	32.0 – 40.0	25.0 – 30.0
MgO %	< 6.0	< 18.0	6.0 – 9.0	15.0 – 18.0
SiO_2 %	< 10.5	< 5.0	10.0 – 16.0	5.0 – 10.0
Fe_2O_3 %	< 3.8	< 1.0	3.8 – 5.0	1.0 – 3.6
Al_2O_3 %	< 2.0	< 4.0	-	-
LOI %	< 40.0	< 40.0	40.0 – 45.0	40.0 – 45.0

Physical parameters

Parameter	Good grade ore	Sub-grade ore
	Limestone & Dolomite	Limestone & Dolomite
Moisture content %	0.35 – 0.75	0.75 – 1.02
Specific gravity g/cm^3	2.15 – 2.65	2.65 – 2.85
Crushing strength kg/m^2	500 – 1000	-
Bonds Kwh/t	10 – 14	-

The estimation of ore reserves was done by surface area, depth of influence, bulk density and mineralisation factor. The surface area of the ore zone was calculated by multiplying the strike length with the average width of the ore body. Based on the borehole data, the depth of influence has been calculated. For limestone the depth of influence was 38.6m and that of dolomite, 29.4m below the ground level for the proved reserves category. For the Probable and Possible reserves category, the depth of influence was taken 5m each below the Proved and Probable limit respectively. A bulk density of 2.5 t/m^3 and 2.6 t/m^3 was considered for limestone and dolomite respectively. The mineralisation factor considered was 80% as the waste and sub-grade ore accounted for 10% each in the mined out/ excavated limestone and dolomite.

The Reserves of limestone and dolomite as quoted in the approved Mining Plan (6-7-2005) are given below:

Ore type	Proved Reserves (t)	Probable Reserves (t)	Possible Reserves (t)	Total Reserves (t)
Limestone	64,349,920	14,848,000	14,848,000	**94,045,920**
Dolomite	61,199,674	12,873,120	12,873,120	**86,945,914**

While preparing the Scheme of Mining, the Reserves were reassessed in October, 2010 by accounting for the depleted tonnages during the period 2003-04 to 2009-10 by GEOMIN Consultants. The reserves were re-estimated by the cross section area method in 16 sections (AA' to PP') and the sectional influence on either side of the section along strike was taken at 200m. Reserves in QQ' were estimated separately and added to the other 16 sections. The depth limit for the Proved category was considered as per borehole logs. Probable and Possible categories depth limit was taken as 10m and 5m respectively from the Proved category depth limit. The reserves locked up under the national highway and township, hospital, police station, railway line, eastern side lease boundary etc. were excluded from the mineable reserves and shown under pre-feasibility resources. A tonnage conversion factor of 2.5 t/m^3 and 2.6 t/m^3 was considered for limestone and dolomite respectively. An ore incidence factor of 0.8 (10% intercalated waste and 10% sub-grade ore) was considered for both the limestone and dolomite to estimate the Reserves.

The updated Reserves as on 1-4-2010, as per UNFC code, after reassessment and accounting for depletion till 31-3-2010 (as per modification to approved Mining Scheme, 14-9-2010), are given below:

Ore type	Proved Reserves (t) (UNFC = 111)	Probable Reserves (t) (UNFC = 121)	Total Reserves (t) (UNFC = 111 + 121)	Feasibility/ Prefeasibility Mineral Resources (t) (UNFC= 221+222)	Inferred Mineral Resources (t) (UNFC = 333)	Grade (%)
Limestone	192,555,222	52,492,000	**245,047,222**	3,562,400	27,264,000	MgO= 4.5 CaO = 42.5
Dolomite	115,667,346	46,057,024	**161,724,370**	1,776,736	23,322,000	MgO = 19.0 CaO = 28.0

The updated Reserves as on 1-4-2012, as per UNFC code, after accounting for depletion till 31-3-2012, are given below:

Ore type	Proved Reserves (Mt) (UNFC = 111)	Probable Reserves (Mt) (UNFC = 121)	Total Reserves (Mt) (UNFC = 111 + 121)	Feasibility/ Prefeasibility Mineral Resources (Mt) (UNFC= 221+222)	Inferred Mineral Resources (Mt) (UNFC = 333)	Grade (%)
Limestone	192.405	52.492	**244.897**	3.562	27.264	CaO = 42.5 MgO = 4.5
Dolomite	114.380	46.057	**160.437**	1.777	23.322	MgO = 19.0 CaO = 28.0

5.7.2 Observations

Out of the six blocks that constitute the ML of Birmitrapur Limestone & Dolomite Mines (1099.303 ha), block XI accounts for 793.966 ha area. This is the only block that has been explored in detail and mined so far.

From the spacing of borehole transverse sections (16 from AA' to PP') it is assumed (because the borehole plan was not available for review) that the drilling was done at 400m intervals along the strike. The boreholes were drilled at 45^0 angles to intersect the dolomite and limestone beds which are dipping at an angle of 60^0 due north. The depth of the boreholes varied from 20m to 90.9m in the limestone area and 16m to 65m in the dolomite area. From the transverse geological sections, it can be noticed that the limestone horizontal width varies from 100m to 740m; and the dolomite horizontal width from 120m to 540m and 100m to 160m in bands 1 and 2 respectively occurring in the footwall of limestone. The boreholes drilled being very shallow and the limestone/ dolomite thickness being very large, the boreholes did not intersect the full thickness (from Hanging wall to Foot wall) of the limestone/ dolomite in the entire block and hence their thickness vis-à-vis quality from the boreholes are not available. The high variation of CaO in the samples within the borehole and between the boreholes is also evident from the borehole samples. The mine was being operated for a long time. In both the Mining Plan and Scheme of Mining that are made available to BD for review, the estimation of the quality of limestone and dolomite against each Reserves/ Resources category, are not adequately dealt with.

The ML of BSLC expired in February, 2000 and since then the mines were operative under 'deemed extension' clause under Rule 24A (6) of Mineral Concession (MC) Rules 1960. Now, the mining operations were suspended by the DDM, Rourkela since 9th November, 2011 on account of non-issuance of 'consent to operate' by Odisha Sate Pollution Control Board due to the non-availability of a fresh Environment Clearance, which became mandatory as per MoEF notification of 2004 for renewal of mining leases. Consequently, BSLC mines have not been working since 9th November, 2011 but are expected to restart mining shortly.

In view of the above, Behre Dolbear would like to classify the Proved Reserves category of limestone and dolomite by RINL, under JORC code equivalent Probable Ore Reserves category. Though the continuity of limestone and dolomite at depth below the Probable Ore Reserves boundary is likely, since there are no samples, whatsoever, to estimate the quality of ore, BD proposed to classify them as JORC code equivalent Inferred Mineral Resources. Accordingly, the JORC code equivalent Ore Reserve/ Mineral Resources, as on 1-4-2012, are given below:

Ore type	**Probable Ore Reserves**		**Inferred Mineral Resources**	
	Mt	**%**	**Mt**	**%**
Limestone	192	CaO = 42.5; MgO= 4.5	83	CaO = 42.5; MgO= 4.5
Dolomite	114	MgO = 19.0; CaO = 28.0	71	MgO = 19.0; CaO = 28.0

JORC Complaint Ore Reserves / Resources estimate of Limestone and Dolomite for BSLC leases are summarised in tables 8 & 9 and are presented in Annexure-3.

JORC Complaint Ore Reserves / Resources estimate by Ore wise for all of RINL, OMDC and BSLC leases are summarised in tables 10, 11, 12 & 13 and are presented in Annexure-3.

5.7.3 References

i. Approved MiningPlan with Progressive Mine closure plan of Birmitrapur Limestone & Dolomite Mines, Sundergarh district, Orissa for a period of ten years valid up to 29-2-2010 over an area of 1099.303 ha, by Regional Controller of Mines (NR), Indian Bureau of Mines, Government of India, 6-7-2005

ii. Approved modification on approved scheme of mining of Birmitrapur Limestone & Dolomite Mines over an area of 1099.303 ha, by the Controller of Mines (Central Zone), Indian Bureau of Mines, Government of India, 14-9-2010

6.0 BENCHMARK APPLIED

In this review, all quoted resources are based upon historical information which has been categorized against background of definitions adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in the year 2004. Behre Dolbear has verified that this resource classification represents JORC code 2004 and the resources mentioned in the statement can be regarded as JORC compliant. The desk top review was primarily based on the details available from Mining Plans and Schemes of Mining, and exploration reports.

7.0 Mineral Resources and Ore reserves Classification

A brief summary of Joint Ore Reserves Committee (JORC) code 2004 edition is given below.

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code' or 'the Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The JORC was established in 1971 and published several reports containing recommendations on the classification and Public Reporting of Ore Reserves prior to the release of the first edition of the JORC Code in 1989. Revised and updated editions of the Code were issued in 1992, 1996 and 1999. This 2004 edition supersedes all previous editions.

7.1 Reporting of Exploration Results

Exploration Results include data and information generated by exploration programmes that may be of use to investors. The Exploration Results may or may not be part of a formal declaration of Mineral Resources or Ore Reserves.

The reporting of such information is common in the early stages of exploration when the quantity of data available is generally not sufficient to allow any reasonable estimates of Mineral Resources.

7.2 Reporting of Mineral Resources

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

7.3 Reporting of Reserves

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

8.0 DISCLAIMER

Behre Dolbear International Ltd (Behre Dolbear), do not accept any liability other than their statutory liability to any individual, organization, or a company and take no responsibility for any loss or damage arising from the use of this report, or information, data, or assumptions contained therein. With respect to the Behre Dolbear report, and its use thereof by RINL, each entity does agree to indemnify and hold harmless Behre Dolbear, its shareholders, directors, officers, and associates from any and all losses, claims, damages, liabilities, or actions, to which they or any of them may become subject under any securities act, statute or common law and will reimburse them on a current basis for any legal, or other, expenses incurred by them in connection with investigating any claims, or defending any actions.

Behre Dolbear has reviewed historical technical data, as well as reports and studies produced by RINL or other consulting firms. Our review was conducted on a reasonableness basis and Behre

Dolbear has noted herein where the provided information has raised questions. Except for those instances in which we have noted questions, Behre Dolbear has relied upon the information provided as being accurate. Behre Dolbear assumes no liability for the accuracy of the information provided by RINL. We retain the right to change or modify our conclusions if new or undisclosed information is provided that might change our opinion.

Electronic mail copies of this report are not official unless authenticated and signed by Behre Dolbear and are not to be modified in any manner without Behre Dolbear's express written consent.

Measurement units used in this report are in the metric system.

9.0 COMPETENT PERSON'S CONSENT FORM

Competent Person's Consent Form

Pursuant to the requirements of Clause 8 of the 2004 JORC Code

Report Description

Report name: *JORC equivalent Reserve Estimate Statement as on 01-04-2012*

Name of the Company releasing the Report: *M/s Behre Dolbear International Limited, UK*

Name of deposits:

1. *Tenements owned by RINL*
   a. *Madharam dolomite mine*
   b. *Jaggayyapeta limestone mine*
   c. *Garbham manganese mine*

2. *Tenements owned by EIL, a subsidiary of RINL*
   a. *Thakurani iron & manganese mine b. Bhadrasahi iron & manganese mine c. Kolha Roida iron & manganese mine*
   d. *Bagiaburu iron mine*
   e. *Dalki manganese mine*
   f. *Belkundi iron & manganese mine*
   g. *BSLC limestone & dolomite mine*

Date of Report: 17-*05-2012*

Statement

I, *Dr Polavarapu Venkateswara Rao* confirm that:

- I have read and understood the requirements of the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2004 JORC Code")
- I am a Competent Person as defined by the 2004 JORC Code, having five years experience which is relevant to the style of mineralization and type of deposit described in the Report, and to the activity for which I am accepting responsibility
- I am a Member of *The Australian Institute of Mining and Metallurgy*
- I have reviewed the Report to which this Consent Statement applies

I am a Senior Associate working for M/s Behre Dolbear International Limited, 3rd Floor, International House, Ashford, Kent TN23 1HU, UK and have been engaged by RINL to prepare the documentation for 4 tenements from Andhra Pradesh State, and 7 tenements from Odisha State on which the Report is based, for the period ended 31-03-2012.

I verify that the Report reflects in the form and the context in which it appears, the information in the supporting documentation relating to Exploration Results, Mineral Resources and Ore Reserves.

CONSENT

I consent to the release of the Report and this consent statement by the directors of *M/s Behre Dolbear International Limited, 3rd Floor, International House, Ashford, Kent TN23 1HU, UK.*

17-*05-2012*

(Signature of Competent Person) Date

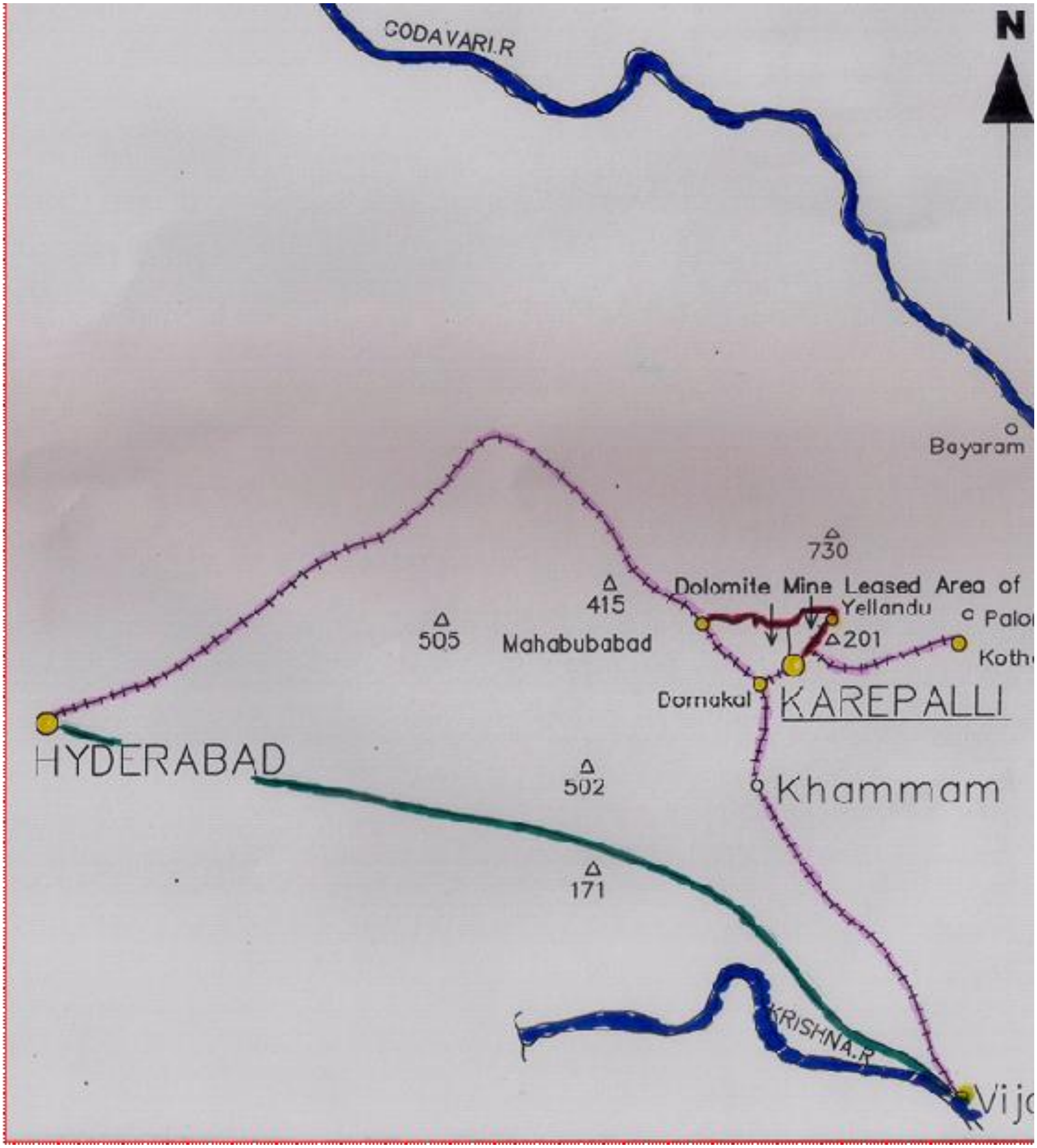
Member* of The Australasian Institute of Mining and Metallurgy** ***301057

(Organization name) (Membership Number)

(Signature of witness)

Raju S Sagi
7-8-11/3 Club Road, Waltair uplands,
Visakhapatnam 530003 India
(Witness name and Residence)

ANNEXURE – 1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Mahabubabad
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Palo
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Dornakal
KAREPALLI
HYDERABAD
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Khammam
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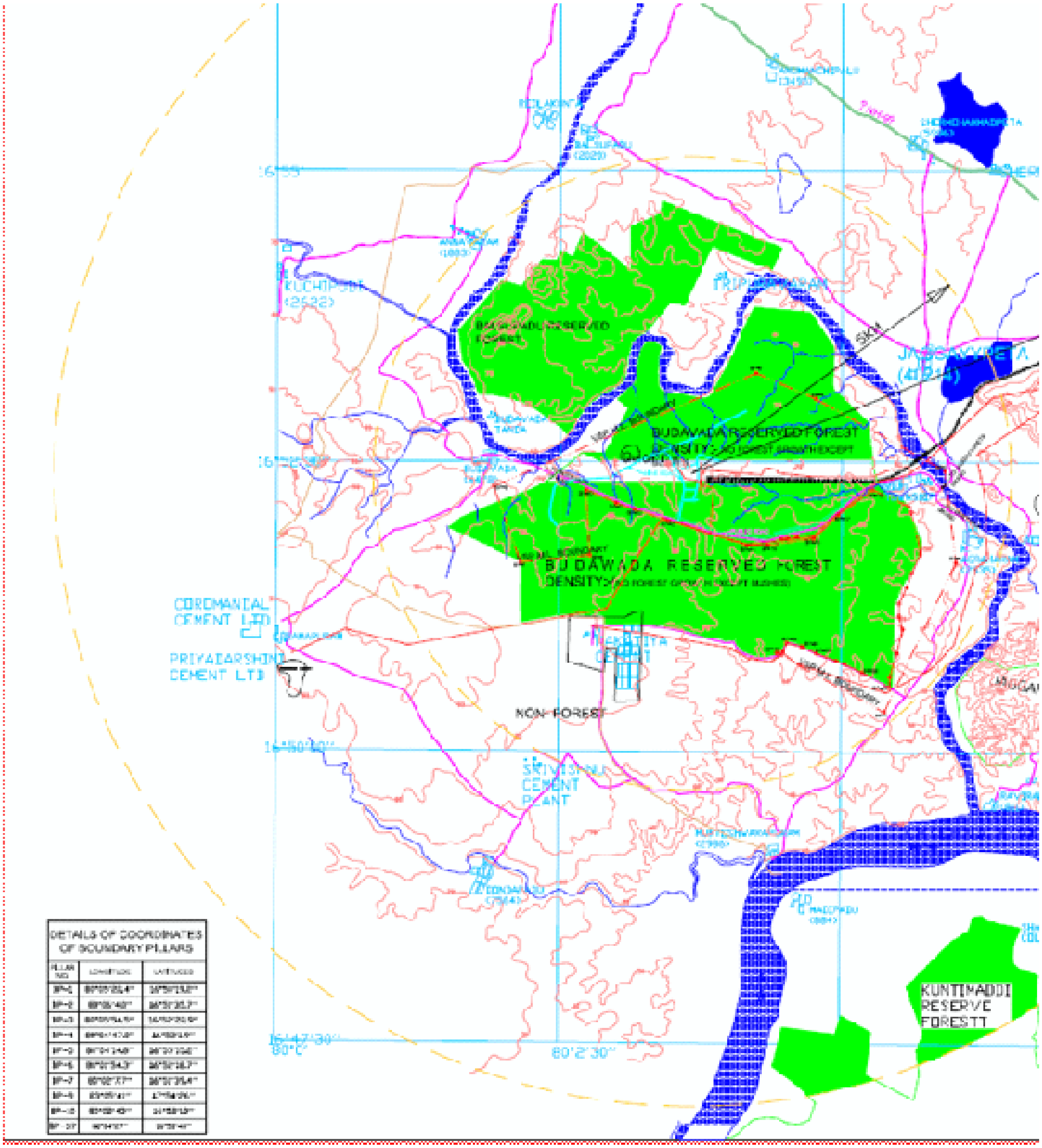
KRISHNA.R
Vij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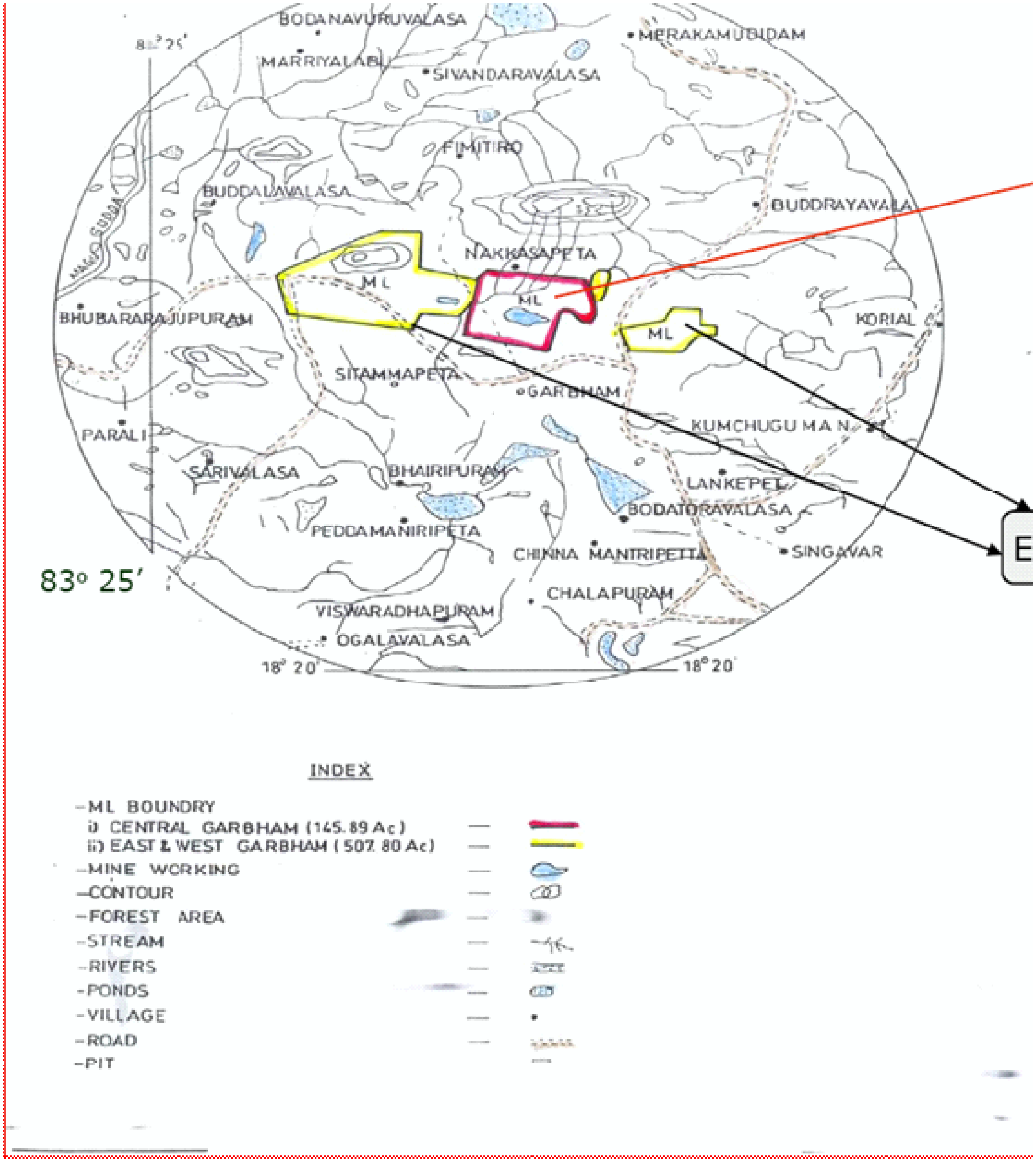
KUCHIPUDI
NON-FOREST
KUNTIMADDI
RESERVE
FORESTT
DETAILS OF COORDINATES
OF BOUNDARY PILLARS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MERAKAMUDIDAM
MARRIYALABU
SIVANDARAVALASA
FIMITIRO
BUDDALAVALASA
BUDDRAYAVALA
NAKKASAPETA
ML
ML
ML
BHUBARARAJUPURAM
KORIAL
SITAMMAPETA
GARBHAM
PARALI
KUMCHUGU MAN
SARIVALASA
BHAIRIPURAM
LANKEPET
BODATORAVALASA
PEDDAMANIRIPETA
CHINNA MANTRIPETTA
SINGAVAR
83° 25′
CHALAPURAM
VISWARADHAPURAM
OGALAVALASA
18° 20′
18° 20′
INDEX
-ML BOUNDRY
i) CENTRAL GARBHAM (145.89 Ac)
ii) EAST & WEST GARBHAM (507.80 Ac)
-MINE WORKING
-CONTOUR
-FOREST AREA
-STREAM
-RIVERS
-PONDS
-VILLAGE
-ROAD
-PIT

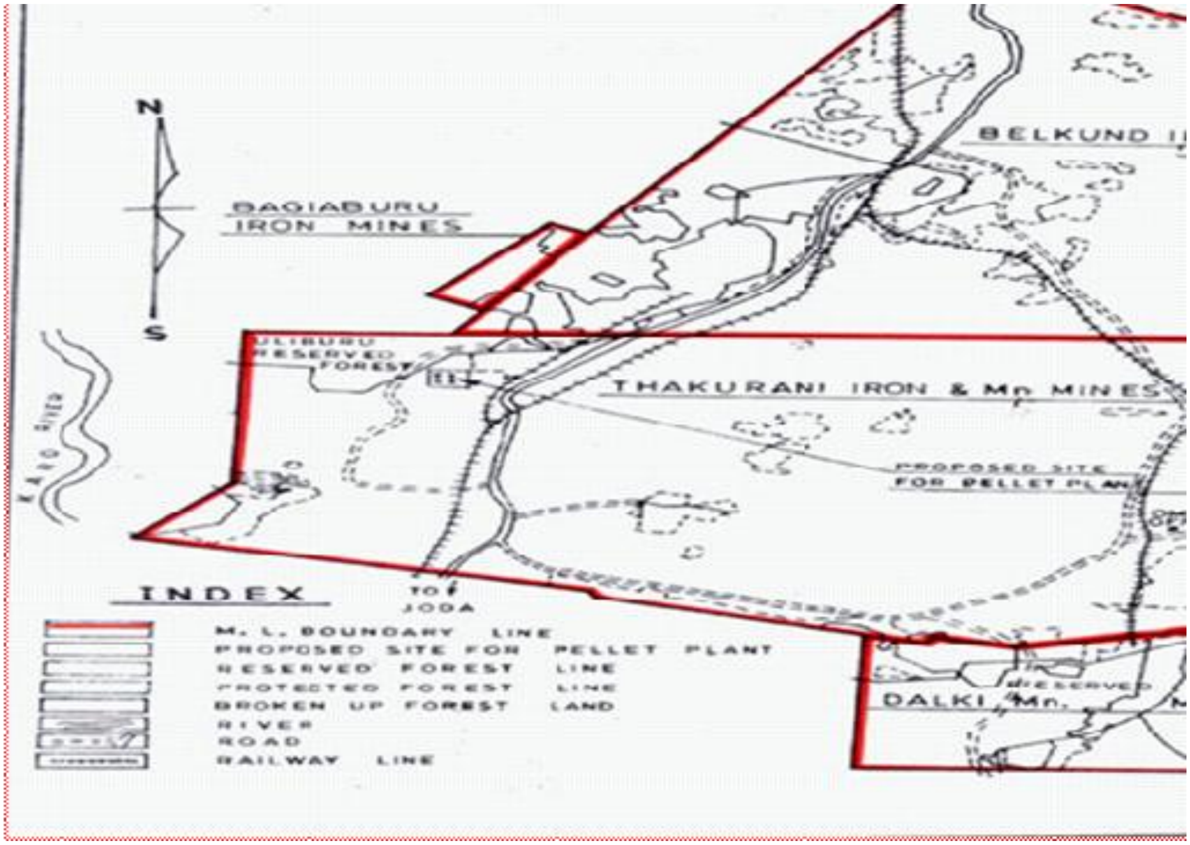
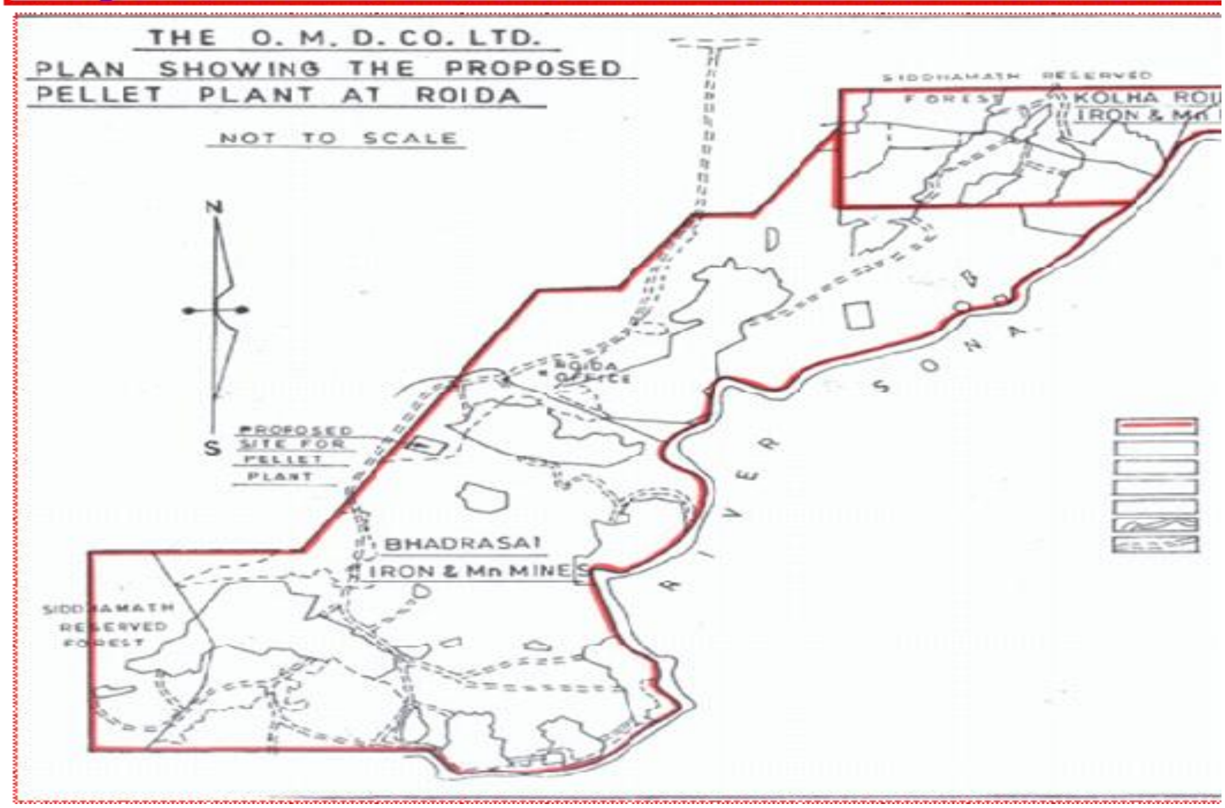
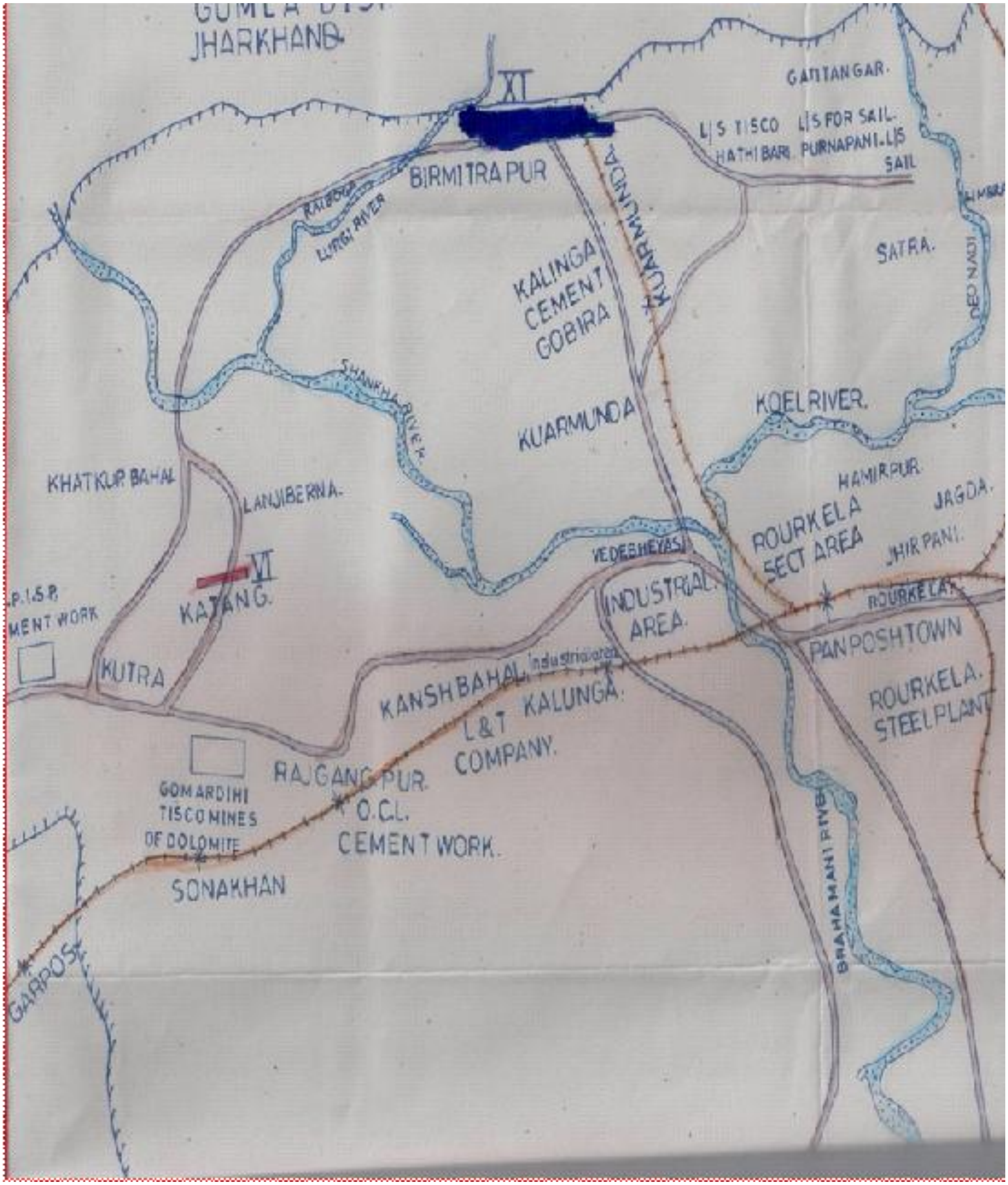


Figure 5 – Location of Bhadrasi and Kolh




JHARKHAND
XI
GANTANGAR.
L/S TISCO
HATHI BARI.
L/S FOR SAIL.
PURNAPANI L/S SAIL
BIRMITRA PUR
LURGI RIVER
KALINGA CEMENT GOBIRA
KUARMUNDA
SATRA.
DEO NADI
SHANKHA RIVER
KUARMUNDA
KOEL RIVER.
HAMIRPUR.
JAGDA.
KHATKUR BAHAL
LANJIBERNA.
ROURKELA SECT AREA
JHIR PANI.
VI
KATANG.
VEDEBHEYAS
INDUSTRIAL AREA.
ROURKELA
PANPOSHTOWN
MENT WORK
KUTRA
KANSHBAHAL
Industrial area
KALUNGA.
L&T COMPANY.
ROURKELA. STEELPLANT
GOMARDIHI TISCO MINES OF DOLOMITE
RAJGANGPUR.
O.C.L. CEMENT WORK.
SONAKHAN
BRAHAMANI RIVER
GARPOS

ANNEXURE - 2

1. Thakurani Iron & Manganese Mines (1546.55 Hect.) M/s B.P.M.E. Ltd (Revised RML application filed over 778.762 Hect.)

S. No.	Particulars of Application	Date
1.	Application to the Secretary to Government of Odisha, Department of Steel & Mines, for renewal of mining lease by BPME for land admeasuring a total area of 778.762 hectares situated at Sading, Dalki, Karakolha, etc., Chapua subdivision, Keonjhar district, Odisha for a period of 20 years with effect from October 1, 2004 to September 30, 2024.	September 27, 2003

2. Dalki Manganese Miines (266.77 Hect) M/s B.P.M.E. Ltd.

S. No.	Particulars of Application	Date
1.	Application to the Secretary to Government of Odisha, Department of Steel & Mines, for renewal of mining lease by BPME for land admeasuring a total area of 266.77 hectares situated at Dalki vilage, Keonjhar district, Odisha for a period of 20 years with effect from October 1, 1994 to September 30, 2014.	August 23, 1993

3. Iron and Manganese Mines at Kolha-Roida (254.952 Hect) M/s B.P.M.E. Ltd.

S. No.	Particulars of Application	Date
1.	Application to the Secretary, Department of Steel & Mines, Government of Odisha, for renewal of mining lease by BPME for land admeasuring a total area of 254.952 hectares situated at village Kolha-Roida, Keonjhar district, Odisha for a period of 20 years with effect from August 16, 1996 to August 14, 2016.	July 14, 1995

4. Belkundi Iron & Manganese Mines (1276.79 Hect) M/s O.M.D.C. Ltd.

S. No.	Particulars of Application	Date
1.	Application to the Secretary to Government of Odisha, Department of Steel & Mines, for renewal of mining lease by OMDC for land admeasuring a total area of 1276.79 hectares situated at Nalda, Belkundi, Karakolha, Karakhendra, Barbil 7 & *, Uliburu reserve forest, etc., Chapua subdivision, Keonjhar district, Odisha for a period of 20 years with effect from August 16, 2006 to August 15, 2026	Acknowledgement dated August 12, 2005

5. Iron and Manganese Mine at Bhadrasai (998.70 hect.) M/s O.M.D.C. Ltd.

S. No.	Particulars of Application	Date
1.	Application to the Secretary, Department of Steel & Mines, Government of Odisha, for renewal of mining lease by OMDC for land admeasuring a total area of 998.70 hectares situated at Kolha-Roida, Bhuyan Roida, Kundrupani, Chattabar, Bichhakundi and Siddhamath Reserve Forest, Chapua subdivision, Keonjhar district, Odisha for a period of 20 years with effect from October 1, 2010 to September 30, 2030.	July 18, 2009

6. Bagiaburu Iron Mines (21.52 Hect) M/s O.M.D.C. Ltd.

S. No.	Particulars of Application	Date
1.	Application to the Secretary, Department of Steel & Mines, Government of Odisha, for renewal of mining lease by OMDC for land admeasuring a total area of 21.52 hectares situated at Uliburu reserve forest, Chapua subdivision, Keonjhar district, Odisha for a period of 20 years with effect from October 1, 2010 to September 30, 2030.	July 18, 2009

ANNEXURE-3

Table 3: JORC compliant Ore Reserves/ Mineral Resources: RINL leases- Limestone							
ML name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Jaggayyapeta	36.06	53.15	89.21			25.15	25.15

Table 4: JORC compliant Ore Reserves/ Mineral Resources: RINL leases- Dolomite							
ML name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Madharam	28.82	11.09	39.91				

Table 5: JORC compliant Ore Reserves/ Mineral Resources: RINL leases- Manganese							
ML name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Garbham					0.389	0.478	0.867

Table 6: JORC compliant Ore Reserves/ Mineral Resources: OMDC leases- Iron ore							
ML name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Tahkurani					69.31	41.24	110.55
Bhadrasahi					57.09	17.32	74.41
Kolha Roida					21.951	5.726	27.68
Bagiaburu					3.57	2.13	5.70
Belkundi				9.89	0.00	17.23	27.12
Total				9.89	151.92	83.65	245.46

Table 7: JORC compliant Ore Reserves/ Mineral Resources: OMDC leases- Manganese							
ML name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Tahkurani						1.27	1.27
Bhadrasahi					7.69	4.67	12.36
Kolha Roida					1.14	0.85	1.99
Dalki						4.59	4.59
Belkundi					9.88	2.38	12.26
Total					18.71	13.76	32.47

Table 8: JORC compliant Ore Reserves/ Mineral Resources: BSLC leases- Limestone							
ML name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Birmitrapur		192.00	192.00			83.00	83.00

Table 9: JORC compliant Ore Reserves/ Mineral Resources: BSLC leases- Dolomite							
ML name	Proved Ore Reserves	Probable Ore Reserves	Total Ore Resrves	Measured Mineral Resources	Indicated Mineral Resources	Inferred Mineral Resources	Total Mineral Resources
	Mt	Mt	Mt	Mt	Mt	Mt	Mt
Birmitrapur		114.00	114.00			71.00	71.00

Table 10: JORC compliant Ore Reserves/ Mineral Resources: Limestone								
ML name	Lessee name	Proved Ore Reserves	Probable Ore Reserves	Total Ore Reserves	Measured Mineral Resources	Indicated Mineral Resources	Inferred Mineral Resources	Total Mineral Resources
		Mt	Mt	Mt	Mt	Mt	Mt	Mt
Jaggayyapeta	RINL	36.06	53.15	89.21			25.15	25.15
Birmitrapur	BSLC		192.00	192.00			83.00	83.00
Total		36.06	245.15	281.21			108.15	108.15

Table 11: JORC compliant Ore Reserves/ Mineral Resources: Dolomite								
ML name:	Lessee name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Reserves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
		Mt	Mt	Mt	Mt	Mt	Mt	Mt
Madharam	RINL	28.82	11.09	39.91				
Birmitrapur	BSLC		114.00	114.00			71.00	71.00
Total		28.82	125.09	153.91			71.00	71.00

Table 12: JORC compliant Ore Reserves/ Mineral Resources: Iron ore								
ML name:	Lessee name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Reserves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
		Mt	Mt	Mt	Mt	Mt	Mt	Mt
Thakurani	OMDC					69.31	41.24	110.27
Bhadrasahi	OMDC					57.09	17.32	74.41
Kolha Roida	OMDC					21.95	5.73	27.68
Bagiaburu	OMDC					3.57	2.13	5.70
Belkundi	OMDC				9.89		17.23	27.12
Total					9.89	151.92	83.65	245.18

Table 13: JORC compliant Ore Reserves/ Mineral Resources: Manganese ore								
ML name:	Lessee name	Proved Ore Reserve	Probable Ore Reserves	Total Ore Reserves	Measured Mineral Resource	Indicated Mineral Resource	Inferred Mineral Resource	Total Mineral Resource
		Mt	Mt	Mt	Mt	Mt	Mt	Mt
Thakurani	OMDC						1.27	1.27
Bhadrasahi	OMDC					7.69	4.67	12.36
Kolha Roida	OMDC					1.14	0.85	1.99
Dalki	OMDC						4.59	4.59
Belkundi	OMDC					9.88	2.38	12.26
Garbham	RINL					0.39	0.48	0.87
Total						19.10	14.24	33.34