

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as shareholder(s) of Nova Iron and Steel Limited. If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer/ Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer (LOO) and the accompanying Form of Acceptance-cum-Acknowledgment, Form of Withdrawal and Transfer Deed to the member of Stock Exchange through whom the said sale was effected.

CASH OFFER BY

Bhushan Power & Steel Limited ("Acquirer")

Registered Office at 4th Floor, Tolstoy House 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001
Tel: + 91 11 30451000 Fax: + 91 11 23712737

at Rs. 14.00 (Rupees fourteen only) PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF Rs.10/- (Rupees ten each)

TO ACQUIRE 3,01,16,240 FULLY PAID UP EQUITY SHARES

representing 20% of the voting capital ("Offer") of **Nova Iron and Steel Limited ("Target Company")**

Registered Office at Village Dagori, Tehsil Belha, Distt. Bilaspur – 495224 (Chhattisgarh)

Tel: 91-7752-285206, 285226, Fax: 91-7752-285213, 285224

ATTENTION:

- (1) This Open Offer is being made pursuant to and in accordance with the regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto or replacement thereof.
- (2) The Offer is not conditional offer and is not subject to any minimum level of acceptance by the shareholders of the Target Company.
- (3) This is not a competitive bid.
- (4) The Offer is subject to receiving the necessary approval(s), if any from Reserve Bank of India under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring equity shares tendered by non-resident shareholders, if any.
- (5) As on the date of this LOO, to the best of the knowledge of the Acquirer, there are no other statutory approvals and/or consents required, However, the Offer would be subject to all statutory approvals as may be required and/or may subsequently become necessary to acquire at any late date. The provisions of Competition Act, 2002 are not applicable for this Offer.
- (6) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of the Offer. Requests for such withdrawals should reach the Registrar to the Offer on or before 4 pm on September 02, 2011.
- (7) If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. August 29, 2011 the same would be informed by way of another Public Announcement in the same newspapers, where the original Public Announcement had appeared. The Acquirer would pay such revised price for all Equity Shares validly tendered at any time during the Offer and accepted under the Offer.
- (8) If there is competitive bid(s), the public offers under all the subsisting bids shall close on the same date.
- (9) As the Offer price cannot be revised during seven working days prior to the closing date of the offers/bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each offer/bid and tender their acceptance accordingly.
- (10) A copy of the Public Announcement and this Letter of Offer (including Form of Acceptance cum Acknowledgment) is also available on SEBI's website at (www.sebi.gov.in)



MANAGER TO THE OFFER

MASTER CAPITAL SERVICES LTD
SCO 22-23, Sector 9-D, Chandigarh - 160009
Tel.: 91-172-4848000, Fax: 91-172 - 2745865;
www.mastertrust.co.in
Contact Person: **Mr. Bishnu Parsad**
Email: bishnu.basyal@mastertrust.co.in
SEBI Regn. No. INM000000107

OFFER OPENS ON

August 19, 2011



REGISTRAR TO THE OFFER

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED
D-153 A, 1st Floor, Okhla Industrial Area, Phase – I,
New Delhi-110 020
Tel.: +91 11 30857575 (10 Lines), Fax: +91 11 30857562
Contact Person: **Mr. Virender Rana**
Email: viren@skylinert.com
SEBI Regn. No. INR000003241

OFFER CLOSSES ON

September 07, 2011

Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Public Announcement	June 16, 2011	Thursday	June 16, 2011	Thursday
Specified Date*	June 16, 2011	Thursday	June 16, 2011	Thursday
Last Date for Competitive Bid	July 07, 2011	Thursday	July 07, 2011	Thursday
Date by which Letter of Offer will reach shareholders	Aug. 01, 2011	Monday	Aug. 17, 2011	Wednesday
Date of Opening of the Offer	Aug. 10, 2011	Wednesday	Aug. 19, 2011	Friday
Last date for revising the Offer Price / No. of equity Shares	Aug. 22, 2011	Monday	Aug. 29, 2011	Monday
Last date of withdrawal of tendered application by the shareholders of NISL	Aug. 24, 2011	Wednesday	Sep. 02, 2011	Friday
Date of Closure of Offer	Aug. 29, 2011	Monday	Sep. 07, 2011	Wednesday
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired Equity Shares and/or the unaccepted Equity Shares / Share Certificate(s) will be dispatched / credited	Sep. 13, 2011	Tuesday	Sep. 22, 2011	Thursday

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

Note: Duly Signed Application and Transfer Deed should reach the Registrar to the Offer, at the above address on or before 4.00 P.M. on September 07, 2011 i.e date of closure of the Offer.

RISK FACTORS

- As of the date of this Letter of Offer, there are no statutory approvals required for the Offer. However, the Offer would be subject to all statutory approvals, such as RBI etc, that may become applicable at a later date before the completion of the Offer. In the event of regulatory approvals not being received in a timely manner or there is any litigation leading to a stay on the Offer or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed.
- Shareholders should note that after the last date of withdrawal i.e. September 2, 2011, the shareholders who have lodged their shares would not be able to withdraw the same even if the acceptance of shares under the offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed. The shareholders will not be able to trade in such shares which are in the custody of the Registrar to the Offer.
- The Acquirer makes no assurance with respect to the market price of the Shares, both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares.
- In the event of oversubscription to the Offer as per the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 the acceptance of the Shares tendered will be determined on a proportionate basis and will be contingent upon the level of oversubscription. Hence, there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.
- The information and other data including financial data relating to the Target Company used in this Letter of Offer, has been obtained from publicly available documents including annual reports of the Target Company, Stock Exchanges, Target Company and other government sources. Although, we believe that information/data used in this Letter of Offer is reliable, it has not been independently verified.
- The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than the Public Announcement or this Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer and the Manager to the Offer, and any person placing reliance on any other source of information would be Doing so at its own risk.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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KEY DEFINITIONS

Sr. No.	Definition	
1	Acquirer or The Acquirer /BPSL	Bhushan Power and Steel Limited
2	ASE	Ahmedabad Stock Exchange Limited
3	Book Value per share	Net worth / Number of equity shares issued
4	BSE	Bombay Stock Exchange Limited
5	CSE	Calcutta Stock Exchange Limited
6	DSE	Delhi Stock Exchange Limited
7	EPS	Earnings Per Share, which is Profit after tax / Number of equity shares issued
8	Form of Acceptance	Form of Acceptance cum Acknowledgement
9	Form of Withdrawal	Form of Withdrawal cum Acknowledgement
10	LOO or Letter of Offer	Offer Document
11	Manager to the Offer or Merchant Banker	Master Capital Services Limited
12	MSE	Madras Stock Exchange Limited
13	N.A.	Not Available
14	Negotiated Price	Rs. 13.00 (Rupees thirteen only) per fully paid up equity share/voting share capital of face value of Rs.10/- each
15	NSE	National Stock Exchange of India Limited
16	Offer or The Offer	Open Offer for acquisition of 3,01,16,240 equity shares of Rs. 10/- each representing 20% of the total voting share capital of 15,05,81,200 equity shares, from the shareholders at a Offer Price payable in Cash
17	Offer Price	Rs. 14.00 (Rupees fourteen Only) per share for fully paid equity shares of Rs. 10/- each, payable in Cash.
18	Persons eligible to participate in the Offer	All owners (registered or unregistered) of the Equity Shares of the Target Company, except the parties to the SPA, are eligible to participate in the Offer at any time before the closure of the Offer
19	Public Announcement or "PA"	Announcement of the Open Offer by The Acquirer, which appeared in the newspapers on 16.06. 2011
20	Promoter Group	Mr. R.K. Gambhir , Mr. G.K. Gambhir, Ms. Veena Gambhir. Mr. Vikram Gambhir. Ms. Natasha Gambhir, Ms. Shanti Devi, Ms. Sunita Gambhir, Nova Corporation Ltd. and Ambey Steel and Power Pvt. Ltd.
21	Registrar or Registrar to the Offer	M/s Skyline Financial Services Private Limited
22	Return on Net Worth	(Profit After Tax/Net Worth) *100
23	SEBI (SAST) Regulations, 1997 or Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments or replacement thereto
24	SEBI Act	Securities and Exchange Board of India Act, 1992
25	Sellers	Mr. R.K. Gambhir and Mr. G.K. Gambhir
26	SPA	Share Purchase Agreement dated 10.06.2011
27	Target Company or NISL	Nova Iron and Steel Limited

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

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF NOVA IRON AND STEEL LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER/MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER, MASTER CAPITAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 25.06.2011 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the offer

2.1.1 This Offer is being made by BPSL, a company incorporated under the Companies Act, 1956, having its Registered Office at 4th Floor, Tolstoy House 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001, in compliance with the Regulations 10 and 12 of the Regulations. The prime objective of the Offer by the Acquirer is for substantial acquisition of shares and voting rights accompanied with management control of the Target Company.

2.1.2 The Acquirer has entered into an **Share Purchase Agreement (SPA)** on 10.06.2011 to acquire 1,70,59,000 (One crore seventy lakhs fifty nine thousands) fully paid up equity shares of face value Rs.10/- each, representing 11.33% of the total paid up equity share/voting capital of Target Company (referred as "**Sale Shares**") @ Rs. 13.00 per fully paid share, from Mr. R. K. Gambhir and Mr. G.K. Gambhir (referred to as the "**Sellers**"), representing main promoters of Target Company, as per the terms agreed upon and contained in the SPA. All the 1,70,59,000 Sale Shares are under lock-in period upto 27.06.2013.

2.1.3 The details of the Sellers are as under:

Sr. No.	Name of shareholder/ Seller	Address of Seller	Phone No., Fax No.	No. of Shares sold
1	Mr. R.K. Gambhir	48, Friends Colony (East), New Delhi	91 -11 -26848302, 41524777	85,29,500
2	Mr. G.K. Gambhir	48, Friends Colony (East), New Delhi	91 -11 -26848302, 41524777	85,29,500
Total				1,70,59,000

2.1.4 The existing holding of the Acquirer in the Target Company before the said SPA was 2,24,00,000 shares i.e. 14.88% of the total paid up capital of the Target Company. Therefore said SPA for acquisition of additional 11.33% of voting capital of Target Company has triggered the Regulation 10 of the Regulations. Since the Acquirer is also acquiring the control of the Target Company, this offer is also being made under regulation 12 of the SEBI (SAST) Regulations.

2.1.5 As on the date of Public Announcement, due to further acquisition by Acquirer during the Offer Period (i.e. after entering into the said SPA on 10.06.2011) the Acquirer (directly & indirectly) was owning 7,61,97,200 share (i.e. 50.61%) of the Target Company (except Sale Shares under SPA) as per details given here under:

Date of Acquisition	Mode of Acquisition	No of Shares	% to voting Capital	Acquisition Cost Per Equity Share (Rs.)
08.06.2011	1,50,000 equity shares of Target Company in physical form from following Promoters			
	Mrs. Shanti Devi	12510	0.01	12.00
	Mr. Vikram Gambhir	10		12.00
	Ms. Natasha Gambhir	10		12.00
	Nova Corporation Limited	137470	0.09	12.00
	2,22,50,000 equity shares of Target Company through Block deal from BSE trading platform from following Promoters			
	Mrs. Veena Gambhir	15,00,000	1.00	11.88
	Mrs. Sunita Gambhir	10,00,000	0.66	11.88
	M/s Nova Corporation Ltd.	1,97,50,000	13.12	11.69
	TOTAL (a)	2,24,00,000	14.88	
Acquisition during the Offer Period (i.e. after the SPA dated 10.06.2011)				
11.06.2011	Indirect acquisition by way of Spot Share Purchase through an agreement with all shareholders of Ambey Steel & Power Private Limited for acquiring 100% shares of Ambey Steel & Power Private Limited (one of the promoters of Target Company)#	4,15,11,000	27.57	13.50
	TOTAL (b)	4,15,11,000	27.57	
13.06.2011	67,00,000 equity shares of Target Company through Block deal from BSE trading platform from following Promoters			
	Mr. R. K. Gambhir	35,00,000	2.32	13.80
	Mr. G.K. Gambhir	32,00,000	2.13	14.00
	55,86,200 equity shares of Target Company through Block deal from BSE trading platform from following public shareholders :			
	SM Infotel Private Limited	30,81,200	2.05	14.00
	Core Buildwell Private Limited	11,66,300	0.77	13.55
	Tridev Durobuild Private Limited	13,38,700	0.89	13.78
	TOTAL (c)	1,22,86,200	8.16	
	TOTAL (a+b+c)	7,61,97,200	50.61	

Salient features of the Spot Share Purchase Agreement (SSPA) dated 11.06.2011 are as under:

- a. That the Shareholders have agreed to sell 56,28,430 Equity Shares (i.e. 100% paid up capital) of Ambey Steel & Power Private Limited (ASPL) to the BPSL @ Rs. 100.00 (Rupees one hundred only) per fully paid share of face value of Rs. 100/- payable in cash aggregating to Rs.56,28,43,000/- (Rupees fifty six crores twenty eight lakhs fourty three thousands only). The Consideration has been be paid by the BPSL to the respective Shareholders simultaneously with the execution of this Agreement and assumed the control of ASPL;
- b. That the Sellers have indemnified and shall keep harmless and indemnified the BPSL of and from any action, proceeding, claim, demand, loss, damage, costs, charges and expenses which the BPSL may suffer or incur as a result of such incorrect representation, breach of the representations and undertakings or covenants given by the Sellers or any undisclosed liability arising out of an act of commission or omission of the Sellers;

The total direct and indirect holding of the Acquirer, including the acquisition through SPA is 9,32,56,200 fully paid equity shares representing 61.93% of voting capital of the Target Company.

The Acquirer has made the necessary disclosures to the Target Company & all Stock Exchanges as are required under regulation 7(1) of SEBI (SAST), Regulations, 1997.

2.1.6 The main clauses/salient features of the SPA are given below:

- a. That the Sellers have agreed to sell 1,70,59,000 Equity Shares of the Target Company to the Acquirer @ Rs. 13.00 (Rupees thirteen only) per fully paid share of face value of Rs. 10/- payable in cash aggregating to Rs.22,17,67,000/- (Rupees twenty two crores seventeen lakhs sixty seven thousands only). The Consideration shall be paid by the Acquirer to Sellers after the completion of obligation of Acquirer under Offer and Sale Shares alongwith the duly executed transfer deeds shall be handed over by the Sellers to the Acquirer simultaneously.
- b. That the Acquirer and Sellers shall comply with all the requirements of SEBI (SAST) Regulations.
- c. That in case of non-compliance of any provisions of the SEBI (SAST) Regulations, the SPA shall not be acted upon by the Acquirer or the Sellers.
- d. That the Acquirer after depositing 100% of the consideration of the Public Offer in Escrow Account can under the provisions of Regulation 22(7) of SEBI (SAST) Regulations get its director(s) appointed on the Board of Directors after 21 days of Public Announcement and assume control.
- e. That between the date of signing of the SPA (i.e. 10.06.2011) and the date on which the Acquirer assumes control, the Sellers have agreed to certain covenants as per SPA.
- f. That the Sellers have indemnified and shall keep harmless and indemnified the Acquirer of and from any action, proceeding, claim, demand, loss, damage, costs, charges and expenses which the NISL/Acquirer may suffer or incur as a result of breach of the representations and undertakings or covenants given by the Sellers or any liability arising out of the liabilities mentioned in the schedules of SPA. Mr. R.K. Gambhir present Managing Director of NISL and one of main Promoter, shall furnish indemnity bond in personal capacity to indemnify the NISL/Acquirer against contingent & other liabilities as listed in the schedule of SPA. Also M/s Nova Corporation Limited shall furnish guarantee for the same and issue undated cheques of Rs. 10.00 crores in favour of NISL or to the /Acquirer.

Notwithstanding anything contained in the SPA, including the termination clause, the obligations of the Acquirer under the Public Offer shall remain as per the provisions of SEBI (SAST) Regulations, 1997 as amended upto date.

- 2.1.7 Pursuant to this Offer, the public shareholding of the Target Company may fall below 25% of its equity share capital, in such an event the Acquirer will, in accordance with regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the Target Company to raise the level of Public Shareholding to the level specified for continuous listing requirement in the Listing Agreement with stock exchanges within the specified time of one year and in accordance with the specified procedure under amended clause 40A of the Listing Agreement and in compliance with SEBI (SAST) Regulations.

- 2.1.8 The Sellers are not eligible to participate in this Offer being made by the Acquirer.
- 2.1.9 The entire Shares proposed to be acquired under this Offer will be acquired by the Acquirer and no other persons/ entities propose to take part in the Acquisition.
- 2.1.10 There are no other persons or entities acting in concert with the Acquirer for the purpose of this Offer.
- 2.1.11 Upon fulfillment of all the obligations by the Acquirer under the Takeover Regulations as certified by the Manager to the Offer, the Board of Directors of the Target Company shall transfer the securities acquired by the Acquirer. Manager can allow such changes in the Board of Directors as would give the Acquirer representation on the Board and control over the Company after 21 days of the PA as per provisions under regulation 22(7) of Regulations or after completion of Offer, as opted by the Acquirer. As per provisions of regulation 22(7) of SEBI (SAST) Regulations, since Acquirer had deposited 100% of consideration payable under the Offer (assuming full acceptance) in the escrow account opened with HDFC Bank Ltd., the Acquirer has got Mr. Sanjay Singhal and Mr. R.P. Goyal appointed as Additional Directors of the Target Company on 08.07.2011 and assumed control. Mr. Sat Pal Maken, Whole Time Director, representing the Sellers has resigned on 08.07.2011. The Board of Directors may be further reconstituted after the closure of the Offer.
- 2.1.12 The Acquirer, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, under Section 11B and any other provision of the SEBI Act, 1992 .
- 2.1.13 The Manager to the Offer, declares and undertakes that it shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.
- 2.1.14 The equity shares of Target Company to be acquired, pursuant to the Offer shall be, free from all lien, charges and encumbrances.
- 2.1.15 The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

2.2 DETAILS OF THE PROPOSED OFFER

- 2.2.7 The Public Announcement (“PA”) dated 16.06. 2011 was made in the following newspapers, in accordance with Regulation 15 of the Takeover Regulations:

Publication	Editions
The Business Standard - English	All Editions
The Business Standard – Hindi	All Editions
Desh Bandu - Hindi	Bilaspur
Navashakti – Marathi	Mumbai

The PA is also available on SEBI’s website at <http://www.sebi.gov.in>

- 2.2.8 The Acquirer is making an Offer to the public shareholders of Target Company (i.e. other than the parties to the SPA) to acquire up to 3,01,16,240 fully paid-up equity shares of Rs.10/- each of Target Company representing 20% of the total outstanding voting equity share capital of Target Company, at a price of Rs. 14.00 per fully paid-up equity share, payable in cash in terms of Regulations 20 and 21 of the Regulations.
- 2.2.9 There are no partly paid up equity shares in the Target Company.
- 2.2.10 There is no differential pricing in the Offer.
- 2.2.11 The Offer is not a competitive bid.
- 2.2.12 The Offer is not conditional on any minimum level of acceptance.

- 2.2.13 The Acquirer has not acquired any further shares of the Target Company after the date of PA i.e. 16.06.2011 till the date of this LOO. The Acquirer may purchase additional Shares of the Target Company from the open market or through negotiations or otherwise, after the date of Public Announcement in accordance with the Regulation 20 (7) of SEBI (SAST) Regulations and the details of such acquisition will be disclosed by the Acquirer within 24 hours of such acquisition to the BSE and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI (SAST) Regulations. Acquirer is permitted to increase the Offer Price and/ or the number of Shares proposed to be acquired by the Acquirer. Such upward revision in accordance with Regulation 26 of the SEBI (SAST) Regulations will be made, no later than 29.08.2011, which is 7 days prior to the date of closure of the Offer (i.e. 07.09.2011). If the Offer Price is revised upward, such revised price will be payable to all the Shareholders of the Target Company who have accepted the Offer and submitted their Shares at any time during the Offer period to the extent their Shares have been verified and accepted by the Acquirer.
- 2.2.14 The Offer is subject to the terms and conditions set out herein in the LOO.
- 2.2.15 As of the date of this Letter of Offer, there are no statutory approvals required for the Offer. However, the Offer would be subject to all other statutory approvals, such as RBI etc, that may become applicable at a later date before the completion of the Offer. In the event of regulatory approvals not being received in a timely manner or there is any litigation leading to a stay on the Offer or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed. SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations, 1997. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, if any, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

2.3 **OBJECT OF THE ACQUISITION / OFFER AND FUTURE PLANS**

- 2.3.1 The prime objective of the Offer is to acquire substantial acquisition of shares/voting rights and assume management control of the Target Company.
- 2.3.2 The Acquirer is engaged in related business activities and believes that acquisition provides significant synergistic benefits. The strong business background and financials of the Acquirer in the same industry i.e. steel would simultaneously help the Target Company to overcome its financial difficulties & will fortify its strength and enhance its steel manufacturing and power generation capacity.
- 2.3.3 As on the date of LOO, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company, after requisite approval of the shareholders, if required.
- 2.3.4 Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company, as required under the applicable law.

3 **BACKGROUND OF THE ACQUIRER**

3.1 **INFORMATION ABOUT BPSL**

- 3.1.1 BPSL was incorporated on February 22, 1999 as a public limited company and its company identification number ("CIN") is U27100DL1999PLC108350. The Acquirer has its registered office at 4th Floor, Tolstoy House 15-17, Tolstoy Marg, Connaught Place, New Delhi-110 001 Tel: + 91-11-30451000 Fax: + 91-11-23712737.

3.1.2 Brief History and Major Areas of operation

Three promoter companies namely Bhushan Industries Ltd. Bhushan Metallica Ltd (both incorporated on 24th September 1973) and Décor Steel Ltd (incorporated on 3rd April 1980) were merged with Bhushan Power & Steel Limited pursuant to Scheme of Amalgamation with effect from 1.4.1999.

BPSL is a company whose main objects consist of manufacturing, trading and exports of Iron & Steel Products and generation and distribution of power.

After the division of business within the family, the management and control of the BPSL was with Mr. Sanjay Singal and his family members and he became Chairman and Managing Director. However, a petition under section 397/398 filed for non-fulfillment of alleged verbal family arrangement, by father and younger brother of Mr. Sanjay Singal is pending before Company Law Board, New Delhi for adjudication in which BPSL and Bhushan Steel Ltd. and Mr. Sanjay Singal are also respondents.

Mr. Singal, Chairman and Managing Director, aged 51 years, has successfully implemented, modernized and expanded the steel projects at Chandigarh, Kolkata, Derabassi (Punjab) and Orissa. Mr. Singal, a visionary, believes in long term planning and has brought the company to new heights.

Today, BPSL is one of the leading manufacturer of processed steel in India with the Annual Turnover of over Rs. 5000 crores. It is one of the largest Steel manufacturers in India and one of the largest companies in the secondary steel sector.

BPSL has following manufacturing facilities at Chandigarh, Dera Bassi (Punjab), Kolkata and Orissa in India for Cold Rolling, Galvanizing, Pipes and Alloy & Non-Alloy Steel Products, HR Products.

(Quantity in M.T. P.A.)

Facility	Kolkata	Chandigarh	Derabassi	Orissa	Total
Sponge Iron				12,00,000	12,00,000
Sinter				10,00,000	10,00,000
Hot Rolled Coil	-	-	-	9,00,000	9,00,000
Pig iron				7,00,000	7,00,000
Cold Rolled Steel	3,00,000	1,00,000	-	2,00,000	6,00,000
Metallurgical Coke				4,50,000	4,50,000
Iron & Non Alloy Steel and Alloy Steel Ingots/Billets & other Primary Forms		35,000	-	3,00,000	3.35,000
Bar Rods/Alloy Steel/ Iron and Non-alloy Steel/ other hot Rolled		1,25,000			1,25,000
Galvanized Steel Strips/ Sheets	1,20,000	-	-		1,20,000
Black/GI Pipes/Galvanized Pipe/Precision Tubes /ERW	30,000	60,000	30,000		1,20,000
Cable Tape	10,000		10,000		20,000
Total	4,60,000	3,20,000	40,000	44,50,000	52,30,000
Power				376MW	

3.1.3 Identity of the Promoters

The present promoters of BPSL are Mr. Sanjay Singal, Ms. Aarti Singal, Ms. Priyanka Miglani, Ms. Radhika Dhoot, Mr. Aniket Singal, Mr. Sanjay Singal (HUF), M/s Jasmine Steel Trading Ltd., M/s Marsh Steel Trading Ltd, M/s Diyajyoti Steel Ltd. and M/s Vision Steel Ltd.

3.1.4 BPSL is an unlisted entity. It has acquired shares in the Target Company, as mentioned at para 2.1.2., 2.1.4 and 2.1.5, and reporting requirements under SEBI (SAST) Regulations have been complied with.

3.1.5 **Previous Offer by Acquirer :**

The Acquirer along with some PACs made Public Announcement on 06.02.2009 of voluntary offer under SEBI(SAST) Regulations for acquisition of 26% voting capital of Orissa Sponge Iron & Steel Limited. Two competitive bids were made under Regulation 25 of SEBI (SAST) Regulations, by Mounteverest Trading & Investment Ltd. and Bhushan Energy Limited respectively, during the Offer Period. The SEBI had vide its letter dated November 1, 2010 directed the Acquirers to open the offer. Further, SEBI had vide letter dated November 4, 2010, also advised Bhushan Energy Limited, one of the other two competitive bidders, to open offer which was stayed by Hon'able High Court of Orissa vide its Order dated December 06, 2010. Subsequently, Acquirer vide letter dated March 14, 2011, submitted amended Letter of Offer to SEBI for its approval. The status of the Offer as informed by the Manager to the Offer, Centrum Capital Limited vide its letter dated June 2, 2011 is as under:

SEBI, vide its letter dated May 27, 2011, has inter alia: (i) informed that SEBI is taking steps to move the Hon'able High Court to vacate the Stay Order and have advised the Acquirer to open the offer immediately after vacation of the Stay Order; (ii) advised the Acquirer to pay the interest @10% pa from March 24, 2010 to November 4, 2010 to the shareholders of the Target Company.

Further the manager to the Offer, Centrum Capital Limited, confirmed that (i) they have not received any order from SEBI against the Acquirers with regard to open offer made by the Acquirers to the shareholders of Orissa Sponge and Iron Limited except directions for opening of the offer and payment of interest as stated above; (ii) they have not received any order from SEBI against the promoters of the Acquirers with regard to open offer made by the Acquirers to the shareholders of Orissa Sponge and Iron Limited.

The Acquirer and its Promoters also confirm that they have also not received any directions notice or order from SEBI in regard to the Offer made to the shareholders of Orissa Sponge Iron and Steel Limited. on default or non-compliance of Takeover Regulations. Acquirer has not made any other offer under SEBI(SAST) Regulations in any other company.

- 3.1.6 BPSL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other Regulations made under the SEBI Act.
- 3.1.7 Necessary approvals for the Offer required from Financial Institutions/Banks of the Acquirer shall be obtained by the Acquirer. Non receipt of such approvals shall not stop the Acquirer from making this Offer
- 3.1.8 The promoters of the BPSL hold 90.49% of the issued share capital of the BPSL and the balance is held by institutional investor/ bank / other individuals.

The shareholding pattern of BPSL as on date of LOO is as follows:

Sr. No.	Shareholder's Category	No. of Shares held	% Holding
1.	Promoters		
	Mr. Sanjay Singal	1,10,79,325	8.14
	Smt. Aarti Singal	59,60,613	4.38
	Smt. Priyanka Miglani	10,00,895	0.74
	Smt. Radhika Dhoot	10,00,220	0.74
	Mr. Aniket Singal	10,45,480	0.77
	Mr. Sanjay Singal (HUF)	2,56,450	0.19
	Jasmine Steel Trading Ltd	2,50,33,777	18.40
	Marsh Steel Trading Ltd	2,50,47,038	18.41
	Diyajyoti Steel Ltd	2,50,39,691	18.40
	Vision Steel Ltd	2,76,43,582	20.32
2.	Institutional investor(s)/ bank /other individuals	1,29,44,594	9.51
	Total	13,60,51,665	100.00

3.1.9 The details of the present Board of Directors is as under:

Sr .N o.	Name, Father's Name, Designation & Date of Appointment	Age	Total Experience	DIN	Area of Experience	Address	Qualification	Whether on the Board of Target Company	Whether on the Board of any listed Company
1	Mr. Sanjay Singal (S/o Mr. B.B. Singal) Designation: Chairman and Managing Director Date of appointment: February 22, 1999 (Appointed as Mananging Director w.e.f. 30.06.2003)	51	31	000 065 79	Planning, policy decisions and management of day to day working	61, Sector 5, Chandigarh	Graduate	Yes*	No**
2.	Smt. Aarti Singal (W/o Mr. Sanjay Singal) Designation: Vice Chairperson & Whole Time Director (Admin.) Date of appointment: March 30, 2010 (Appointed as Whole Time Director w.e.f. 01.04 .2010)	50	29	000 076 98	Administration	61, Sector 5, Chandigarh	Graduate	No	No
3.	Mr. Melwyn Rego (S/o Lt. Mr. Oswald Rego Designation: Nominee Director Date of appointment: December 06, 2010	52	30	002 926 70	Executive Director IDBI Bank Limited	61, Jolly Maker Apartment s II, Cuffe Parade, Mumbai	M.B.A. (Finance)	No	N.A.#
4.	Mr. Anil S. Supanekar (S/o Mr.S.V. Supanekar) Designation: Director Date of appointment: September 29, 2006	71	40	000 232 54	Technical Consultant	694/2, Swami Kripa Apartment, Market Yard Road, Pune	B.E	No	N.A.#
5.	Mr. R. P. Goyal (S/o Late Mr. V.P. Goyal) Designation: Whole Time Director (Commercial) Date of appointment: March 1, 2001 (Appointed as Whole Time Director w.e.f. 01.03 .2001)	60	37	000 065 95	Commercial, Legal and Mining Operations	157, Sector 16, Panchkula Haryana	Graduate	Yes*	Yes***
6.	Mr. H. C. Verma (S/o Mr. B.R. Verma) Designation: Whole Time Director(Marketing) Date of appointment: March 1, 2001 (Appointed as Whole Time Director w.e.f. 01.03.2001)	58	37	000 076 81	Marketing	C-57/31, Janta Garden, Pandav Nagar, Delhi	Graduate	No	No
7.	Mr. R. N. Yadav (S/o Mr. Shiv Shankar Yadav) Designation: Whole Time Director (Technical) Date of appointment : June 14, 2003 (Appointed as Whole Time Director w.e.f. 14.06 .2003)	51	26	000 066 97	Technical planning/ Project	14/4-A, Burdwan Road,	B.E.	No	No
8.	Mr. R. D. Batra (S/o Mr. D.D Batra) Designation: Director Date of appointment: March 1, 2001	75	53	000 077 69	Electrical Consultant	4184, Pocket 4, Sector D, Vasant Kunj, New Delhi	B.E.	No	N.A.#
9.	Mr. Dinesh Kumar Behal (S/o Mr. Rajinder Kumar Behal) Designation: Director Date of appointment: February 28, 2006	53	28	000 117 35	Finance and Costing	3235, Urban Estate, Phase –II, Dugri Road, Ludhiana	I.C.W.A & C.S	No	N.A.#
10.	Mr. Jimmy Mahtani (S/o Mr. Lachmann Das Mahtani) Designation: Independent Director (Nominee) Date of appointment: November 22, 2006	34	11	009 961 10	Finance and Administration	APT BLKI Chatsworth Road, # 22-21, Singapore	B.Sc (Business Administration)	No	N.A.#

- * Mr. Sanjay Singal and Mr. R.P. Goyal have been appointed as additional director on 08.07.2011, for details refer clause 2.1.11 of this LOO.
- ** Mr. Sanjay Singhal was director of Bhushan Steel Limited, BSE listed company, but he was removed as a Director under section 283 of Companies Act, 1956, against which an appeal filed by Mr. Sanjay Singhal is pending with CLB, New Delhi.
- *** Mr. R.P. Goyal is director of M/s Marble Finvest Limited, a Delhi Stock Exchange listed company.
Not Applicable as these are independent directors.

- **Sanjay Singal, Chairman & Managing Director** is the main promoter and an eminent industrialist. Mr. Singal is a graduate from Punjab University, Chandigarh. He was responsible for the implementation of a number of expansion projects of erstwhile Bhushan Industries Limited and erstwhile Bhushan Metallics Limited (merged in BPSL). Currently, Mr. Singal is responsible for the overall working of the Company and is instrumental in making strategic decisions for the company including the commissioning of the ambitious integrated power and steel project in Orissa. Mr. Singal has been a director of the company since its inception.
- **Aarti Singal, is Vice Chairperson and Whole Time Director** and promoter of the Company, takes care of administration of the company. She has been appointed as the Director of the Company w.e.f. March 30, 2010 and as Vice Chairperson and Wholetime Director (Adm) of the company w.e.f. April 1, 2010. She has completed her graduation in arts from Punjab University.
- **Melwyn Rego**, has joined as the nominee director of IDBI Bank Limited w.e.f. December 06, 2010. He has done M.B.A. and is rank holder in Finance from Symbiosis Institute of Business Management, Pune and joined IDBI Bank Limited in June, 1984.. He is Executive Director managing International Banking, Treasury, Compliance and Investment Departments. He also manages the raising of rupee resources in the domestic market. He has extensive international experience and was as rank holder at a programme on International Capital Market at St. Catherine,s College at Oxford University, UK.
- **Anil S. Supanekar is an Independent Director** in the company. Earlier he was nominee Director of IFCI on the board of the company. He holds a Bachelor of Science degree and a bachelor of engineering degree. Mr. Supanekar is currently a member of the Institution of Engineers and Chartered Engineers and is also a member of the Managing Council, Agri-Horticultural Society of Western India. He has been the President of the Rotary Club of Pune South. He is also a fellow member of the Institution of Valuers and Indian Council of Arbitration. Mr. Supanekar has also been a special invitee to work on management of Chamber of Commerce Industries and Agriculture. Mr. Supanekar, owned and operated his own business under the name and style of Southern Machine Industries Limited for 16 years. Prior to his nomination on the board of BPSL he was the Managing Director of James Group of Companies. Mr. Supanekar has been elected to the Governing Body of Pune Division of Productivity Council. He has rich experience in Industrial sector.
- **R.P. Goyal a Whole Time Director (Commercial)** in the company, is a commerce graduate from Government College, Kurukshetra, Haryana. He has been associated with the company since its inception. Mr. Goyal is responsible for the commercial, legal and mining operations of the company. He is also looking after the implementation of the power project at Jharsuguda, Orissa and Chandigarh operations of the Company.
- **H. C. Verma is a Whole Time Director (Marketing)** in the Company. He worked with Bhushan Industries Limited from 1973 to 1992. Thereafter he worked with Bhushan Steel Limited from 1992 to 1999 and then again joined the Company. He was President (Marketing) before he was appointed as a Whole Time Director (Marketing) in year 2001. He has rich experience in marketing of steel products and is responsible for the development of new markets for the company, particularly new export markets. He is a member of the Bengal Chamber of Commerce. He is also looking after the operations of Kolkata unit.
- **R.N. Yadav a Whole Time Director (Technical)** is a graduate of electrical engineering from M.I.T, Muzaffarpur. Mr. Yadav worked with Indian Air Force as a signal officer for three years. He subsequently worked with Hindustan Paper Corporation Limited as a Maintenance Engineer, as a Head of Electrical & Automation with Sipta Coated Steels Limited and as an Assistant General Manager (Electrical & Automation) with Bhushan Steel Limited. In the year 2003, he joined the company as Vice President (Technical). He has vast experience of 26 years in the steel industry.

- **R.D. Batra is an Independent Director** in the company. He is a graduate of electronic engineering and science from Engineering College, Dayal Bagh, Agra. He worked for 33 years with Metallurgical and Engineering Consultants (India) Limited where he retired as Chief Industrial (Electrical). He has made a presentation on 'Design Practices Adopted for Distribution Scheme for an Integrated Steel Plant' in IEEE, London.
- **Dinesh Kumar Behal is an Independent Director** in the company. He is a qualified Cost Accountant from Institute of Cost and Works Accountants of India and a qualified Company Secretary from Institute of Company Secretaries of India. He has an experience of about 28 years in cost accounting as well as company law matters.
- **Jimmy Mahtani is Nominee Director** of institutional investor (Baring Private Equity Asia III Mauritius Holdings (3) Ltd.) and is an independent director on the Board of the company. He is a B.Sc. (Business Administration) from Georgetown University, Washington, DC. He has rich experience in capital markets. Presently, he is working with Baring Private Equity Asia, LLC (Singapore).

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

Rs in Lakhs

Profit & Loss Statement	Financial Year ended March 31, 2011(audited)*	Financial Year ended March 31, 2010 (audited)*	Financial Year ended March 31, 2009 (audited)*
Income from Operations	4,67,843.90	4,00,852.59	4,37,525.94
Other Income	2,018.76	5,604.09	4,047.03
Total Income	4,69,862.66	4,06,456.68	4,41,572.97
Total Expenditure	3,29,476.97	2,94,736.19	3,32,792.74
Profit Before Depreciation Interest and Tax	1,40,385.69	1,11,720.49	1,08,780.23
Depreciation	37,292.27	37,526.15	30,022.34
Interest	42,959.41	40,629.27	38,512.65
Profit / (Loss) Before Tax	60,134.01	33,565.07	40,245.24
Provision for Tax	16348.40	8,004.60	7,629.17
Profit / (Loss) After Tax	43,785.61	25,560.47	32,616.07
Profit After Tax (considering extraordinary item)	43,785.61	25,560.47	32,616.07

Balance Sheet Statement	Financial Year ended March 31, 2011 (audited)*	Financial Year ended March 31, 2010 (audited)*	Financial Year ended March 31, 2009 (audited)*
Sources of Funds			
Paid-up Share Capital	13,605.17	13,605.17	13,605.17
Reserves and Surplus	2,48,317.69	2,04,611.14	1,79,130.26
Share Application Money	1,10,322.00	57,390.00	27,500.00
Secured Loans	11,91,303.76	8,94,774.29	7,08,358.00
Unsecured Loans	1,52,698.06	1,56,108.42	95,280.88
Total Loans	13,44,001.82	10,50,882.71	8,03,638.88
Net Deferred Tax Liability	51,583.09	35,383.09	27,393.09
Total	17,67,829.77	13,61,872.11	10,51,267.40
Application of Funds			
Net Fixed Assets	7,83,424.30	6,10,428.98	5,80,310.79
Capital Work-in-Progress	7,05,101.85	5,02,987.44	3,02,787.81
Investments	8,916.15	57,913.06	524.09
Net Current Assets	2,70,387.47	1,90,542.63	1,67,644.71
Total	17,67,829.77	13,61,872.11	10,51,267.40

Other Financial Data	Financial Year ended March 31, 2011(audited)*	Financial Year ended March 31, 2010 (audited)*	Financial Year ended March 31, 2009 (audited)*
Networth#	2,61,922.86	2,18,216.31	1,92,735.43
Dividend (%)	0.5	0.5	0.5
Earning Per Share (Rs)	32.18	18.79	23.97
Return on Networth** (%)	16.72	11.71	16.92
Book Value Per Share*** (Rs.)	269.00	231.00	180.00

* Source: based on the Annual Reports of the company for Financial Year 2009, 2010 and 2011.

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

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

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

3.1.12 As per the audited financials as of March 31, 2011, the contingent liabilities are as follows:

Sr. No.	Particulars	Amount Rs. In Lakhs
1	Outstanding guarantees furnished to Banks & Financial Institutions including in respect of letter of credit (availed by the Company)	25,065.18
2	Cheque/DD and bills discounted with banks	17,574.38
3	Claim against the Company not acknowledged as debt	3.68
4	Central/State Sales Tax Act	1,993.08
5	Orissa Entry Tax	234.52
6	Central Excise Act, 1944	14,418.42
7	Income Tax Act, 1961	2,411.69
8	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,36,706.30
9	On behalf of Joint Venture	3.56
	Total	1,98,410.81

3.1.13 Reasons for the fall/rise in total income:

Profit before depreciation and tax for the year 2010-11 was Rs. 140385.69 lakhs as compared to Rs.111720.49 lakhs in financial year 2009-10 . Increase in profit is due to improvement in the market conditions after melt down of global economy.

Profit before depreciation and tax for the year 2009-10 was Rs.111720.49 lakhs as compared to Rs.108780.23 lakhs in financial year 2008-09 . Increase in profit is due to better realisations.

Profit before depreciation and tax for the year 2008-09 was Rs. 108780.23 lakhs as compared to Rs. 72752.48 lakhs in financial year 2007-08 . Increase in profit is due to increase in turnover.

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

3.1.15 Significant accounting policies of BPSL (Annual Report of 2010-11)

1. BASIS FOR PREPARATION OF ACCOUNTS

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

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised .

3. **FIXED ASSETS**

Fixed Assets are stated at cost, net of VAT/ MODVAT/ CENVAT, less accumulated depreciation. All costs including borrowing costs till commencement of commercial production and adjustment arising from exchange rate variations relating to long term borrowings/monetary items attributable to the depreciable fixed assets are capitalized. Capital expenditure on assets incurred by the Company is reflected in capital work in progress account till these are commercially commissioned and thereafter in the fixed assets. Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue. Railway siding under the control of the company is regarded tangible assets. Assets not owned by the company, which are accessible to others are charged to Profit & Loss account.

4. **INTANGIBLE ASSETS**

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

5. **IMPAIRMENT OF ASSETS**

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

6. **EXPENDITURE ON NEW PROJECTS AND SUBSTANTIAL EXPANSION**

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

7. **DEPRECIATION**

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule-XIV to the Companies Act, 1956.

On incremental / decremental cost arising on account of translation of foreign currency liabilities for acquisition of fixed assets ,depreciation has been provided as aforesaid over the residual life of the respective plants.

Premium of leasehold land is amortised over the period of lease except leasehold land acquired on lease of ninety years or more.

Depreciation on fixed assets costing upto Rs. 5,000/- is charged @ 100% on pro-rata basis.

8. **FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the date of the transactions. Monetary items denominated in foreign currencies outstanding at the year-end are translated at the exchange rate applicable as on that date. Non monetary items are valued at the exchange rate prevailing on the date of transaction.

Pursuant to the notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31st March 2009 , Which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, exchange differences relating to long-term monetary items are dealt with in the following manner:

- i) Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable capital assets are added to/deducted from the cost of asset and depreciated over the remaining useful life of the asset.
- ii) In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit & loss account over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31st March 2012. All other exchange differences are dealt with in the profit and loss account.

9. **INVESTMENTS**
Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and quoted/ fair value. Long term investments are stated at cost less any provision for other than temporary diminution in value.
10. **DIVIDEND INCOME**
Dividend on investments is accounted for as and when right to receive is established.
11. **SALES**
Sales are inclusive of trial run sales, excise duty and net of sales tax/ vat.
12. **INVENTORY VALUATION**
Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
Excise duty on closing stock of finished goods and scrap are accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.
13. **INCOME TAX**
Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company.
In accordance with the Accounting Standard 22-Accounting for Taxes on income as notified under Companies (Accounting Standard) Rules, 2006, the deferred tax for timing differences between the book & tax profit for the period is accounted for using the tax rates and the tax laws that have been enacted or substantively enacted as of the Balance Sheet date.
Deferred tax assets arising from temporary timing difference are recognized to the extent there is virtual certainty that the asset will be realized in future.
14. **BORROWING COST**
Borrowing costs that are attributable to the acquisition or the construction of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
15. **MODVAT / CENVAT / VAT**
Modvat/ Cenvat/ VAT claimed on capital assets is credited to assets / capital work in progress account. Modvat/ Cenvat/ VAT on purchase of raw materials and other materials are deducted from the cost of such materials.
16. **CLAIMS**
Claims receivable are accounted for depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
17. **PROPOSED DIVIDEND**
Dividend as proposed by the Board of Directors is provided for in the books of account, pending approval at the Annual General Meeting.
18. **RETIREMENT/POST RETIREMENT BENEFITS**
- i) Short term employee benefits are recognized as an expense at the undiscounted amount in the year in which related service is rendered.
 - ii) The Company has defined contribution plan for post retirement benefits, namely Employees Provident Fund scheme administered through provident fund commissioner. The Company's contribution is charged to revenue every year.
 - iii) Company's contribution to state plans namely Employees State Insurance Fund is charged to revenue every year.
 - iv) The Company has defined benefits plans namely Leave encashment/ Compensated absence and

Gratuity, the liability for which is determined on the basis of Actuarial valuation at the end of the year. Gratuity Trust is administered through "Life Insurance Corporation of India".

- v) Termination benefits are recognized as an expense immediately.
- vi) Gain or Loss arising out of actuarial valuation are recognized in the profit and loss account as income or expense.

19. **PROVISIONS AND CONTINGENT LIABILITIES**

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the Company then these are classified as possible obligations.

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

20. **FINANCIAL DERIVATIVE TRANSACTION**

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

3.1.16 **Object of the acquisition:**

The Acquirer is engaged in related business activities and believes that acquisition provides significant synergistic benefits. The Acquirer further believes that it will be able to add value to the business of Target Company in terms of experience, financial strength, infrastructure and technology of the Acquirer.

To the extent required and to optimize the value to all shareholders, the Acquirer may, subject to applicable shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of the Target Company.

The Target Company was earlier reported Sick and was referred to BIFR, but after induction of funds by strategic investor (Ambey Steel & Power Private Limited)/promoters and settlement of accounts with lenders & under SARFAESI it came out of reference of BIFR on technical grounds. However, it has been again reported to BIFR as potentially sick as per the financials for the year ended 30.06.2010. The strong business background and financials of the Acquirer in the same industry i.e. steel would simultaneously help the Target Company to overcome its financial difficulties & will fortify its strength.

3.2 **Future plans and strategies of the Acquirer with regard to the Target Company:**

A key objective of BPSL is to takeover control and management of Target Company. The Acquirer being in a similar line of business/operations as that of Target Company believes that acquiring controlling interest and management in the Target Company would enable it to facilitate further realization of its business strategy and derive significant synergies. No material impact is expected on the Acquirer's business and operations as a result of the proposed Acquisition and the Offer in the Target Company.

BPSL has entered into an MOU dated 04.05.2007 with state of Chhattisgarh for installation of 1.2 million ton of steel products & 300MW captive power and MOU dated 04.08.2009 for 1000 MW power. This acquisition will facilitate the execution of project with better synergies.

- 3.3 **The Compliance Officer of BPSL** is Mr. R.K. Gupta, President and Company Secretary, Address 4th Floor, Tolstoy House, 15-17 Tolstoy Marg, Connaught Place, New Delhi -110 001; Tel: + 91 11 30451000, Mobile No. +919779455525, Fax: + 91 11 23712737.

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

- 3.5 The Acquirer has promoted wholly owned subsidiary in Australia in the last 3 years. Acquirer has also formed a Joint Venture under the name and style Rhone Coal Company Private Limited with JSW Steel Limited and Jai Balaji Industries Limited. The Joint Venture pertains to mining of Rohne Coking Coal Block jointly under the directions of Ministry of Coal, Government of India. BPSL's equity stake in the Joint Venture is at 24.09%.

3.6 **BRIEF DETAILS OF WHOLLY OWNED SUBSIDIARY PROMOTED BY THE ACQUIRER IN THE LAST THREE YEARS**

- (i) **Name of the Company :** Aarti Minerals (Australia) Pty. Limited having Registered Office at 14, Grayes Road, Hamilton Qld., 4007 Australia.
Date of Incorporation : 25.08.2010
Name of Directors : Mr. Ravi Parkash Goyal
 Mr. Ravinder Kumar Gupta
 Mr. Ashok Bamzai
Nature of activities : Acquisition of mines

Since the subsidiary was incorporated on 25.08.2010 , Brief financials based on Audited Accounts for the last one years is available :

Details (Year ended 31st March)	2010-11 (AUD)	2010-11 (Rs In Lakhs)*
No. of Shares issued	3500	3500
Nominal Value per Share	1 AUD	
Paid up Equity Capital	3500	1.61
Share Application Money	22500	10.34
Reserve & Surplus (Net of Misc. expenses not written off)	NIL	NIL
Total Income (PBT)	-0.32	-14.59
Profit After Tax	-0.32	-14.59
Earning per Sahre	Nil	NIL
Net Asset Value per Share	NIL	NIL

*Exchange rate AUD to INR has been taken as on 31.03.2011 at RS 45.9432

Aarti Minerals (Australia) Pty. Limited is an unlisted entity.

- (ii) **Name of the Company :** Aarti Resources (Mozambique) Limitada having Registered Office at AV, 25 De Setembro n 270 Pr. Time Square Bloco IV, 3rd Andar-Escritorio 36 Maputo (Mozambique)
Date of Incorporation : 07.01.2011
Name of Directors : Mr. Ravi Parkash Goyal
 Mr. Ravinder Kumar Gupta
Nature of activities : Acquisition of mines

Brief financials based on Audited Accounts for the last three years: Not Applicable since Company has not yet started its operations.

Aarti Resources (Mozambique) Limitada is an unlisted entity.

- (iii) **Name of the Company :** Acquirer has acquired 98% shares of M/s SKAP Electronics Pvt Ltd having Registered Office at 5, Tolstoy Marg, Connaught Place, New Delhi.
Date of Incorporation : 09.06.1983 (The company became subsidiary of the Acquirer on 18.01.2011)
Name of Directors : Mr. Sanjay Singal
 Mrs. Aarti Singal
Nature of Activities : Engaged in the business of electronic and electrical equipments

Brief financials based on Audited Accounts for the last three years:

(in Rs. lakhs)

Details (Year ended 31st March)	2010-11	2009-10	2009-08
No. of Shares issued	1000	1000	1000
Nominal Value per Share	100	100	100
Paid up Equity Capital	1.00	1.00	1.00
Share Application Money			
Reserve & Surplus (Net of Misc. expenses not written off)	11.07	18.21	19.88
Total Income (PBT)	-6.25	40.22	77.12
Profit After Tax	-7.14	-1.33	5.75
Earning per Sahre	Nil	NIL	574.91
Net Asset Value per Share	1,207.48		

M/s SKAP Electronics Pvt. Ltd is an unlisted entity.

3.7 DISCLOSURE IN TERMS OF REGULATION 16(ix)

In terms of Regulation 16(ix) the Acquirer do not have any plan to dispose off or otherwise encumber any assets of the Target Company, except in the ordinary course of business with the prior approval of the shareholders of the Target Company. Further, disclosures are covered under paragraph 2.3, 3.1.16 & 3.2 of this LOO.

4 Disclosure in terms of Regulation 21(3)

Pursuant to this Offer, the public shareholding of the Target Company may fall below 25% of its equity share capital, in such an event the Acquirer will, in accordance with regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the Target Company to raise the level of Public Shareholding to the level specified for continuous listing requirement in the Listing Agreement with stock exchanges with in the specified time of one year and in accordance with the specified procedure under amended clause 40A of the Listing Agreement and in compliance with SEBI (SAST) Regulations.

5 BACKGROUND OF THE TARGET COMPANY

5.1 The Target Company was incorporated under the Companies Act, 1956 on 01.05.1989 with the Registrar of Companies, New Delhi, as a Public Limited company under the name Nova Iron and Steel Limited ("Target Company"). The Target Company changed the registered office from New Delhi to Village Dagori, Tehsil Belha, Distt Bilaspur, Chhattisgarh – 495224 (India) (Tel: 91-7752-285206, 285226 Fax: 91-7752-285213, 285224), Email: novairon2008@rediffmail.com vide Company Law Board Order dated 21.08.1995. The Company has set up a plant to produce sponge iron with an installed capacity of 1,50,000 MT per annum.

5.2 The Target Company was promoted by Mr. R.K. Gambhir, Mr. G.K. Gambhir and Nova group of companies. The present promoters are Mr. R.K. Gambhir, Mr. G.K. Gambhir Ms. Veena Gambhir. Mr. Vikram Gambhir. Ms. Natasha Gambhir, Ms. Shanti Devi, Ms. Sunita Gambhir, Nova Polymers Pvt. Ltd. and Ambey Steel and Power Pvt. Ltd.

5.3 The Target Company came out with a public issue of 5,27,00,000 equity shares in the year 1994. Pursuant to the public issue, 9,77,00,000 shares of the Target Company were listed at Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), Delhi Stock Exchange Limited (DSE), Ahmedabad Stock Exchange Limited (ASE), Calcutta Stock Exchange Limited (CSE) and Madras Stock Exchange Limited (MSE) (hereinafter collectively referred as "Stock Exchanges").

Pursuant to agreement dated 02.04.2008, the Board of Directors of NISL in its meeting held on 28.06.2010 allotted shares to Mr. R. K. Gambhir, (85,29,500 shares), Mr. G. K. Gambhir (85,29,500 shares) and M/s Ambey Steel and Power Private Limited (4,02,41,000 shares) (Strategic Investor & new Promoter) on preferential basis at a premium of Rs. 2.01 per share (i.e. Rs. 12.01 per fully paid share), after getting exemption under regulation 4(2) of SEBI (SAST) Regulations, from SEBI vide its order dated 24.11.2009.

SEBI vide its letter no. CFD/DCR/TO/DMS/185089/09 dated 25.11.2009 granted the exemption for allotment of 5,73,00,000 equity shares on preferential basis on the following conditions:

- a. The acquirers shall ensure compliance with the statements, disclosures and undertakings made in their application and subsequent correspondence to Securities and Exchange Board of India in this regard.
- b. The proposed preferential allotment of equity shares to the acquirers shall be in accordance with the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, the Listing Agreements and other applicable laws.
- c. Nova Iron & Steel Limited and its promoters (including the acquirers) shall ensure that the trading in the shares of the target company be resumed within a period of six months from the date of this Order. The stock exchanges shall extend necessary support in this regard, subject to the target company complying with all the necessary rules/regulations/formalities laid down by them. Thereafter, Nova Iron & Steel Limited shall file a compliance report indicating the resumption of trading of its shares at the stock exchanges as directed herein above.

The Target Company filed compliance report to SEBI on 28.06.2010. Application for listing of fresh shares was submitted to BSE and NSE. BSE vide its letter dated August 09, 2010 listed the share but held back the trading permission, till the listing of shares at NSE. The allotment price was re-computed in terms of Regulation 76 (3) of SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 and difference of Rs 2 per share has also been paid to the Target Company by the allottees of the said allotted shares on 26.05.2011, 27.05.2011 and 31.05.2011 respectively. The allottees are holding the new shares in physical form and also these shares are in lock-in upto 27.06.2013.

The trading of the shares remained suspended on the Stock Exchanges due to non compliance of various provisions of the listing agreements, such as non submissions of book closure date, annual report, distribution schedule, yearly disclosure under regulation 8 of SEBI(SAST) Regulations, financial results, compliance officer and annual fees. The Target Company has made all compliances with the BSE and NSE and trading of shares (except 5,73,00,000 shares allotted on preferential basis on 28.06.2010, which have though been listed on 09.08.2010) was allowed by BSE on 07.05.2010. Though, all the compliances were made with the NSE also, but NSE has not allowed the trading.

5.4 Share Capital Structure of the Target Company is as follows:

Paid up Equity Share of Target Company	No. of Shares /Voting rights	% of shares/voting rights
Authorised Capital	16,00,00,000	
Issued and subscribed capital	15,50,00,000	
Fully Paid up Equity Shares*	15,05,81,200	100%
Partly Paid up Equity Shares	-	-
Total Paid up Equity Shares	15,05,81,200	100%
Total Voting Rights in Target Company	15,05,81,200	100%

* 44,19,800 partly paid shares were forfeited by the Target Company on 05.06.2010 and annulled the forfeiture of 1000 shares after receipt of representation from shareholders.

- 5.5 Due to costly technology, changes in Govt. policies, power shortage and various other reasons Target Company suffered unaffordable losses. Due to continuing losses the net worth of the Target Company eroded in year 1998 and the Target Company was registered as sick company with BIFR as per the terms of Sick Industrial Companies (Special Provisions) Act, 1985. However, inspite of wholehearted efforts of the promoters, the Target Company remained a sick unit. The lenders through (lead institution/operating agency) IFCI took the action under Section 13(4) of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). During the process, with the help of a strategic investor namely Ambey Steel and Power Private Limited (ASPL), the Target Company submitted one time settlement (OTS) proposal to the lenders. The financial institutions and banks with a view to revive the Target Company agreed for one time settlement scheme (OTS) on 25.04.2007 and on making the payment vide assignment deed dated 31.03.2008 the assets alongwith rights thereof were transferred in favour of ASPL. The Target Company came out of the purview of BIFR on account of technicalities after action of IFCI under SARFAESI vide order dated 20.01.2010, However, after induction of funds by the strategic investor, even the net worth of the Target Company became positive.

ASPL had invested in the Target Company as above and entered into an agreement with Target Company on 02.04.2008. Salient features of the agreement are as under:

- i. That the Promoters of NISL requested the ASPL to provide loan to the extent of Rs. 55.80 crores to be paid to NISL Rs. 40.24 crores and to Promoters Rs. 15.56 crores;
 - ii. That ASPL agreed to provide the funds to NISL;
 - iii. That NISL agreed to allot 4,02,41,000 equity shares on Preferential basis to ASPL subject to statutory approvals;
 - iv. ASPL shall make an application to SEBI for seeking exemption under SEBI (SAST) Regulations;
 - v. That after allotment of said shares ASPL be treated as promoters of NISL along with other promoters;
 - vi. That in case NISL fails to allot the shares ASPL shall be entitled to interest @12% p.a.;
 - vii. That after payment to financial institutions, NISL shall amend charge in favour of ASPL;
- 5.6 The Target Company had applied for delisting of shares vide letter dated 27.10.2010 from NSE and vide letters dated 02.06.2011 from DSE, CSE, ASE and MSE.
- 5.7 But, as per Audited Balance Sheet as on 30.06.2010, the networth of the Target Company eroded by more than 50% and Target Company became potentially sick. With the approval of shareholders in the Extraordinary General Meeting held on 03.12.2010 a reference has again been filed with BIFR on 06.12.2010.
- 5.8 **The main objects of the Target Company are as under :**
- 1(a) To carry on the business of buyers, sellers, manufacturers of ferrum of all kinds including sponge iron, pig iron, cast iron and/or nonferrous metals and steel of all kinds such as stainless steel, sheet metal, alloys and special steels, steel forging and steel pipe from melting scrap and sponge iron or any other such material with the help of furnaces or foundry of all kinds or by any such other method and to deal in ferrous and non-ferrous metals and iron and steel of all kinds and to do business of conversion agents, iron masters, steel makers, steel convertors, melters, tin engineers, plate makers and iron founders, steel rolling or re-rolling in all their respective branches and to deal in iron ore, iron scrap and such other allied metals, scraps and substances of all kinds.
 - 1(b) To acquire whether on lease or otherwise and possess mines of iron ore, coal and any other metals, minerals, or other geological materials from earth and to undertake mining of iron ore, coal and other metals, minerals, or other geological materials from earth and to use, sell, deal in or otherwise dispose off such mineral materials.
 - 2 To carry on the business of sellers, manufacturers, processors, rollers, rerollers, importers, exporters of and dealers in all kinds of ferrous or non-ferrous metals and its materials, articles or things meant for any industrial or non-industrial use and to carry on the business in cold or hot rolling, re-rolling, slitting, edgemilling, sheeting, stamping, anodizing, forging, extruding, drawing, flattening, pressing, straightening, and heat treatment of all kinds of aluminum steel and other such metals of all kinds or any other kind of strips, sheets, foils tapes, wire rods, plates and in any other sections, shapes or forms.
 - 3 To carry on the business of manufacturers, importers and exporters of and dealers in ferrous and non-ferrous castings of all kinds.
- The location of the manufacturing facilities of the project is located at Village Dagori, Tehsil Belha, Distt Bilaspur, Chhattisgarh – 495224 (India).
- 5.9 Details of the changes in share capital of the Target Company since incorporation and status of compliances with applicable SEBI regulations/other statutory requirements are as follows:-

Date of allotment	No. of shares issued	% of shares issued	Cumulative paid up capital	Mode of allotment	Identity of allottees	Status of compliance
01.05.1989	70	100.00	70	Allotted for cash	Subscribers to the Memorandum of Association (MOA)	The Target Company had complied with the relevant provisions
01.08.1989	95,332	99.93	95,402	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
30.09.1991	3,51,000	78.63	4,46,402	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
01.10.1991	1,00,000	18.30	5,46,402	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
04.11.1991	4,00,000	42.27	9,46,402	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
16.09.1992	1,23,83,978	92.90	1,33,30,380	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
30.03.1993	57,00,257	29.95	1,90,30,637	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
12.05.1993	67,50,000	26.18	2,57,80,637	Allotted for cash	Financial Institutions	The Target Company had complied with the relevant legal provisions
17.05.1993	1,00,69,363	28.09	3,58,50,000	Allotted for cash	Promoters	The Target Company had complied with the relevant legal provisions
22.05.1993	72,50,000	16.82	4,31,00,000	Allotted for cash	Financial Institutions	The Target Company had complied with the relevant legal provisions
26.05.1993	19,00,000	4.22	4,50,00,000	Allotted for cash	Financial Institutions	The Target Company had complied with the relevant legal provisions
22.04.1994	5,27,00,000	53.94	9,77,00,000	Allotted for cash	Public Issue	The Target Company had complied with the relevant legal provisions
05.06.2010*	(44,19,800)	4.74	9,32,80,200	Forfeited	Public Shareholders who failed to deposit the call money	The Target Company had complied with the relevant legal provisions
28.06.2010	5,73,00,000	38.05	15,05,80,200	Allotted for cash	Preferential Allotment to existing Promoters & strategic investors	The Target Company had complied with the relevant legal provisions
28.02.2011	1000	-	15,05,81,200		1000 Forfeited Share annulled due to representation received from Shareholder	

5.10 The Target Company as well as the Sellers have till date complied with the applicable provisions of Chapter II of the SEBI (SAST) Regulations. There has been no delay reported in compliance by the Promoters under regulation(s) 6(1), 6(3), 8(1) & 8(2) of the SEBI(SAST) Regulations. The status of Compliance of Regulation 6 and Regulation 8 by the Target Company is as under :

Sr. No.	Regulation/Sub regulation	Due date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 Col. 3	Remarks
1	6(2) & 6 (4)	20.05.1997	10.07.2008	4066	
2	Regulations 8(3)	30.4.1998	10.07.2008	3721	
3	Regulations 8(3)	30.04.1999	10.07.2008	3356	
4	Regulations 8(3)	30.0--4.2000	10.07.2008	2991	
5	Regulations 8(3)	30.04.2001	10.07.2008	2626	
6	Regulations 8(3)	30.04.2002	10.07.2008	2261	
7	Regulations 8(3)	30.04.2003	10.07.2008	1896	
8	Regulations 8(3)	30.04.2004	10.07.2008	1531	
9	Regulations 8(3)	30.04.2005	02.06.2005	33	
10	Regulations 8(3)	30.04.2006	17.07.2006	78	
11	Regulations 8(3)	30.04.2007	21.06.2007	52	
12	Regulations 8(3)	30.04.2008	16.04.2008		
13	Regulations 8(3)	30.04.2009	22.04.2009		
14	Regulations 8A(4)	11.02.2009	22.04.2009	70	
15	Regulations 8(3)	30.04.2010	23.04.2010		
16	Regulations 8(3)	30.04.2011	27.04.2011		
17	Regulations 8A(4)30 03-2010	13.04.2010	03-03-2011	337	
18	Regulations 8A(4)03 02-2011	17-02-2011	03-03-2011	14	
19	7(3) (Pledge) date of receipt of intimation from Promoter 01.04.2008	08.04.2008	02.04.2008		
20	7(3) (inter-se transfer) receipt of intimation from Promoter 05.09.2008	12.09.2008	12.09.2008		
21	7(3) Allotment to Ambey Steel and Power Pvt. Ltd. /RKGambhir and GKGambhir on preferential basis on 28.06.2010 and receipt of intimation from Promoters on 29.06.2010	06.07.2010	02.07.2010		
22	7(3) (08.06.11) receipt of intimation on 10.06.11 from Acquirer and Sellers	17.06.2011	14-06-2011		
23	7(3) (11.06.11) receipt of intimation on 13.06.11 from Acquirer	20.06.2011	15-06-2011		
24	7(3) (13.06.11) receipt of intimation on 15.06.11 from Acquirer and Sellers	23.06.2011	15-06-2011		

SEBI may initiate appropriate action against the Target Company in light of non-compliances with various Stock Exchange & under Chapter II of SEBI (SAST) Regulations.

- 5.11 The Target Company has filed an application on 02.06.2011 with SEBI for Consent Order for delay in making compliances under Regulation 6 & 8 of SEBI (SAST) Regulations. **SEBI may initiate appropriate action against the Target Company in light of non-compliances with various Stock Exchange & under Chapter II of SEBI(SAST) Regulations.**
- 5.12 There are no partly paid shares or outstanding convertible instruments as on the date of the Public Announcement.
- 5.13 The Board of Directors of the Target Company as on the date of the PA was as follows:

Sr. No.	Names of Directors/Father's Name/Designation /Date of appointment	Age	Total Experience	DIN	Area of Experience	Address	No. and % of shares of the Target Company held as on date of P. A. (i.e. 16.06.2011)	
1	Mr. Rajender Kumar Gambhir S/o Late Mr. K. R. Gambhir Chairman Date of Appointment: 01.05.1989	53	31	0019 5729	Steel & Electronics Industry	48, Friends Colony(East), New Delhi – 110065 Phone No. 91 11 26848302, 41524777	85,29,500	5.66
2	Mr. Sat Pal Maken S/o Late Mr. S. R. Maken Whole-time Director & Company Secretary Date of Appointment: 21.06.2001	66	37	0020 9704	Secretarial and Company Law Matters	H.No. 805, Sector 28, Faridabad – 121002 Ph No 91 129 2278064	2900	0.00
3.	Mr. Manickam Ramachandran S/o Late Mr. S. Manickam Director Date of Appointment: 20.08.1996	63	36	0020 4342	Setting up, Management & consultancy for sponge iron & steel projects	No. 3, Pugazhenth Street, Vivekananda Nagar, Chennai – 600118 Ph No. 91 44 26540832 91 7752 417008	Nil	Nil
4.	Mr. Narsingh Awatar S/o Mr. Narayan Sahani, Director Date of Appointment: 14.10.1993	75	50	0037 6193	Commerce & Industry	E-89, Anand Niketan, New Delhi 110021 Ph No 91 11 23320537	Nil	Nil
5.	Mr. Arvind Gupta S/o Mr. Director Date of Appointment: 06.05.2011	53	33	0342 3291	Legal	A-329, Meera Bagh, Outer Ring Road, New Delhi 110087	Nil	Nil

As per provisions of regulation 22(7) of SEBI (SAST) Regulations, since Acquirer had deposited 100% of consideration payable under the Offer (assuming full acceptance) in the escrow account opened with HDFC Bank Ltd., the Acquirer has got Mr. Sanjay Singhal and Mr. R.P. Goyal appointed as Additional

Directors of the Target Company on 08.07.2011 and assumed control. Mr. Sat Pal Maken, Whole Time Director, representing the Sellers has resigned on 08.07.2011. The Board of Directors may be further reconstituted after the closure of the Offer.

5.14 None of the Directors on the Board represented Acquirer prior to 08.07.2011. However, as mentioned above as per provisions of Regulation 22(7) of SEBI(SAST) Regulations, Mr. Sanjay Singal and Mr. R.P. Goyal have been co-opted on the Board of Target Company as nominee of Acquirer on 08.07.2011.

5.15 There has been no merger/demerger or spin off involving the Target Company during the last 3 years.

5.16 **Financial Information:**

The financial information of the Target Company for the period 31.03.2008, 31.03.2009, 30.06.2010 and 28.02.2011 are as follows:

Profit & Loss Statement	As on 28.02.2011 (8 months)	As on 30.06.2010 (15 months)	As on 31.03.2009	As on 31.03.2008
	Unaudited	Audited	Audited	Audited
Income from Operations	614.04	15,596.10	25,120.72	18,369.03
Other Income	25.39	24.92	15.00	6.98
Total Income	639.43	15,621.02	25,135.72	18,376.01
Total Expenditure	909.18	16,102.29	23,505.87	18,080.06
Profit Before Depreciation Interest and Tax	-269.75	-481.27	1629.85	295.95
Depreciation	185.01	385.01	278.50	294.60
Interest	2.82	30.57	39.52	29.09
Misc. Expenditure w/o	2.38	4.47	3.58	0.00
Profit Before Tax	-459.96	-901.32	1308.25	-27.74
Provision for Tax	0	0	-67.92	3.06
Profit After Tax	-459.96	-901.32	1376.18	-30.80

Balance Sheet Statement	As on 28.02.2011 (8 months)	As on 30.06.2010 (15 months)	As on 31.03.2009	As on 31.03.2008
	Unaudited	Audited	Audited	Audited
Sources of Funds				
Paid up Equity Share Capital	15,196.10*	15,196.06	9,459.32	9,459.32
Reserves and Surplus (Excluding revaluation reserves)	2,297.73	1,151.73	0	0
Share Application Money	0	0	5,730.00	4,746.04
Secured Loans	0	0.00	0	1,001.81
Unsecured Loans	39.43	45.75	25.85	238.28
Total	17,533.26	16,393.54	15,215.17	15,445.45
Uses of Funds				
Net Fixed Assets	2,043.48	2,213.24	2,184.23	2,368.09
Capital Work in Progress	10.82	10.82	358.71	0.40
Investments	NIL	NIL	NIL	NIL
Deferred Tax Asset	80.76	80.76	71.35	0.00
Net Current Assets	2,695.54	1,843.63	1,243.23	375.31
Total Miscellaneous Expenditure not Written Off	25.32	27.71	32.17	0.00
Profit & Loss Account	12,677.34	12,217.39	11,325.48	12,701.65
Total	17,533.26	16,393.54	15,215.17	15,445.45

Other Financial Data	As on 28.02.2011 (8 months)	As on 30.06.2010 (15 months)	As on 31.03.2009	As on 31.03.2008
	Unaudited	Audited	Audited	Audited
Net Worth	4,791.17	4,102.69	-1,898.33	-3,242.33
Dividend(%)	0	0	0	0
Earning Per Share (annualized)	-0.31	-0.60	1.41	-0.03
Return on Networth (annualized)	-9.60	-21.97	-72.49	0.95
Book Value Per Share (annualized)	3.18	2.72	-1.94	-3.32

* The paid up capital consists of 15,05,81,200 equity shares of Rs. 10 each and Rs. 138,03,000 of 44,18,800 shares forfeited by the Company on 05.06.2010.

EPS=Profit after tax/No. of equity shares issued, Return on Net Worth = Profit after Tax/Net Worth at year/period end.

Book value per share=Net Worth/No. of equity shares issued, Net Worth = Share Capital + Retained Profits.

Source: Audited Annual Reports/ Certified Financial Statements.

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

5.18 Contingent liabilities as per Audited Balance Sheet on 30.06.2010 are as under:-

(Amount Rs. in Lakhs)	
Particulars	As on 30.06.2010
i. Claims not acknowledged as debts	592.08
ii. Income Tax demands under appeal	18.70
iii. Excise and Service Tax demand under dispute	75.52
iv. Interest on Entry Tax	131.95
v. Sales Tax (2004 -05) demand under dispute	2.23
Total	820.48

5.19 Significant accounting policies of Target Company (Annual Report 2009-2010)

(1) **Basis of Accounting**

Unless specifically stated elsewhere, the Company follows accrual basis of accounting and the accounting policies followed by it are consistent. The Accounting Standards referred under Section 211(3C) of the Companies Act, 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

(2) **Fixed Assets**

Fixed Assets are stated at cost (Net of CENVAT) less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes & incidental expenses related to such acquisition or construction.

(3) **Borrowing Costs**

Interest and other costs in connection with the borrowing of the funds to the extent, related/attribution to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use. However the borrowing cost is not capitalized during the extended periods in which active development is interrupted or there is considerable delay in commissioning of the respective assets and is charged to Profit & Loss A/c.

No amount of borrowing cost has been capitalized during the current Accounting period.

(4) **Depreciation**

Depreciation on the assets other than Plant & Machinery is provided for at written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956. Plant & Machinery is being depreciated @ 25% per annum on written down method.

Freehold Land is not depreciated. Leasehold Land is being written off over the lease period.

(5) **Foreign Exchange Transaction**

Transactions in foreign currency are recognized at the rate(s) prevailing on the date of the transaction. Foreign Currency Monetary Assets and Liabilities are accounted for at the exchange rate(s) prevailing on the closing day of the accounting period and the losses or gains arising on realignment of foreign currency liabilities relating to the acquisition of fixed assets are adjusted to the cost of such assets and on such exchange fluctuation the depreciation is charged/adjusted on the basis of full year's use.

- (6) **Inventory Valuation**
Raw materials are valued at cost (weighted average cost method) or net realizable value. Stores, spares & consumable tools are valued at cost under first in first out method.
Stock in progress is valued at material cost including appropriate direct & manufacturing overheads.
Finished goods are valued at cost or net realizable value whichever is lower. Cost represents production cost including appropriate overheads and excise duty but excluding commission on sales.
Inventories of scrap & waste are valued at estimated net realizable value.
- (7) **Sales**
Sales have been recognized at the point of despatch to the customers. These are inclusive of excise duty and net of discounts and rebates including rebates on account of quality claims as and when settled.
- (8) **Other Reserves**
Claims including insurance claims are accounted for on the acceptance and determination of the amounts recoverable by the concerned authorities.
- (9) **Employee Benefits**
Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the relative services rendered.

Provision for gratuity has been made in the books of account, as per the provisions of Payment of Gratuity Act, 1972 on the assumption that all the employees are entitled to gratuity at the end of the accounting period. The Leave encashment is accounted for on accrual basis and charged to the Profit & Loss in the year in which employee has rendered services.
- (10) **Excise Duty**
Excise Duty on finished goods lying at the works is accounted for at the year end & corresponding liability for Excise duty is also created in the accounts. This treatment is as per Guidance Note on accounting treatment of Excise duty issued by Institute of Chartered Accountants of India. Excise Duty is debited to the Profit & Loss Account.
CENVAT credits are adjusted towards the cost of materials/assets.
- (11) **Miscellaneous Expenditure**
Preliminary, public issue and deferred revenue expenditure are being written off over a period of ten years.
- (12) **Provision for Taxation**
 1. Provision for taxation, if any, is made in respect of the taxable income of the previous year as defined in the Income Tax Act, 1961.
 2. Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.
- (13) **Contingent Liabilities**
No provision is made for liabilities, which are considered by the management contingent in nature and the same are disclosed by way of notes to accounts.
- (14) **Earning Per Share**
The Earning per share has been calculated as per AS-20. The basic and diluted earning per share has also been calculated as per AS-20 issued by Institute of Chartered Accountants of India (ICAI).

(15) **AS-22 “Accounting for Taxes on Income” issued by ICAI**

Deferred Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each balance sheet date, the Company reassesses unrecognized deferred tax assets. It recognizes unrealized deferred tax assets to the extent it has become reasonably or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realized.

(16) **Segment Reporting (AS-17)**

As the Company operates in only one line of activity thus segment wise figures are not given. As and when new segments are added/diversified, figures./details of such segment shall be given.

(17) **Impairment of Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company’s fixed assets. If any indication exists, an asset’s recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use.

5.20 **Reasons of fall and rise in total income**

There is a fall in the sales from Rs. 25135.72 lakhs in the year 2008-09 to Rs. 15621.02 lakhs in the year 2009-10 due to non availability of Iron Ore and plant remained closed from 09.03.2010 to 14.05.2010. The input cost increased where as the realization price of sponge iron in the market remained static. Therefore the operation of the plant was suspended. The Target Company does not have its own iron ore mines therefore had to procure it from market. The power to the plant was also not regular and the Target Company does not have its own captive power plant. International prices of iron ore and coal had substantial increase over the last year. The interest and depreciation also increased effecting the profitability. The change of Govt. policy for supply of coal through e-auction also affected the supply of coal besides increase in cost of raw material. The availability of low grade of iron ore also effected the production and production cost. The accumulative factor of these affected the profitability and Target Company suffered losses before depreciation and tax for the year 2009-10 to Rs. 481.27 lakhs as compared to profit of Rs. 1,629.85 lakhs in financial year 2008-09.

The sale increased from Rs. 18376.01 lakhs in the year 2007-08 to Rs. 25135.72 lakhs in the year 2008-09 (i.e. increase of 35.98%). With the approval of one time settlement with the banks, the Target Company cleared the outstanding loans resulting into decrease in interest liability during the year. As a result of this Profit before depreciation and tax for the year 2008-09 increased to Rs. 1,629.85 lakhs as compared to Rs. 295.95 lakhs in financial year 2007-08 .

The sales of the Target Company increased from Rs. 13767.21 lakhs in the year 2006-07 to Rs. 18376.01 lakhs in the year 2007-08. The Profit before depreciation and tax for the year 2007-08 increased to Rs. 295.95 lakhs as compared to Rs. 180.08 lakhs in financial year 2006-07.

5.21 **Pre and Post-Offer Shareholding Pattern of the Target Company (based on paid-up Equity and Voting Capital) is as under: -**

Shareholder's Category	Share holding and voting rights prior to the Agreement/ Acquisition and Offer		Shares/Voting rights agreed to be acquired under the Share Purchase Agreement which triggered off the Regulations		Shareholding/ voting rights acquired on spot basis during the Offer Period i.e. after SPA		Shareholding/ voting rights to be acquired in open Offer (Assuming full acceptance)		Share holding/ voting rights after the acquisition and Offer	
	(A)		(B)		(C)		(D)		(A)+ (B) +(C)+(D)= (E)	
	No.	%	No.	%			No.	%	No.	%
(1) Promoter Group										
a. Parties to agreement										
i. Mr. R.K. Gambhir	1,20,29,500	7.99	(85,29,500)	(5.66)	(35,00,000)	(2.32)	Nil	Nil	Nil	Nil
ii. Mr. G.K. Gambhir	1,17,29,500	7.79	(85,29,500)	(5.66)	(32,00,000)	(2.13)	Nil	Nil	Nil	Nil
Total	2,37,59,000	15.78	(1,70,59,000)	(11.33)	(67,00,000)	(4.45)	Nil	Nil	Nil	Nil
b. Other Promoters other than a above Ambey Steel and Power Private Limited	4,15,11,000	27.57							4,15,11,000	27.57
Total 1 (a+b)	6,52,70,000	43.35	(1,70,59,000)	(11.33)	(67,00,000)	(4.45)			4,15,11,000	27.57
(2) A. Main Acquirer Bhushan Power and Steel Limited	224,00,000	14.88	1,70,59,000	11.33	1,22,86,200	8.16	3,01,16,240	20.00	8,18,61,440	54.36
Direct & Indirect Acquisition of Acquirer after completion of offer									12,33,72,440	81.93
(3) Parties to agreement other than (1) & (2)	Nil	Nil	Nil	Nil			Nil	Nil	Nil	Nil
(4) Public (other than parties to agreement, Acquirer & PACs)										
a. FIs/MFs/FILs/Banks, SFIs (indicate names)	35,65,100	2.37					(3,01,16,240)	(20.00)		
b. Private Corporate Bodies **	55,86,200	3.71			(55,86,200)	(3.71)				
c. Private Corporate Bodies**	1,85,60,489	12.33								
d. NRI	11,14,316	0.74								
e. Others	3,40,85,075	22.64								
Total 4 (a to d)	6,29,11,200	41.78			(55,86,200)	(3.71)	(3,01,16,240)	(20.00)	2,72,08,760	18.07
Grand Total (1+2+3+4)	15,05,81,200	100.00			0.00	0.00	0.00	0.00	15,05,81,200	100.00

* Three private body corporate sold their shares to the Acquirer in Offer Period.

** 479 number of body corporate

The total number of shareholders in Public category are 1,74,365.

5.22

Details of change in shareholding of the promoters -**The changes in the shareholding of the promoters since the 1997 are as under :-**

Year	Name of Promoter/ Year	Existing Holding		Acquired		Sold		Balance	
31.03.2009	R K Gambhir	35,00,000	3.58	Nil	Nil	Nil	Nil	35,00,000	3.58
	GK Gambhir	32,00,000	3.28	Nil	Nil	Nil	Nil	32,00,000	3.28
	Sunita Gambhir	10,00,000	1.02	Nil	Nil	Nil	Nil	10,00,000	1.02
	Veena Gambhir	15,00,000	1.54	Nil	Nil	Nil	Nil	15,00,000	1.54
	Vikram Gambhir	10	0.00	Nil	Nil	Nil	Nil	10	0.00
	Natasha Gambhir	10	0.00	Nil	Nil	Nil	Nil	10	0.00
	Shanti Devi	12,510	0.01	Nil	Nil	Nil	Nil	12,510	0.01
	Nova Polymer Pvt. Ltd	1,26,400	0.13	Nil	Nil	Nil	Nil	1,26,400	0.13
	Nova Steel India Ltd	65,00,000	6.65	Nil	Nil	65,00,000	6.65	Nil	Nil
	Nova Electro Magnetics Ltd	95,00,000	9.72	Nil	Nil	95,00,000	9.72	Nil	Nil
	Radar Commercial Ltd	11,070	0.01	Nil	Nil	Nil	Nil	11,070	0.01
	Nova Corporation Ltd (formerly known as Nova Magnetics Ltd.)	37,50,000	3.84	160,00,000	6.65	Nil	Nil	1,97,50,000	20.21
	TOTAL	2,91,00,000	29.79	Nil	Nil	Nil	Nil	2,91,00,000	29.79
The Acquirer filed necessary return on 18.09.2008 as required under Regulation 3(4) of SEBI (SAST) Regulations, 2007, for inter-se transfer of shares between promoters under Regulation 3(1)(e)									
31.03.2011	R K Gambhir	35,00,000	3.58	85,29,500	4.41	Nil	Nil	1,20,29,500	7.99
	GK Gambhir	32,00,000	3.28	85,29,500	4.41	Nil	Nil	1,17,29,500	7.79
	Sunita Gambhir	10,00,000	0.66	Nil	Nil	Nil	Nil	10,00,000	0.66
	Veena Gambhir	15,00,000	1.00	Nil	Nil	Nil	Nil	15,00,000	1.00
	Vikram Gambhir	10	0.00	Nil	Nil	Nil	Nil	10	0.00
	Natasha Gambhir	10	0.00	Nil	Nil	Nil	Nil	10	0.00
	Shanti Devi	12,510	0.01	Nil	Nil	Nil	Nil	12,510	0.01
	Nova Polymer Pvt. Ltd	1,26,400	0.08	Nil	Nil	Nil	Nil	1,26,400	0.08
	Radar Commercial Ltd	11,070	0.01	Nil	Nil	Nil	Nil	11,070	0.01
	Nova Corporation Ltd (formerly known as Nova Magnetics Ltd.)	1,97,50,000	13.12	Nil	Nil	Nil	Nil	1,97,50,000	13.12
	Ambey Steel & Power Pvt. Ltd.	12,70,000	1.30	4,02,41,000	26.27	Nil	Nil	4,15,11,000	27.57
	TOTAL	2,91,00,000	29.79	Nil	Nil	Nil	Nil	8,76,70,000	58.22
	Shares allotted on preferential basis after getting exemption from SEBI vide Order dated 25.11.2009.								
23.05.2011	Nova Corporation Ltd (formerly known as Nova Magnetics Ltd.)	1,97,50,000	13.12	1,37,470	0.09	Nil	Nil	1,98,87,470	13.21
	Nova Polymer Pvt. Ltd	1,26,400	0.08	Nil	Nil	1,26,400	0.08	Nil	Nil
	Radar Commercial Ltd	11,070	0.01	Nil	Nil	11,070	0.01	Nil	Nil
The Acquirer had filed necessary return on 02.06.2011 as required under Regulation 3(4) of SEBI (SAST) Regulations, 2007, for inter-se transfer of shares between promoters under Regulation 3(1)(e)									

5.23

The Target Company has complied with all provisions under Clause 49 of the Listing Agreement relating to Corporate Governance as per the certificate of A.K. Bhayana & Associates, Company Secretary dated 02.06.2011.

Details of pending litigation against the Target Company are as follows:

S.No	Name of the Party	Amount Involved (Rs. In lakhs)	Year of Filing	Nature of Case	Forum where case is pending
1.	Interoll (India) Pvt Ltd	28.63	1996-97	Recovery Suit No. 2150/97 against the Company. Petition for winding up u/s 433(e), CP No. 190/96	HC, Delhi
2.	M.N. Dastur & Co. Ltd	123.81	1995	C.P. No. 232/1995, Petition for winding up u/s 433(e)	
3.	Unitech Ltd	15.61	1997	C.P. No. 11/1997; Petition for winding up u/s 433(e);	HC, Delhi
4.	Vardhman Roadlines Pvt Ltd	96.29	1996	Suit for recovery	
5.	M/s Jain Transport	4.15	2005	Suit for recovery	
6.	M.H. Detrick (India) Ltd	33.74	1996	Petition for winding up u/s 433(e); C.P. No. 262/96	HC, Delhi
7.	Anil Gupta, proprietor M/s Gupta Steel Corporation	25.65	1996	Suit No. 1542/96 for recovery	
8.	Siemens Ltd	56.45	1998	CS (OS) 1660/1998; suit for recovery; Petition for winding up vide C.P. No. 10/1998	HC, Jabalpur
9.	Thomsan Press India Ltd	1.56	1996	Suit No. 385/1996 for recovery	
10.	Sunil Re -Rollers & Steels Pvt Ltd	8.0		Suit for recovery	
11.	Sita World Travel (India) Ltd	0.70		Suit for recovery	
12.	NICCO Corporation	9.24	1997	C.P. No. 50/1997; petition for winding up filed	HC, Delhi
13.	Crompton Greaves Ltd	4.48	1996	Suit No. 2460/1996 for recovery	
14.	Essess Eltech Systems Pvt Ltd	4.48	1997	Suit (OS 1732/1997) for recovery	
15.	Sharma Security Services	2.00			
16.	Kraft Engineering & Projects Ltd.	143.00	1993	Claim arising out of three purchase orders	In Arbitration
17.	Railways Deptt.	22.00		Overloading punitive case	H.C. Chhatisgarh
18.	Durga Engineering Co.	24.61		Suit for recovery	
19.	Corporate Cargo	4.11		Suit for recovery	
20.	State Govt., Chhattisgarh	452.00		Entry Tax matter; Chhattisgarh HC has already decided the matter of entry tax against the Company.	Supreme Court

5.25 **The Compliance Officer of the Target Company:**

Ms. Anuradha Tandon
Company Secretary
Nova Iron and Steel Limited
Village Dagori, Tehsil Belha, Distt Bilaspur,
Chhattisgarh – 495224
Telephone No. 91-7752-285206, 285226
Fax no. 91-7752-285213, 282224
E-mail ID – rai_nisl2007@yahoo.com

Ms. Anuradha Tandon appointed as Compliance Officer after the resignation of Mr. Sat Pal Maken, Director & Company Secretary, earlier Compliance Officer on 08.07.2011

6 **OFFER PRICE AND FINANCIAL ARRANGEMENTS**

6.1 **Justification of Offer price**

6.1.1 The shares of the Target Company are listed at BSE, NSE, ASE, DSE, CSE and MSE. Presently the shares are suspended at NSE and there is no trading at ASE, DSE, CSE and MSE. The Target Company has applied for delisting of shares vide letter dated 27.10.2010 from NSE and vide letters dated 02.06.2011 from DSE, CSE, ASE and MSE.

6.1.2 Based on the information available for the relevant periods (source www.bseindia.com) 96,17,407 equity shares of the Target Company were traded during the period December, 2010 to May, 2011 representing to 12.41% of the total listed capital. Accordingly as per the explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations, the shares are not infrequently traded at BSE.

6.1.3 The annualized trading turnover in the Shares of the Target Company on BSE based on the trading volume during December, 2010 to May, 2011 (during the period of 6 months) is as given below:

Name of stock exchange	Total no. of shares traded during the 6 calendar months in which PA was made	Total no. of listed shares	Annualised Trading turnover (in terms of % to total listed shares)
Bombay Stock Exchange Limited	96,17,407	15,50,00,000	12.41

6.1.4 The Offer price of Rs. 14.00 (Rupees fourteen only) per equity share is justified in terms of Regulation 20(4) and 20(5) of the SEBI (SAST) Regulations, being the highest of the following:

Sr. No.	Acquisition	% of voting capital	Acquisition Cost per Equity Share (Rs.)
a)	Spot purchase of 1,50,000 equity shares of Target Company on 08.06.2011 in physical form (12510 shares from Mrs. Shanti Devi, 10 shares from Mr. Vikram Gambhir, 10 shares from Ms. Natasha Gambhir and 1,37,470 from Nova Corporation Limited).	0.10	12.00
b)	Purchase of 2,22,50,000 equity shares of Target Company on 08.06.2011 through Block deal from BSE trading platform from following Promoters		
	15,00,000 shares from Mrs. Veena Gambhir	1.00	11.88
	10,00,000 shares from Mrs. Sunita Gambhir	0.66	11.88
	1,97,50,000 from M/s Nova Corporation Ltd.	13.12	11.69
c)	Negotiated price payable under SPA dated 10.06.2011	11.33	13.00*
d)	Acquisition during the Offer Period (i.e. after the SPA dated 10.06.2011)		

i)	Indirect acquisition of 4,15,11,000 equity shares of Target Company by way of Spot Share Purchase, through an agreement with all shareholders of Ambey Steel & Power Private Limited for acquiring 100% shares of Ambey Steel & Power Private Limited (one of the promoters of Target Company) on 11.06.2011	27.57	13.50 #
ii)	Purchase of 67,00,000 equity shares of Target Company on 13.06.2011 through Block deal from BSE trading platform from following Promoters		
	35,00,000 shares from Mr. R. K. Gambhir	2.32	13.80
	32,00,000 shares from Mr. G.K. Gambhir	2.13	14.00
iii)	Purchase of 55,86,200 equity shares of Target Company on 13.06.2011 through Block deal from BSE trading platform from following public shareholders:		
	30,81,200 shares from M/s S.M. Infotel Private Limited	2.05	14.00
	11,66,300 shares from Core Buldwell Private Limited	0.77	13.55
	13,38,700 shares from Tridev Burobuild Private Limited	0.89	13.78
e)	Highest price paid by the Acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement, (other than a to d above).		N.A.
f)	The average of the weekly high and low of the closing prices of the shares of the Target Company as quoted on the Stock Exchange, where shares of the Company are most frequently traded during the twenty -six weeks preceding the date of public announcement		9.61
g)	The average of the daily high and low of the prices of the shares as quoted on the stock exchange where shares of the company are most frequently traded during the two weeks preceding the date of public announcement		12.34
h)		Audited Financial for the period ended 30.06.2010	Financial for the eight months period ended 28.02.2011
i)	Return on Networth (%) (annualized)	-17.39	-14.40
ii)	Book Value per share (Rs.) (Annualized)	2.72	3.18
iii)	Earning Per Share (EPS) (annualized)	-0.47	-0.46
iv)	Price Earning multiple (with reference to Offer price of Rs.14.00 per share)	N.A.	N.A.
v)	** The Industry Average Price Earning Multiple		9.53

Calculated on the net worth of Ambey Steel & Power Private Limited duly certified by the Auditors vide their certificate dated 11.06.2011

* No compensation either directly or indirectly has been/shall be given to the Sellers (i.e. those selling the shares under the SPA) apart from the consideration of Rs. 13.00 per share specifically mentioned in this LOO.

** Source : Ace Equity (Accord Fintech Company)

In view of the above the Price of Rs. 14.00 per share is justified as per the Regulations.

6.1.5 A. The 26 weeks average of weekly high and low of BSE closing prices to the date of Public Announcement is as under:

Week No.	Week Ending on	High	Low	Average	Volume
1	Wednesday, June 15, 2011	14.79	12.79	13.79	16764205
2	Wednesday, June 08, 2011	12.19	10.17	11.18	22917983
3	Wednesday, June 01, 2011	10.77	10.10	10.44	109288
4	Wednesday, May 25, 2011	9.96	9.50	9.73	195099
5	Wednesday, May 18, 2011	10.12	9.95	10.04	91853
6	Wednesday, May 11, 2011	10.46	10.17	10.32	124782
7	Wednesday, May 04, 2011	10.80	10.35	10.58	137735
8	Wednesday, April 27, 2011	11.36	10.98	11.17	137165
9	Wednesday, April 20, 2011	11.34	10.33	10.84	35539
10	Wednesday, April 13, 2011	10.79	10.09	10.44	113330
11	Wednesday, April 06, 2011	10.48	9.96	10.22	123289
12	Wednesday, March 30, 2011	10.18	9.43	9.81	133521
13	Wednesday, March 23, 2011	11.24	10.16	10.70	126091
14	Wednesday, March 16, 2011	11.11	10.26	10.69	136635
15	Wednesday, March 09, 2011	9.78	8.82	9.30	105358
16	Wednesday, March 02, 2011	9.79	8.94	9.37	149200
17	Wednesday, February 23, 2011	8.54	8.01	8.28	94039
18	Wednesday, February 16, 2011	8.25	7.98	8.12	98176
19	Wednesday, February 09, 2011	8.52	8.18	8.35	116443
20	Wednesday, February 02, 2011	8.26	8.14	8.20	102685
21	Wednesday, January 26, 2011	8.24	8.15	8.20	50218
22	Wednesday, January 19, 2011	8.24	8.14	8.19	98642
23	Wednesday, January 12, 2011	8.16	7.93	8.05	107255
24	Wednesday, January 05, 2011	8.14	8.02	8.08	122535
25	Wednesday, December 29, 2011	8.15	7.87	8.01	63019
26	Wednesday, December 22, 2011	8.00	7.68	7.84	125743
Total of Average Prices of 26 Weeks(A)				249.88	
No. of Weeks (B)				26	
Avg. Price(A)/ (B)				9.61	

B. Two Weeks daily high/low of BSE closing prices to the date of Public Announcement is as under:

Day No.	Date	High Price	Low Price	Average
1.	Wednesday, June 15, 2011	15.50	14.12	14.81
2	Tuesday, June 14, 2011	14.79	14.40	14.60
3	Monday, June 13, 2011	14.09	13.49	13.79
4	Friday, June 10, 2011	13.42	13.42	13.42
5	Thursday, June 9, 2011	12.79	12.79	12.79
6	Wednesday, June 8, 2011	12.19	11.60	11.90
7	Tuesday, June 7, 2011	11.63	10.82	11.23
8	Monday, June 6, 2011	11.09	10.06	10.58
9	Friday, June 3, 2011	10.65	9.78	10.22
10	Thursday, June 2, 2011	10.20	9.91	10.06
Total of Average Prices of 2 Weeks(A)				123.37
No. of Days in which there was trading (B)				10
Avg. Price(A)/ (B)				12.34

- 6.1.6 No non-compete fee is being paid to the Sellers.
- 6.1.7 If Acquirer acquires shares after the date of the PA upto 7 days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the shares tendered and accepted under the Offer. No share of the Target Company has been acquired by the Acquirer after the acquisition as mentioned in para 2.1.5 of this LOO.
- 6.1.8 As per the SEBI (SAST) Regulations, the Acquirer can revise the Offer Price / Offer Size up to seven working days prior to the closure of this Offer, and the revision, if any, would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all shares acquired pursuant to this Offer.

6.2 **FINANCIAL ARRANGEMENTS**

- 6.2.1 The Acquirer has made firm financial arrangements for financing the acquisition of Shares under the Offer, in terms of Regulation 16 (xiv) of the Regulations. M/s Amit K Arora & Co., Chartered Accountants having its office at 421, Sector 9, Panchkula, Tel: 0172-2586067 and membership number 096831 have confirmed vide their certificate dated 13.06.2011 that the Acquirer has confirmed that sufficient resources are available with the Acquirer for fulfilling the obligations under this "Open Offer".
- 6.2.2 The total fund requirement for the acquisition of 3,01,16,240 fully paid-up Equity Shares of Target Company of face value Rs. 10/- each at the Offer price of Rs. 14.00 per equity share, assuming full acceptance of the shares tendered, would be Rs. 42,16,27,360.00. The source of funds is internal accruals & liquid assets and 100% of the funds have been deposited by the Acquirer in the Escrow Account (the "NOVA-BPSL - Escrow Account") opened in accordance with Regulation 28 of the Regulations, under the terms of the Escrow agreement dated 13.06.2011 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank (i.e. HDFC Bank Limited).
- 6.2.3 The Manager to the Offer has been empowered to operate the escrow account in terms of the Regulations.
- 6.2.4 On basis of the above, the Manager to the Offer has satisfied itself that Acquirer has adequate and firm financial arrangements to implement the Offer in accordance with the SEBI (SAST) Regulations.

7 **TERMS AND CONDITIONS OF THE OFFER.**

- 7.1.1 The Acquirer made a Public Announcement on 16.06.2011 for the Offer. This Offer is being made to all the Equity Shareholders of Target Company (other than the Acquirer, Sellers and parties to the SPA dated 10.06.2011. Letter of Offer (hereinafter referred to as "LOO") together with the Form of Acceptance cum Acknowledgement (FOA), Form of Withdrawal and Share Transfer Form (for public shareholders holding Equity Shares in the physical form) is being mailed to those public shareholders of Target Company whose names appear on the register of members of the Target Company (other than parties to the Share Purchase Agreement) and to the beneficial owners of the Equity Shares of Target Company whose names appear as beneficiaries on the beneficial record of the respective Depositories, at the close of business on the Specified Date (i.e. 16.06.2011)..
- 7.1.2 All Equity Shares tendered and accepted under the Offer, will be acquired by the Acquirer, subject to the terms and conditions set out in this Letter of Offer. All necessary requirements for the valid transfer of the equity shares to the Acquirer will be preconditions for acceptance of the tendered equity shares.
- 7.1.3 All shareholders of Target Company, other than parties to the Share Purchase Agreement who own equity shares at any time before the Closure of the Offer are eligible to participate in the Offer. No indemnity is required from such unregistered owners.
- 7.1.4 Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be available on SEBI's website: www.sebi.gov.in, from the Offer opening date i.e. 19.08.2011.
- 7.1.5 Applications in respect of equity shares of the Target Company that are subject matter of litigation, wherein the shareholders of the Target Company may be prohibited from transferring the equity shares during the pendency of the said litigation, are liable to be rejected in case suitable directions / orders to the satisfaction of Acquirer from competent authority regarding these equity shares are not received together with the equity shares tendered under the Offer. The Acquirer at its sole discretion, in such cases, may forward the Letter of Offer to the concerned statutory authorities for further action at their end.

- 7.1.6 If the shares tendered in this Offer by the shareholders of the Target Company are more than the equity shares agreed to be acquired under this Offer, the Acquirer shall accept the offers received from the public shareholders on a proportionate basis as per Regulation 21(6) of the SEBI (SAST) Regulations in consultation with the Manager to the Offer such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The marketable lot for the Target Company is 1 (one) Equity Share.
- 7.1.7 The Offer will open on 19.08.2011 (the "Offer Opening date") and close on 07.09.2011 (the "Offer Closing Date").
- 7.1.8 The Offer is not subject to any minimum level of acceptance. The acceptance of the Offer is entirely at the discretion of the shareholders of the Target Company. Each shareholder of the Target Company to whom this Offer is being made, is free to offer his shareholding in Target Company, in whole or in part while accepting the Offer.
- 7.1.9 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filled in and signed by the applicant shareholder(s).
- 7.1.10 The Acquirer will not be responsible in any manner for any loss of Equity Share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 7.1.11 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Acquirer will acquire the Equity Shares free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to dividends, bonus and rights declared hereafter.
- 7.1.12 Accidental omission to dispatch the Letter of Offer or any further communication to any person to whom the Letter of Offer is or should be made or the non-receipt of the Letter of Offer by any such person shall not invalidate the Offer in any way.
- 7.1.13 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 7.2 of this Letter of Offer. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.14 The securities transaction tax will not be applicable to the Equity Shares accepted in the Offer.

7.2 **STATUTORY AND OTHER APPROVALS REQUIRED FOR THIS OFFER**

- 7.2.1 The Offer is subject to receiving the necessary approval(s), if any from Reserve Bank of India under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring equity shares tendered by non-resident shareholders, if any.
- 7.2.2 As on the date of this LOO, to the best of the knowledge of the Acquirer, there are no other statutory approvals and/or consents required, However, the Offer would be subject to all statutory approvals as may be required and/or may subsequently become necessary to acquire at any late date. The provisions of Competition Act, 2002 are not applicable for this Offer.
- 7.2.3 In case of delay in receipt of any statutory approval(s), if any, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations, 1997. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, if any, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1.1 The Acquirer has appointed Skyline Financial Services Private Limited (“Skyline”) as Registrar to the Offer.

8.1.2 The following collection centre would be accepting the documents by Hand Delivery/Regd Post/ Courier, before till the date of the Closure of the Offer on all business days i.e. Monday to Friday between 11.a.m. and 4.00 p.m. and on Saturday from 11.00 a.m. to 2.00 p.m.

Address of the Registrar	Contact Person
Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area, Phase – I, New Delhi-110 020	Mr. Virender Rana Tel.: +91 11 30857575 Fax: +91 11 30857562 Email : viren@skylinerta.com

Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account before the closure of the Offer. The Form of Acceptance-cum-Acknowledgement of such demat shares, not credited in favour of the special depository account before the closure of the Offer, will be rejected.

8.2.1 For Equity shares held in physical form:-

Registered Shareholders should enclose:

- o Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- o Original Share Certificate(s).
- o Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

In case of registered shareholder, non receipt of the aforesaid documents, but receipt of the share certificates and the duly completed Share Transfer Form, shall be deemed that the Offer has been accepted.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Equity Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Equity Shares.

Unregistered owners should enclose:

- o Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- o Original Share Certificate(s)
- o Original broker contract note.
- o Valid Share Transfer form(s) as received from the market.

The details of buyer should be left blank, failing which the same will be invalid under the Offer. The details of Acquirer as buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

8.2.2 For Equity shares held in demat form:-

Beneficial owners should enclose

- o Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- o A photocopy or counterfoil of the delivery instructions in “off market” mode, duly acknowledged by the beneficial owners depository participant and filled as per the details of the Special Depository Account given below.

- o Registrar to the Offer has for the purpose of this Open Offer, opened a Special Depository Account with National Securities Depository Limited (“NSDL”) called, “**Skyline-BPSL-Open Offer -Escrow Account**”. Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their Equity Shares in the Special Depository Account:

DP Name	:	Master Capital Services Limited
DP ID	:	IN 301143
Client ID	:	10946535
Account Name	:	Skyline-BPSL-Open Offer -Escrow Account
Depository	:	NSDL
ISIN	:	INE608C01018
BSE Scrip Code	:	513566

- o The credit for the delivered shares should be received in the Special Depository Account on or before the closure of the Open Offer.

In case of non receipt of the aforesaid documents, but receipt of the shares in the Special Depository Account, the Offer shall be deemed to be accepted.

Shareholders, having their beneficiary account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL. Since the Equity Shares of the Target are in compulsory demat mode, the minimum marketable lot for such shares will be one.

- o **Shareholders who have sent their Equity Share Certificates for dematerialisation should enclose:**
Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/ joint Equity Shareholders whose name appears on the Equity Share Certificate and in the same order and as per the specimen signature lodged with Target Company.
A copy of the dematerialisation request form duly acknowledged by the Equity Shareholders depository participant.

Such Equity Shareholders should ensure that the credit of their Equity Shares tendered under Offer to the Special Depository Account is made on or before the date of closing of the Offer, otherwise the same are liable to be rejected. Alternatively, if the Equity Shares sent for dematerialization are yet to be processed by the equity shareholders’ Depository Participants, the equity shareholders can withdraw their dematerialization request and tender the equity shares certificates in the Offer as per the procedure mentioned in Paragraph 8.2.1.

8.3 The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or Acquirer or the Target Company.

8.4 Procedure to be adopted in case of non-receipt of the Letter of Offer

- o **By Equity Shareholders holding Equity Shares in physical form**
In case of non-receipt of the Letter of Offer, the eligible persons may download these documents from the SEBI’s website (www.sebi.gov.in) or may obtain a copy of the same from the Registrar’s office by writing to the Registrars to the Offer, Skyline Financial Services Private Limited, D-153-A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Telephone Number: 91-11-30857575, Fax number 91-11-30857562, (Contact person Mr. Virender Rana E.Mail: viren@skylinerta.com), stating their name, address, number of equity shares held, number of equity shares tendered, distinctive numbers, folio number together with Original Share Certificate(s), and duly executed valid Share Transfer Deed (Original broker contract note also required in case of unregistered shareholder) so as to reach the Registrar to the Offer on or before the close of the Offer, i.e. no later than 07.09.2011. Where the transfer deeds are signed by a constituted attorney, a certified copy of the power of attorney shall also be lodged. In case of body corporate, certified copy of the Memorandum & Articles of Association and copy of Board Resolution authorizing the signatory shall also be sent alongwith.

Shareholders who have lodged their Equity Shares for transfer with Target Company must also send the acknowledgement received, if any, from Target Company towards such lodging of Equity Shares. Such persons should instruct the Target Company and its Registrar and Transfer Agents to send the transferred share certificate(s) directly to the Registrar to the Offer. The applicant should ensure that the certificate(s)

reach the office of Registrar to the Offer before the date of closing of the Offer i.e. 07.09.2011.

o **By Equity Shareholders holding Equity Shares in dematerialised form**

Beneficial owners may send the acceptance of Offer in writing to the Registrar to the Offer, at Skyline Financial Services Private Limited, D-153-A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 Telephone Number: 91-11-30857575, Fax number 91-11-30857562, (Contact person Mr. Virender Rana E.Mail: virenr@skylinerta.com) on plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of Special Depository Account, the details of which are mentioned in Paragraph 8.2.2 above, so as to reach the Registrar, on or before the close of the Offer, i.e. no later than 07.09.2011.

Shareholders, having their beneficial account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL.

No indemnity is required while sending the acceptance of the Offer on plain paper.

Shareholders who have not received the Letter of Offer, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI web site (www.sebi.gov.in).

- 8.5 The shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent. Such documents may include, but are not limited to:
- (i) duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired;
 - (ii) duly attested Power of Attorney if any person apart from the shareholder has signed the Form of Acceptance and/or Share Transfer Form(s);
 - (iii) No objection certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
 - (iv) in case of companies, the necessary corporate authorization (including Board Resolution);
 - (v) any other relevant documentation.
- 8.6 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by Registered Post / speed post at the shareholder's / unregistered owner's sole risk to the sole / first shareholder. Unaccepted shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.
- 8.7 The Registrar will hold in trust the share certificates, transfer deeds, shares lying in credit of the special depository account, FOA on behalf of the shareholders of Target Company who have accepted the Offer, till the Acquirer completes the Offer obligations in accordance with the Regulations.
- 8.8 The Acquirer shall accept all valid fully paid up shares tendered (except those which are withdrawn, within the date specified for withdrawal). Equity Shares will be acquired by the Acquirer free from lien, charges and encumbrances of any kind whatsoever and together with all the rights attached thereto including the right to dividend, bonus and rights issue thereafter.
- 8.9 If the number of shares tendered by the shareholders is more than the Offer Size, the acquisition from each shareholder will be as per Regulation 21(6) of the Regulations, on a proportionate basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that, acquisition of Equity Shares from a shareholder, shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. As the Shares trade in compulsory dematerialized segment, the minimum marketable lot for the Shares is 1 (one).
- 8.10 While tendering the shares under the Offer, Non Resident Indians ("NRIs") / Overseas Corporate Bodies ("OCBs") / foreign shareholders will be required to submit, along with the Form of Acceptance cum Acknowledgement, the previous RBI approvals (specific or general) that they would have been required to submit to acquire the shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered.

- 8.11 In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer as per the mode of delivery indicated therein on or before 02.09.2011.
- 8.11.1 The withdrawal/partial withdrawn option can be exercised by submitting the following:
- i. **For Equity Shares held in demat form:**
Beneficial owners should enclose:
- o Duly signed and completed Form of Withdrawal, which is enclosed with the LOO. The signature(s) should be attested by the depository participant.
 - o Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.
 - o Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the depository participant.
- ii. **For Equity Shares held in physical form:**
Registered Shareholders should enclose:
- o Duly signed and completed Form of withdrawal which is enclosed with the LOO .
 - o Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.
 - o In case of partial withdrawal, valid Share Transfer Form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.
- Unregistered owners should enclose:**
- o Duly signed and completed Form of Withdrawal.
 - o Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.
- 8.11.2 In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
- o **In case of physical shares:** Name, Address, Distinctive Numbers, Folio Number, Number of Shares tendered and to be withdrawn; and
 - o **In case of dematerialized shares:** Name, Address, Number of shares offered and number of shares to be withdrawn, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the depository participant, in favour of the Special Depository Account;
 - o Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.
- In case of non-receipt of Form of Withdrawal, eligible persons may download it from the SEBI’s website (www.sebi.gov.in).
- 8.11.3 The withdrawal of shares will be available only for the share certificates/shares that have been received by the Registrar to the Offer / credited to Special Depository Account.
- 8.12 The intimation of returned shares to the Shareholders will be at the address as per the records of the Target Company/depository as the case may be.
- 8.13 The Form of Withdrawal should be sent only to the Registrar to the Offer.
- 8.14 In case of partial withdrawal of shares tendered in physical form by the registered shareholder, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Target Company.
- 8.15 Partial withdrawal of tendered shares can be done only by the Registered shareholders/beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.
- 8.16 Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8.17 **Payment of consideration**

Payment to those shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Manager to the Offer and the Acquirer, will be by way of a crossed account payee cheque/ demand draft/ pay order/ through Direct Credit ("DC")/ National Electronic Funds Transfer ("NEFT")/ Real Time Gross Settlement ("RTGS")/ National Electronic Clearing Services ("NECS")/ Electronic Clearing Services ("ECS"). Shareholders who opt for receiving consideration through DC/NEFT/RTGS/NECS/ECS are requested to give the authorization for the same in the Form of Acceptance cum Acknowledgement and enclose a photocopy of cheque along with form of Acceptance. The decision regarding the acquisition (in part or full), or rejection of, the equity shares tendered pursuant to this Offer and (i) any corresponding payment for the acquired equity shares and/or (ii) share certificates for any rejected equity shares or equity shares withdrawn, will be dispatched to the shareholders by registered post or under certificate of posting as the case may be*, at the shareholder's sole risk. Equity shares held in dematerialised form to the extent not acquired or equity shares withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgement.

- * Dispatches involving payment of a value in excess of Rs.1,500/- (Rupees one thousands five hundred only) will be made by registered post at the shareholder's sole risk. All other dispatches will be made under certificate of posting at the shareholder's sole risk.

All cheques/demand drafts will be drawn in the name of the first holder, in case of joint registered holder(s). In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note.

The bank account details for ECS / Direct Credit / RTGS / NEFT will be directly taken from the details as provided by the shareholders in the Form of Acceptance cum Acknowledgement or Depositories' database. Therefore, shareholders are advised to update their Bank Account details including Account Number, MICR code and other demographic details with their Depository Participant to ensure the payment is credited correctly to their Bank Account.

8.18 **Tax to be deducted at Source**

- (a) As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, 1961 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However the interest payment for delay in payment of consideration, if any, will not be governed by this provision.
- (b) While tendering their equity shares under the Offer, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate or Tax Clearance Certificate or Certification for Deduction of Tax at lower rate from the Income Tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by Acquirer before remitting the consideration, failing which Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.
- (c) In case of resident shareholders, tax will be deducted on the interest component, if any, exceeding ` 5,000/- at the applicable current prevailing rates. If the resident shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such shareholders will be required to submit a NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income-Tax authorities under the Income-Tax Act, 1961 indicating the amount of tax to be deducted by Acquirer or a self-declaration in Form 15G or Form 15H as may be applicable.
- (d) All resident shareholders would be required to submit their Permanent Account Number for Income-tax purposes.
- (e) Clauses in this LOO relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.

8.19 Barring unforeseen circumstances and factors beyond their control, the Acquirer intend to complete all procedures relating to the Offer, including payment of consideration to the shareholders who have accepted the Offer, within 15 days from the date of closing of this Offer, i.e. 22.09.2011 and for the purpose open a special account as provided under Regulation 29 of the Regulations.

Provided that where the Acquirer is unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time, in accordance with Regulation 22(12) of the Regulations.

9. **DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at SCO 22-23, 2nd Floor, Madhya Marg, Sector 9-D, Chandigarh, on any working day (i.e. Monday to Friday not being a bank holiday in Chandigarh) between 10:30 am to 5.00 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of the Memorandum and Articles of Association of BPSL ;
- Copies of Audited Annual Reports for BPSL for the years ended 31st March 2011, 2010 and 2009.
- Certificate from M/s Amit K Arora & Co Chartered Accountants having its office at 421, Sector 9, Panchkula, Tel: 0172-2586067 and membership number 096831 dated 13.06.2011 stating that the Acquirer has adequate financial resources for fulfilling all its obligations under the Offer for a value up to the maximum consideration;
- Copies of Audited Annual Reports for Target Company for the years ended 30.06.2010, 31.03.2009 and 31.03.2008.
- Letter from the Escrow Bank dated 14.06.2011 confirming cash deposit and agreement dated 13.06.2011 authorization Manager to the Offer to operate the Escrow Account;
- Copy of Share Purchase Agreement dated 10.06.2011;
- Copy of Spot Share Purchase Agreement dated 11.06.2011;
- A published copy of the Public Announcement dated 16.06.2011.
- Copy of the Agreement with Depository Participant for opening a Special Depository Account for the purpose of the Open Offer.
- Letter dated August 4, 2011 received from SEBI in terms of regulation 18(2)
- Undertakings furnished by the Acquirer
- Valuation certificate dated 12.07.2011 by M/s Antima & Goel, Chartered Accountant, in respect of valuation of shares held by Ambey Steel & Power Pvt. Ltd. Of Nova Iron & Steel Limited
- Valuation certificate dated 21.07.2011 by M/s Antima & Goel, Chartered Accountant, in respect of allotment of shares on Preferential basis.
- Valuation certificate dated 28.07.2011 by M/s Rohit Goyal & Associates, Chartered Accountant in respect of fair value of share of Nova Iron & Steel Limited in respect of report filed under Regulation 3(4) of Regulations.

10. **DECLARATION BY THE ACQUIRER**

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

Signed for and on behalf of the Acquirer

Authorised Signatory
Bhushan Power & Steel Limited
Name: Mr. R.K. Gupta

Place: Chandigarh
Date: 09.08.2011

Encl.:

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal.
3. Transfer deed for shareholders holding shares in Physical Form.

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(Please read para 8 of the Letter of Offer under "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT" before filling this form)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer at their address given overleaf)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From: Folio No./DP ID No./Client ID No.

Name:

Full Address:

Tel.No.

Fax No.

E-Mail:

To
Bhushan Power & Steel Limited
C/o Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla Industrial Area, Phase - I,
New Delhi - 110020.

OFFER SCHEDULE	
OPENS ON:	August 19, 2011
CLOSES ON:	September 07, 2011
	Resident
	Non - resident

Sub : Open Offer for purchase of up to 3,01,16,240 fully paid-up equity shares of face value of Rs. 10 each, representing up to 20% of the Voting Capital of Nova Iron and Steel Ltd. at a price of Rs. 14.00 per equity share of Nova Iron and Steel Ltd. by Bhushan Power & Steel Limited (hereinafter referred to as the "Acquirer") payable in cash ("the Offer")

Dear Sir,

I/We refer to the Letter of Offer dated 09.08.2011 for acquiring the equity shares held by me/us in Nova Iron and Steel Limited. I/We the undersigned, have read the Letter of Offer and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

For Equity Shares in Physical Form:

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr. No.	Folio No.	Certificate No.	Distinctive Nos		No. of Shares
			From	To	
Total					

(In case the space provided is inadequate, please attach a separate sheet with details and authenticate the same.)

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer pays the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For Equity Shares held in Demat Form:

I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction slip duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	No. of Equity Shares	Name of Beneficiary

----- TEAR ALONG THIS LINE -----

ACKNOWLEDGMENT SLIP

Folio No. _____ DP ID _____ Client ID _____ Sr. No. _____

Received from Mr./Ms./M/s. _____

Address _____

Form of Acceptance-cum-Acknowledgement,

_____ Number of Share Certificates for _____ equity shares/

copy of Delivery instruction to (DP) for _____ equity shares

Delete whatsoever is not applicable.

Stamp of Collection Centre		Signature of official		Date of Receipt	
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I/We have executed an off market transaction for crediting the shares to the Escrow Account opened with NSDL named "Skyline-BPSL-Open Offer-EscrowAccount" (the "Special Depository Escrow Account") with the following particulars: Depository Participant Name : M/s Master Capital Services Limited DP ID IN301143: IN Client ID :10946535 (Shareholders whose shares are held in beneficiary Account with CDSL have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Escrow Account with NSDL).

I/We note and understand that the Shares would lie in the Special Depository Escrow Account until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

For NRIs/OCBs/FIIs/Foreign Shareholders:

I/We have enclosed the following documents: No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities. Previous RBI approvals for holding the shares of Nova Iron and Steel Limited hereby tendered in the Offer.

For FII Shareholders : I/We confirm that the equity shares of the Target Company are held by me/us on Investment/ Capital Account OR Trade Account (Tick whichever is applicable in your case)

For NRIs/OCBs Shareholders:

- (1) I/We confirm that the equity shares of the Target Company are held by me/us on Investment/ Capital Account OR Trade Account
- (2) I/We confirm that the equity shares of the Target Company are held by me/us as Long Term Capital Asset OR Short Term Capital Asset (Tick whichever is applicable in your case).

I/We confirm that the equity shares of Nova Iron and Steel Limited which are being tendered here with by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We also note and understand that the Acquirer will pay the purchase consideration (including interest, if applicable) only after verification of the documents and signatures and obtaining necessary approvals, if required.

I/We authorise the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, equity shares/share certificate(s) in respect of which the Offer is not found valid / not accepted without specifying the reasons thereof.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to send by registered post, the draft/ cheque in settlement of the amount, to the sole/ first holder at the address mentioned below.

So as to avoid fraudulent encashment in transit, the shareholder(s) holding equity shares in physical form should provide details of bank account of the first/ sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For equity shares that are tendered in electronic form, the Bank account as obtained from the beneficiary position download provided by the depositories will be considered and the cheque or demand draft will be issued with the said Bank particulars.

Particulars Required	Details
Name of the bank	
Branch	
A/c No. and Type	
9 Digit MICR Code	
IFSC Code (for RTGS/NEFT transfers)	

Yours faithfully,
Signed and Delivered:

	FULL NAME(S)	SIGNATURE(S)
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		
Fourth Shareholder		

Address of First/Sole Shareholder _____

Note: In case of joint holdings, all shareholders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place:

Date :

INSTRUCTIONS

1. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.
 2. Shareholders should enclose the following:-
 - i. **For Equity shares held in demat form:-**

Beneficial owners should enclose

 - o Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the Instructions Contained therein, as per the records of the Depository Participant (DP).
 - o A photocopy or counterfoil of the delivery instructions in "off market" mode, duly acknowledged by the beneficial owners depository participant and filled as per the details of the Special Depository Account given below. For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance. In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.
 - ii. **For Equity shares held in physical form:-**

Registered Shareholders should enclose:

 - o Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
 - o Original Share Certificate(s).
 - o Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate Place. A blank Share Transfer form is enclosed along with this Letter of Offer.
In case of registered shareholder, non receipt of the aforesaid documents, but receipt of the share certificates and the duly completed Share Transfer Form, shall be deemed that the Offer has been accepted.
Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Equity Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Equity Shares.
Unregistered owners should enclose:
 - o Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
 - o Original Share Certificate(s)
 - o Original broker contract note.
 - o Valid Share Transfer form(s) as received from the market.
- The details of buyer should be left blank, failing which the same will be invalid under the Offer. The details of Acquirer as buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or Nova Iron and Steel Ltd.
 4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with NSDL.
 5. Non Resident Indians ("NRIs") / Overseas Corporate Bodies ("OCBs") / foreign shareholders will be required to submit, along with the Form of Acceptance cum Acknowledgement, the previous RBI approvals (specific or general) that they would have been required to submit to acquire the shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered.
 6. Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will deducted at marginal rate as may be applicable to the category of the shareholder on The consideration payable by the Acquirer.
Note : All future correspondence, if any, should be addressed to Registrar to the Offer

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(Please read para 8.11 of the Letter of Offer under "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT" before filling this form)

FORM OF WITHDRAWAL

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

To
Bhushan Power & Steel Limited
C/o Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla Industrial Area, Phase - I,
New Delhi - 110020.

OFFER SCHEDULE	
Opens on	August 19, 2011
Closes on	September 07, 2011
Last date of withdrawal	September 02, 2011

Dear Sirs,

Sub : Open Offer for purchase of up to 3,01,16,240 fully paid-up equity shares of face value of Rs. 10 each, representing up to 20% of the Voting Capital of Nova Iron and Steel Ltd. at a price of Rs. 14.00 per equity share of Nova Iron and Steel Ltd. by Bhushan Power & Steel Limited (hereinafter referred to as the "Acquirer") payable in cash ("the Offer")

I/ We refer to the Letter of Offer dated 09.08.2011 for acquiring the equity shares held by me/us in Nova Iron and Steel Ltd. I/We the undersigned, have read the Letter of Offer and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

I/ We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in para 8.11 of the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.

I/ We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorise the Acquirer to return to me/us, tendered equity share certificate(s)/share(s) at my/our sole risk.

I/ We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirer/ Manager to the Offer/Registrar to the Offer.

I/ We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal.

I/ We note that the Acquirer/ Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/ loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/ We also note and understand that the Acquirer shall return Original Share Certificate(s), Share Transfer Deed(s) and equity shares only on completion of verification of the documents, signatures carried out by the Nova Iron and Steel Ltd. and/ or their Registrar and beneficiary position data as available from the Depository from time to time, respectively.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) and wish to withdraw are detailed below:

----- TEAR ALONG THIS LINE -----

ACKNOWLEDGMENT SLIP

Folio No. _____ DP ID _____ Client ID _____ Sr. No. _____

Received from Mr./Ms./M/s. _____

Address _____

- Form of Withdrawal,
- _____ Number of Share Certificates for _____ equity shares/
- Acknowledgement slip in original / Copy of the submitted Form of Acceptance # Photocopy of the delivery instruction In "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the depository participant.
- Delete whatsoever is not applicable.

Stamp of Collection Centre		Signature of official		Date of Receipt	
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Sr. No.	Folio No./ DP ID	Certificate No.	Distinctive Nos		No. of Shares
			From	To	
		Tendered			
1					
2					
3					

		Withdrawn			
1					
2					
3					
Total					

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/ We note that the equity shares will be credited back only to that Depository Account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I/ We confirm that the particulars given above are true and correct.

In case of dematerialised equity shares, I/ We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

SIGNED AND DELIVERED	FULL NAME(S)	SIGNATURE(S)	VERIFIED AND ATTESTED BY US. PLEASE AFFIX THE STAMP OF DP (IN CASE OF DEMAT SHARES)/BANK(IN CASE OF PHYSICAL SHARES)
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			

Note : In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place:

Date :

Skyline Financial Services Pvt. Ltd.

D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110020

Tel: ++91-11-30857575 Fax: ++91-11-30857562

E-mail: viren@skylinerta.com

Contact Person: Mr. Virender Rana

INSTRUCTIONS

The withdrawal option can be exercised by submitting this Form of Withdrawal.

a. **Shareholders should enclose the following:-**

i. **For Equity Shares held in demat form: -**

Beneficial owners should enclose

- ? • Duly signed and completed Form of Withdrawal, which is enclosed with the LOO. The signature(s) should be attested by the depository participants.
- ? • Acknowledgement slip in original / Copy of the submitted Form of Acceptance .
- ? • Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-Market” mode, duly acknowledged by the depository participant.

ii. **For Equity Shares held in physical form:-**

Registered Shareholders should enclose:

- ? • Duly signed and completed Form of Withdrawal, which is enclosed with the LOO.
- ? • Acknowledgement slip in original/ copy of the submitted Form of Acceptance submitted by registered Post.
- ? • In case of partial withdrawal, valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.

iii **Unregistered owners should enclose:**

- ? • Duly signed and completed Form of Withdrawal.
- ? • Acknowledgement slip in original/ copy of the submitted Form of Acceptance submitted by registered Post.

In case of non-receipt of Form of withdrawal, the withdrawal option can be exercised by making a plain paper application alongwith the following details

- **In case of physical shares:** Name, Address, Distinctive Nos., Folio No., No. of Shares tendered and to be withdrawn; and
- **In case of dematerialised shares:** Name, Address, No. of Shares offered and number of shares to be withdrawn, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly Acknowledged by the depository participant, in favour of the special depository account.
- Acknowledgement slip in original/ copy of the submitted Form of Acceptance submitted by registered Post.

- b. The withdrawal of Shares will be available only for the share certificates/ shares that have been received by the Registrar to the Offer/ credited to Special Depository Account.
- c. The intimation of returned shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
- d. The Form of Withdrawal should be sent only to the Registrar to the Offer.
- e. In case of partial withdrawal of shares tendered in physical form by the registered shareholder, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company.
- f. Partial withdrawal of tendered shares can be done by the registered shareholders/beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.
- g. Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

Note : All future correspondence, if any, should be addressed to Registrar to the Offer

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