RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956.
Dated February 14 , 2006
100% Book Building Issue

VISA STEEL LIMITED

(Our Company was incorporated on September 10, 1996 as VISA INDUSTRIES LIMITED under the Companies Act, 1956, with the Registration No. 15-04601 of 1996-97. Our name was changed from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED with effect from May 4, 2005 with new CIN No. U13209OR1996PLC004601. For details on changes of our Registered Office, please refer to the chapter titled "History and Other Corporate Matters" beginning on page 76 of this Red Herring Prospectus.)

Registered Office: 11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015, Orissa **Tel:** +91 674 2552479; **Fax:** +91 674 2554662.
Corporate Office: VISA House, 8/10, Alipore Road, Kolkata – 700 027, West Bengal **Tel:** +91 33 24567374; **Fax:** +91 33 24567219.
Contact Person: Mr. Manoj Kumar Digga; **E-mail:** investors@visasteel.com; **Website:** www.visasteel.com

PUBLIC ISSUE OF 35,000,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [•] PER EQUITY SHARE FOR CASH AGGREGATING RS. [•] MILLION (HEREINAFTER REFERRED TO AS THE "ISSUE"), COMPRISING OF PROMOTERS' CONTRIBUTION OF 5,000,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [•] FOR CASH AGGREGATING TO RS. [•] MILLION (REFERRED TO AS THE "PROMOTER'S CONTRIBUTION"). THE ISSUE LESS THE PROMOTER'S CONTRIBUTION SHALL BE HEREINAFTER REFERRED TO AS THE "NET ISSUE TO PUBLIC". THE NET ISSUE TO PUBLIC WILL CONSTITUTE 27.27% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 52 TO Rs. 57 PER EQUITY SHARE

THE ISSUE PRICE IS 5.2 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 5.7 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

This Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for 3 additional working days after such revision, subject to the Bidding / Issue Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding/Issue Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the member of the Syndicate.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the share is Rs. 10 and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated February 1, 2006 and February 3, 2006, respectively. For purposes of this Issue, BSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
Enam Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai - 400 021. **Tel:** +91 22 5638 1800 **Fax:** +91 22 2284 6824 **E-mail:**visa.ipo@enam.com **Website:** www.enam.com	**JM Morgan Stanley Private Limited** 141, Maker Chambers III, Nariman Point, Mumbai - 400 021 **Tel:** +91 22 5630 3030 **Fax:**+91 22 5630 1694 **E-mail:** visa.ipo@jmmorganstanley.com **Website:** www.jmmorganstanley.com	**Karvy Computershare Private Limited** BP ID: IN 200800 Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. **Tel:** + 91 40 23312454 **Fax:** + 91 40 23311968 **E-mail:** chauhan@karvy.com **Website:** www.karvy.com

ISSUE PROGRAMME	
BID/ISSUE OPENS ON : THURSDAY FEBRUARY 23, 2006	**BID/ISSUE CLOSES ON :MONDAY FEBRUARY 27, 2006**

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"VISA STEEL LIMITED", "VSL", "our Company", "the Company" and "Issuer"	Unless the context otherwise requires, refers to VISA STEEL LIMITED, a public limited company incorporated under the Companies Act.
"GML", "Subsidiary" and "our Subsidiary"	Unless the context otherwise requires, refers to our subsidiary, GHOTARINGA MINERALS LIMITED
"we", "us" and "our"	Unless the context otherwise requires, refers to VSL.
Promoter(s)	Unless the context otherwise requires, refers to Visa Minmetal AG and Visa International Limited. Reference to Promoter means either of our Promoters
Promoter Group	Promoter Group comprises of: (i) VISA LIMITED; (ii) Visa Comtrade AG; (iii) VISA COMTRADE (ASIA) LIMITED; (iv) VISA COAL PTY LTD and (v) VISA POWER LIMITED.
Project	Brownfield expansion of existing manufacturing activities into an integrated 0.5 MTPA special and stainless steel plant by setting up ferro chrome plant, sponge iron plant, waste heat recovery power plant, special and stainless steel plant and associated infrastructural facilities in addition to the already commissioned blast furnace and under-implementation coke oven plant at our Kalinganagar Plant.
Visa Group/VISA Group/Visa group	Unless the context otherwise requires, our Company, our Subsidiary, our Promoters and all our Promoter Group entities together constitute the VISA Group.

GENERAL/CONVENTIONAL TERMS

Term	Description
Amalgamation	Unless the context otherwise requires, the amalgamation of the erstwhile Visa Energy Resources Limited into our Company with effect from April 1, 2004 as approved by the High Court of Calcutta vide its order dated September 14, 2004 and by the High Court of Orissa at Cuttack vide its order dated October 15, 2004.
Amalgamation Documents	Documents relating to the Amalgamation, being: (i) Certified true copy of order of High Court of Calcutta dated September 14, 2004; (ii) Certified true copy of order of the High Court of Orissa at Cuttack dated October 15, 2004; (iii) Certificate of Registration of the Order of the High Court of Orissa, Cuttack dated December 8, 2004 issued by the Registrar of Companies, Orissa
Articles/ Articles of Association	The Articles of Association of our Company.
Auditors	The statutory auditors of our Company, being M/s. Lovelock & Lewes, Chartered Accountants.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Corporate Office/Corporate Office of our Company/Corporate Office of the Company	VISA House, 8/10, Alipore Road, Kolkata – 700 027, West Bengal.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Company unless otherwise specified.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
ICDA	International Chromium Development Association
IDCO	Orissa Industrial Infrastructure Development Corporation
Insurance Act	Insurance Act, 1938, as amended from time to time.
Golagaon Plant	Our COBP and COGP situated at Village Golagaon, Near Duburi, P.O. Pankapal, District – Jajpur, Orissa – 755 019, India
Kalinganagar Plant	Site for the Project situated at Kalinganagar Industrial Complex, P.O. Jakhapura, District – Jajpur, Orissa – 755 019, India
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company.
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.

Term	Description
Registered Office of the Company/ Registered Office of our Company/ Registered Office	11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015, Orissa
SEBI Guidelines/SEBI DIP Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
TEFR	Techno-Economic Feasibility Report

ISSUE RELATED TERMS AND ABBREVIATIONS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Banker(s) to the Issue	HDFC Bank Limited, ICICI Bank Limited, Standard Chartered Bank and The Hongkong & Shanghai Banking Corporation Limited
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid-cum-Application Form.
Bidding/ Issue Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLMs	Book Running Lead Managers to this Issue, in this case being Enam Financial Consultants Private Limited and JM Morgan Stanley Private Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLMs and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Orissa, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited

Term	Description
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with SEBI Guidelines which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It will become a Red Herring Prospectus after filing with the Registrar of Companies in terms of Section 60B of the Companies Act, Orissa at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies in terms of Section 60 of the Companies Act, Orissa, after finalization of Issue Price.
Enam	Enam Financial Consultants Private Limited.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLMs in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank Limited, ICICI Bank Limited, Standard Chartered Bank and The Hongkong & Shanghai Banking Corporation Limited
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian GAAP	Generally accepted accounting principles in India.
Issue	The issue of 35,000,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs.[•] million.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus and Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date.
JMMS	JM Morgan Stanley Private Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Funds Portion	That portion of the Issue, being 5% of the QIB portion or 750,000 Equity Shares (assuming that the QIB portion is 50% of the Net Issue to Public) available for allocation on a proportionate basis to Mutual Funds only
Net Issue to Public	The issue of Equity Shares other than Equity Shares included in the Promoter's Contribution

Term	Description
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non Institutional Portion/ Non Institutional Bidders Portion	The portion of this Issue being at least 15% of the Net Issue to Public consisting of 4,500,000 Equity Shares of Rs. 10 each, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 52 and the maximum price ("Cap Price") of Rs. 57 and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Orissa containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Bankers to thes Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 15,000,000 Equity Shares of Rs. 10 each being not more than 50% of the Net Issue to Public, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, FII registered with SEBI, Foreign Venture Capital Investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which Equity Shares are being issued and the size of the Issue. It will become a Prospectus after filing with the RoC in terms of Section 60 of the Companies Act, Orissa, after finalization of Issue Price.
Registrar/ Registrar to this Issue	Karvy Computershare Private Limited

Term	Description
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion/ Retail Individual Portion	Consists of 10,500,000 Equity Shares of Rs. 10 each, being not more than 35% of the Net Issue to Public, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs and in this case, being Enam Securities Private Limited and JM Morgan Stanley Financial Services Private Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
U.S. GAAP	Generally accepted accounting principles in the United States.

Notwithstanding the foregoing, in the chapter titled "Main Provisions of the Articles of Association of the Company beginning on page 206 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

INDUSTRY RELATED TERMS AND ABBREVIATIONS

Term	Description
AOD	Argon Oxygen Decarburisation
BF	Blast Furnace
BOF	Basic Oxygen Furnace
BF + DRI → EAF	The process adopted by our Company for the Project, involving hot metal from the blast furnace and sponge iron from the DRI plant fed into the Electric Arc Furnace for production of steel.
Cbm/CBM/ Cu. M.	Cubic Metre
CCM	Continuous Casting Machine, which casts the liquid steel into steel billets
CII	Confederation of Indian Industries
Cr_2O_3	Chrome Oxide
Deg. C.	Degrees Centigrade
DG sets	Diesel Generator sets
DM Water Plant	De-mineralised water plant proposed to be set up for our waste heat recovery power plant.
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
Fe	Chemical symbol of Iron
Fluxes	Dolomite, Quartzite, Manganese Ore and Limestone
LAM Coke	Low Ash Metallurgical Coke
LCV	Light Commercial Vehicle
LRF	Ladle Refining Furnace
MUV	Multi Utility Vehicle
NM3/HR	Newton Metre Cube per Hour
OMDCL	Orissa Mineral Development Corporation Limited
OMC	Orissa Mining Corporation Limited
RINL	Rashtriya Ispat Nigam Limited
VD	Vacuum Degassing
VOD	Vacuum Oxygen Decarburisation
Wagon Tippler	Mechanism to tipple a railway wagon to unload its contents
Stacker-Reclaimer	Equipment to stack and reclaim bulk materials such as iron ore and coal

ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CMD	Chairman and Managing Director
CDSL	Central Depository Services (India) Limited.
CIF	Cost, Insurance & Freight
CIF FO	Cost, Insurance & Freight – Free Out
COBP	Chrome Ore Beneficiation Plant of our Company, situated at our Golagaon Plant
COGP	Chrome Ore Drying, Grinding and Bagging Plant of our Company, situated at our Golagaon Plant
DGFT	Directorate General of Foreign Trade.
DP	Depository Participant.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extra Ordinary General Meeting of the shareholders.
EPC	Export Packing Credit
EPS	Earnings per Equity Share.
ERP	Enterprise Resource Planning
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
FI's	Financial Institutions.
FOB	Free on Board
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.

Abbreviation	Full Form
GoI/ Government	Government of India
HRD	Human Resource Development
HOD	Head of Department
HUF	Hindu Undivided Family.
IDCO	Orissa Industrial Infrastructure Development Corporation
IT Systems	Information Technology Systems
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
IRDA	Insurance Regulatory Development Authority
JSPL	Jindal Steel and Power Limited
LIBOR	London Inter-bank Offer Rate
MoU	Memorandum of Understanding
MVA	Mega Volt Amperes
MW	Mega Watts
NALCO	National Aluminium Company Limited
NAV	Net Asset Value.
NBFC	Non-Banking Finance Companies.
NESCO	North Eastern Electricity Supply Company of Orissa Limited
NINL	Nilachal Ispat Nigam Limited
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
ORIND	Orissa Industries Limited
P/E Ratio	Price/Earnings Ratio.
PAT	Profit After Tax
PAN	Permanent Account Number.
PC	Packing Credit
R&D	Research and Development
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RINL	Rashtriya Ispat Nigam Limited

Abbreviation	Full Form
RoC/Registrar of Companies/Registrar of Companies, Orissa	The Registrar of Companies, Orissa, located at Chalachitra Bhawan, II Floor, OSDC, Baxi Bazar, Cuttack, Orissa – 753 001.
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
SAIL	Steel Authority of India Limited
SBI	State Bank of India
SCRA	The Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEZ Act, 2005	Special Economic Zones Act, 2005
Stock Exchanges	BSE and NSE
TPA/tpa	Tonnes Per Annum
TPD/tpd	Tonnes per day
UoI	Union of India.
USD/ US$	The United States Dollar, the legal currency of the United States of America.
WCDL	Working Capital Demand Loan
WTD	Whole-time Director
YoY	Year on Year

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from the Company's restated unconsolidated financial statements as of and for the years ended March 31, 2001, 2002, 2003, 2004 and 2005 and for the nine months ended December 31, 2005, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our statutory Auditors, M/s. Lovelock & Lewes, Chartered Accountants, included in this Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2005), are to the fiscal year ended March 31 of a particular year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI Guidelines. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. The Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and the Company urges you to consult your own advisors regarding such differences and their impact on financial data.

Market and industry data used in this Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations relating to the industries in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Timely and cost-effective availability of iron ore, chrome ore and other raw materials;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology in future;
- Changes in political and social conditions in India or in countries that we may enter, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the chapters titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages i, 52 and 145 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II – RISK FACTORS

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

INTERNAL RISK FACTORS

Our Director, Mr. Pradip Kumar Khaitan by virtue of his directorships in other companies is involved in certain litigations.

Mr. Pradip Kumar Khaitan, our non-executive and Independent Director, is involved in 5 criminal litigations and has received notices from statutory authorities relating to three cases, all of the above pertaining to companies in which he is a director. For further details, refer to section titled "Outstanding Litigations, Material Developments and Other Disclosures" beginning on page 160 of this Red Herring Prospectus.

Our Director, Mr. Maya Shanker Verma, is a director in Alliance Capital Asset Management (India) Private Limited, a company which has been subject to penalties/investigations by SEBI.

Our Director, Mr. Maya Shanker Verma, is a director in Alliance Capital Asset Management (India) Private Limited, a company which has been subject to penalties/investigations by SEBI, details of which are as follows:

No. and date of enquiry	Order No./date	Penalty imposed	Present position
SEBI show cause notice dated September 8, 2003	Order dated May 12, 2004	Rs. 2.86 crores	Appeal lies before the Securities Appellate Tribunal
SEBI show cause notice dated May 11, 2004	Order dated August 18, 2004	Rs. 15 Crores	Appeal lies before the Securities Appellate Tribunal
Show Cause Notice no. IVD2/SM/ ACMF /18584/2004 dated August 23, 2004	No order passed	None	Matter is still pending with SEBI

However, neither the name of Mr. Maya Shanker Verma was mentioned in any of the aforesaid order nor any penalty was imposed on him, by SEBI.

We have limited experience in manufacturing activities and handling labour intensive operations.

We intend to finance a part of the capital expenditure for brownfield expansion of existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant. However, we have limited experience in setting up and operating a manufacturing facility of a size similar to the said proposed integrated 0.5 MTPA special and stainless steel plant. Bulk of our revenues in the past is attributable to non-manufacturing activities, break-up of which is given in the following table:

Rs. in millions

S. No.	Period	Total revenues	Manufacturing	% of revenues from manufacturing
1.	Nine months ended December 31, 2005	2977.40	1352.62	45.43%
2.	2004-2005	2520.48	263.46	10.45%
3.	2003-2004	713.46	61.42	8.61%
4.	2002-2003	242.58	75.23	31.01%

Our limited experience in setting up and operating a manufacturing facility of size comparable to the proposed integrated 0.5 MTPA special and stainless steel plant may hinder our ability to operate the proposed plant in a commercially successful manner, in the initial periods. Since we will be required to employ a large work force, our limited experience in handling labour related issues may also be a concern. These factors may adversely affect our results of operations and financials.

We are a new entrant in special and stainless steel market.

We are a new entrant in the special and stainless steel market. There are a number of established manufacturers of special and stainless steel in India and abroad. Therefore, we may face difficulties from established competition in acquiring a requisite market share. This may adversely affect our results of operations and financials.

Our Memorandum of Understanding with Government of Orissa for the Project is for a capacity of 0.35 mtpa whereas we are implementing 0.5 mtpa special and stainless steel plan. The said MoU has expired December 25, 2005 and we have made an application for its renewal and amendment thereof.

The Project is being implemented pursuant to a Memorandum of Understanding (MoU) dated December 26, 2003 entered into by us with the Government of Orissa for a 0.35 mtpa steel and stainless steel plant. However we are implementing a 0.5 mtpa special and stainless steel plant for which suitable changes to the original configuration, cost estimates and schedule of implementation have been made. Under this MoU, the Orissa Government shall, inter alia, assist our Company in sourcing raw materials, land for the Project, etc. This MoU has expired on December 25, 2005 and is renewable by mutual agreement of the parties, subject to our having made substantial progress towards implementation of the plant as envisaged in the MoU to the satisfaction of the State Government. We have already applied for the renewal of the MoU, and the same is currently pending with the Government of Orissa. In the event of the MoU not being renewed the Government of Orissa may not provide the support as envisaged in the MoU. This may adversely affect our business.

Summary of supports to be provided to the Company by the Government of Orissa under the MoU in relation to key requirements for the integrated steel plant, current status of availability of those requirements and impact on availability of those requirements in case of non-renewal of MoU and alternative options thereof are provided in the following table:

Requirement	Support to be provided by the Government as per the MoU	Current status	Possible impact on the Project and alternative action plan
Land	The Government of Orissa would handover 430 acres of land free from all encumbrances to the Company through Orissa Industrial Infrastructure Development Corporation for construction of the plant and allied facilities.	390 acres of land has already has been allotted to the Company on long-term lease in the Kalinganagar Industrial Complex. Further, the Company has been recently allotted and granted possession of additional adjoining 132.98 acres of land and has executed the lease deed dated November 16, 2005 for the same.	Since 522.98 acres have been already allotted, in the event of non-renewal of the MoU, the business of the Company is not expected to be affected due to the aforesaid.
Coal	The State Government would recommend to the Government of India for the project, either directly or through a PSU. Pending mining of coal block, the State Government will assist the Company to get coal linkage to meet its requirement.	The Company has already been identified as a joint allocatee for the Patrapara coal block in Talcher coalfield in Orissa.	In the event of non-renewal of the MoU, the business of the Company is not expected to be affected.
Iron Ore	The State Government would assist the Company in making firm arrangement for meeting substantial portion of iron ore requirements in the initial period of steel making. Possibility of long-term arrangements would also be explored for development of new iron ore areas. The State Government also agreed to assign appropriate priority in the matter of recommending the Company's application for iron ore mines in accordance with relevant rules and regulations. In the event that the complete plant and machinery for the steel plant is set up and ready for production, but the availability of iron ore for the	The Company has not yet been allotted any iron ore mining leases pursuant to the MoU. However, the Company has entered into long-term contracts for supply of iron ore with OMDCL and Sesa Goa and is in discussions to sign a long-term agreement with OMC.	In the event of non-renewal of the MoU, the Company may not get the recommendation on priority basis from the Government as agreed by them in the MoU. However, this is not going to affect the company in any manner as the allocation of mines is governed by MMRDA Act, which can not be superseded by bilateral agreements. In that case, the Company would continue to source iron ore through long-term agreements from the suppliers

	project is not tied up by then, the State Government would consider assigning priority to this project over any other projects who would become ready for the production of steel later in the matter of allocation of iron ore area to meet the Company's raw material needs to the extent of about 25 year's requirement for the plant.		
Water	The State Government will permit withdrawal of water from Bramhani river/a suitable source for construction and operation of the aforesaid project and housing colony subject to approval of the water allocation committee. The State Government will also permit implementation of the water supply scheme to be prepared by the Company and water resource department	Scheme for drawl of water from river Brahmani has been considered by water allocation committee and recommended for approval. The current water requirement is fully met through an agreement with Government of Orissa, Jaraka Irrigation Division for supply of 3.3 million gallons of water to the plant of the Company at Kalinganagar Industrial Complex, Orissa. The said agreement is valid for a period of one year from August 24, 2005	
Power	GRIDCO can be approached by the Company for sale of excess power to be produced by the captive power plants being set up by the Company	No PPA has been signed.	It is not going to impact the company because the power is proposed to be generated using waste heat gases to be generated from blast furnaces and sponge iron plants.
Environmental clearance	The Government would assist the Company in obtaining No Objection Certificate from the state pollution control board for the construction of plant and other facilities. The Government of Orissa would		

	also assist the Company to obtain all clearance to be obtained from Central Government	Permission for operating our existing units has been received and application for the proposed integerated stainless, steel plant has been submitted to state poluution board for issue of no objection certificate. Further environmental clearance to be accorded by Government of India under Environment & Forest Act, 1986	
Incentives and Concessions	The Government would consider the Company for such incentives and concessions as are provided in the relevant industrial policy resolution of the state government	No incentive has been received so far.	It is not going to affect us because no incentive has been considered in the future planning

We have already applied on December 24, 2005 for renewal of the aforesaid MoU with some amendments in configurations. Those amendments were proposed in order to enable us to expand the capacity of the proposed integrated steel plant in future.

Land for our Project is obtained on a long-term lease, and is subject to certain restrictive covenants.

The land for our Project has been obtained on an eighty five year lease from IDCO. The lease deed for the same contains several restrictive conditions and covenants including those relating to right of the Government of Orissa by way of an act or order to amend the terms and conditions of the lease. Please refer to the section titled "Our Properties" beginning on page 70 of this Red Herring Prospectus for further details in this regard. The lease deed requires us to obtain prior consent from IDCO for change of our name, for which we have notified IDCO after the change of our Company's name but have not yet received their consent. However, subsequent land allotment by IDCO has been in our new name.

Though we are not aware of any instance in which such lease has been terminated by the appropriate authority, in the event of termination of lease by IDCO/State Government, we would be forced to shut down and relocate our plant, which will have an adverse impact on our business and financials.

We have applied but have not yet been allotted captive mines for iron ore, chrome ore and coal. We have been identified as a joint allocatee for the allotment of the Patrapara coal block. Further, our long-term agreements do not have performance guarantee clauses for iron ore. This may affect supply of raw materials required by us.

We currently source our raw materials, primarily iron ore, chrome ore and coal from third parties by way of long-term agreements and other arrangements. We have made several applications for mining leases primarily in the States of Orissa, Chhattisgarh and Jharkhand, for mining of iron ore, chrome ore and coal. However, as on the date of filing this Red Herring Prospectus with SEBI, we have not yet been allotted any captive mines.

In respect of steam coal, we have been identified as a joint allocatee in the Patrapara coal block in Talcher coalfield, and manner of allocation of the same among various allocatees is currently pending before the Ministry of Coal, Government of India. The application of Orissa Industries Limited for transfer of prospecting license of chrome ore issued in its name to our Subsidiary, GHOTARINGA MINERALS LIMITED is currently pending.

Our long-term purchase agreements for iron ore specify a minimum off-take that our supplier is bound to provide. However, there is no performance guarantee clause or penalty for non-supply, except for our right to terminate the agreement. There has been non-supply of part of the contracted quantity in the past, and we are exposed to the risk of non-supply of contracted quantity, which may affect our operating and financial performance adversely. Our current long-term contracts with OMDCL and Sesa Goa are for 58,000 MT per month, of which we need approximately 32,000 MT, (being 55% of contracted quantity), per month to run our blast furnace on full capacity. However, supply made under these long-term contracts has been less. In the period from April to December 2005, on basis of current production figures, we have procured approximately 46.6% of its requirements from OMDCL and Sesa Goa (pursuant to long term contracts), approximately 37.1% from OMC with whom we are in discussions for entering into a long-term contract and the balance from other suppliers. As on date, we have a sufficient iron ore inventory and till date, non-availability of iron ore has not affected production in any manner.

As per our long-term agreements for supply of raw material, the prices are subject to periodic revision based on certain parameters, including international benchmarks. Any material increase in the prices of raw material without corresponding increase in our finished goods prices will have an impact on our margins thereby affecting our overall financial performance.

Capacity utilization of our Chrome Ore Beneficiation Plant and Chrome Ore Grinding Plant has been low.

The capacity utilization of our Chrome Ore Beneficiation Plant and Chrome Ore Grinding Plant has been low, details of which are given in the following table:

Particulars		**Fiscal Year**			
		2005-06 (Nine months ended December 31, 2005)	**2004-05**	**2003-04**	**2002-03**
Chrome Ore Beneficiation	Installed capacity (in MT)	100,000	50,000	50,000	50,000
	Actual Production (in MT)	5,793	33,683	30,609	18,677
	Capacity utilization ratio (%)	7.72*	67.37	61.22	37.35
Chrome Ore Grinding	Installed capacity (in MT)	100,000	50,000	50,000	50,000
	Actual Production (in MT)	5,094	498	2,939	20,679
	Capacity utilization ratio (%)	6.79*	1.00	5.88	41.36

**Annualised*

This low capacity utilization ratio is primarily on account of non-availability of raw materials required for our COBP and COGP. In order to rectify this situation, we have applied for prospecting licenses/mining leases for chrome ore. Our Subsidiary, GML has been incorporated with the primary objective of acquisition and processing of the prospecting license granted to Orissa Industries Limited in respect of mineral deposit situated at Ghotaringa village in Dhenkanal district of Orissa. The application of Orissa Industries Limited for transfer of prospecting license issued in its name to our subsidiary, GML is currently pending. However, we cannot assure you that our COBP and COGP will receive uninterrupted supply of raw material and our production will not suffer on account of non-supply or inadequate supply of raw material.

Our Earnings per Equity Share and Return on Net Worth (RoNW) have been fluctuating over the years. We have not declared any dividend since inception.

Our Earnings per Equity Share and RoNW have been fluctuating over the years. Details of our earnings per Equity Share, our RoNW and number of Equity Shares are given in the following table:

Financial year ending on	Earnings per Equity Share (Rs.)	Return on net worth (%)	Number of Equity Shares as on last day of financial year
Nine months ended December 31, 2005 (annualized)	1.83	10.90%	75,000,000
March 31, 2005	1.41	7.95%	75,000,000*
March 31, 2004	0.21	0.49%	7,050,700
March 31, 2003	4.94	26.60%	5,050,700

* *This includes the 8,360,000 Equity Shares issued pursuant to amalgamation of Visa Energy Resources Limited with our Company.*

During the last two years, we have been investing towards setting up of our proposed integrated 0.5 mtpa special and stainless steel plant at Kalinganagar, specifically towards the setting up of the blast furnace which was commissioned on March 31, 2005 and our under-implementation coke oven plant. These have been financed through a mix of debt and equity. Since we are yet to realize the full benefit of the above-mentioned investment, our earnings per Equity Share and RoNW have been fluctuating in the past few years. Further, we have not declared any dividend since inception.

We may face a risk on account of not meeting our export obligations.

We have obtained licenses under EPCG scheme as listed below. As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest.

Details of our export obligations under these licenses are given in the following table:

Sr. No.	License No.	Date	Export Obligation Value (Rs.)	Duty saved (Rs.)	Obligation Period
1	2330000052/2/11/00	September 27, 2004	120,610,480	15,076,310	September 26, 2012
2	2330000053/2/11/00	September 28, 2004	142,858,472	17,857,309	September 27, 2012
3	2330000055/2/11/00	October 5, 2004	150,910,728	18,863,841	October 4, 2012
4	2330000056/2/11/00	October 5, 2004	149,329,848	18,666,231	October 4, 2012
5	2330000065/2/11/00	January 28, 2005	36,188,176	4,523,522	January 27, 2013
6	2330000078/2/11/00	May 27, 2005	95,566,104	11,945,763	May 26, 2013
7	2330000081/2/11/00	June 23, 2005	2,769,840	346,230	June 22, 2013
8	2330000106/2/11/00	November 29, 2005	132,395,184	16,549,398	November 28, 2013
	TOTAL		**830,628,832**	**103,788,604**	

We are yet to fulfil the aforesaid export obligations.

All our current manufacturing facilities are geographically located in and around Kalinganagar Industrial Complex

All our current manufacturing facilities (existing and proposed) are based in and around the Kalinganagar Industrial Complex in Jajpur District of Orissa. As a result, any local social unrest, natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of operations of our Company.

As per publicly available information, a number of industrial houses are planning to set up steel plants at Kalinganagar Industrial Complex and in case these projects materialise, there will be increased demand for infrastructural facilities. In such case, if we go for expansion in future, we may not be able to secure additional infrastructural support and utilities at an economically competitve rate or may not be able to secure those requirements at all. Further, increased cost of living in the local area may increase our manpower cost which may adversely affect our financial performance.

Our estimated fund requirements for capital expenditure for the Project are based on TEFR of M.N. Dastur & Co. (P) Limited but have not been appraised by any bank or financial institution.

Our estimated fund requirements for capital expenditure for setting up the additional facilties for commissioning the proposed integrated 0.5 mtpa special and stainless steel plant (excluding interest during construction and margin money for working capital) is based on the TEFR prepared by M.N. Dastur & Co. (P) Limited. However, there has been no appraisal of the same by any bank or financial institution.

We have not entered into any definitive agreement or placed orders for machinery and equipments required to set up our proposed Project. We may face time and cost overruns in the Project.

We have not yet entered into any definitive agreements or placed orders for machinery and equipments required to set up our proposed Project. We are subject to risks on account of inflation in the price of machinery and other equipments that we require for the Project. Further, in respect of the machinery/equipment/other Project related services that we propose to import/procure from overseas, we may be subject to the risks arising out of currency rate fluctuations. These factors may increase the overall cost of our Project, and we may have to raise additional funds by way of additional debt or equity placement to complete our Project, which may have an adverse effect on our business and results of operations.

Further we also face the following risks in relation to the Project:

- The budgeted resources for implementation of the Project may be inadequate because of cost overruns, which in turn will require additional fund requirement and will impact the overall profitability of the Project.
- Delays in the scheduled implementation of the Project for any reason, including construction delays, delays in receipt of government approvals or delays in delivery of equipment by suppliers, could result in cost overrun which in turn will require additional funds and will impact the overall profitability of the Project.

A significant portion of our project cost will be financed through debt and therefore we would have debt servicing obligations that could affect our ability to declare dividends.

We intend to finance approximately 65% of our total Project Cost (including Issue expensess) through debt amounting to Rs. 7,450 million. This debt imposes a debt servicing obligation on our Company, which we would have to meet from our revenues and/or reserves. Our revenues and/or reserves may not be sufficient to fully meet the debt servicing obligations, and our distributable profit, if any, for declaration of dividends may be consequentially affected.

We are yet to obtain the following licenses/approvals for our future business and the Project.

We have applied for the following licenses/approvals which have not yet been granted to us:

Sr. No.	Approval / Consent	Authority	Status
1.	Application for change of Occupier from Mr. Rajesh Kumar Jha to Mr. Vishal Agarwal under the Factories Act, 1948 for the Kalinganagar Plant	Director of Factories & Boilers, Orissa.	Application made vide letter dated August 17, 2005
2.	Application for the Consent to Establish an additional 250,000 tpy coke oven unit at our Kalinganagar Plant. (We already have consent to operate 150,000 tpa coke oven plant)	Member Secretary, State Pollution Control Board, Orissa	Application made vide letter dated November 4, 2005
3.	Registration of our Company's Registered Office at Bhubaneshwar under the Orissa Shops & Commercial Establishment Act, 1956	District Labour Officer, Bhubaneshwar	Application made vide letter dated June 4, 2005
4.	Application for consent to operate under Sections 25/26 of Water (Prevention and Control of Pollution) Act, 1974 to bring to use any new or altered outlet for discharge of Sewage/ trade effluent at our Golagaon Plant	Chairman, State Pollution Control Board, Orissa	Application dated March 15, 2003
5.	Application for consent to operate under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 for our Golagaon Plant	Member Secretary, State Pollution Control Board, Orissa	Application dated March 15, 2005
6.	Application for consent to operate under Sections 25/26 of Water (Prevention and Control of Pollution) Act, 1974 for our Kalinganagar Plant	Member Secretary, State Pollution Control Board, Orissa	Application dated November 4, 2005
7.	Application for consent to operate under Section 21 of Air (Pollution and Control of Pollution) Act, 1981 for our Kalinganagar Plant	Member Secretary, State Pollution Control Board, Orissa	Application dated November 4, 2005
8.	Requisition for initial inspection of 1000 KVA D.G. set installed at the Kalinganagar Plant	Executive Engineer (P) – Cum – Deputy Electrical Inspector (Generation), Orissa	Application made vide letter dated November 11, 2005
9.	Permission under Rule 47A of the Indian Electricity Rules to generate and use electricity from one 1000 KVA DG-72M Rumo-Russian Diesel Generating Set installed at the Kalinganagar Plant	Senior Electrical Inspector, Government of Orissa	Application made vide letter dated November 11, 2005 requesting inspection of the DG Set

Sr. No.	Approval / Consent	Authority	Status
10.	Submission of the Industrial Entrepreneurs Memorandum (IEM) for the expansion at Golagaon Plant	Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India	I.E.M filed dated November 8, 2005
11.	Application made by our Company under Section 7(1) of the Contract Labour (Regulation and Abolition) Act, 1970 for our Kalinganagar Plant for the following contractors: (i) B. Engineers & Builders Ltd; (ii) Purna Chandra Biswal (iii) BSI Inspectorate (India) (iv) M/s Tiger Security Services (v) M/s. Dabadutta Ray (vi) M/s Udayanath Rout (vii) Feroz & Co. (viii) Gannon Dunkerley Limited (ix) Nayak Construction (x) M/s. Manas Engineering and Construction (xi) Furnace Fabrica (xii) Mahendra Kumar Dhal. (xiii) Industrial Associates (xiv) Raju Enterprises (xv) M/s. Beekay Engineering and Corporation (xvi) United Refractory Services (xvii) Parsuram Das, M/s Suravi Constructions	District Labour Officer, Jajpur	Application made vide letters dated October 26, 2005 and December 12, 2005.

For our Kalinganagar Plant, we received trial consent to operate only till August 18, 2005. Subsequent to the same our Kalinganagar Plant was inspected by State Pollution Control Board Authorities on November 8, 2005. Until our company hears from the State Pollution Control Board Authorities, consent is deemed to be given to operate till March 7, 2006.

In addition to the Project, we are planning expansion in Chhattisgarh in the future. We may not be able to manage our new projects, or execute our strategy effectively.

As a part of our expansion strategy, we have signed a Memorandum of Understanding with the Chhattisgarh State Industrial Development Corporation dated March 5, 2003 for setting up of manufacturing facilities at Raigarh and Korba thoughwe have not taken any concrete steps for implementation of the same. If we are unable to manage the growth we achieve from our expansions or are unable to execute our strategy on time and within the estimated budget, our business, results of operations and financial condition may be adversely affected.

Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our principal manufacturing facilities at Kalinganagar Plant and Golagaon Plant are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, efficiency, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors, our ability to respond to technological advances and emerging steel industry standards and practices on a cost-effective and timely basis, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities, and any other factors which may or may not be within our control. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition, results of operations and the trading price of our Equity Shares may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

Our success depends to a considerable extent upon our key managerial personnel and our ability to retain them.

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. Our future performance may be affected by any disruptions in the continued service of these persons. The loss of our key managerial personnel may impact our ability to maintain and grow our revenues.

Since we have grown rapidly in the past couple of years, a significant portion of our employees, having joined recently, are on probation/as trainees and hence can resign on 24 hours notice.

Our employees may unionise in future.

As on date, our employees are not represented by any labour union and currently we have not faced any union related problem. However, our employees may unionise in future. In that case, there may be restrictions on the flexibility of our labour policies and we may face the risks of strike, agitation and work stoppages, which in turn may affect our operations.

The special and stainless steel industry is cyclical in nature and factors affecting the demand for, and production of, special and stainless steel affect our results of operations.

The special and stainless steel industry, domestic and international, is cyclical in nature, sensitive to general economic conditions and the condition of certain other industries. Future economic downturns or stagnant economies in India or our key global markets could adversely affect our business and results of operations. The prices of steel have been volatile in the domestic as well as global markets, because of capital intensity and high gestation period. According to the data released by International Iron and Steel Institute, global crude steel consumption for 2004 was 967 million tones, and production exceeded 1 billion tones. Such a high level of capacity utilization is resulting in high prices of steel. Having further enhanced the capacities, players are locked in fierce competition to increase capacity utilization due to high nature of fixed cost of interest and depreciation. In this process, producers increasingly depended on exports and indulged in price cutting to enhance their operating rates, adding to further volatility in prices as well as demand and consumption. Going forward, the demand for special and stainless steel may fluctuate in the future due to a number of factors, including any downturn in purchases by traditional bulk special and stainless steel end users such as auto component, automobile and infrastructure industries, slowdown in basic manufacturing industry in India or abroad, availability and price of key raw materials, many of which are beyond our control. Further, China is a major consumer and producer of steel in the world and any adverse developments therein shall impact the steel industry globally. Production of special and stainless steel has varied from year to year, depending upon demand and consolidation in the industry. Unfavourable changes in the demand for special and stainless steel, due to changes in customer preferences, government policies and other factors may adversely affect the special and stainless steel industry and our business and results of operations.

Fluctuations in the international price of special and stainless steel products may adversely affect our business and result of operations.

The prices of our products may fluctuate with the global market prices of special and stainless steel products or substitute products and may adversely affect our business and results of operations. The world special and stainless steel industry is cyclical in nature and has been characterized by changes in prices of raw material inputs, shifting customer preferences for various grades of special and stainless steel products, excess demand in certain markets and excess capacity in other markets, all of which have resulted in fluctuations in international special and stainless steel prices and in consumption of special and stainless steel. In addition, international special and stainless steel prices, together with international and domestic freight rates and customs duty in India, may adversely affect the price of special and stainless steel products.

Our operations create environmental challenges, and changes in environmental laws and regulations may expose us to several liabilities and result in increased costs.

The activities envisaged in setting up and operating our Project are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forests, Government of India and the Orissa State Pollution Control Board. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials, and could become stricter in future.

Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal liabilities for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases. In some cases, compliance with environmental, health and safety laws and regulations might only be achievable by capital expenditure, such as the installation of additional pollution control equipment. We have been directed by the Orissa State Pollution Control Board to install certain pollution control equipment in the past, pursuant to inspection by them on November 8, 2005. Subsequently, we have installed the pollution control equipment (energy meter and online co-monitoring system, total costing Rs. 5,29,360/-). We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and enforcement policies resulting in higher compliance costs. This may have an adverse effect on our financial condition and results of operations.

We rely extensively on our IT systems and failures could adversely impact our business.

We rely extensively on our IT systems to provide us connectivity across our business functions through our software, hardware and network systems. Our business processes are IT enabled, and any failure in our IT systems or loss of connectivity or any loss of data arising from such failure can impact us adversely.

We derive advantages from our Promoter and Promoter Group companies, which may not continue. Bulk of our exports have been to Visa Comtrade AG, our Promoter Group company. Further, we have a potential conflict of interest with one of our Promoters, Visa International Limited.

We derive advantages from our Promoter and Promoter Group, constituting the VISA Group, in terms of raw material procurement, marketing assistance etc. For further details on the arrangements we have with our Promoter Group companies and our association with the VISA Group, please refer to section titled “Our Business” beginning on page 52 of this Red Herring Prospectus, and we further expect to continue deriving significant advantages therefrom in the future.

Further, 100% of our exports in FY 2003-2004 amounting to Rs. 168.00 million while 86.79% of our exports in FY 2004-2005 (Rs. 457.40 million of Rs. 527.04 million) and 98.87% of our exports for the nine months period ended December 31, 2005 (Rs. 223.02 million of Rs. 225.58 million) were to Visa Comtrade AG, our Promoter Group company. Our exports outside the Visa Group have been negligible.

If we do not derive the advantages that we currently derive from our Promoter and Promoter Group companies for any reasons including conflict of interest, it may adversely affect our results of operations and financial condition.

Further, the objects clause of one of our Promoters, Visa International Limited, allows it to undertake activities of similar nature to that undertaken by us. If Visa International Limited decides to undertake any of these activities, there may be a conflict of interest between us and our Promoter. For further details regarding interests of our Promoters and Directors, please refer sections titled “Our Promoters” and “Our Management” beginning on pages 102 and 79 of this Red Herring Prospectus.

There are qualifications in our Auditors Report.

There are certain qualifications in the Annual Auditors Report for various Financial Years which have been reproduced as under. Such annual auditors reports are available for inspection as a part of Material Contracts and Documents for Inspection. These qualifications do not form part of Financial Statements as reported on page 113 of this Red Herring Prospectus as these qualifications are pursuant to CARO (Companies (Auditor’s Report) Order) report. We have drawn up the accounts for the nine months period ended December 31, 2005 for the specific purpose of our Issue, however since our financial year ending is on March 31, CARO report is not required to be included with the audit report for these periods.

Financial Year 2004-2005:

- The Company is in the process of updating its Fixed Assets Register.
- Physical verification of fixed assets has not been carried out by the management during the year and accordingly, discrepancies, if any that might have been noticed on physical verification have not been adjusted in these accounts.
- The company did not have an internal audit system during the year.
- According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is not regular in depositing undisputed statutory dues including provident fund, income tax, sales tax, entry tax, professional tax, work contract tax with the appropriate authorities. However, all the dues have been subsequently paid except for the following items of Professional Taxes which are outstanding as at March 31, 2005, for a period of more than six months from the date they became payable:

Name of the Statute	**Nature of the dues**	**Amount (Rs.)**	**Period to which it relates**	**Due date**	**Date of Payment**
West Bengal State Tax on profession	Professional Tax	1,320	June 2004	31-Jul-04	Not yet paid
Trade Callings and Employments Act		1,360	July 2004	31-Aug-04	Not yet paid
1949 (West Bengal Act VI of 1979)		1,360	August 2004	30-September-04	Not yet paid

Financial Year 2003-2004:

The Company is in the process of updating its fixed assets register. We have been informed that the Company is in the process of carrying out physical verification of its fixed assets. Reconciliation of physical inventory with the fixed assets register will be carried out once the register is updated and physical verification is completed.

Financial Year 2002-2003:

- The Company is in the process of updating its Fixed Asset Register. We have been informed that the Company is in the process of carrying out physical verification of Fixed Assets. Reconciliation of physical inventory with the Fixed Asset Register will be carried out once the register is updated and physical verification is completed.
- No internal audit was conducted by the Company during the year under review.

Financial Year 2001-2002:

No internal audit was conducted by the Company during the year under review.

Financial Year 2000-2001:

No internal audit was conducted by the Company during the year under review.

We have appointed M/s. L.B. Jha & Co., Chartered Accountants, as our internal auditors in Financial Year 2005-2006. Further, we have updated and completed fixed assets register.

We may not be sufficiently protected or insured for certain losses that we may incur or claims that we may face against us.

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the limitations of liability set forth in our contracts and/or our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations.

We have not insured ourselves against exposure to certain risks and events such as workmen's compensation, loss of profit, etc. which may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

Further, we have one pending claim for Rs. 30,000,000 for damage of silica bricks against which we have received only Rs. 10,000,000 as an "on account" payment, and the claim is pending. For further details regarding our insurance policies, please refer to section titled "Our Business" beginning on page 52 of this Red Herring Prospectus.

As per the loan agreements entered into by us with our lenders, there are certain restrictions on us, which may hamper our future business growth and business policies.

Other than for the Project, we have signed agreements for availing financial facilities with State Bank of India, UCO Bank, Syndicate Bank, Oriental Bank of Commerce, Allahabad Bank, Hongkong and Shanghai Banking Corporation, ICICI Bank Limited. Certain covenants in these agreements require us to obtain approval/ permission from the financial institutions. These covenants include, amongst others, formulation of any scheme of amalgamation or reconstruction, undertaking of guarantee obligation, any change in our capital structure, payment of dividends etc. Accordingly, we are required to obtain prior consent from them for the Issue. Further, in respect of sanction letters signed by for the financial assistance for our Project, we are bound by certain restrictive covenants.

For further details in this regard, please refer to section titled "Capital Structure" beginning on page 18 of this Red Herring Prospectus.

Our Company is involved in the following legal proceedings.

A classification of the legal proceedings instituted by and against our Company and the monetary amount involved in these cases is given in the following table:

Type of legal proceeding	Total number of pending cases	Remarks and amount involved(Rs.)
Special Leave Petitions before the Supreme Court	6	Amount involved not quantifiable. All six Special Leave Petitions have been filed by State of Orissa, Industrial Development Corporation of Orissa Limited and Jindal Strips Limited (two each) against the common judgment and final order dated November 18, 2004 by the Division Bench of the High Court of Orissa at Cuttack.
Civil suit pending before the High Court at Calcutta*	1	1. US$ 299,138.26 to be expressed in Indian currency by the Court; 2. Interest pendente lite 3. Interest upon judgment 4. Other relief(s) granted by the Court

* - *This civil suit has been filed against our Company and against VISA COMTRADE (ASIA) LIMITED, our Promoter Group company.*

Other than the above, there are no other pending litigations against our Promoters and Promoter Group companies.

For further details, please refer to section titled "Outstanding Litigations, Material Developments and Other Disclosures" beginning on page 160 of this Red Herring Prospectus.

Our Director, Dr. S.K.Tamotia is involved in certain litigations.

Dr. S.K.Tamotia, our non-executive Director, has one case pending against him relating to assets disproportionate to known sources of income under the Prevention of Corruption Act, against which he has filed an application for quashing the same. For further details, refer to section titled "Outstanding Litigations, Material Developments and Other Disclosures" beginning on page 160 of this Red Herring Prospectus.

Remuneration of Mr. Vishal Agarwal, our Managing Director and two of our key managerial personnel is subject to Central Government's approval. Further, the remuneration of Mr. Vishambhar Saran has been approved by the Central Government for an amount lower than as approved in our EGM.

Mr. Vishal Agarwal was re-appointed as our Managing Director for a period of three years with effect from June 25, 2005 vide resolution passed at our AGM held on August 1, 2005. Since the above remuneration was in excess of the limits contained in Schedule XIII of the Companies Act, the same is subject to Central Government's approval.

Mr. Vishambhar Saran was appointed as our Whole-time Director of our Company and designated as Chairman for a period of three years with effect from December 15, 2004 vide resolution passed at our EGM held on December 15, 2004. The Ministry of Company Affairs, vide its letter dated December 1, 2005 has amended its earlier letter dated July 27, 2002 to enhance Mr. Saran's approved remuneration at Rs. 335,815/- per month (inclusive of all perks). However, the same is not in accordance with the terms of remuneration as approved at our EGM, and our Company has replied to the same vide its letter dated December 6, 2005, requesting for approval of Mr. Saran's remuneration as per terms approved at our EGM.

Further, two of our key managerial personnel, namely Ms. Bhawna Agarwal, Vice President (Corporate Communications) and Mr. Ashok Agarwal, General Manager (Commercial) are related to our Directors. Since their remuneration has been fixed/enhanced at a level requiring the Central Government's approval under section 314(1B) of the Companies Act, we have applied to the Central Government for requisite permissions for Ms. Bhawna Agarwal and Mr. Ashok Agarwal.

Most of our import & export contracts are enforceable in jurisdictions outside India.

We enter into contracts with various foreign entities, *inter alia* for import and export of various products. Most of our import & export contracts provide for venue for arbitration and/or jurisdiction in Courts outside India, including in the United Kingdom. The legal and other costs that we may incur in initiating and/or defending any actions arising out of such contracts could be significantly higher outside India than in India. Further, we may not always be able to enforce/execute judgments obtained in foreign courts/tribunals against the counterparties.

Our business is dependent on Government policies. Regulatory restrictions may adversely affect our growth plans.

Prior to the liberalization of the Indian economy, the sectors in which our Company operated were highly regulated sectors, and were subject to several restrictive Government policies, including need for licenses to import, export and for expansion and diversification. Although most of these restrictions do not exist today, we still face significant regulatory requirements in relation to our proposed activity for acquisition of mining leases for captive mining of our raw materials. Regulatory restrictions, either current or future, on expansion or consolidation of our operations, whether in relation to our proposed mining activities or not, may adversely affect our growth plans.

Our Promoter, Visa International Limited, has applied for the registration of trademarks involving the name "VISA". We use the same pursuant to an agreement with our Promoter.

The name "VISA" forms a part of our corporate name. Our Promoter, Visa International Limited has applied for registration of trademarks involving the name "VISA". Although we do not own the name "VISA", we have been permitted to use the same for a consideration of Rs. 10,000 per annum pursuant to a Trade Marks Licensed User Agreement dated November 30, 2005 entered into by us with Visa International Limited. For further details, please refer to chapter titled "Our Promoters" beginning on page 102 of this Red Herring Prospectus.

Risks arising out of foreign exchange transactions.

We undertake import/export transactions, both in relation to our manufacturing and non-manufacturing activities which includes trading and logistics business, leading to significant foreign exchange exposure. In relation to our foreign exchange exposure, we have a documented foreign exchange policy, which includes stop loss and control mechanisms, as well as monitoring of risk levels on a regular basis. However, we hedge our foreign exchange risks arising out of import/export transactions only on a need basis, if and as decided by our management.

Upon completion of the Issue, our Promoters may continue to retain significant control in our Company, which will allow them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of this Issue, our Promoters will continue to own 72.73% of our Equity Shares on a fully diluted basis. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of directors and approval of significant corporate transactions. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

We have issued Equity Shares in last twelve months and the price of such issuances may be lower than the Issue Price.

Our Company has issued 22,339,300 Equity Shares to our Promoters and other corporate entities on February 22, 2005 at a price of Rs. 10/- per Equity Share, which may be less than the Issue Price. The price at which the Equity Shares are being issued in the last twelve months is not indicative of the price which may be offered in this Issue.

Any future issuance of Equity Shares by us or sale of our Equity Shares by our Promoters may impact the market price of our Equity Shares.

Any further issuance of substantial amounts of our Equity Shares by us or sale of our Equity Shares by our Promoters may affect the market price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition any perception by investors that such issuances or sales might occur could also affect the market price of our Equity Shares.

We have contingent liabilities in our balance sheet, as restated, as at December 31, 2005.

The following are the contingent liabilities in our balance sheet, as restated, as at December 31, 2005:

Particulars	**As at December 31, 2005**	**As at March 31, 2005**
Bank guarantee not provided for	Rs. 59.26 million	Rs. 0.70 million

One of our Promoter Group companies is loss making

One of our Promoter Group companies, namely Visa Coal Pty. Ltd. has incurred a loss of Rs. 4.80 million for the period ended March 31, 2005.

EXTERNAL RISK FACTORS

A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with gross domestic products ("GDP") growing at 6.9% in fiscal 2005 and 8.5% in fiscal 2004. In its mid-term review of annual policy published on October 25, 2005, the RBI stated that its GDP growth forecast for fiscal 2006 is between 7.0% to 7.5% as a result of a pick-up in agricultural output and increased momentum in other sectors, and its inflation forecast for fiscal 2006 is around 5.0% to 5.5%. However, any slowdown in the Indian economy could reduce development of the steel industry and adversely affect our financial performance.

A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the Indian economy. The economic policies of the Government have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods, cyclones and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect our business and the market price of our Equity Shares.

Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business. These acts may also result in a loss of business confidence and ultimately adversely affect our business.

Diplomatic relations between India and some of its neighbouring countries have been strained in the past. Any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the market price of the Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or in government policy. Such incidents could also create a perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

Insurance cover is unavailable for certain risks or may be inadequate.

Our Company has covered itself against certain risks. Insurance cover may not have been taken or is generally not available for certain kind of risks. To the extent that any uninsured risks materialize, our operating results and financial performance could be detrimentally affected.

After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including results of our operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, trends in general business and steel industry, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue.

NOTES TO RISK FACTORS

- This is a public issue of 35,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share aggregating to Rs. [•] million, comprising of Promoters' Contribution of 5,000,000 Equity Shares of Rs. 10 each at a price of Rs. [•] for cash aggregating to Rs. [•] million (referred to as the "Promoter's Contribution") . The Issue less the Promoter's Contribution shall be hereinafter referred to as the "Net Issue to Public". The Net Issue to Public will constitute 27.27% of the post-Issue paid-up equity share capital of our Company.
- The net worth of our Company was Rs. 840.89 million as on March 31, 2005 and Rs. 943.87 million as on December 31, 2005.
- Net Asset Value of Equity Shares of our Company as on March 31, 2005 was Rs. 11.21 and as on December 31, 2005 was Rs. 12.58 per Equity Share.

- Average cost of acquisition of Equity Shares by our Promoters, Visa International Limited and Visa Minmetal AG is Rs. 10.01/- and Rs. 10/- per Equity Share respectively.
- Our Company has issued 22,339,300 Equity Shares to our Promoters and three other corporate entities on February 22, 2005 at a price of Rs. 10/- per Equity Share, which may be less than the Issue Price. For details of Equity Shares issued, please see the section titled "Capital Structure" beginning on Page 18 of this Red Herring Prospectus.
- Except as stated below, there have been no transactions in the Company's Equity Shares by the Promoters/ Promoter Group and the Directors of the Company or directors of the Promoters during a period of six months preceding the date of filing of this Red Herring Prospectus with RoC:

S. No.	Name of Transferor	Name of Transferee	Date of Transfer	No. of Equity Shares	Price per Equity Share (in Rs.)
1.	Visa Comtrade AG	Visa Minmetal AG	December 26, 2005	23,466,667	10

- Refer to the notes to our financial statements relating to related party transactions in the section titled "Financial Statements" beginning on page 113 of this Red Herring Prospectus.
- For interest of our Promoter/Directors/Key Managerial Personnel and other ventures promoted by Promoters, please refer to sections titled "Risk Factors", "Our Promoters" and "Our Promoter Group Companies". "Our Management" and "Financial Statements" beginning on pages i,102,139,79 and 113 of this Red Herring Prospectus,
- Investors are advised to refer to the section titled "Basis of Issue Price" beginning on page 36 of this Red Herring Prospectus.
- Trading in Equity Shares of our Company for all the investors shall be in dematerialised form only.
- Any clarification or information relating to the Issue shall be made available by the BRLMs, our Company and our Compliance Officer to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.
- Our Company was incorporated on September 10, 1996 as VISA INDUSTRIES LIMITED under the Companies Act, 1956. Our name was changed from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED with effect from May 4, 2005. Our Company has been involved in the manufacturing, trading and logistics of raw materials and products relating to the iron and steel industry. Therefore, the change of name from "VISA INDUSTRIES LIMITED" to "VISA STEEL LIMITED" with effect from May 4, 2005 was to more accurately convey the current business profile of our Company, and not for indicating shift to a different line of business. There has been no amendment in the Objects clause of the Memorandum of Association of our Company to carry on activities as reflected by our new name.

Investors should note that in case of oversubscription in the Issue, Allotment will be made on a proportionate basis to Qualified Institutional Bidders, Retail Individual Bidders and Non Institutional Bidders. For details, please refer to the sub-section titled "Basis of Allotment" beginning on page 202 of this Red Herring Prospectus.

SECTION III – INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapters titled "Risk Factors" and "Financial Statements" and related notes beginning on pages i and 113 of this Red Herring Prospectus before deciding to invest in our Equity Shares.

INDUSTRY OVERVIEW

Our current saleable products include pig iron, chrome concentrates, chrome ore powder, LAM coke, coking coal, steam coal and iron ore fines. We are currently manufacturing pig iron, chrome concentrate and chrome ore powder and we will be shortly commencing the production of LAM coke. Going forward, as stated in the "Objects of the Issue" and "Our Business Overview" sections beginning on page no. 26 and 52 of this Red Herring Prospectus respectively, we intend to expand our manufacturing facilities to include special and stainless steel and ferro chrome in our product portfolio.

All these products form part of the steel industry.

GLOBAL STEEL INDUSTRY

- The steel industry can be broadly stucutred into two product segments – (1) mild steel and (2) special and stainless steel. In 2004, out of the total world crude steel production, mild steel accounted for approximately 91% by volume and 80% by value whereas special and stainless steel sector accounted for approximately 9% by volume and contributed approximately 20% by value. (Source: Metal Bulletin and SMR First Asian Stainless and Special Steel Conference)
- Global crude steel production exceeded 1.0 billion tonnes for the first time in 2004, with an annual growth of over 6% over each of the last three years. This exceptional growth was driven by the demand generated by the Chinese economy. The growth of the steel industry is closely linked to the global economic growth rate, in particular driven by the steel consuming sectors such as infrastructure, manufacturing, construction, housing and automobile. Countries with a high and stable growth in GDP, therefore provides good opportunities for the steel industry. Since half the world's population lives in high growth areas such as India and China, the steel industry is likely to continue to witness good growth rates. (Source: International Iron & Steel Institute)

OVERVIEW OF INDIAN STEEL INDUSTRY

India is the world's 9th largest steel producer, with a production of approximately 38 million tonnes during the FY'05 with a CAGR of about 7% p.a over the last 15 years. India has a consumption of 36 million tonnes, which amounts to per capita consumption of 32 kg, against a world average of 150 kg and developed world average of 350 kg. This low per capita consumption, combined with a high population and strong GDP growth, demonstrates the huge untapped potential of India. The steel production is expected to grow from the current 38 million tonnes during FY'05 to 65 million tonnes by FY'12 and 110 million tonnes by FY'20, which implies a CAGR of 7.3% per annum. (Source: India's National Steel Policy, 2005)

BUSINESS OVERVIEW

We are a multi-product Company with a product portfolio including Pig Iron, Coke, Coking Coal, Steam Coal, Chrome Concentrates and Iron Ore Fines. We manufacture Pig Iron from the Blast Furnace at our Kalinganagar Plant, commissioned in a period of 11 months, which we believe is better than the industry average for commissioning a blast furnace of similar capacity and configuration. We produce Chrome Concentrates at our Golagaon Plant. We are currently setting up a stamp-charged heat-recovery Coke Oven plant, which is expected to be commissioned in first half of 2006.

We achieved sales revenue of approximately Rs. 2520 million during the financial year 2004-05 and revenue of approximately Rs. 2977 million during the 9 months period ended on December 31, 2005 and EBITDA of approximately Rs. 132 million and approximately Rs. 279 million, respectively.

We started in 1999 by setting up a Chrome Ore Beneficiation Plant for processing low-grade chrome ore to value add into chrome concentrates for exports. We are also procuring iron ore fines from various mining companies and handling the logistics of rail and road movement to Haldia and Paradip Ports for exports. We also import steam coal, coking coal and coke from Australia, South Africa, Indonesia and China for onward sales to domestic consumers in steel, power and cement sectors.

In December 2003 we signed a MoU with the Government of Orissa for setting up an integrated special and stainless steel plant at Kalinganagar Industrial Complex. We started by setting up a 250 cbm (working volume) Blast Furnace at a capital cost of approximately Rs. 960 million with Tata Korf / SMS Demag technology for producing 225,000 TPA pig iron. The basic grade pig iron is sold to various steel plants in eastern India and foundry grade pig iron to major customers in eastern and northern India.

The stamp-charging technology of our coke oven plant allows blending of low cost soft coking coals with hard coking coals, thereby reducing the average input cost and producing good quality coke. The coke will partly be used for captive consumption in our proposed integerated steel plant and balance will be sold to various customers including Blast Furnaces, Ferro Alloy Plants and Foundries across India.

We intend to expand our existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant by setting up the following units in addition to the already commissioned Blast Furnace and under-implementation coke oven plant at our Kalinganagar Plant:

- 50,000 TPA Ferro Chrome plant: - We are setting up 2 x 16.5 MVA Submerged Arc Furnace with indigenous Technology for producing Ferro Chrome which is used for making Stainless Steel.
- 300,000 TPA Sponge Iron plant :- We are setting up 2 x 500 TPA Sponge Iron Kilns for producing DRI (Direct Reduced Iron) which shall be used as a feed for steel making in our special and stainless steel plant.
- 50 MW Waste Heat Recovery Power plant: - We are installing 2 x 25 MW Waste Heat Recovery Power Plants. 25 MW is expected to be generated from waste gases of Blast Furnace and Coke Oven whereas another 25 MW is expected to be generated from waste gases of Sponge Iron Plant.
- 0.5 million TPA Special & Stainless Steel plant :- We are setting up a 70 / 80 tonnes Electric Arc Furnace (EAF) with AOD, LRF, VD/VOD and Continuous Casting Machine for producing special and stainless steel.

OUR STRATEGY

- Our long term objective is to become one of the leading low cost and efficient producers of special and stainless steel products. To achieve this objective, we are implementing a business strategy with the following key components:

BE A LOW COST PRODUCER

We intend to become a low cost producer of special and stainless steel through setting up an integrated facility, securing raw material linkage and achieving economies of scale.

(a) *Full Integration:* Invest in manufacturing and mining operations to become fully integrated, thereby ensuring stability in operations and higher utilisation rates.

(b) *Raw Material Linkage:* Secure control over our key raw materials such as iron ore, chrome ore, steam coal and coking coal through investments and strategic tie-ups to ensure consistent supply of good quality raw materials at low cost.

- We have already set up a subsidiary Company – GHOTARINGA MINERALS LIMITED for developing a chrome ore deposit in Dhenkanal, Orissa.
- We have been identified as a joint allocatee for the Patrapara Coal Block at Talcher, Orissa.
- We have also applied for several iron ore deposits.
- Promoter Group company has invested in Millennium Coal Pty Limited, Australia and secured coking coal requirement.

(c) *Scale:* Expand operating capacity to achieve economies of scale.

- We have acquired additional adjoining land at our Kalinganagar Plant for future expansion. Currently we are developing infrastructure at our site at Kalinganagar Industrial Complex adequate for our possible future expansion, enabling us to add additional capacity at short notice and at lower incremental cost.
- In addition to Orissa, we have positioned for expanding in other mineral-rich states in India, such as Chhattisgarh and Jharkhand.

- We signed a MoU dated March 5, 2003 with the Chhattisgarh State Industrial Development Corporation Limited (CSIDC) for setting up mine and plants at Raigarh for manufacturing of sponge iron, power, ferro-chrome, steel etc. As per the same MoU we will put up a merchant coal washery and Fluidised Bed Boiler (FBB) power plant at Korba.
- We are in discussions with the Govenrment of Jharkhand for setting up an integrated steel plant.

MAKE VALUE-ADDED NICHE PRODUCTS WITH FLEXIBLE PRODUCT MIX

(a) *Niche Products:* We intend to focus on high-end products for specialised applications with emphasis on special and stainless steel in order to cater to the increasing demand from infrastructure and construction, automobile and auto component industries.

- Infrastructure & Construction – It is projected that the Tenth Plan outlay for civil aviation is Rs. 129 billion, for roads is Rs. 597 billion, for telecom is Rs. 870 billion and for power is Rs. 1.76 trillion. This expected investment in infrastructure will create substantial demand for high quality steel products in the market.
- Automobile – India's automobile sector is expected to witness high growth, with many domestic and international automobile producers rapidly expanding their production capacities in India. With a view that the growth experienced in last 5 years shall continue at the same pace, there will be a 14% YoY growth in demand for Auto grade steel. Assuming vehicles would continue to use similar amount of steel (about 70% of total weight) the domestic demand of auto grade steel should reach about 5 million tonnes by 2015 from the present level of 1.5 million tonnes for producing cars, MUV's and LCV's. Further, India is likely to emerge as a major supplier of semi-finished auto grade steel to other countries.
- Auto Components – The size of the global auto component industry is USD 1.2 trillion, which is currently mostly located in higher cost countries. India is emerging as a global hub for outsourcing of auto components. The auto component production in India is likely to go up from USD 8.7 billion to USD 40 billion by 2015 at a CAGR of 16% per annum. The exports of auto components from India have witnessed a CAGR of over 19% per annum over the last 6 years and it is estimated that in the next 10 years the exports are likely to grow from USD 1.4 billion currently to about USD 20 billion by 2015 at a CAGR of 30% per annum.

(b) *Flexible Product Mix:* In order to maximize realization and cater to the dynamic market scenario, we have chosen a process route which allows a flexible product mix.

MODULAR EXPANSION

We intend to grow in a phased modular manner in order to achieve the following benefits:

(a) *Cash Flow:* Generate early cash flow by commissioning modules that allow production and sale of intermediary products (e.g. pig iron, coke, ferro chrome). This cash inflow can then be invested in implementation of subsequent modules.

(b) *Implementation:* Reduce implementation risk through lower level of investment exposure. Increase speed of implementation through a focused approach.

(c) *Stakeholder Confidence:* The implementation of our Blast Furnace within cost and time schedule has imparted confidence in our various stakeholders, including suppliers and lenders, and helped us in negotiating better terms for our fund requirement for subsequent modules.

OUR COMPETITIVE STRENGTHS

We believe that we enjoy certain key competitive strengths vis-à-vis our peer group companies which will help us to grow in future and eventually enable us to out perform others going forward. In our opinion, the following intangible and tangible factors, going forward, will play the roles of the key differentiators between us and our peers:

- Location
- Raw Material Linkage
- Technology
- Experience and global presence of our Promoter Group

- Strong Management Team
- Multi-product Portfolio

We believe that we have the following competitive strengths that will assist us in achieving our long term business objectives:

LOCATION

Typically, every ton of steel produced in an integrated steel plant requires 3 to 4 tonnes of raw material input. It is therefore important to be located close to raw materials to minimise transportation cost. Our Project manufacturing facilities are located at Kalinganagar Industrial Complex in the State of Orissa. This location is in close proximity to all key raw materials for iron and steel making including iron ore, coal and chrome ore.

The location is also in close proximity to infrastructural facilities including roads, railway, water and power.

a. *Port* – Paradip port is approximately 120 km away, which is an all weather deep draft port for import of coking coal and export of saleable products. Upcoming Dhamra port is approximately 100 km away.

b. *Rail* – Main Kolkata- Chennai line (Jakhapura Station) is approximately 2 km away. Upcoming Banspani-Jakhapura railway line is adjacent to the plant site.

c. *Road* – Approximately 1 km from National Highway. Upcoming State Express Highway is adjacent to our Plant.

d. *Power* – Duburi sub-station is approximately 10 km away.

e. *Water* – Brahmani river is approximately 5 km away.

RAW MATERIAL LINKAGE

It is essential to have an assured source of supply of raw material on a long term basis in order to insulate us from the fluctuations in availability of raw material, thus ensuring steady production. We have secured raw material linkages for iron ore, coal and chrome ore.

The Government of Orissa through a MoU signed with us dated December 26, 2003 has assured grant of iron ore mining lease. In the intervening period, we have signed long term agreements for supply of iron ore with OMDCL and Sesa Goa and are in discussions to sign another long term agreement with OMC.

We have also entered into a long term purchase agreement with our Promoter Group company Visa Comtrade AG for supply of 500,000 TPA coking coal on an arms length basis. Visa Comtrade AG has a strategic investment in Millennium Coal Pty Limited, Australia and have entered into an agreement with them for purchase of 500,000 TPA coking coal which is proposed to be supplied to us.

Our Company has been identified as a joint allocatee for the Patrapara coal block in Talcher Coalfields in Orissa.

We have set up a subsidiary company called GHOTARINGA MINERALS LIMITED for prospecting and developing a chrome ore deposit at Dhenkanal in Orissa and entered into a long term agreement with them for purchase of chrome ore.

EXPERIENCE AND GLOBAL PRESENCE OF OUR PROMOTER GROUP

Our Promoter Group is engaged in the business of international trading in coal (thermal & coking), LAM coke, pig iron & steel, minerals (chrome ore/ concentrates, iron ore, manganese ore, alumina) and ferro alloys for over a decade. The Group also provides chartering services for better logistics management.

This decade long experience in trading and logistics management of raw materials and products (both intermediate and final) of steel has enabled our Group to understand the cycle and demand dynamics of the international and domestic steel market. This experience has enabled us to forecast future demand positions of various categories of steel and respective by-products, future availability of raw materials required for steel production, expected price movement of raw materials as well as steel products.

We believe that, going forward, this experience will assist us:

- To better estimate the future demand for various categories of steel products and their by-products.
- To determine our product mix keeping the market trends in consideration.
- To better assess the price movement of our raw materials and thereby enable us to source the same at competitive prices.
- To source our raw materials from the geography/region where cost and quality is most competitive and to sell our products in the geography/region which offers the optimal net realization, by leveraging the global presence of our Promoter Group.

TECHNOLOGY

We are selecting world-class technology for all our steel making facilities. We have adopted the BF + DRI → EAF process route, which is a low cost production process, which leverages the availability of indigenous raw materials like iron ore and non-coking coal. Unlike the conventional electric arc furnaces that consume steel scrap and power in the manufacture of steel, our process will substitute most of the scrap requirement with hot metal and sponge iron. The use of hot metal will rationalise specific energy consumption in the manufacture of steel, reducing the cost of production.

The EAF – AOD – LRF – VD/VOD – CCM allows refining of steel to produce high quality niche products and a flexible product mix.

Our blast furnace has advanced features including stoves and blowers, which allows for lower coke rate and higher productivity.

The stamp-charging technology of our coke oven plant allows blending of low cost soft coking coals with hard coking coals, thereby reducing the average input cost and producing good quality coke.

The waste heat recovery power plants will utilize the waste heat gases to generate low cost power for captive consumption. It is estimated that the cost of power from the waste heat recovery power plant shall be approximately Re.1 per unit.

Consequent to aforesaid utilization of waste heat, our Company will become entitled to tradable carbon credits.

STRONG BOARD OF DIRECTORS AND MANAGEMENT TEAM

Our Chairman Mr. Vishambhar Saran (Former Director, Raw Materials (Commercial), Tata Steel Limited) has 35 years of experience in the iron and steel industry. Our Board of Directors includes Mr. M.S. Verma (Former Chairman, SBI), Mr. Arvind Pande (Former Chairman, SAIL), Mr. D.P. Bagchi (Former Chief Secretary, Government of Orissa), Mr. Pradip Kumar Khaitan (Partner, Khaitan & Co.), Dr. S.K. Tamotia (Former CMD, NALCO) and Mr. Shanti Narain (Former Member Traffic, Railway Board). The composition of our Board of Directors enables us to draw on their varied experience by providing strategic vision and good governance practices.

We are managed by a strong team of professionals with substantial projects and operations experience and have served leading organizations, particularly in the steel sector, prior to joining our Company.

The capability of our project team is well established from the fact that we have commissioned our existing blast furnace within a period of 11 months, which we believe is better than the industry average for commissioning a blast furnace of similar capacity and configuration. We believe that this skill will help us to execute our expansion plans in future projects in a timely and cost efficient manner.

The vision, industry knowledge and experience of the Board of Directors along with an experienced and energetic team of professionals are a powerful combination.

MULTI-PRODUCT PORTFOLIO

We are a multi-product Company with a product portfolio including Pig Iron, Coke, Coking Coal, Steam Coal, Chrome Concentrates and Iron Ore Fines. Our presence in the various aforesaid raw material and intermediate products provides us flexibility of shifting focus from one category to other depending upon the prevailing market scenario.

SUMMARY FINANCIAL DATA

You should read the following information together with the information contained in the Auditors' Report beginning on page 113 of this Red Herring Prospectus.

STATEMENT OF PROFIT AND LOSS, AS RESTATED

Rs. in Millions

Particulars	Nine months ended December 31	Year ended March 31				
	2005	2005	2004	2003	2002	2001
INCOME						
Sales & Services						
Sale of Products Manufactured by the Company	1,352.62	263.46	61.42	75.23	49.34	55.86
Sale of Products normally Traded by the Company	1,595.14	2,221.77	652.04	158.93	-	-
Sale of Products not normally Traded by the Company	-	-	-	-	9.60	-
Commission & Consultancy	29.64	35.25	-	8.42	5.23	-
	2,977.40	**2,520.48**	**713.46**	**242.58**	**64.17**	**55.86**
Other income	3.13	0.01	12.15	0.33	-	-
Increase/(Decrease) in Inventories	491.51	113.15	186.11	37.46	(13.39)	9.07
Total Income	**3,472.04**	**2,633.64**	**911.72**	**280.37**	**50.78**	**64.93**
EXPENDITURE						
Raw Materials consumed	1,087.31	84.32	59.38	40.41	18.78	40.97
Traded goods- Purchase	1,512.72	2,089.55	663.59	180.90	9.55	-
Traded goods Acquired on Amalgamation	-	34.82	-	-	-	-
Staff Cost	31.53	19.31	6.67	3.35	2.51	1.87
Customs & Excise Duty	227.86	7.95	0.79	8.01	0.49	1.31
Other Manufacturing Expenses	81.35	3.21	2.10	6.02	3.21	1.78
Administrative Expenses	89.93	68.26	34.42	8.24	3.07	2.64
Selling and Distribution Expenses	162.14	195.70	117.05	17.95	8.38	9.47
Interest & Finance Charges(Net)	92.97	7.19	0.84	3.49	3.03	3.22
Depreciation	35.39	4.68	1.96	1.94	1.39	0.81
Total Expenditure	**3,321.21**	**2,514.99**	**886.80**	**270.31**	**50.41**	**62.07**
Net Profit before Tax	**150.83**	**118.65**	**24.92**	**10.06**	**0.37**	**2.86**
Taxation - Current	32.39	10.00	7.30	0.90	(0.13)	0.28
(Net of excess provision written back for the period ended Dec'05 Rs. 0.11 Million and for the year ended Mar'02 Rs. 0.16 Million)						
- Deferred	13.36	43.03	1.94	3.50	-	-
- Fringe Benefit Tax	2.20	-	-	-	-	-
Net Profit after Tax	**102.88**	**65.62**	**15.68**	**5.66**	**0.50**	**2.58**
Impact on profit due to change in Accounting Policy for Inventories [Refer Note 2, Annexure 3]	-	1.21	(14.50)	13.43	(0.14)	-
Net Profit after Tax, As Restated	**102.88**	**66.83**	**1.18**	**19.09**	**0.36**	**2.58**

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in Millions

	Particulars	December 31	As at March 31				
		2005	2005	2004	2003	2002	2001
A.	**Fixed Assets**						
	Gross Block	1,043.24	883.23	51.59	48.06	44.01	19.57
	Less: Accumulated Depreciation	52.44	17.64	6.60	4.64	2.71	1.31
	Net Block	990.80	865.59	44.99	43.42	41.30	18.26
	Capital Work-in Progress	1,009.29	185.37	44.21	0.56	-	4.15
		2,000.09	**1,050.96**	**89.20**	**43.98**	**41.30**	**22.41**
B.	**Investments**	8.90	0.10	-	-	-	-
C.	**Current Assets, Loans & Advances**						
	Inventories	1,444.62	686.35	236.58	64.50	7.11	19.89
	Sundry Debtors	689.72	496.75	41.43	190.66	27.85	22.29
	Cash and Bank Balances	385.69	161.00	18.21	6.82	5.42	3.83
	Loans and Advances	316.74	209.49	78.30	15.85	15.43	1.42
	Other Current Assets	4.03	4.93	2.81	0.03	1.12	-
		2,840.80	**1,558.52**	**377.33**	**277.86**	**56.93**	**47.43**
	Total Assets (A+B+C)	**4,849.79**	**2,609.58**	**466.53**	**321.84**	**98.23**	**69.84**
D.	**Liabilities and Provisions**						
	Secured Loans	1,413.08	742.00	125.15	37.95	44.63	13.77
	Unsecured Loans	-	-	-	-	10.08	5.00
	Current Liabilities and Provisions	2,430.21	977.42	95.20	207.83	10.63	18.64
	Deferred Tax Liability	62.63	49.27	6.24	4.30	-	-
		3,905.92	**1,768.69**	**226.59**	**250.08**	**65.34**	**37.41**
E.	**Networth (A+B+C-D)**	**943.87**	**840.89**	**239.94**	**71.76**	**32.89**	**32.43**
	Represented by:						
	Equity Share Capital	750.00	750.00	70.51	50.51	30.51	30.51
	Share Application Money	-	-	146.41	-	-	-
	Reserves and Surplus	194.11	91.23	23.50	22.33	4.04	3.68
	Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	(0.24)	(0.34)	(0.48)	(1.08)	(1.66)	(1.76)
	Networth	**943.87**	**840.89**	**239.94**	**71.76**	**32.89**	**32.43**

THE ISSUE

Equity Shares being issued:	35,000,000 Equity Shares, constituting 31.82% of our post-Issue paid-up equity share capital.
Of which Promoter's Contribution[1]	 5,000,000 Equity Shares, constituting 4.55% of our post-Issue equity share capital.
Net Issue to Public[2]	30,000,000 Equity Shares constituting 27.27% of our post-Issue paid-up equity share capital.
Of which A) Qualified Institutional Buyers Portion	 15,000,000 Equity Shares, constituting not more than 50% of the Net Issue to Public.
B) Non-Institutional Portion	4,500,000 Equity Shares, constituting not less than 15% of the Net Issue to Public that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion	10,500,000 Equity Shares constituting not less than 35% of the Net Issue to Public that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	75,000,000 Equity Shares
Equity Shares outstanding after the Issue	110,000,000 Equity Shares
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" beginning on page 26 of this Red Herring Prospectus for additional information.

(1) The Promoter's Contribution in full shall be brought in at least one day prior to the opening of the Issue, at the higher end of the Price Band, as per Clause 4.9.1 of the SEBI Guidelines. Further, in terms of Clause 4.9.2, our Board will pass a resolution prior to the opening of the Issue for allotment of 5,000,000 Equity Shares at the price to be discovered through the Book-Building Process and the said shares will be allotted alongwith allotment of 30,000,000 Equity Shares under Net Issue to Public portion. In terms of Clause 4.9.3 of SEBI Guidelines, we will submit the copy of the said resolution along with a Chartered Accountants' certificate confirming bringing in of Promoters' contribution prior to the opening of the Issue. The said 5,000,000 Equity Shares will be locked-in for a period of 1 year from the date of allotment of Equity Shares in this Issue.

(2) Under-subscription, if any, in any of the categories in Net Issue to Public portion, would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLMs.

GENERAL INFORMATION

Registered Office of our Company

VISA STEEL LIMITED
11, Ekamra Kanan, Nayapalli
Bhubaneswar – 751 015, Orissa
Tel: + 91 674 2552479
Fax: + 91 674 2554662

Registration Number: Our company registration number at the time of our incorporation was 15-04601 of 1997. Pursuant to change of name from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED, we were allotted CIN No. U13209OR1996PLC004601

Our Company is registered with the Registrar of Companies, Orissa, situated at Chalachitra Bhawan, II Floor, OSDC, Buxi Bazar, Cuttack, Orissa – 753 001.

Corporate Office of our Company:

VISA STEEL LIMITED
VISA House, 8/10, Alipore Road,
Kolkata – 700 027, West Bengal
Tel.: +91 33 24567374
Fax: +91 33 24567219

Board of Directors

Our current Board of Directors consists of the following:

S. No.	Name of Director	Designation
1.	Mr. Vishambhar Saran	Chairman
2.	Mr. Vishal Agarwal	Managing Director
3.	Mr. Maya Shanker Verma	Director
4.	Mr. Arvind Pande	Director
5.	Mr. Debi Prasad Bagchi	Director
6.	Mr. Pradip Kumar Khaitan	Director
7.	Dr. Shailendra Kumar Tamotia	Director
8.	Mr. Shanti Narain	Additional Director
9.	Mr. Vikas Agarwal	Director
10.	Mr. Vivek Agarwal*	Director

* Ms. Saroj Agarwal has been appointed as an Alternate Director for Mr. Vivek Agarwal vide resolution passed at the meeting of our Board of Directors held on December 25, 2005.

For further details of our Board of Directors, please refer to the chapter titled "Our Management" beginning on page 76 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Manoj Kumar Digga
Chief Financial Officer and Company Secretary
VISA STEEL LIMITED
VISA House, 8/10, Alipore Road
Kolkata – 700 027
West Bengal
Tel.: +91 33 24567374
Fax: +91 33 24567218
Email: manoj.digga@visasteel.com

Registrar to the Issue

Karvy Computershare Private Limited
BP ID: IN 200800
Karvy House, 46 Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034
Tel.: +91 40 2331 2454
Fax: +91 40 2331 1968
E-mail: chauhan@karvy.com
Contact Person: Mr. I.D. Chauhan
Website: www.karvy.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Book Running Lead Managers (BRLMs)

Enam Financial Consultants Private Limited
801, Dalamal Tower
Nariman Point
Mumbai 400 021.
Tel: +91 22 5638 1800
Fax: +91 22 2284 6824
E-mail: visa.ipo@enam.com
Contact Person: Mr. Amit Jain
Website: www.enam.com

JM Morgan Stanley Private Limited
141 Maker Chambers III
Nariman Point
Mumbai 400 021
Tel: +91 22 5630 3030
Fax: +91 22 5630 1694
E-mail: visa.ipo@jmmorganstanley.com
Contact Person: Mr. Vibhor Kumar
Website: www.jmmorganstanley.com

Legal Advisor to the Company

M/s. Khaitan & Co.
Meher Chambers
4th & 5th Floors, R.K. Marg
Ballard Estate, Mumbai – 400 038
Tel.: +91 22 5636 5000
Fax: +91 22 5636 5050
E-mail: bom@khaitanco.com

Legal Advisor to the Underwriters

M/s. Crawford Bayley & Co.
State Bank Buildings, 4th Floor
N. G. N. Vaidya Marg
Fort, Mumbai - 400 023
Tel.: +91 22 2266 3713
Fax: +91 22 2266 0355
E-mail: sanjay.asher@crawfordbayley.com

Syndicate Members

Enam Securities Private Limited
801, Dalamal Towers
Nariman Point
Mumbai 400 021
Tel: +91 22 5638 1800
Fax: +91 22 2284 6824
E-mail: visa.ipo@enam.com
Contact Person: Mr. M. Natarajan
Website: www.enam.com

JM Morgan Stanley Financial Services Private Limited
Apeejay House
3, Dinshaw Vaccha Road
Churchgate
Mumbai 400 020
Tel: +91 22 5504 0404
Fax: +91 22 5654 1511
E-mail: visa.ipo@jmmorganstanley.com
Contact Person: Mr. Deepak Vaidya
Website: www.jmmorganstanley.com

Bankers to the Issue and Escrow Collection Banks

HDFC Bank Limited
Abhilasha–II,1st Floor,
6 Royd Street,
Kolkata–700 016
Tel : +91 33 22273761
Fax : +91 33 22273765
Contact Person: Anish Gandhi
Email Id: anish.gandhi@hdfcbank.com
Website: www.hdfcbank.com

ICICI Bank Limited
Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai - 400 001
Tel : +91 22 22655285
Fax .: +91 22 22611138
Contact Person: Mr. Sidhartha Sankar Routray
Email id: sidhartha.routray@icicibank.com
Website: www.icicibank.com

Standard Chartered Bank
270, D.N.Road,
Fort, Mumbai 400001
Tel : +91 22 22683965 / 22092213
Fax : +91 22 22096067/8
Contact Person: Mr. Banhid Bhattacharya
Email id: banhid.bhattacharya@in.standardchartered.com
Website: www.standardchartered.com

The Hongkong & Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road,
Mumbai – 400 001
Tel.: +91 22 2268 1673 / 2268 1290
Fax: +91 22 2273 4388
Contact Person: Dhiraj Bajaj
E-mail: dhirajbajaj@hsbc.co.in
Website: www.hsbc.co.in

Statutory Auditors

M/s. Lovelock & Lewes
Chartered Accountants
Salt Lake Centre, Plot No. Y-14
Block-EP, Sector – V
Salt Lake Electronic Complex
Kolkata – 700 091
Tel. : +91 33 2357 9260
Fax : +91 33 2357 7496
E-mail:pallab.paul@in.pwc.com

Bankers to the Company

State Bank of India
Reliance House, 2nd Floor
34, Jawaharlal Nehru Road
Kolkata 700 071
Tel.: +91 33 2288 9153
Fax : +91 33 2288 7037
E-mail: virendra.mittal@sbi.co.in

UCO Bank
Industrial Finance Branch,
3 N.S. Road, Kolkata 700 001
Tel.: +91 33 2248 0698
Fax :+91 33 2248 0770
E-mail: bo.ibbcal@ucobank.co.in

Syndicate Bank
8B Alipore Road,
Kolkata 700 027
Tel. : +91 33 2456 2323
Fax : +91 33 2456 2323
E-mail: syncalzo@cal.vsnl.net.in

ICICI Bank Limited
Rasoi Court,
20 Sir R. N. Mukherjee Road,
Kolkata 700 001
Tel.: +91 33 2242 9104
Fax: +91 33 2242 9083
E-mail: niraj.jindal@icicibank.com

Allahabad Bank
Industrial Finance Branch,
Kishore Bhawan, 4th Floor
17, R.N. Mukherjee Road
Kolkata 700001
Tel.: +91 33 2213 1003
Fax : +91 33 2213 1004
E-mail: ifbcal@allahabadbank.co.in

Oriental Bank of Commerce
Park Street Branch,
107/1, Park Street,
Kolkata 700 016
Tel. : +91 33 2226 7732
Fax : +91 33 2226 4823
E-mail: pksarangi@obc.co.in

Hong Kong and Shanghai Banking Corporation
31 B.B.D. Bagh, Kolkata 700 001
Tel. : +91 33 2254 2065
Fax : +91 33 2248 5686
E-mail: siddhathsharma@hsbc.co.in

Statement of Inter Se Allocation of Responsibilities for the Issue among the Book Running Lead Managers, Enam Financial Consultants Private Limited and JM Morgan Stanley Private Limited is set forth below:

Inter Se Allocation of Responsibilities			
No.	**Activities**	**Responsibility**	**Co-ordinator**
1	Capital structuring with relative components and formalities.	Enam, JMMS	Enam
2	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	Enam, JMMS	Enam
3	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including ad media, corporate advertisement, brochure, etc.	Enam , JMMS	Enam
4	Appointment of the Registrar and Bankers.	Enam, JMMS	Enam
5	Appointment of the printer and advertising agency.	Enam, JMMS	Enam
6	Non-Institutional and Retail Marketing of the Issue, which will cover, *inter alia*, • Formulating marketing strategies, preparation of publicity budget; • Finalizing media and PR strategy; • Finalizing centers for holding conferences for brokers, etc. • Finalizing underwriters and underwriting arrangement • Invoking under writing obligation in the event of undersubscription and ensuring that underwriter pay the amount devolvement.	Enam, JMMS	JMMS

Inter Se Allocation of Responsibilities			
No.	**Activities**	**Responsibility**	**Co-ordinator**
	• Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material; and • Finalize collection centers/brokers to issue. • Coordination with stock exchanges for all activities in relation to biddings and related activities		
7	Domestic institutional marketing of the Issue, which will cover, *inter alia*, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	Enam, JMMS	JMMS
8	International institutional marketing of the Issue, which will cover, *inter alia*, • Finalizing the list and division of investors for one to one meetings; and • Finalizing road show schedule and investor meeting schedules.	Enam	Enam
9	Finalisation of pricing in consultation with Company.	Enam, JMMS	JMMS
10	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of basis of allotment/weeding out of multiple application/ listing of instruments and despatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Company.	Enam, JMMS	JMMS

Credit Rating

As this is an Issue of Equity Shares there is no credit rating for this Issue.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

As the net proceeds of the Issue will be less than Rs. 5,000 million, under the SEBI Guidelines it is not required that a monitoring agency be appointed by the Company. However, we have appointed Syndicate Bank as the monitoring agency for utilization of funds for this Project.

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of this Red Herring Prospectus. This Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

(1) Our Company;

(2) Book Running Lead Managers, in this case being Enam Financial Consultants Private Limited and JM Morgan Stanley Private Limited

(3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters, in this case being Enam Securities Private Limited and JM Morgan Stanley Financial Services Private Limited.

(4) Registrar to the Issue, in this case being Karvy Computershare Private Limited.

SEBI, through its guidelines, has permitted the issue of securities to the public through the 100% Book Building Process, wherein not more than 50% of the Net Issue to Public shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, at least 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

Pursuant to recent amendments in SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date. For further details, please refer to see the chapter titled "Terms of the Issue" beginning on page 183 in this Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the section titled "Issue Procedure" beginning on page 186 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected on this ground.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 21 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 21. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Orissa, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Orissa.)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Enam Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai 400 021 Tel: +91 22 5638 1800 Fax: +91 22 2284 6824 E-mail: visa.ipo@enam.com	[•]	[•]
Enam Securities Private Limited 801, Dalamal Tower, Nariman Point, Mumbai 400 021 Tel: +91 22 5638 1800 Fax: +91 22 2284 6824 E-mail: visa.ipo@enam.com	[•]	[•]
JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai – 400 021 Tel: +91 22 5630 3030 Fax: +91 22 5630 1694 E-mail: visa.ipo@jmmorganstanley.com	[•]	[•]
JM Morgan Stanley Financial Services Private Limited Apeejay House 3, Dinshaw Vaccha Road Churchgate Mumbai 400 020 Tel: +91 22 5504 0404 Fax: +91 22 5654 1511 E-mail: visa.ipo@jmmorganstanley.com	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalised after pricing. The above underwriting agreement is dated [•].

In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to section titled "Other Regulatory and Statutory Disclosures" beginning on page 174 of this Red Herring Prospectus.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below.

Share Capital as on the date of filing of this Red Herring Prospectus	**Amount in Rs. in Million**	
	Aggregate Value at Nominal Price	**Aggregate Value at Issue Price**
A. Authorised Capital		
160,000,000 Equity Shares of Rs. 10/- each	1,600.00	
B. Issued, Subscribed and Paid-up Capital before this Issue		
75,000,000 Equity Shares	750.00	
C. Present Issue to the public in terms of this Red Herring Prospectus		
35,000,000 Equity Shares (of face value of Rs. 10/- each and paid up value of Rs. 10/- each)	350.00	[•]
Out of which		
(I) **Promoters Contribution -** 5,000,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share(1)	50.00	[•]
(II) **Net Issue to Public -** 30,000,000 Equity Shares of Rs. 10/- each at a premium of Rs. [•]/- per share	300.00	[•]
D. Issued, Subscribed and Paid-up Capital after this Issue		
110,000,000 Equity Shares (of face value of Rs. 10/- each and paid up value of Rs. 10/- each)	1,100.00	
E. Securities Premium Account(2)		
Before this Issue	Nil	
After this Issue	[•]	

(1) Visa Minmetal AG, our Promoter, will be participating in the Issue to the extent of 5,000,000 Equity Shares constituting 4.55 % of our post-Issue paid-up Equity Share capital. The Promoters Contribution in full shall be brought in atleast one day prior to the Bid/Issue Opening Date, at the higher end of the Price Band, in terms of clause 4.9.1 of the SEBI Guidelines, and shall be deposited in an Escrow Account with an Escrow Collection Bank and the same shall be released along with the Issue proceeds. Further, in terms of Clause 4.9.2, our Board will pass a resolution prior to opening of Issue for allotment of 5,000,000 Equity Shares at a price to be discovered through the Book Building Process and the said Equity Shares will be allotted alongwith the allotment of 30,000,000 Equity Shares under the Net Issue to the Public portion. The said 5,000,000 Equity Shares will be locked in for a period of one year from the date of allotment of Equity Shares in this Issue.

(2) The amount standing in the Securities Premium Account, on a pre-Issue basis, is Rs. Nil. The increase in the Securities Premium Account as a result of the Issue will be completed only after the Issue Price is determined.

Our Company was incorporated with an authorised share capital of Rs. 160 million divided into 16 million Equity Shares of Rs. 10 each. The authorised share capital was increased to Rs. 500 million divided into 50 million Equity Shares of Rs. 10 each pursuant to an ordinary resolution passed at the EGM held on May 10, 2004. This was further increased to Rs. 1000 million divided into 100 million Equity Shares of Rs. 10 each pursuant to a special resolution passed at the EGM held on September 30, 2004. The authorised share capital was further increased to Rs.1600 million divided into 160 million Equity Shares of Rs. 10 each pursuant to a special resolution passed at the EGM held on November 18, 2005.

1. Share Capital History of the Company

Date of Allotment	No. of Equity Shares	Cumulative No. of Shares	Face Value per Equity Share (in Rs.)	Issue Price per Equity Share (in Rs.)	Nature of payment of consid-eration	Particulars	Cumulative Securities Premium Account (Rs.)
September 10, 1996	700	700	10	10	Cash	Subscription to the Memorandum	NIL
February 26, 1997	250,000	250,700	10	10	Cash	Further issue of Equity Shares	NIL
December 30, 1998	1,750,000	2,000,700	10	10	Cash	Further issue of Equity Shares	NIL
March 31, 2000	300,000	2,300,700	10	10	Cash	Further issue of Equity Shares	NIL
June 21, 2000	300,000	2,600,700	10	10	Cash	Further issue of Equity Shares	NIL
October 30, 2000	450,000	3,050,700	10	10	Cash	Further issue of Equity Shares	NIL
November 2, 2002	2,000,000	5,050,700	10	10	Cash	Further issue of Equity Shares	NIL
December 31, 2003	2,000,000	7,050,700	10	10	Cash	Further issue of Equity Shares	NIL
June 16, 2004	37,250,000	44,300,700	10	10	Cash	Further issue of Equity Shares	NIL
December 15, 2004	8,360,000	52,660,700	10	Amalga mation*	Amalg amation*	Amalgamation*	NIL
February 22, 2005**	22,339,300	75,000,000	10	10	Cash	Further issue of Equity Shares	NIL
Total		**75,000,000**					**NIL**

* - Equity Shares issued to shareholders of Visa Energy Resources Limited in the ratio one Equity Share of our Company for every one fully paid-up equity share of Rs. 10/- each held by them in the erstwhile Visa Energy Resources Limited as consideration for, and pursuant to amalgamation of Visa Energy Resources Limited into our Company w.e.f April 1, 2004.

**- Our Company has issued 22,339,300 Equity Shares to our Promoters (VISA Minmetal AG – 20,245,500 Equity Shares, VISA International Limited – 1,203,800 Equity Shares and other corporate entities namely South East Minerals Private Limited - 235,000; Far East Metals Private Limited - 170,000 and Far East Minerals Private Limited – 485,000) on February 22, 2005 at a price of Rs. 10/- per Equity Share, which is less than the Issue Price.

Details of the name of the allottees are given in the following table:

Date of Allotment	No. of Equity Shares	Particulars	
		Names of allottees	No. of Equity Shares
September 10, 1996	700	Vishambhar Saran	100
		Saroj Agarwal	100
		Vishal Agarwal	100
		Vikas Agarwal	100
		Vivek Agarwal	100
		Sandeep Bhargava	100
		Anirudh Misra	100
February 26, 1997	250,000	Vishambhar Saran	32,500
		Saroj Agarwal	32,500
		Visa Resources Limited 1	25,000
		Visa Agro Industries Limited	60,000
December 30, 1998	1,750,000	Vishambhar Saran	72,500
		Saroj Agarwal	37,500
		Vishal Agarwal	20,000
		Vikas Agarwal	20,000
		Vivek Agarwal	20,000
		Vishambhar Saran & Sons HUF	20,000
		Visa International Limited	1,560,000
March 31, 2000	300,000	Visa International Limited	300,000
June 21, 2000	300,000	Visa International Limited	300,000
October 30, 2000	450,000	Visa International Limited	450,000
November 2, 2002	2,000,000	Visa Comtrade AG	2,000,000
December 31, 2003	2,000,000	Visa International Limited	2,000,000
June 16, 2004	37,250,000	Visa International Limited	18,250,000
		Visa Comtrade AG	19,000,000
December 15, 2004	8,360,000	Visa International Limited	4,360,000
		South East Minerals Private Limited	586,667
		Far East Metals Private Limited	586,666
		Far East Minerals Private Limited	360,000
		Visa Comtrade AG	2,466,667
February 22, 2005	22,339,300	Visa Minmetal AG	20,245,500
		South East Minerals Private Limited	235,000
		Far East Metals Private Limited	170,000
		Far East Minerals Private Limited	485,000
		Visa International Limited	1,203,800
Total	75,000,000		

2. **Promoters Contribution and Lock-In**

Details of Promoters contribution made by Visa International Limited which will be locked-in for three years:

Date on which Equity Shares were allotted/ transferred and made fully paid up	Number of Equity Shares	Face Value (in Rs)	Issue/ Transfer price in Rs.	Consideration (cash, bonus, consideration other than cash)	Percentage of pre-Issue paid-up capital	Percentage of post-Issue paid-up capital
December 30, 1998	212,867	10	10	Cash	0.28%	0.19%
March 31, 2000	300,000	10	10	Cash	0.40%	0.27%
June 21, 2000	300,000	10	10	Cash	0.40%	0.27%
October 30, 2000	450,000	10	10	Cash	0.60%	0.41%
December 31, 2003	2,000,000	10	10	Cash	2.67%	1.82%
June 16, 2004	18,250,000	10	10	Cash	24.33%	16.59%
December 15, 2004	487,133	10	10.10	Issued pursuant to Amalgamation	0.65%	0.44%
TOTAL	**22,000,000**				**29.33%**	**20.00%**

In accordance with SEBI Guidelines, 22,000,000 Equity Shares held by Visa International Limited as the Promoter as indicated hereinabove shall be locked in for three years from the date of allotment of Equity Shares in this Issue. The entire balance pre-Issue equity share capital of our Company shall be locked in for a period of one year from the date of the allotment of Equity Shares in this Issue. Further, 5,000,000 Equity Shares to be subscribed by the Visa Minmetal AG in this Issue which will constitute 4.55% of the post Issue paid-up capital shall be locked-in for a period of one year from the date of allotment in this Issue.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. The locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

3. **Except as stated below, there have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Company or directors of the Promoters during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI:**

S. No.	Name of Transferor	Name of Transferee	Date of Transfer	No. of Equity Shares	Price per Equity Share (in Rs.)
1.	Visa Comtrade AG	Visa Minmetal AG	December 26, 2005	23,466,667	10

4. **Shareholding pattern of the Company prior and post this Issue**

Name of the Shareholders	Pre-Issue Equity Capital			Post-Issue Equity Capital	
		Number of Equity Shares	%	Number of Equity Shares	%
Promoters					
Visa Minmetal AG		51,212,167	68.28	56,212,167	51.10
Visa International Limited*:		23,787,833	31.72	23,787,833	21.63
Consisting of: Shares held in own name	23,532,233				
Shares held by others, beneficial interest being with Visa International Limited	255,600				
Total Promoters holding		**75,000,000**	**100.00**	**80,000,000**	**72.73**
Non-Promoter					
Public		-	-	30,000,000	27.27
Total		**75,000,000**	**100.00**	**110,000,000**	**100.00**

* To comply with the requirements of the Companies Act as regards minimum number of members of public limited companies, some of the Equity Shares beneficially held by our Promoter, Visa International Limited, are held in our Company's books by our Directors and others as mentioned below. The requisite declarations under Section 187-C of the Companies Act have been filed by our Company with the RoC. The details of these Equity Shares are as follows:

S. No.	Names of holders	No. of Equity Shares
1	Mr. Vishambhar Saran**	105,100
2	Ms. Saroj Agarwal**	70,100
3	Mr. Vishal Agarwal**	20,100
4	Mr. Vikas Agarwal**	20,100
5	Mr. Vivek Agarwal**	20,100
6	Mr. Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF	20,100
	Total	**255,600**

* directors of promoter companies

5 **a) Particulars of top ten shareholders on the date of filing this Red Herring Prospectus with RoC**

Serial No.	Name of the shareholder	Number of Equity Shares
1.	Visa Minmetal AG	51,212,167
2.	Visa International Limited*	23,532,233
3.	Mr. Vishambhar Saran*	105,100
4.	Ms. Saroj Agarwal*	70,100
5.	Mr. Vishal Agarwal*	20,100
6.	Mr. Vikas Agarwal*	20,100
7.	Mr. Vivek Agarwal*	20,100
8.	Mr.Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF *	20,100

* To comply with the requirements of the Companies Act as regards minimum number of members of public limited companies, some of the Equity Shares beneficially held by our Promoter, Visa International Limited, are held in our Company's books by our Directors and others as mentioned in No. 2 to 8 above. The holding of Visa International Limited above does not reflect shares beneficially held by it, and held by its nominees as mentioned in No. 3 to 8.

5 **b) Particulars of all the shareholders ten days prior to filing this Red Herring Prospectus with RoC**

Serial No.	Name of the shareholder	Number of Equity Shares
1.	Visa Minmetal AG	27,745,500
2.	Visa International Limited*	23,532,233
3.	Visa Comtrade AG	23,466,667
4.	Mr. Vishambhar Saran*	105,100
5.	Ms. Saroj Agarwal*	70,100
6.	Mr. Vishal Agarwal*	20,100
7.	Mr. Vikas Agarwal*	20,100
8.	Mr. Vivek Agarwal*	20,100
9.	Mr. Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF *	20,100

*- To comply with the requirements of the Companies Act as regards minimum number of members of public limited companies, some of the Equity Shares beneficially held by our Promoter, Visa International Limited, are held in our Company's books by our Directors and others as mentioned in No. 2 and 4 to 9 above. The holding of Visa International Limited above does not reflect shares beneficially held by it, and held by its nominees as mentioned in 4 to 9 above.

5 **c) Particulars of the top shareholders 2 years prior to the date of filing of this Red Herring Prospectus with RoC**

Serial No.	Name of the shareholder	Number of Equity Shares
1.	Visa International Limited*	4,795,100
2.	Visa Comtrade AG	2,000,000
3.	Mr. Vishambhar Saran*	105,100
4.	Ms. Saroj Agarwal*	70,100
5.	Mr. Vishal Agarwal*	20,100
6.	Mr. Vikas Agarwal*	20,100
7.	Mr. Vivek Agarwal*	20,100
8.	Mr. Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF *	20,100

*- To comply with the requirements of the Companies Act as regards minimum number of members of public limited companies, some of the Equity Shares beneficially held by our Promoter, Visa International Limited, are held in our Company's books by our Directors and others as mentioned in Nos. 1 and 3 to 8 above. The holding of Visa International Limited above does not reflect shares beneficially held by it, and held by its nominees as mentioned in 3 to 8 above

6. Our Company, its Directors, our Promoters, our Promoter Group Companies, their respective Directors and the BRLMs to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares of the Company from any person.
7. The total number of members of our Company as on the date of filing this Red Herring Prospectus is 8 (eight).
8 Our Company has not raised any bridge loan against the proceeds of this Issue.
9. In the case of over-subscription in all categories, not more than 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above this Issue Price. Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLMs.
10. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares being issued through this Red Herring Prospectus are listed.
11. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
12. Our Company has not revalued its assets since inception.
13. Our Company has not capitalized any of its reserves since inception.
14. A Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
15. Our Company undertakes that at any given time, there shall be only one denomination for the Equity shares of the Company and that our Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.

16. As on the date of filing of this Red Herring Prospectus with SEBI, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked in by our Promoter(s) are not pledged to any party. The locked-in Equity Shares held by our Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

17. In respect of various agreements entered into by our Company with the lenders and sanction letters issued by our lenders to us for the Project, we are bound by certain restrictive covenants regarding capital structure and other restrictive covenents. As per the loan agreements and sanction letters, we require written consent from the lenders, for certain restrictive covenants, amongst others, including formulation of any scheme of amalgamation or reconstruction, effecting any change in our capital structure, undertaking any new project, implementation of any scheme of expansion or acquisition of fixed assets except those indicated in the funds flow statements submitted to the lender from time to time and approved by the lender, investing by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies), invest/deposit/lend funds to group/family/other corporate bodies/firms/persons, change in remuneration payable to Directors either in the form of sitting fees or otherwise, entering into borrowing arrangements either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits apart from the arrangements approved by our lender, undertaking guarantee obligation on behalf of any other concerns or company/ firm/ persons including sister/ associate concerns, declaration of dividend for any year except out of profits relating to that year after making all due and necessary provisions and subject to no default in repayment obligations, sale, assignment, mortgage or other disposal of any of our fixed assets charged to the lenders, permitting any transfer of controlling interest or make any drastic change in the management set-up, undertake any trading activity other than the sale of products arising out of its manufacturing operations, non-withdrawal of monies brought in by principal shareholders/depositors/Directors, non-payment of guarantee commission to the guarantors whose guarantees have been stipulated/furnished for the credit limits sanctioned by our lenders, utilisation of credit facilities only for the purposes for which the facilities have been granted, etc. Further, in respect of certain sanctioned limits to us for the Project, our bankers can withdraw/stop financial assistance for the whole/any part of the sanctioned limits at any stage, for any reason including non-drawal of limits, without giving any reason therefor.

    Pursuant to the aforesaid covenants we have obtained the following prior written approvals from the lenders:

S. No.	Name of bank	Letter dated
1.	State Bank of India	December 17, 2005
2.	UCO Bank	December 21, 2005
3.	Syndicate Bank	December 6, 2005
4.	ICICI Bank Limited	December 9, 2005
5.	Oriental Bank of Commerce	December 23, 2005
6.	Hong Kong and Shanghai Banking Corporation	December 12, 2005
7 .	Allahabad Bank	January 19, 2006

18. Equity Shares offered through this Issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment of Equity Shares in the manner specified in Clause 8.6.2 of the SEBI DIP Guidelines.

OBJECTS OF THE ISSUE

The objects of the Issue are as follows:

- Finance a part of the capital expenditure for brownfield expansion of existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant by setting up the following units in addition to the already commissioned blast furnace and under-implementation Coke Oven plant at Kalinganagar Industrial Complex:
  - Ferro Chrome plant
  - Sponge Iron plant
  - Waste Heat Recovery Power plant
  - Special and Stainless Steel plant
  - Associated infrastructure facilities
- Meet expenses for general corporate purposes
- Meet Issue expenses
- Achieve the benefits of listing

The Main Objects set out in our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by us, through the Issue.

PROJECT DETAILS

LOCATION

We have already acquired 390 acres of land from Orissa Industrial Infrastructure Development Corporation (IDCO). Further, we have recently been allotted and given possession of additional adjoining 132.98 acres of land by IDCO and have executed lease deed dated November 16, 2005 for the same. The aforesaid units will be set up at our existing plant site at Kalinganagar Industrial Complex in Jajpur district of Orissa.

DESCRIPTION OF UNITS

Brief details of these units are outlined below:

FERRO CHROME PLANT

We propose to set up 2 x 16.5 MVA submerged arc furnace with indigenous technology for producing 50,000 TPA ferro chrome. We have engaged M/s Ghalsasi Engineering as engineering consultant for setting up the Ferro Chrome plant. The major facilities include the following:

- Raw material handling system
- Briquetting plant
- Furnace feeding system
- Submerged arc furnaces
- Product handling, sizing/grading system

We intend to commission the two units of Ferro Chrome Plant by September, 2006.

SPONGE IRON PLANT

We propose to set up 2 x 500 tpd coal-based rotary kilns for producing 300,000 TPA sponge iron. We have engaged M/s Singh & Associates as engineering consultant for setting up the Sponge Iron plant. The major facilities include the following:

- Raw material handling system
- Rotary kiln

- Rotary cooler
- Waste gas recovery system
- Product handling system
- We intend to commission the two units of Sponge Iron Plant by June, 2007 and September, 2007 respectively.

WASTE HEAT RECOVERY POWER PLANT

We propose to set up 2 X 25 MW waste heat recovery power plants. 25 MW shall be generated from the waste heat gases from Blast Furnace and Coke Oven and 25 MW shall be generated from the waste heat gases from Sponge Iron plant. We have engaged Desein Consultants Pvt Ltd as engineering consultant for setting up the waste heat recovery power plant. The major facilities include the following:

- Waste-heat Boilers
- Turbo Generators
- Cooling Towers
- DM Water plant

We intend to commission the two units of Waste Heat Recovery Power Plant by March, 2007 and September, 2007 respectively.

SPECIAL & STAINLESS STEEL PLANT

We propose to set up 70/80 ton electric arc furnace (EAF) with AOD, LRF, VD/VOD and continuous casting machine with billet caster for producing 0.5 million TPA special and stainless steel. We have engaged M/s Singh & Associates as engineering consultant for setting up the special and stainless steel plant. The major facilities include the following:

- Material handling facilities
- Electric Arc Furnace (EAF)
- Argon Oxygen Degasser (AOD)
- Ladle Refining Furnace (LRF)
- Vacuum Degasser/Vacuum Oxygen Degasser (VD/VOD)
- Continuous Casting Machine (CCM)
- Gas Cleaning System

We intend to commission the special & stainless steel plant by December, 2007.

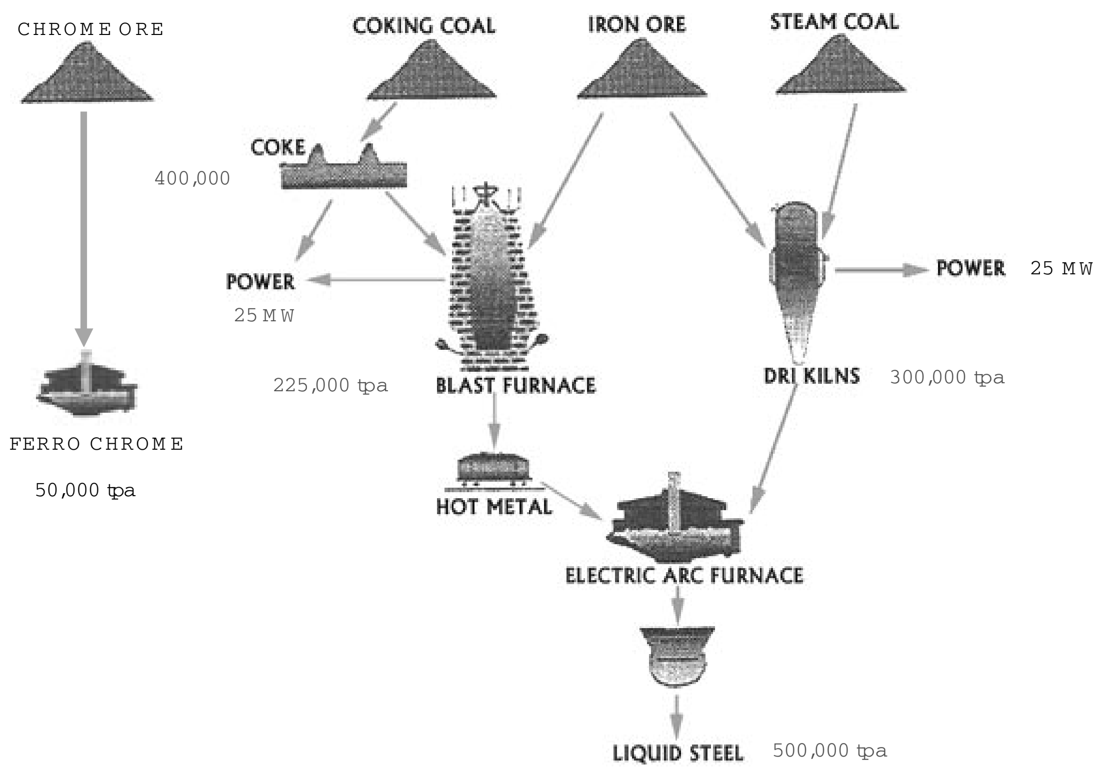
ASSOCIATED INFRASTRUCTURE FACILITIES

We propose to set up requisite infrastructure facilities, including the following:

- Railway Siding with Wagon Tippler and Stacker-Reclaimer
- Raw material and finished product storage yards
- Internal roads
- 220 KV Power Line with Sub-Station and power distribution system
- Water pipeline, pump-house and reservoir
- Administrative building and colony

PROCESS FLOW

We intend to adopt BF+DRI → EAF process route in our proposed 0.5 million TPA special and stainless steel plant. A schematic diagram of the process flow is shown in the following diagram:



RAW MATERIAL REQUIREMENT

Typically, every ton of steel produced in an integrated steel plant requires 3 to 4 tonnes of raw material input. As shown in the schematic diagram, there are four key raw materials in the production process, shown below:

- Iron Ore
- Coking Coal
- Steam Coal
- Chrome Ore

IRON ORE

- The total annual requirement of iron ore for the 0.5 million TPA special and stainless steel plant shall be approximately 0.85 million TPA. We have applied for iron ore mining leases in Orissa and our application is under process with the Government of Orissa as per their policy. In the intervening period, till such time the mining commences, we have entered into long-term purchase agreements with OMDCL and Sesa Goa Limited and are in discussions to sign another long term agreement with OMC.

COKING COAL

- The total annual requirement of coking coal for the 400,000 TPA coke oven plant shall be approximately 600,000 TPA. We have entered into a long term purchase agreement with our Promoter Group company Visa Comtrade AG for supply of

500,000 TPA coking coal on an arms length basis. Visa Comtrade AG has a strategic investment in Millennium Coal Pty Limited, Australia and have entered into an agreement with them for purchase of 500,000 TPA coking coal which is proposed to be supplied to us.

STEAM COAL

- The total annual requirement of steam coal for the 300,000 TPA Sponge Iron plant shall be approximately 450,000 TPA. We have been identified as a joint allocatee of the Patrapara coal block in Talcher coalfield in Orissa.

CHROME ORE

- The total annual requirement of chrome ore for the 50,000 TPA Ferro Chrome plant shall be approximately 120,000 TPA. We have entered into a long term purchase agreement with GHOTARINGA MINERALS LIMITED, a subsidiary company, and Tata Steel Limited vide its letter dated August 22, 2005, have stated that they are agreeable to supply us chrome ore for our proposed Ferro Chrome plant, the grade-wise break-up of the quantity, exact specifications and prices for the supplies to be discussed and mutually agreed upon from time to time.
- For further details, please refer to sub-section titled "Raw Material and Inventory Management" beginning on page 57 of this Red Herring Prospectus.

UTILITY

The estimated annual energy requirement for our proposed integrated steel plant is 580 million kWh and the estimated maximum demand (for 15 minutes cycle) is 124 MW, 138 MVA (at 0.9 p.f.). A part of this requirement will be met from the electricity to be produced by two captive power plants of combined capacity of 50 MW, proposed to be commissioned as part of the objects of this Issue. The balance requirement of electricity is proposed to be met through the power supply connection at 220 kV from Duburi sub-station of GRIDCO within a distance of 10 k.m. from the location of the proposed integrated special and stainless steel plant.

The envisaged make-up water requirement for the proposed integrated special and stainless steel plant is around 782 cu mtr. per hour and the corresponding raw water supply shall be around 790 cu. mtr. per hour. The requisite amount of raw water supply shall be made available from Brahmani river and bore wells.

PRODUCT MIX

Our proposed product mix after full implementation of the integrated special and stainless steel plant shall be as follows:

Saleable Product	Proposed Saleable Quantity (TPA)
LAM Coke	240,000
Ferro Chrome	50,000
Special & Stainless Steel	500,000

FUND REQUIREMENTS

The fund requirements for each of the objects mentioned above are given in the following table:

Sr. No.	Description	Estimated Fund Requirement (in Rs. Million)
1	Finance a part of the capital expenditure for brownfield expansion of existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant	11,362.80*
2	Meet expenses for general corporate purposes	[•]
3	Meet Issue expenses	100.00
	Total fund requirement	[•]

* excluding issue expenses

FINANCE A PART OF THE CAPITAL EXPENDITURE FOR BROWNFIELD EXPANSION OF EXISTING MANUFACTURING ACTIVITIES INTO AN INTEGRATED 0.5 MILLION TPA SPECIAL AND STAINLESS STEEL PLANT

Our estimated fund requirement for setting up the additional facilities for commissioning the proposed 0.5 million TPA integrated special and stainless steel plant (excluding interest during construction and margin money for working capital) is based on the TEFR prepared by M. N. Dastur & Company (P) Limited, Consulting Engineers, Kolkata.

Sr. No.	Particulars	Fund requirement in Rs. Million
a.	Land & Land Development	123.20
b.	Civil Works & Buildings (including structural steel)	1,886.60
c.	Plant & Machinery (including freight, taxes & duties)	6,680.80
d.	Erection & Installation	495.70
e.	Design, Engineering & Consultancy	453.10
f.	Preliminary & Preoperative Expenses	532.20
g.	Contingencies	513.70
h.	Interest during construction	471.20
i.	Margin Money for Working Capital	206.30
	Total	**11,362.80**

LAND & SITE DEVELOPMENT

We have already acquired 390 acres of land on lease for a period of 85 years from IDCOL vide lease agreement dated August 28, 2004, and have recently been allotted and given possession of 132.98 acres and have executed the lease deed dated November 16, 2005 for the same.

The above cost of Rs. 123.20 million includes Rs. 73.20 millon towards site levelling and Rs. 50 million towards residential facilities for staff & workmen.

CIVIL WORKS & BUILDINGS

Civil cost of Rs. 1886.60 million includes Rs. 809.80 million towards structural steel. Following is the breakup of civil cost & building including structural steel consumption:

Facility	Amount in Rs. Million
CIVIL COST	
Raw Material Handling System	123.40
Sponge Iron Plant	135.80
Waste Heat Recovery Power Plant	113.60
Ferro Chrome Plant	96.80
Special & Stainless Steel Plant	293.30
Power Distribution System	137.60
Water System	165.80

Facility	Amount in Rs. Million
Utility System	10.50
Total Civil Cost	**1,076.80**
STRUCTURAL STEEL	
Raw Material Handling System	306.00
Sponge Iron Plant	79.20
Waste Heat Recovery Power Plant	70.20
Ferro Chrome Plant	96.80
Special & Stainless Steel Plant	254.30
Power Distribution System	0.70
Water System	2.70
Total Structural Steel	**809.90**
Total Civil & Building Cost	**1,886.60**

We have not yet entered into any definitive agreement of placed order for the aforesaid equipments/system

PLANT & MACHINERY

Our Company proposes to purchase all plant & machinery from India. Detailed cost breakup of indigenous plant & machinery with details of freight, taxes & duties is as under:

Facility	Amount in Rs. Million
Raw Material Handling System	0.00
Sponge Iron Plant	737.80
Waste Heat Recovery Power Plant	2,028.80
Ferro Chrome Plant	299.40
Special & Stainless Steel Plant	1,451.00
Power Distribution System	1,475.50
Water System	156.80
Utility System	270.50
Laboratory	34.90
Stores & Repair System	12.30
Works Transport	18.40
Total	**6,680.80**

We have not yet entered into any definitive agreement of placed order for the aforesaid equipments/system

ERECTION & INSTALLATION

Following is the breakup of installation cost of Rs. 495.70 million:

Facility	Amount in Rs. Million
Raw Material Handling System	14.30
Sponge Iron Plant	54.00
Waste Heat Recovery Power Plant	148.50
Ferro Chrome Plant	11.00
Special & Stainless Steel Plant	106.20
Power Distribution System	126.00
Water System	32.20
Laboratory	2.60
Stores & Repair System	0.90
Total	**495.70**

We have not yet entered into any definitive agreement of placed order for the aforesaid equipments/system

DESIGN, ENGINEERING & CONSULTANCY

Design, Engineering and Consultancy services cost of Rs. 453.10 million have been calculated as follows:

Facility	Amount in Rs. Million
Raw Material Handling System	33.20
Sponge Iron Plant	52.40
Waste Heat Recovery Power Plant	122.70
Ferro Chrome Plant	26.20
Special & Stainless Steel Plant	109.70
Power Distribution System	90.40
Water System	18.50
Total	**453.10**

We have not yet entered into any definitive agreement of placed order for the aforesaid equipments/system

PRELIMINARY & PRE-OPERATIVE EXPENSES

Following is the breakup of preliminary & pre-operative expenses of Rs. 634.20 million.

Particulars	Amount in Rs. Million
Construction Facilities	30.00
Infrastructure Facilities (Railway Sidings)	115.60
Spare	180.30
Pre-operative expenses	206.30
Total	**532.20**

CONTINGENCIES

Contingencies of Rs. 513.70 million as 5.00% of total project before contingency, interest during construction and margin money for working capital (Rs. 10,273.50 million) has been made to take care of unforeseen items of work. No provision for price escalation and exchange rate variation has been made.

MARGIN FOR WORKING CAPITAL

Necessary provision has been made in the estimate for margin money for working capital based on inventory requirement for raw material, work in progress, finished goods, sundry debtors and sundry creditors. The margin money has been assumed to be funded through both debt and equity and to be treated in the lines of fixed capital.

MEET EXPENSES FOR GENERAL CORPORATE PURPOSES

The balance of the Issue proceeds, if any, will be deployed for general corporate purposes including capitalizing on new opportunities that may arise from organic or inorganic means, including acquisitions of new mines, strategic partnerships etc.

MEET ISSUE EXPENSES

The total Issue expenses will be approximeately Rs. 100 million. the same will be finalised only after determination of Issue price through Book Building Process. The Issue related expenses include the following:

- Fees for BRLMs
- Fees for the Registrar to the Issue
- Fees for the Legal Counsel to the Issue
- Fees for the Legal Counsel to the Underwriters
- Fees for the Auditors
- Marketing and advertising costs
- Other costs like SEBI filing fees, exchange filing fees, fees for using the book building software of the exchanges, initial and annual listing fees, fess for printing Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and Application Forms, cost of sending the refund orders by registered post etc.

MEANS OF FINANCE

The total fund requirement for the 'Objects of the Issue' will be financed as follows:

Sr. No.	Particulars	Rs. in Million
1	Issue proceeds	[•]
2	Internal accrual	[•]
3	Rupee term loan	7,450.00
	Total	[•]

More than 95% of the Issue proceeds will be utilised to create tangible assets

The rupee term loan will constitute approximately 65% of the total Project cost (including issue expenses)

We have already tied up the following rupee term loan required for financing the 'Objects of the Issue':

Sr. No.	Name of the lender	Date of loan sanction	Sanction letter no.	Amount sanctioned Rs. in Million
1	Oriental Bank of Commerce	November 26, 2005	CN/0286/VISA/1491/05	1,000.00
2	Syndicate Bank	December 5, 2005	249/9594/VISA/san-Let/05	1,500.00
3	Union Bank of India	December 15, 2005	IFB/ADV/AD/853	750.00
4	State Bank of Hyderabad	December 22, 2005	F/ADV/Visa Steel Ltd /3075	250.00
5	UCO Bank	December 23, 2005	IFB/CAL/CR/1755/2005-06	750.00
6	Central Bank of India	January 16, 2006	CMD:CMD:AKB:2004-05:674	1,000.00
7	Bank of Baroda	January 25, 2006		1,000.00
8	Indian Overseas Bank	January 24, 2006	ADV/2005-06/127/12/06	740.00
9	Bank of India	February 6, 2006	KCBB:GB:05-06:3062	500.00
10	Dena Bank	January 31, 2006	KAGM/ADV/1083/2005-06	250.00
11	Vijaya Bank	January 31, 2006	SBM/KVS/5836	250.00

We hereby confirm that the tied up loan amount mentioned above constitute more that 75% of stated means of finance excluding the amount to be raised through this Issue.

SCHEDULE OF IMPLEMENTATION

The proposed schedule of implementation of the 'Objects of the Issue' is as follows:

Rs. in Million

Item	Funds estimated to be deployed in 2005-06	Funds estimated to be deployed in 2006-07	Funds estimated to be deployed in 2007-08	Total
Brownfield expansion of existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant	568.80	5,364.00	5,430.00	11,362.80
General corporate expenses	[•]	[•]	[•]	[•]
Issue expenses	100.00			100.00
Total	[•]	[•]	[•]	[•]

STATUS OF APPROVAL FOR SETTING UP THE PROPOSED PLANT

List of various statutory approvals required to be obtained by us for setting up the proposed 0.5 MTPA integrated steel plant and ferro-chrome plant along with their status are given in the following table:

Approvals	**Authority**	**Status**
Land	IDCO	Obtained
Power	NESCO	Construction power from 33 KV substation at Jajpur Road. Power requirement for the project to be applied for.
Water	IDCO	Presently underground water, applied to IDCOL for pipeline from Brahmani River.
Railway Siding & Traffic Clearance	Dept. of Railways	Traffic clearance obtained. LOI given to RITES for obtaining railway siding clearances.
Amendment to license to work a factory	Director of Factories & Boilers	To be taken as and when applicable
Environmental clearances	GOI	Assignment given to global experts for Environment Impact Assessment Study.

FUNDS DEPLOYED

As per the certificate dated February 6, 2006 of M/s. M. Raghunath & Co., Chartered Accountants we have deployed Rs. 80,962,422/- till December 31, 2005. The same has been financed by our internal accruals.

INTERIM USE OF THE ISSUE PROCEEDS

Pending utilization of the issue proceeds for the 'Objects of the Issue', we intend to temporarily invest the Issue proceeds in fixed deposits in scheduled commercial banks for the necessary duration. Such investments would be in accordance with investment policies approved by our Board or any committee thereof duly empowered, from time to time.

MONITORING OF UTILISATION OF ISSUE PROCEEDS

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI DIP Guidelines. The Audit Committee will monitor the use of the Issue proceeds. However, we have appointed Syndicate Bank as the monitoriing agency for utilisation of fund for this Project.

BASIS OF ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of demand from the investors and on the basis of the following qualitative and quantitative factors.

QUALITATIVE FACTORS

LOCATION

Our Project location is in close proximity to all key raw materials for iron and steel making including iron ore, coal and chrome ore.

The location is also in close proximity to infrastructural facilities including roads, railway, water and power.

a. *Port* – Paradip port is approximately 120 km away, which is an all weather deep draft port for import of coking coal and export of saleable products. Upcoming Dhamra port is approximately 100 km away.

b. *Rail* – Main Kolkata - Chennai line (Jakhapura Station) is approximately 2 km away. Upcoming Banspani-Jakhapura railway line is adjacent to the plant site.

c. *Road* – Approximately 1 km from National Highway. Upcoming State Express Highway is adjacent to our Plant.

d. *Power* – Duburi Sub-Station is approximately 10 km away.

e. *Water* – Brahmani river is approximately 5 km away.

RAW MATERIAL LINKAGE

The Government of Orissa through a MoU has assured grant of iron ore mining lease. In the intervening period, we have signed long term agreements for supply of Iron Ore with OMDCL and Sesa Goa and are in discussions to sign another long term agreement with OMC.

We have also entered into a long term purchase agreement with our Promoter Group company VISA Comtrade AG for assured supply of 500,000 TPA coking coal on an arms length basis.

Our Company has been identified as a joint allocatee for the Patrapara coal block in Talcher Coalfields in Orissa.

We have set up a subsidiary company called GHOTARINGA MINERALS LIMITED for prospecting and developing a chrome ore deposit at Dhenkanal in Orissa and entered into a long term agreement with them for purchase of chrome ore.

EXPERIENCE AND GLOBAL PRESENCE OF OUR PROMOTER GROUP

Our Promoter Group is engaged in the business of international trading in coal (steam & coking), LAM coke, pig iron & steel, minerals (chrome ore/ concentrates, iron ore, manganese ore, alumina) and ferro alloys for over a decade. The Group also provides chartering services for better logistics management.

TECHNOLOGY

We are selecting world-class technology for all our steel making facilities. We have adopted the BF + DRI → EAF process route, which is a low cost production process, which leverages the availability of indigenous raw materials like iron ore and non-coking coal.

STRONG BOARD OF DIRECTORS AND MANAGEMENT TEAM

The composition of our Board of Directors enables us to draw on their varied experience by providing strategic vision and good governance practices.We are managed by a strong team of professionals with substantial projects and operations experience and have served leading organisations prior to joining our Company.

MULTI-PRODUCT PORTFOLIO

We are a multi-product Company with a product portfolio including Pig Iron, LAM Coke, Coking Coal, Steam Coal, Chrome Concentrates and Iron Ore Fines. Our presence in the various aforesaid raw material and intermediate products provides us flexibility of shifting focus from one category to other depending upon the prevailing market scenario.

QUANTITATIVE FACTORS

ADJUSTED EARNING PER SHARE (EPS)

Financial Period	EPS based on Restated Financial Statements (Rs.)	Weight
Year ended March 31, 2003	4.94	1
Year ended March 31, 2004	0.21	2
Year ended March 31, 2005	1.41	3
Nine months period ended December 31, 2005 (Annualised)	1.83	4
Weighted Average	1.69	

PRICE EARNINGS RATIO (P/E RATIO)

a. Based on the year ended March 31, 2005 EPS based on restated financial statements is Rs. 1.41.

b. P/E based on year ended March 31, 2005 EPS, based on restated financial statements is 36.88, at the lower end of the price band and P/E based on year ended March 31, 2005 EPS, based on restated financial statements is 40.43 at the upper end of the price band.

c. Peer group[2] P/E[1] (standalone)

(i) Highest 10.4

(ii) Lowest 5.5

(iii) Peer group Average 6.7

[1] Source: Capital Markets (Industry – Steel-Pig Iron) (December 19, 2005 – January 1, 2006)

[2] Peer group include Lanco Industries, Sathavana Ispat and Tata Metaliks.

AVERAGE RETURN ON NETWORTH

The figures disclosed below are based on the standalone restated financial statements of VISA STEEL LIMITED.

Financial Period	RoNW (%)	Weight
Year ended March 31, 2003	26.60	1
Year ended March 31, 2004	0.49	2
Year ended March 31, 2005	7.95	3
Nine months period ended December 31, 2005 (Annualised)	10.90	4
Weighted Average	9.50	

Minimum Return on Total Net Worth post-Issue to maintain pre-Issue EPS is [•]

NET ASSET VALUE (NAV)

(i) As at March 31, 2005 Rs. 11.21

(ii) After Issue [•]

(iii) Issue Price [•]

Financial Period	NAV (Rs.)	Weight
Year ended March 31, 2003	14.21	1
Year ended March 31, 2004	34.03	2
Year ended March 31, 2005	11.21	3
Nine months period ended December 31, 2005 (Annualised)	12.58	4
Weighted Average	16.62	

COMPARISON WITH OTHER LISTED COMPANIES

FY 2005	EPS (Rs.)	P/E	RONW	Book Value (Rs.)
VISA STEEL LIMITED	**1.41**	**[•]**	**7.95**	**11.21**
Peer Group(3)				
Lanco Industries	5.20*	10.40*	30.10	19.60
Sathavana Ispat	9.90*	7.70*	37.50	31.10
Tata Metaliks	25.00*	5.50*	81.20	40.40
Peer Group Average		6.70		
Others(3)				
Gujarat NRE Coke	12.90*	8.40*	-	33.90
Sesa Goa	114.30*	7.80*	88.90	184.00
Kalyani Steel	9.70*	16.00*	18.10	58.20
Jindal Steel & Power	165.30*	7.90*	47.50	428.00

(3) All figures for Peer Group and Others are from Capital Markets (December 19, 2005 – January 1, 2006)

* All figures are based on trailing twelve month basis data

The face value of the Equity Shares is Rs. 10/- each and the Issue Price of Rs. [•] is [•] times of the face value.

The BRLMs believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" beginning on page i of this Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' Report starting on page 113 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors
Visa Steel Limited
Visa House
8/10 Alipore Road
Kolkata 700 027

Dear Sirs,

We report that under the current direct tax laws, the tax benefits enclosed in the attached statement, stamped and initialed by us for identification which are proposed to be included in the Red Herring Prospectus/Prospectus of the Company, will be available to the Company and its Shareholders.

Yours faithfully,

Partha Mitra
Partner
Membership No. 50553
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Date: February 13, 2006
Place: Kolkata

The following tax benefits shall be available:

1. **To the Company**

- The company would be eligible to amortization of expenditure, over a period of five years, incurred in connection with the issue, for public subscription of shares in the Company, being in the nature of underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus in accordance with and subject to the provisions of section 35D of the Income-tax Act, 1961 (hereinafter referred to as 'Act').
- Income earned by way of dividend from another domestic company referred to in section 115-O of the Act is exempt from tax in the hands of the Company in accordance with Section 10(34) of the Act.

2. **To the Members of the Company**

(i) Under the Income-tax Act, 1961

- Resident Members

  o Under section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

  o Long term Capital Gain [under section 10(38) of the Act] arising to the shareholder from transfer of a long term capital asset being equity shares (held for the period of twelve months or more) which is chargeable to Securities Transaction Tax shall be exempt from income-tax.

  o In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India, subject to the conditions specified therein, are eligible for exemption from income-tax on their entire income, including income from investment in the shares of the company.

  o Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested, within a period of 6 months from the date of transfer, in the bonds issued by –

    ■ National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;

    ■ National Highways Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;

    ■ Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

    ■ National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987;

    ■ Small Industries Development Bank of India established under section 3(1) of Small Industries Development Bank of India Act, 1989

  If only part of the capital gain is so invested, the exemption shall be proportionately allowed. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

  o Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately allowed. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.

  o Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for the construction of a residential house property within a period of three years after the date of transfer.

- o Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being equity shares held for not more than twelve months, will be subject to tax at the rate of 10% (plus applicable surcharge and education cess) provided such transaction is chargeable to Securities Transaction Tax.
- o Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a shareholder on transfer of shares in the Company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Shareholders.
- o Gift of shares by the shareholder shall not be chargeable to Income-tax in the hands of the transferee.

- Non Resident Indians/ Members [other than FIIs and Foreign Venture Capital Investors]
  - o By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115-O of the Act, is exempt from tax in the hands of the recipients.
  - o Long term Capital Gain [under section 10(38) of the Act] arising to the shareholder from transfer of a long term capital asset being equity shares (held for the period of twelve months or more) which is chargeable to Securities Transaction Tax shall be exempt from income-tax.
  - o Tax on income from Investment and Long Term Capital Gains:
    - ■ A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) by virtue of Section 115-I of the Act has an option to be governed by the provisions of Chapter XII-A of the Act viz. "Special Provisions Relating to certain Incomes of Non-Residents".
    - ■ Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and education cess) without indexation benefit but with protection against foreign exchange fluctuation by virtue of the first proviso to section 48 of the Act.
  - o Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
    - ■ Under the provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately allowed. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
  - o Return of Income not to be filed in certain cases
    - ■ Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source under the provisions of Chapter XVII-B of the Act has been deducted therefrom.
  - o Other Provisions
    - ■ Under Section 115H of the Act, where a non-resident Indian becomes assessable to tax as a Resident in respect of his total income of any subsequent year, he may furnish a declaration in writing to the Assessing Officer alongwith his return of income under section 139 for the assessment year for which he is so assessable, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset, being asset of the nature referred to in sub-clause (ii) or (iii) or (iv) or (v) of clause (f) of Section 115C of the Act. In such case the provisions of Chapter XII-A shall continue

to apply to him in relation to such income for that assessment year and every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

- Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. Instead the other provisions of the Act shall apply in a similar manner as applicable to a resident Indian and subject to the conditions, all deductions and/or exemptions as available to a resident shall be available.
- Under the first proviso to section 48 of the Act, in case of a non resident, Capital Gains arising on transfer of shares in the Company shall be computed by converting the cost, expenditure in connection with transfer and sale consideration received or accruing in the same foreign currency as was initially utilized in purchase and the capital gains, so computed shall be reconverted into Indian currency, such that the aforesaid manner shall apply in respect of capital gains arising/accruing from every reinvestment thereafter and sale of shares of the Company. In computing the capital gains, protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months from the date of transfer in the bonds issued by –
  - National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
  - National Highways Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
  - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
  - National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987;
  - Small Industries Development Bank of India established under section 3(1) of Small Industries Development Bank of India Act, 1989

  If only part of the capital gain is so reinvested, the exemption shall be proportionately allowed. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately allowed. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within one year from the date of their acquisition.
- Under section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for the construction of a residential house property within a period of three years after the date of transfer.
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period

exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 (indexation not available if investments made in foreign currency as per the first proviso to section 48 as stated above) or at 10% (plus applicable surcharge and education cess) (without indexation), at the option of the shareholder.

- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being equity shares (held for not more than twelve months), will be subject to tax at the rate of 10% (plus applicable surcharge and education cess) provided such transaction is chargeable to securities transaction tax.

- Foreign Institutional Investors (FIIs)
  - o By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
  - o The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and education cess) as per section 115AD of the Act.
  - o The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
    - Short term capital gains – 30% (plus applicable surcharge and education cess)
    - Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess)

    (Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
  - o Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gains are invested, within a period of 6 months after the date of such transfer for a lock-in-period of 3 years, in the bonds issued by –
    - National Bank for Agriculture and Rural Development established under Section 3 of National Bank for Agriculture and Rural Development Act, 1981;
    - National Highways Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
    - Rural Electrification Corporation Limited, registered under the Companies Act, 1956;
    - National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987;
    - Small Industries Development Bank of India established under section 3(1) of Small Industries Development Bank of India Act, 1989
  - o Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for a lock-in-period of one year.

- Venture Capital Companies / Funds
  - o In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette, are eligible for exemption from income tax on all their income, including income from dividend.

- Mutual Funds
  - o As per the provisions of Section 10(23D) of the Act, subject to the provisions of Chapter XII-E, any income of a mutual fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder,

mutual funds set up by Public Sector Bank or Public Financial Institutions or mutual funds authorized by the Reserve Bank of India and subject to the conditions as the Central Government may notify in the Official Gazette in this behalf, would be exempt from Income Tax.

(ii) Under the Wealth-tax Act, 1957

- Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act, 1957, hence Wealth-tax Act will not be applicable.

(iii) Under the Gift-tax Act, 1957

- Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes

- *All the above benefits are as per the current tax law as amended by the Finance Act, 2005 and will be available only to the sole/ first named holder in case the shares are held by joint holders.*
- *In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has a fiscal domicile.*
- *In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.*

SECTION IV : ABOUT US

INDUSTRY

INDUSTRY OVERVIEW

Our current saleable products include pig iron, chrome concentrates, chrome ore powder, coking coal, steam coal and iron ore fines. We are currently manufacturing pig iron, chrome concentrate and chrome ore powder and will shortly be commencing the production of LAM coke. Going forward, as stated in the "Objects of the Issue" and "Our Business Overview" sections beginning on page 26 and 52 of this Red Herring Prospectus respectively, we intend to expand our manufacturing facilities to include special and stainless steel in our product portfolio.

All these products form part of the steel industry. In the subsequent part of this sub-section, we shall provide an overview of the global and domestic steel industry. We believe this will enable the investors to understand the prospects of our business and the objects for which we are raising funds through the proposed Issue.

GLOBAL STEEL INDUSTRY

The steel industry can be broadly structured into two product segments – (1) mild steel and (2) special and stainless steel. In 2004, out of the total world crude steel production, mild steel accounted for approximately 91% by volume and 80% by value whereas special and stainless steel sector accounted for approximately 9% by volume and contributed approximately 20% by value. (Source: Metal Bulletin and SMR First Asian Stainless and Special Steel Conference)

Global crude steel production exceeded 1.0 billion tonnes for the first time in 2004, with an annual growth of over 6% over each of the last three years. This exceptional growth was driven by the demand generated by the Chinese economy. The growth of the steel industry is closely linked to the global economic growth rate, in particular driven by the steel consuming sectors such as infrastructure, manufacturing, construction, housing and automobile. Countries with a high and stable growth in GDP, therefore provides good opportunities for the steel industry. Since half the world's population lives in high growth areas such as India and China, the steel industry is likely to continue to witness good growth rates. (Source: International Iron & Steel Institute)

DEMAND SCENARIO

The key driver for growth in demand for steel will be the strong economic growth in developing countries, especially those with a large population, such as China and India. Recent growth of the world steel industry has been driven by the Chinese economy. Chinese steel consumption has grown from 138.5 million tonnes in 2000 to 292 million tonnes in 2004, with a CAGR of about 21% per annum. (Source: International Iron & Steel Institute)

China is witnessing a significant infrastructure build-up in preparation for the Beijing Olympics in 2008 and the World Expo in 2010 at Shanghai and mega projects such as Three Gorges Dam and the East-West Pipeline Project. Apart from this infrastructure demand, China also has a booming automobile industry.

According to market analysts, the strong influence of Chinese demand growth on the global steel industry will continue over the next several years and the country will continue to be the most important driver of the industry. With a strong economic growth forecast and the second largest population in the world, India is expected to emerge as the next growth engine of the steel industry.

SUPPLY SCENARIO

Until a few years ago, Japan and USA were the leaders in crude steel production. Steelmaking is now progressively relocating closer to sources of raw material.

Growth in global crude steel production has been concentrated in developing countries, especially China. World crude steel production between 2000 and 2004 increased from 848 million tonnes to 1021 million tonnes, with a CAGR of about 5% per annum. During this period, China's crude steel production increased from 127 million tonnes to 272 million tonnes, with a CAGR of about 21% per annum. China thereby accounted for approximately 84% of the total growth in global steel production. (Source: International Iron & Steel Institute)

The global steel industry has witnessed consolidation in the past couple of years as more companies try to achieve global capacities and economies of scale in order to have a stronger position with supplier and customer industries, both of which are relatively more consolidated. The global share of the top 5 steel producers has increased from approximately 15% in 2000 to approximately 20% in 2004. This is expected to continue to result in greater discipline in production levels and pricing patterns. (Source: Metal Bulletin Third Far East Steel Conference, 2005)

OVERVIEW OF INDIAN STEEL INDUSTRY

India is the world's 9th largest steel producer, with a production of approximately 38 million tonnes during the FY'05 with a CAGR of about 7% p.a over the last 15 years. India has a consumption of 36 million tonnes, which amounts to per capita consumption of 32 kg, against a world average of 150 kg and developed world average of 350 kg. This low per capita consumption, combined with a high population and strong GDP growth, demonstrates the huge untapped potential of India. The steel production is expected to grow from the current 38 million tonnes during FY'05 to 65 million tonnes by FY'12 and 110 million tonnes by FY'20, which implies a CAGR of 7.3% per annum. (Source: India's National Steel Policy, 2005)

STRUCTURE OF THE INDIAN STEEL INDUSTRY

The steel industry can be broadly structured into two product segments – (1) mild steel and (2) special and stainless steel.

The mild steel sector in India is organized into 3 main categories – (a) main producers, (b) other major producers and (c) secondary producers.

(a) The main producers include SAIL, Tata Steel Limited and RINL, having integrated steel-making facilities through BF-BOF process utilizing iron ore and coal for production of steel. In 2004, the main producers had a combined capacity of approximately 19.3 million tonnes and a capacity utilization of approximately 104%.

(b) The other major producers include Essar Steel, Ispat Industries and Jindal South West, who have a combined capacity of 6.4 million tonnes with capacity utilization of approximately 97%.

(c) The secondary sector is dispersed and consists of small and medium enterprises with low capacity utilization.

(Source: India's National Steel Policy, 2005)

The special and stainless steel sector in India includes a few producers such as Jindal Stainless, Kalyani Steel, Mukand, Usha Martin, etc.

KEY DEMAND DRIVERS

Demand for steel is intrinsically related to the economic development of the country. Currently, the automobile, consumer durables and construction industry are relatively better placed, leading to improved demand for steel from these user industries. The thrust on infrastructure spending has seen major improvement, particularly in roadways and highway projects. This has not only increased construction activities but has also paved the way for increased demand in passenger and commercial vehicles leading to sustained growth in demand for steel. The power sector has enormous potential in boosting demand for steel. There is substantial scope for increased penetration in rural areas for storage silos, housing construction, agro-based industries etc. The housing sector is also a demand driver for steel, as it is beneficially placed with various fiscal incentives, sweetened by low interest cost on the one hand, and huge and increasing demand on the other.

The Indian steel sector is expected to witness growth in next several years backed by domestic drivers such as infrastructure, in line with the global trend. For example, the recent Union budgets have put a thrust on infrastructure development, leading to higher steel demand.

PRODUCT CATEGORIES AND MAJOR PLAYERS

There are various types of products which form part of the steel industry. This broadly includes pig iron, sponge iron, LAM coke, ferro chrome, mild steel, special and stainless steel. Some of the major producers of the various products are shown in the table below:

Saleable Product	Major Producers
Pig iron	Tata Metaliks, Sesa Goa, NINL
Sponge iron	Tata Sponge, Orissa Sponge, JSPL
LAM coke	Gujarat NRE, Saurashtra Fuels, Sesa Kembla
Ferro chrome	Navbharat
Mild steel	SAIL, Tata Steel, RINL, Jindal, Essar, Ispat Industries
Special & stainless steel	Jindal Stainless, Kalyani Steel, Mukand, Usha Martin

Brief details of the aforesaid saleable products are as under:

PIG IRON

Pig iron is produced in a blast furnace wherein the key raw materials are iron ore, coke and fluxes. There are two types of pig iron, namely basic grade and foundry grade. Basic grade pig iron is used in steel production while foundry grade pig iron is used in foundry industry for manufacture of castings and forgings. The difference in the two varieties of pig iron is primarily the silicon content, which is higher in the foundry grade pig iron compared to basic grade.

Basic grade pig iron is used by electric arc furnaces and induction furnaces for production of steel.

Foundry grade pig iron is ideally suited for specialized applications such as pressure tight precision castings, automobile engine blocks, crankshafts, gears, rolling mills rolls, motor and generator housings, railways, manhole covers, machine tools etc. The components made of this foundry grade ensure longevity and prevents rusting.

Pig iron production during 2004-05 was 3.2 million tonnes. The demand for pig iron in India has been growing between 6 to 7% annually. The demand for basic grade pig iron shall be driven by growth in steel production. The demand for foundry grade pig iron shall be driven by the foundry industry as a result of growth in automobile, auto components, engineering and infrastructure related industries including ductile pipes for water transportation, sanitary fittings, and manhole covers. (Source: Joint Plant Committee, Government of India)

SPONGE IRON

Sponge iron is produced either in a coal-based horizontal rotary kiln or a gas-based vertical kiln wherein the key raw materials are iron ore and coal/gas. Sponge iron is a substitute of scrap for usage in electric arc furnaces and induction furnaces for steel-making. India is the largest producer of sponge iron in the world.

LAM COKE

LAM coke is produced in coke ovens wherein the key raw material is coking coal. LAM coke is a reducing agent, used in blast furnaces for reducing the iron ore into hot metal. It is also used in submerged arc furnaces for reducing chrome ore into ferro chrome, manganese ore into ferro manganese or silico manganese and quartzite into ferro silicon, which are vital inputs in making mild steel and special and stainless steel.

Steel production in India is predominantly through the blast furnace route, which needs LAM coke. In India LAM coke consumption has grown at a CAGR of around 6% since 1999-2000 with the growth in steel and pig iron production. Merchant coke production in India is a small part of the total coke produced in India, as majority of LAM coke production has been set up by integrated steel plants for captive purposes. (Source: Global Steel Conference 2005)

India's total LAM coke production during 2004-05 was approximately 19 million tonnes against a demand of approximately 22 million tonnes. The domestic industry continues to face a shortfall which is being met through imports, mainly from China. (Source: Global Steel Conference 2005)

China is the world's largest manufacturer of LAM coke accounting for approximately 50% of the global coke production. The exports of coke from China have been stagnant between 12 – 14 million tonnes per annum over the last 5 years. This is in line with the Chinese Steel policy, which has been restricting the export of LAM coke through issue of export license in order to improve the availability of LAM coke for their domestic steel industry. (Source: Global Steel Conference 2005)

The projected growth in the Indian steel production shall result in continued growth in demand for LAM coke. With the restrictions in Coke exports from China, this demand-supply gap is likely to widen. This provides an opportunity for setting up new facilities for production of LAM coke in India.

FERRO CHROME

Ferro Chrome is produced in a submerged arc furnace wherein the key raw materials are chrome ore and LAM coke. It is an essential raw material for manufacturing stainless steel for imparting anti-corrosion properties. Approximately 90% of all ferro chrome produced in the world is used to make stainless steel.

Ferro chrome demand is driven by the growth in the stainless steel industry. The total production of ferro chrome in the world is approximately 5 million tonnes, of which South Africa accounts for approximately 50%. The other major producers include Kazakhstan, Zimbabwe and India. (Source: ICDA)

Over the last few years, China's appetite for ferro chrome has grown immensely, transitioning from being a net exporter to a net importer. The Chinese stainless steel production is expected to grow from approximately 1.78 million tonnes in 2003 to approximately 6.5 million tonnes in 2010, with a CAGR of 20% per annum. This will result in a strong demand for ferro chrome, most of which is likely to be met through imports. (Source: Metal Bulletin and SMR First Asian Stainless and Special Steel Conference).

India is well positioned to meet this increase in demand for ferro chrome in China due to its advantaged logistics and rich chrome ore reserves. In addition to China, India is also currently exporting ferro chrome to Japan, S. Korea and Taiwan.

MILD STEEL

Mild steel is produced through various processes wherein the key raw materials are hot metal, sponge iron and scrap. The demand for mild steel is mainly from real estate and other infrastructure development activities.

SPECIAL & STAINLESS STEEL

Special and stainless steel is produced in an electric arc furnace wherein the key raw materials are hot metal, sponge iron, scrap and ferro alloys. It is used in high-performance applications requiring strength, corrosion-resistance and toughness. These properties are induced through the addition of alloying elements including chromium, manganese, nickel, tungsten, boron and vanadium.

The automobile and auto components industry accounts for a major portion of the demand for special and stainless steel. India is emerging as a global hub for outsourcing of auto components that have relatively high engineering and design content. India enjoys the advantage of cheap skilled labour and lower automation cost.

Auto Components – The size of the global auto component industry is USD 1.2 trillion, which is currently mostly located in higher cost countries. India is emerging as a global hub for outsourcing of auto components. The auto component production in India is likely to go up from USD 8.7 billion to USD 40 billion by 2015 at a CAGR of 16% per annum. The exports of auto components from India have witnessed a CAGR of over 19% per annum over the last 6 years and it is estimated that in the next 10 years the exports are likely to grow from USD 1.4 billion currently to about USD 20 billion by 2015 at a CAGR of 30% per annum. (Source: Society of Indian Automobile Manufacturers)

Automobile – With a large population, growing middle class, affordable vehicle prices, attractive financing schemes and improving road infrastructure, India's expected growth of automobiles is very high. To meet this growth, many domestic and international car producers are rapidly expanding their production capacities in India. With a view that the growth experienced in last 5 years shall continue at the same pace there will be a 14% YoY growth in demand for steel. Assuming vehicles would continue to use similar amount of steel (about 70% of total weight) the domestic demand of auto grade steel should reach about 5 million tonnes by 2015 from the present level of 1.5 million tonnes for producing cars, MUV's and LCV's. Further, India is likely to emerge as a major supplier of semi-finished auto grade steel to other countries. (Source: ACMA report)

Infrastructure & Construction – It is projected that the Tenth Plan outlay for civil aviation is Rs. 129 billion, for roads is Rs. 597 billion, for telecom is Rs. 870 billion and for power is Rs. 1.76 trillion. This expected investment in infrastructure will create substantial demand for high quality steel products in the market. (Source: Ministry of Finance)

Other sectors that consume special and stainless steel include defence and railways.

In addition to the domestic market there is also a growing export market. Countries like Thailand, Philippines & Indonesia also have low per capita production of vehicles.

RAW MATERIALS

Typically, every ton of steel produced in an integrated steel plant requires 3 to 4 tonnes of raw material input. As shown in the schematic diagram, there are four key raw materials in the production process, shown below:

- Iron Ore
- Coking Coal
- Steam Coal
- Chrome Ore/Concentrates

IRON ORE

India has one of the largest and best quality iron ore reserves in the world. As per the Indian Bureau of Mines survey conducted in April 1995, India had recoverable reserves of 10bn tonnes of heamatites. Of this, 11.9% is of high-grade ore (Fe +65%), 49.2% is of medium grade ore (Fe 62-65%) and 27.1% is of low quality ore (Fe < 62%).

India produced about 130 million tonnes of iron ore in 2004 out of which more than 70 million tonnes were exported. India is the third largest exporter of iron ore after Australia and Brazil. India's share is about 12% in the world iron ore sea borne trade of 587 million tonnes. India exports its iron ore mainly to Japan, S. Korea and China. China has iron ore reserves of lower grade and imports high grade ore from India and other countries.

The major iron ore mining companies in India are National Mineral Development Corporation, Sesa Goa, OMDCL and OMC.

COKING COAL

India is currently producing approximately 33 million tonnes of coking coal per annum and is importing approximately 19 million tonnes per annum. The major source of coking coal is Australia. Since India has limited availability of coking coal reserves domestically, which is of inferior quality, it shall continue to remain dependent on imports of coking coal for meeting the requirements of the steel industry. (Source: Coal India Limited)

STEAM COAL

India is currently producing approximately 348 million tonnes of steam coal per annum and is importing approximately 25 million tonnes per annum. The major domestic supplier of steam coal is Coal India Limited and its subsidiaries. Due to demand outstripping domestic supply, India's steam coal imports are expected to reach approximately 55 million tonnes by 2010, for meeting the surging demand from the power, sponge iron and cement sectors. (Source: Coal India Limited)

The major source of steam coal imports into India are Indonesia, South Africa, China and Australia. Since India has inferior quality of steam coal reserves domestically, it shall continue to import steam coal.

CHROME ORE/CONCENTRATES

India is currently producing approximately 2.5 million tonnes of chrome ore. Currently there is a ceiling on exports of chrome ore at 400,000 tonnes per annum. Low grade chrome ore is beneficiated to produce chrome concentrates. The major producers include Tata Steel and OMC.

PRICING SCENARIO

The prices of various products that form part of the steel industry have continued to remain buoyant through continued strong demand.

Before liberalization, as a protected economy, the domestic steel industry was completely regulated by the Government. As a result of the protected environment the domestic prices had no relation to the international prices. Post liberalization, the domestic steel industry has globalised. Import duties have been consistently reduced. Through integration with the global steel market, the domestic steel industry was affected by the global steel trade pattern.

As a result, the price gap has converged and domestic prices have begun to move in line with the international prices. In the coming years, with low tariff levels and limited entry barriers, it is expected that prices will move in tandem with international prices, thereby indicating direct correlation between the domestic prices and the international prices. The correlation factor works out to approximately 0.95 between the domestic and the international prices. Taking into account, the high correlation factor between domestic and international prices it can be concluded that the majority of sales are dollar related. In the event of depreciation of Rupee against dollar, domestic sales realisation will increase correspondingly.

EXPORT & IMPORT OF STEEL PRODUCTS

Iron & steel are freely importable as per extant policy. India has been importing around 1.5 million tonnes of steel annually. (Source: www.steel.nic.in)

Iron & steel are freely exportable. Advance Licensing Scheme allows duty free import of raw materials for exports. Duty Entitlement Pass Book Scheme (DEPB) was introduced to facilitate exports. Under this scheme exporters on the basis of notified entitlement rates, are granted due credits which would entitle them to import goods free of duty. The DEPB scheme was temporarily suspended from March 27, 2004 to July 12, 2004 for export of steel items. The Scheme has since been restarted. The DEPB rates have also been substantially reduced.

Details of import and export of steel by India are given in the following table:

(in million tonnes)

Year	Import of Mild Steel	Exports	
		Mild Steel	Pig Iron
2000-2001	1.417	2.664	0.232
2001-2002	1.271	2.704	0.312
2002-2003	1.510	4.506	0.629
2003-2004	1.540	4.853	0.518
2004-2005 (Prov.)	2.050	4.375	0.177
2005-2006 (Prov.) (April-July, 2005)	0.800	1.3	0.050

Source: www.steel.nic.in

DOMESTIC OUTLOOK

Recent consumption trends indicate that India is at a demand inflection point and that if this trend sustains, the country could emerge as the next big driver (producer and consumer) of the global steel industry. The National Steel Policy, 2005 targets a consumption of 65 mtpa by 2012 and 110 mtpa by 2020 at CAGR of 7.3 per cent per annum.

An increasing investment in infrastructure, construction and urbanisation as well as growth in its automobile, white goods and industrial projects, is further adding to the optimism within the domestic industry.

Power: Addition of 41,000 MW of power generating capacity between 2002 and 2007 and about 61,000 MW between 2007 and 2012 should drive steel offtake, leading to an incremental consumption of 0.4 million tonnes in FY2006 itself.

Roads: The government intends to embark on the construction of 48 new projects with a view to four-lane about 10,000 kms of roads in addition to the existing ongoing programme of NHAI. With steel intensity in the roads under construction being considerably higher than the legacy infrastructure, the outlook for increased steel consumption on this count appears optimistic.

Housing: Low interest rates and easy availability of housing finance has resulted in a housing boom; the Housing and Urban Development Corporation intends to add two million houses every year (35 per cent in urban areas), estimated to create an additional annual demand of 0.6 to 0.8 mtpa of steel.

Malls: From 25 malls in 2003, India expects to commission more than 220 malls by 2006 (estimated 40 million sq ft) and 600 malls by 2010 (100 million sq ft).

Automobile and ancillaries: In 2004-05, India's auto industry consumed about 2.8 mt of steel (about 8 per cent of India's steel consumption). This is expected to grow at 11-12 per cent over the next three years following India's emergence as a global outsourcing hub for the auto industry.

White goods: Rising income and the easy availability of low cost finance has started a white goods (refrigerators, air conditioners and washing machines) revolution in India, leading to an increased consumption of steel.

Industrial Projects: India's industrial growth is encouraging a number of companies to reinvest leading to an increased consumption of steel, the steel industry is expected to emerge as a major steel consumer itself.

The positive outlook for increasing steel demand in India along with the strategic advantages offered have resulted in a keen interest from domestic and international steel majors for setting up steel projects in India.

OUR BUSINESS

OUR BUSINESS OVERVIEW

We are a multi-product Company with a product portfolio including Pig Iron, Coke, Coking Coal, Steam Coal, Chrome Concentrates and Iron Ore Fines. We manufacture Pig Iron from the Blast Furnace at our Kalinganagar Plant, commissioned in a period of 11 months, which we believe is better than the industry average for commissioning a blast furnace of similar capacity and configuration. We produce Chrome Concentrates at our Golagaon Plant. We are currently setting up a stamp-charged heat-recovery Coke Oven plant, which is expected to commission in first half of 2006.

We achieved sales revenue of approximately Rs. 2520 million during the financial year 2004-05 and revenue of approximately Rs. 2977 million during the 9 months period ended on December 31, 2005 and EBITDA of approximately Rs. 132 million and approximately Rs. 279 million, respectively.

We started in 1999 by setting up a Chrome Ore Beneficiation Plant for processing low-grade chrome ore to value add into chrome concentrates for exports. We are also procuring iron ore fines from various mining companies and handling the logistics of rail and road movement to Haldia and Paradip Ports for exports. We also import steam coal, coking coal and coke from Australia, South Africa, Indonesia and China for onward sales to domestic consumers in steel, power and cement sectors.

In December 2003 we signed a MoU with the Government of Orissa for setting up an integrated special and stainless steel plant at Kalinganagar Industrial Complex in Jajpur district of Orissa. This MoU was valid for a period of two years and we have applied for renewal and amendment of the same.

We started by setting up a 250 cbm (working volume) Blast Furnace at a capital cost of approximately Rs. 960 million with Tata Korf / SMS Demag technology for producing 225,000 TPA pig iron. The basic grade pig iron is sold to various steel plants in eastern India and foundry grade pig iron to major customers in eastern and northern India.

The stamp-charging technology of our coke oven plant allows blending of low cost soft coking coals with hard coking coals, thereby reducing the average input cost and producing good quality coke. The coke will partly be used for captive consumption in our proposed integerated steel plant and balance will be sold to various customers including Blast Furnaces, Ferro Alloy Plants and Foundries across India.

We intend to expand our existing manufacturing activities into an integrated 0.5 million TPA special and stainless steel plant by setting up the following units in addition to the already commissioned Blast Furnace and under-implementation Coke Oven plant at our Kalinganagar Plant:

(1) 50,000 TPA Ferro Chrome plant: - We are setting up 2 x 16.5 MVA Submerged Arc Furnace with indigenous Technology for producing Ferro Chrome which is used for making Stainless Steel.

(2) 300,000 TPA Sponge Iron plant :- We are setting up 2 x 500 TPA Sponge Iron Kilns for producing DRI (Direct Reduced Iron) which shall be used as a feed for steel making in our special and stainless steel plant.

(3) 50 MW Waste Heat Recovery Power plant: - We are installing 2 x 25 MW Waste Heat Recovery Power Plants. 25 MW is expected to be generated from waste gases of Blast Furnace and Coke Oven whereas another 25 MW is expected to be generated from waste gases of Sponge Iron Plant.

(4) 0.5 million TPA Special & Stainless Steel plant :- We are setting up a 70 / 80 tonnes Electric Arc Furnace (EAF) with AOD, LRF, VD/VOD and Continuous Casting Machine for producing special and stainless steel.

OUR STRATEGY

Our long term objective is to become one of the leading low cost and efficient producers of special and stainless steel products. To achieve this objective, we are implementing a business strategy with the following key components:

BE A LOW COST PRODUCER

We intend to become a low cost producer of special and stainless steel through setting up an integrated facility, securing raw material linkage and achieving economies of scale.

(a) *Full Integration:* Invest in manufacturing and mining operations to become fully integrated, thereby ensuring stability in operations and higher utilisation rates.

(b) *Raw Material Linkage:* Secure control over our key raw materials such as iron ore, chrome ore, steam coal and coking coal through investments and strategic tie-ups to ensure consistent supply of good quality raw materials at low cost.

- We have already set up a subsidiary Company – GHOTARINGA MINERALS LIMITED for developing a chrome ore deposit in Dhenkanal, Orissa.
- We have been identified as a joint allocatee for the Patrapara Coal Block at Talcher, Orissa.
- We have also applied for several iron ore deposits.
- Promoter Group company has invested in Millennium Coal Pty Limited, Australia and secured coking coal requirement.

(c) *Scale:* Expand operating capacity to achieve economies of scale.

- We have acquired additional adjoining land at our Kalinganagar Plant for future expansion. Currently we are developing infrastructure at our site at Kalinganagar Industrial Complex adequate for our possible future expansion, enabling us to add additional capacity at short notice and at lower incremental cost.
- In addition to Orissa, we have positioned for expanding in other mineral-rich states in India, such as Chhattisgarh and Jharkhand.
- We signed a MoU dated March 5, 2003 with the Chhattisgarh State Industrial Development Corporation Limited (CSIDC) for setting up mine and plants at Raigarh for manufacturing of sponge iron, power, ferro-chrome, steel etc. As per the same MoU we will put up a merchant coal washery and Fluidised Bed Boiler (FBB) power plant at Korba.
- We are in discussions with the Government of Jharkhand for setting up an integrated steel plant.

MAKE VALUE-ADDED NICHE PRODUCTS WITH FLEXIBLE PRODUCT MIX

(a) *Niche Products:* We intend to focus on high-end products for specialised applications with emphasis on special and stainless steel in order to cater to the increasing demand from infrastructure and construction, automobile and auto component industries.

- Infrastructure & Construction – It is projected that the total spending on airports shall be Rs. 60 billion by 2006, on roads shall be Rs. 2 trillion by 2007, on ports shall be Rs. 80 billion by 2008, in telecom shall be Rs. 750 billion by 2010 and in power shall be Rs. 7.7 trillion by 2012. This expected investment in infrastructure shall create substantial demand for high quality steel products in the market.
- Automobile – India's automobile sector is expected to witness high growth, with many domestic and international automobile producers rapidly expanding their production capacities in India. With a view that the growth experienced in last 5 years shall continue at the same pace, there will be a 14% YoY growth in demand for Auto grade steel. Assuming vehicles would continue to use similar amount of steel (about 70% of total weight) the domestic demand of auto grade steel should reach about 5 million tons by 2015 from the present level of 1.5 million tons for producing cars, MUV's and LCV's. Further, India is likely to emerge as a major supplier of semi-finished auto grade steel to other countries.
- Auto Components – The size of the global auto component industry is USD 1.2 trillion, which is currently mostly located in high cost countries. India is emerging as a global hub for outsourcing of auto components. The exports of auto components from India have witnessed a CAGR of over 19% per annum over the last 6 years and it is estimated that in the next 10 years the industry shall grow from USD 1 billion currently to about USD 33-40 billion.

(b) *Flexible Product Mix:* In order to maximize realization and cater to the dynamic market scenario, we have chosen a process route which allows a flexible product mix.

MODULAR EXPANSION

We intend to grow in a phased modular manner in order to achieve the following benefits:

(a) *Cash Flow:* Generate early cash flow by commissioning modules that allow production and sale of intermediary products (e.g. pig iron, coke, ferro chrome). This cash inflow can then be invested in implementation of subsequent modules.

(b) *Implementation:* Reduce implementation risk through lower level of investment exposure. Increase speed of implementation through a focused approach.

(c) *Stakeholder Confidence:* The implementation of our Blast Furnace within cost and time schedule has imparted confidence in our various stakeholders, including suppliers and lenders, and helped us in negotiating better terms for our fund requirement for subsequent modules.

OUR COMPETITIVE STRENGTHS

We believe that we enjoy certain key competitive strengths vis-à-vis our peer group companies which will help us to grow in future and eventually enable us to out perform others going forward. In our opinion, the following intangible and tangible factors, going forward, will play the roles of the key differentiators between us and our peers:

- Location
- Raw Material Linkage
- Technology
- Experience and global presence of our Promoter Group
- Strong Management Team
- Multi-product Portfolio

We believe that we have the following competitive strengths that will assist us in achieving our long term business objectives:

LOCATION

Typically, every ton of steel produced in an integrated steel plant requires 3 to 4 tonnes of raw material input. It is therefore important to be located close to raw materials to minimise transportation cost. Our Project manufacturing facilities are located at Kalinganagar Industrial Complex in the State of Orissa. This location is in close proximity to all key raw materials for iron and steel making including iron ore, coal and chrome ore.

390 acres of land has already has been allotted to the Company on long-term lease in the Kalinganagar Industrial Complex. Further, the Company has been recently allotted and granted possession of additional adjoining 132.98 acres of land and has executed the lease deed dated November 16, 2005 for the same.

The location is also in close proximity to infrastructural facilities including roads, railway, water and power.

a. *Port* – Paradip port is approximately 120 km away, which is an all weather deep draft port for import of coking coal and export of saleable products. Upcoming Dhamra port is approximately 100 km away.

b. *Rail* – Main Kolkata- Chennai line (Jakhapura Station) is approximately 2 km away. Upcoming Banspani-Jakhapura railway line is adjacent to the plant site.

c. *Road* – Approximately 1 km from National Highway. Upcoming State Express Highway is adjacent to our Plant.

d. *Power* – Duburi sub-station is approximately 10 km away.

e. *Water* – Brahmani river is approximately 5 km away.

RAW MATERIAL LINKAGE

It is essential to have an assured source of supply of raw material on a long term basis in order to insulate us from the fluctuations in availability of raw material, thus ensuring steady production. We have secured raw material linkages for iron ore, coal and chrome ore.

The Government of Orissa through a MoU signed with us dated December 26, 2003 has assured grant of iron ore mining lease. In the intervening period, we have signed long term agreements for supply of iron ore with OMDCL and Sesa Goa and are in discussions to sign another long term agreement with OMC.

We have also entered into a long term purchase agreement with our Promoter Group company Visa Comtrade AG for supply of 500,000 TPA coking coal on an arms length basis. Visa Comtrade AG has a strategic investment in Millennium Coal Pty Limited, Australia and have entered into an agreement with them for purchase of 500,000 TPA coking coal which is proposed to be supplied to us.

Our Company has been identified as a joint allocatee for the Patrapara coal block in Talcher Coalfields in Orissa.

We have set up a subsidiary company called GHOTARINGA MINERALS LIMITED for prospecting and developing a chrome ore deposit at Dhenkanal in Orissa and entered into a long term agreement with them for purchase of chrome ore.

EXPERIENCE AND GLOBAL PRESENCE OF OUR PROMOTER GROUP

Our Promoter Group is engaged in the business of international trading in coal (thermal & coking), LAM coke, pig iron & steel, minerals (chrome ore/ concentrates, iron ore, manganese ore, alumina) and ferro alloys for over a decade. The Group also provides chartering services for better logistics management.

This decade long experience in trading and logistics management of raw materials and products (both intermediate and final) of steel has enabled our Group to understand the cycle and demand dynamics of the international and domestic steel market. This experience has enabled us to forecast future demand positions of various categories of steel and respective by-products, future availability of raw materials required for steel production, expected price movement of raw materials as well as steel products.

We believe that, going forward, this experience will assist us:

- To better estimate the future demand for various categories of steel products and their by-products.
- To determine our product mix keeping the market trends in consideration.
- To better assess the price movement of our raw materials and thereby enable us to source the same at competitive prices.
- To source our raw materials from the geography/region where cost and quality is most competitive and to sell our products in the geography/region which offers the optimal net realization, by leveraging the global presence of our Promoter Group.

TECHNOLOGY

We are selecting world-class technology for all our steel making facilities. We have adopted the BF + DRI → EAF process route, which is a low cost production process, which leverages the availability of indigenous raw materials like iron ore and non-coking coal. Unlike the conventional electric arc furnaces that consume steel scrap and power in the manufacture of steel, our process will substitute most of the scrap requirement with hot metal and sponge iron. The use of hot metal will rationalise specific energy consumption in the manufacture of steel, reducing the cost of production.

The EAF – AOD – LRF – VD/VOD – CCM allows refining of steel to produce high quality niche products and a flexible product mix. This facilities are yet to be set up.

Our blast furnace has advanced features including stoves and blowers, which allows for lower coke rate and higher productivity.

The stamp-charging technology of our coke oven plant allows blending of low cost soft coking coals with hard coking coals, thereby reducing the average input cost and producing good quality coke.

The waste heat recovery power plants will utilize the waste heat gases to generate low cost power for captive consumption. It is estimated that the cost of power from the waste heat recovery power plant shall be approximately Re.1 per unit. The benefit of the same shallb e available to us once the waste heat recovery power plan are set up an operation.

Consequent to aforesaid utilization of waste heat, our Company will become entitled to tradable carbon credits.

STRONG BOARD OF DIRECTORS AND MANAGEMENT TEAM

Our Chairman Mr. Vishambhar Saran (Former Director, Raw Materials (Commercial), Tata Steel Limited) has 35 years of experience in the iron and steel industry. Our Board of Directors includes Mr. M.S. Verma (Former Chairman, SBI), Mr. Arvind Pande (Former Chairman, SAIL), Mr. D.P. Bagchi (Former Chief Secretary, Government of Orissa), Mr. Pradip Kumar Khaitan (Partner, Khaitan & Co.), Dr. S.K.Tamotia (Former CMD, NALCO) and Mr. Shanti Narain (Former Member Traffic, Railway Board). The composition of our Board of Directors enables us to draw on their varied experience by providing strategic vision and good governance practices.

We are managed by a strong team of professionals with substantial projects and operations experience and have served leading organizations, particularly in the steel sector, prior to joining our Company.

The capability of our project team is well established from the fact that we have commissioned our existing blast furnace within a period of 11 months, which we believe is better than the industry average for commissioning a blast furnace of similar capacity and configuration. We believe that this skill will help us to execute our expansion plans in future projects in a timely and cost efficient manner.

The vision, industry knowledge and experience of the Board of Directors along with an experienced and energetic team of professionals are a powerful combination.

MULTI-PRODUCT PORTFOLIO

We are a multi-product Company with a product portfolio including Pig Iron, LAM Coke, Coking Coal, Steam Coal, Chrome Concentrates and Iron Ore Fines. Our presence in the various aforesaid raw material and intermediate products provides us flexibility of shifting focus from one category to other depending upon the prevailing market scenario.

OUR CURRENT BUSINESS

MANUFACTURING FACILITY OF PIG IRON

PLANT LOCATION

Our pig iron plant is located at Kalinganagar Industrial Complex in Jajpur district of Orissa. We have already acquired 390 acres of land on lease for a period of 85 years from IDCO vide lease agreement dated August 28, 2004, and have recently been allotted and given possession of additional 132.98 acres and have executed lease deed dated November 16, 2005 for the same.

PRODUCTION PROCESS

Pig iron is of two types namely foundry grade and basic grade. The ratio of basic grade pig iron and foundry grade pig iron in our total pig iron production varies depending on the market.

For production of pig iron, raw materials such as iron ore (raw material) and coke (reducing agent) along with fluxes (limestone, manganese ore, dolomite, quartzite) are charged in a reduction and melting reactor, called a Blast Furnace. The 250 cbm (working volume) blast furnace is based on the TRF's technology, which is a well established and proven technology in the Indian steel industry.

The Blast furnace process consists of charging sized iron ore with LAM coke and fluxes at the top of a counter current reactor and blowing preheated air through tuyeres at the top of the furnace hearth for burning the LAM coke in a reducing atmosphere which provides the heat required for melting the iron ore. The gases resulting from the combustion of the LAM coke flow in counter current direction through the furnace at high temperatures and transfer their sensible heat to the descending charge. The hot gases reacting with the iron ore at high temperature bring about the reduction of the oxides in the charge coming down the furnace shaft. The partly reduced iron ore on reaching the bosh starts to melt due to the high temperature encountered in this zone and molten metal and primary slag drop into the hearth of the furnace. The hot metal is tapped into ladles and used for production of pig iron in the pig casting machine.

The difference between foundry grade and basic grade pig iron is that foundry grade pig iron has a higher silicon content. This is being achieved by increasing the blast furnace temperature through a higher coke charge and changing the composition of flux. This higher blast furnace temperature does not allow the silicon to be transferred into the slag, resulting in foundry grade pig iron.

The main by-product is hot molten slag, which is quenched under high water pressure to form granulated slag which is used as a basic raw material for making cement.

Whilst the company is currently using the hot metal for producing pig iron, after commissioning of its 0.5 MTPA steel melting shop, this hot metal will be charged into an Electric Arc Furnace for making liquid steel.

MAJOR EQUIPMENT

The key equipments for production of pig iron are blast furnace, blowers & stoves and pig casting machine. Technical specifications of the said blast furnace are:

Blast Furnace Working Volume	250 cbm
Stoves & Blowers for Hot Blast generation	52,000 NM3/hr
Pig Casting Machine	700 tpd

A brief description of these equipments is given below:

Blast Furnace : The blast furnace is the single most important equipment required for manufacturing pig iron. Our blast furnace is based on the TRF technology. TRF has experience in implementing many blast furnaces in India and has completed the entire technical design and detailed engineering. The fabrication and erection jobs for the blast furnace project were done by Beekay Engineering. Civil works for the project has been done by GDC.

Blowers and Stoves: Our pig iron plant is equipped with a set of turbo blowers. The air is blown into stoves where it is pre heated up to a level of 1050 Deg. C. and thereafter fed into the furnace. The stove is a batch type system where each stove will alternatively be on blast or on gas.

Pig Casting Machine: The Pig Casting Machine is used to convert hot metal into pig iron castings of around 8 kg each. The Pig Casting Machine is a continuous chain of moulds. At one end hot metal is poured into the moulds and at the other end pig iron castings are discharged. In this process, the temperature of the metal is brought down from 1500 Deg. C. to room temperature. Once the metal starts solidifying in the moulds, it is further cooled down by water spray.

CAPACITY & CAPACITY UTILISATION

We have commissioned the blast furnace on March 31, 2005 having a current production capacity of 225,000 TPA. The capacity of 250 cbm (working volume) typically produces 175,000 tpa with traditional Metallic Blast Preheater and fans. Since we have installed blowers and stoves, the capacity has been enhanced to 225,000 tpa. During the initial startup phase and the ramp up stage, the company produced approximately 103,878 tonnes of pig iron upto December 31, 2005. Subsequently, the blast furnace performance has improved, and it has produced approximately 16,100 tonnes in January 2006.

RAW MATERIAL AND INVENTORY MANAGEMENT

Our key raw materials for production of pig iron are sized iron ore and low ash metallurgical coke (LAM Coke). The detailed raw material requirement and sourcing arrangement is given below:

Iron Ore: Sized iron ore is the primary raw material for producing pig iron. Iron ore of size ranging from 10 to 40 mm with approximately average 63% Fe content is used in the blast furnace. Our blast furnace requires approximately 400,000 TPA of iron ore to meet the 225,000 TPA pig iron production capacities.

We procure iron ore through long-term supply contracts with OMDCL and Sesa Goa Limited and are in discussions to sign another long term agreement with OMC. Brief details of those agreements are provided in the following:

- Agreement with OMDCL: We have signed an agreement dated December 21, 2004 with OMDCL for the purchase of approximately 480,000 TPA iron ore valid till May 20, 2008 and can be further extended with the consent of both the parties. For further details please refer to section titled “Management Discussion & Analysis” beginning on page 145 of this Red Herring Prospectus for pricing mechanism.
- Agreement with Sesa Goa: We have signed an agreement dated September 27, 2005 with Sesa Goa Limited for the purchase of approximately 216,000 TPA iron ore valid till September 30, 2008. For further details please refer to section titled “Management Discussion & Analysis” beginning on page 145 of this Red Herring Prospectus for pricing mechanism.

The iron ore fines (0-10mm) generated in raw material handling system while screening the iron ore to get sized iron ore are exported from Paradip port, details of which are provided under the paragraph titled “IRON ORE FINES” in page 63 of this Red Herring Prospectus.

Low Ash Metallurgical Coke (LAM Coke): LAM Coke is charged along with sized iron ore into our blast furnace for producing pig iron. Our blast furnace requires approximately 160,000 TPA (gross) of LAM Coke to meet the 225,000 TPA pig iron production capacity.

During the last few years our Promoter Group company, Visa Comtrade AG, has been an active trader in coking coal and LAM Coke and has developed long term relationships with reliable international suppliers. We are currently importing LAM Coke from China for our blast furnace requirement and would continue to do so till the coke oven plant is commissioned.

Others: Raw materials like limestone, dolomite, manganese ore and quartzite are also required for pig iron production and the same are purchased from local suppliers.

Inventory Management: We endeavour to maintain optimum levels of inventory to ensure sufficient availability of feedstock for uninterrupted production. We endeavour to maintain 15 days inventory for iron ore and 30 days for LAM Coke. For other raw materials, we endeavour to keep 30 days inventory.

UTILITY

Power and Water are the two key utilities required for production of pig iron.

Power: We have an agreement with North Eastern Electric Supply Company of Orissa Limited (NESCO) for supply of upto 40 MW power at 220 KV to its Kalinganagar Industrial Complex site. The power is fed through 33 KV transmission line from NESCO power station at Jajpur road. The power station is about 10 km from the plant site. Currently, 6 MVA of electricity is purchased for the blast furnace for pig iron production and the upcoming coke oven. Further, the plant has 2 DG sets of 1.0 MW each as back up power supply source for utilities.

Water: Our water requirement is primarily for cooling the furnace shell, quenching the pig iron and cleaning the blast furnace gas in the gas cleaning plant. The water is recycled after treatment. Our present water requirement is fully met through an agreement with Government of Orissa, Jaraka irrigation division for supply of 3.3 million gallons per month of water to our plant at Kalinganagar, dated August 24, 2005, valid for a period of one year.

MARKETING & SALES

As mentioned previously we produce both foundry grade and basic grade pig iron. Foundry grade pig iron is used for foundry making and basic grade pig iron is used for steel making.

Our marketing and sales function for pig iron is headquartered at Kolkata. We market and sell our pig iron produce through the following distribution channels:

- Direct sales: We have a dedicated marketing team for direct sales to end users, located at Kolkata and Ludhiana. During the nine-months period ending December 31, 2005, approximately 37% of our sales revenue from pig iron and its by-products was contributed by direct sales.
- Sales through agents: We also cover a part of our target sales territory through agents. These agents bring orders to us, against which they are paid a commission on per MT basis. During the nine-months period ending December 31, 2005, approximately 35% of our sales revenue from pig iron and its by-products was contributed by sales through agents.
- Sales through traders: We also sell to traders. Unlike agents, traders purchase pig iron from us by making payment and subsequently sell it to end users. During the nine-months period ending December 31, 2005, approximately 28% of our sales revenue from pig iron and its by-products was contributed by sales through traders.

In the eastern region, the principal customers of our foundgry grade pig iron are based in Kolkata, Orissa and Raipur. In north India our customers are based in Delhi, Haryana, Punjab and U.P. In western India, we sell mainly at Ahmedabad and Rajkot and in south India, we sell primarily at Hyderabad. Some of the major customers of our foundry grade pig iron include NIF Ispat Limited, Electrosteel Castings Limited, Kesoram Industries Limited, Simplex Castings Limited, Beekay Engineering Corporation Limited and Mani Mahesh Metals Limited.

We sell basic grade pig iron primarily in the Eastern and Northern region. In the eastern region, principal customers are based in Kolkata, Rourkela, Jharsuguda, Raipur and Raigarh. In north India, principal customers are based in Punjab, Kanpur, Muzaffarnagar and Gorakhpur. Some of the major customers of our basic grade pig iron include Usha Martin Limited and Bhushan Limited.

Geographical segmentation of our pig iron (including its by-products) sales during nine months period ended December 31, 2005 is as follows:

Geography/Territory	Approximate Percentage of total sales of pig iron
Eastern	65%
Northern	27%
Others	8%

We believe that we enjoy a competitive advantage over the other Indian pig iron manufacturers because of our ability to manufacture pig iron, especially foundry grade pig iron, with specifications customized to the requirements of our customers. Customization can be achieved by varying the raw material quantity and/or specification. Since we have an expertise in sourcing of raw materials, we feel we are better placed vis-à-vis other pig iron manufacturers in India.

We endeavour to sell all our products on advance payment, Letter of Credit or Bank Guarantee, which enables our sales realization to be fully secured. However, this also leads us to the risk of losing customers to those manufacturers of pig iron who sell on credit. In order to mitigate the same, we provide a cash discount on our price.

POLLUTION CONTROL MEASURES

The blast furnace gas is cleaned by a gas cleaning plant, where gas is scrubbed by means of a saturator followed by ventury scrubbers to obtain clean gas with very low dust load. In the gas cleaning plant, blast furnace gas is cleaned and pollutants are transferred to water. The water is then treated through a thickener and recycled, leading to zero discharge of effluent. There is some solid waste generated in the form of sludge, which is non-toxic and inert and used in land filling.

MAINTENANCE

To keep the equipments in good working condition and in order to optimize furnace availability, we have adopted the following maintenance practices:

- Condition Monitoring of Vital Equipments: All critical equipments like Blowers, Stoves, Blast Furnace are being monitored continuously for vibration, temperature rise, oil pressure with the help of sophisticated monitoring equipments. This continuous monitoring helps us to analyze the equipment's performances and predictions of maintenance needs.
- Preventive Maintenance: The equipments are divided under critical and non-critical categories and according to supplier's recommendations, the schedule and frequency of maintenance are finalized.
- Planned Maintenance: The equipments related to mainstream production and those that don't have a standby are maintained by planned shutdowns of the furnace. This schedule includes the frequency and observations recorded during the daily checklist, preventive maintenances etc.

CHROME BENEFICIATION AND GRINDING FACILITY

PLANT LOCATION

We have a Chrome Ore Beneficiation Plant (COBP) and a Chrome Ore Grinding Plant (COGP) at Golagaon, District Jajpur in Orissa. We have set up the COBP and COGP at Golagaon for the following reasons:

- Chrome ore mines at Sukinda are at a distance of approximately 35 km from Golagaon.
- Paradip Port is at a distance of about 120 km from Golagaon which is required for exporting chrome concentrates.

PRODUCTION PROCESS

At the COBP, low grade chrome ore is beneficiated by gravity separation process to enhance the Cr2O3 content from less than 42% to over 48%. Low-grade chrome ore is fed to a scrubber through feed hopper, reciprocating feeder and conveyor belt. Process water is fed along with chrome ore at the feed chute of the scrubber. The discharge is passed through a 2mm screen and the over size feed to a grinder. The under flow is then pumped to a series of hydro cyclones by slurry pumps. The under size of the hydro cyclones is distributed to a series of shaking tables, which separate the gangue material from the chrome ore slurry. The finished product collected from the shaking table at this stage is called Chrome concentrates and is deposited at the vats.

The gangue material from the shaking table is pumped into the tailing pond. The settled water from tailing pond is re-circulated to the system. The concentrate is taken out from the vat at regular intervals and stored at the concentrate yard. The finished Chrome Concentrate is then ready for export.

The COGP produces fine chrome ore powder in size below 200 mesh (-75 microns) for onward sale to various chrome chemical plants in India. In this plant, friable chrome ore are demoisturised and ground into powder and packed in bags for onward sale.

MAJOR EQUIPMENT

The major equipments for chrome beneficiation and chrome ore grinding plants include Scrubber, Grinder, Hydrocyclone, Shaking tables etc.

CAPACITY & CAPACITY UTILIZATION

Initial capacity of our chrome beneficiation plant was 50,000 ton per annum and chrome ore grinding plant was also 50,000 ton per annum, which has been enhanced to 100,000 tpa each. The enhanced capacity has become operational in the current financial year.

Capacity utilization rate of our chrome beneficiation plant and chrome ore grinding plant for last three years and nine months period ended December 31, 2005 are given below:

Particulars			**Fiscal Year**		
		2005-06 (Nine months ending December 31)	**2004-05**	**2003-04**	**2002-03**
Chrome Ore Beneficiation	Installed capacity (in MT)	100,000	50,000	50,000	50,000
	Actual Production (in MT)	5,793	33,683	30,609	18,677
	Capacity utilization ratio (%)	7.72*	67.37	61.22	37.35
Chrome Ore Grinding	Installed capacity (in MT)	100,000	50,000	50,000	50,000
	Actual Production (in MT)	5,094	498	2,939	20,679
	Capacity utilization ratio (%)	6.79*	1.00	5.88	41.36

**Annualised*

The reason behind low capacity utilisation for the COBP and COGP has been mainly due to non-availability of chrome ore. In order to overcome this problem we have set up a subsidiary company GML for prospecting and developing the chrome ore deposit at Dhenkanal in Orissa and entered into a long term agreement with them for purchase of chrome ore.

In spite of the low capacity utilisation ratio, we expanded our capacity, at a nominal cost, in order to benefit from the growing market in anticipation of securing raw material supply from GML.

RAW MATERIAL

The key raw material is chrome ore, which is currently being procured from IDCOL and OMC.

UTILITY

We have signed an agreement dated September 7, 2001 with North Eastern Electricity Supply Company of Orissa Limited for supply of 386 kW of electricity to our Golagaon plant. The said agreement is valid for a period of five years from the date of signing the agreement.

We meet our water requirement for the COBP through bore wells. The ground water level at our Golagaon plant is high because of its proximity to Bramhani river.

MARKETING & SALES

The main application for chrome concentrates is in ferro chrome manufacturing industry and for chrome powder is in chrome chemical manufacturing industry. The ground material from the COGP is required in the manufacture of sodium dichromate and other chrome chemicals, used in wide-ranging applications including leather and paints industry.

We are an established supplier of chrome concentrates to the Chinese industry and have a proven track record resulting in a stable customer base with large repeat orders. We export the chrome concentrates produced in the COBP to China through our Promoter Group company Visa Comtrade AG. We export our chrome concentrates, through Paradip port in Orissa, to Visa Comtrade AG who in turn sell it to Chinese end users including Sinosteel, Shanghai Baosteel, Sinochem Group and Fushun Ferro Alloys.

POLLUTION CONTROL MEASURES

The gangue material pumped into the tailing pond is allowed to settle after which the water is recirculated and the solid settles in the pond.

MAINTENANCE

We adopt the following maintenance practices

- Regular preventive maintenance as per schedule
- Daily/routine check of all major equipment
- Planned shutdown maintenance of critical equipment as per manufacturers maintenance schedule.

FACILITY UNDER IMPLEMENTATION – COKE OVEN PLANT

PLANT LOCATION

We are currently implementing our coke oven plant at Kalinganagar Industrial Complex.

PRODUCTION PROCESS

We are using the Stamp Charged Heat Recovery technology, developed by Shanxi Provincial Chemical Design Institute, for setting up the coke oven plant. Some of the important features of the technology are as follows:

- A large amount of softer coking coal can be blended with hard coking coal, which leads to rational utilization of coal resources and reduction of input cost.
- The waste heat is used for power generation.
- The size of the coke produced is big and the strength is high.
- Environment friendly processes are being followed, such as coke oven negative pressure operation, horizontal coke receiving, etc. No fume or dust emission occurs during the whole process of coke charging, coking and coke pushing. No waste water with harmful ingredients is produced during the operation process.
- Power consumption is low and production process is simple.

- There are less production process control points, which facilitate realization of automatic control and adjustment through computer.

MAJOR EQUIPMENT

The major equipments for coke oven plant include the following:

- Stamping machine – It receives the blended coal and stamps the coal cake through hydraulic stamping.
- Pushing and charging car – It pushes the stamped coal cake into the coke oven and after complete distillation of coke it pushes out the coke to the quenching car.
- Quenching car – It receives the processed coal from the oven and transfers the coke to the quenching tower for showering water from the tower.

CAPACITY

The proposed plant will have installed capacity of 4,00,000 TPA for manufacturing Low Ash Metallurgical Coke (LAMC) on DMT (dry metric tonne) basis. The break-up of coke to be produced at 5% moisture equating to approximately 420,000 basis is as under:

Coke Category	Quantity (TPA)
Foundry Coke	50,000
Blast Furnace Coke	310,000
Nut/ Pearl Coke	30,000
Breeze Coke	30,000

Apart from this, 52,000 - 60,000 Nm3 / hr flue gas at 850 - 950 DegC will also be produced, which will be utilized for heat recovery for power plant before discharge through chimney.

RAW MATERIAL

- Coking Coal is the only raw material required in the coke oven for manufacturing LAM Coke. Based on coke (run of oven) production of 400,000 tonnes per annum and average volatile matter content of dry coal blend of 23%, the estimated annual requirement of coal blends on dry basis will be approximately 535,000 tonnes and in-plant blended coking coal (including 9% moisture loss and 1% handling loss) will be approximately 600,000 tonnes.
- We intend to meet the aforesaid coking coal requirement from our Promoter Group company, Visa Comtrade AG, and other international suppliers. Our promoter group company Visa Comtrade AG has invested in Millennium Coal Pty Limited, Australia and secured coking coal supplies.

UTILITY

The existing arrangement of power and water will be sufficient to meet our requirement for the upcoming coke oven plant.

CUSTOMERS

LAM coke is required for metallurgical and chemical industries and is used as a primary fuel where high temperature and uniform heating is required. LAM coke is used as the reducing agent in many process in the steel industry e.g. blast furnace for producing hot metal / pig iron, submerged arc furnace for producing ferro alloys etc.

The production of different coke fractions and our own requirement are given below. The table also shows the prospective industry for balance coke:

Coke Category	Quantity (TPA)	Captive Consumption (TPA)	Balance for Sale (TPA)	User Industry
Foundry Coke	50,000	-	50,000	Foundry manufacturers
Blast Furnace Coke	310,000	160,000	150,000	Pig iron manufacturers
Nut/ Pearl Coke	30,000	30,000	-	Ferro alloy manufacturers
Breeze Coke	30,000	-	30,000	Sinter and coke briquette manufacturers

EXISTING TRADING & LOGISTICS BUSINESS

IRON ORE FINES

We procure iron ore fines from various mining companies in India, manage the transport logistics of the material to Paradip and Haldia ports for onward export. Subsequent to purchase of iron ore, we store it at plots/sidings at Barbil, Barajamda, Banspani, Jaroli, etc for rail movement to Haldia and Paradip ports. Once iron ore reaches the ports, we export it to foreign buyers on FOB basis, including our group company Visa Comtrade AG. The main end users of iron ore fines are sinter plants that convert the fines to sinter for feeding into blast furnaces.

In addition to the iron ore fines generated at our pig iron plant, we have signed an agreement with Khatau Narbheram & Co dated May 26, 2005 for the purchase of 5,000 to 10,000 MT per month of iron ore fines. This agreement is operational till April 2006. We are also purchasing iron ore fines from OMDCL on a regular basis.

Even though the ex-mines cost of material would be lower for mining companies, we are able to achieve low cost position through advantaged logistics. We benefit from having a two-way movement of iron ore and coke / coking coal between our plant and Paradip port, improving the availability of rakes and reducing transportation costs.

Our direct presence in the iron ore mining area of Joda-Barbil allows low cost sourcing compared to other non-mining companies. Our direct presence in Haldia and Paradip ports allows proper monitoring of exports and reduction of handling losses. The operations are overseen from our corporate office in Kolkata.

COAL & COKE

We are importing coking coal, steam coal and LAM coke into various ports in India. The major supplies of coking coal are from Australia and China, for steam coal from Indonesia, China, South Africa and Australia, and for LAM coke from China.

We buy coking coal, steam coal and LAM coke from international suppliers on CIF basis at Indian ports. For each consignment we sign specific sale-purchase contracts with the suppliers. The said sale-purchase contracts *inter alia* specify the quantity, delivery terms, quality, price, payment schedule, etc. Price is denominated in US Dollars and the payment terms are typically on Letter of Credit basis, with credit period of upto 180 days from the Bill of Lading date. At the time of making payment, in addition to the base price, we also pay interest at LIBOR linked rate on the base price for the number of days of credit availed by us.

One of our major suppliers of coal & coke is our group company Visa Comtrade AG. We also procure from other international suppliers. The break-up of coal and coke procured by us during the last three financial years and nine months period ended

December 31, 2005 is given in the following table:

Rs. in Million

International supplier	Nine months period ended December 31, 2005		2004-05		2003-04		2002-03	
	Total value of supply	As % of total value	Total value of supply	As % of total value	Total value of supply	As % of total value	Total value of supply	As % of total value
Visa Comtrade AG	383.70	27.69	368.36	18.11	-	-	110.67	100.00
Others	1,002.06	72.31	1,665.12	81.89	465.45	100.00	-	-
Total	**1,385.76**	**100.00**	**2,033.48**	**100.00**	**465.45**	**100.00**	**110.67**	**100.00**

Some of the ports we use for taking delivery of coal and coke from the international suppliers include Navlakhi, Kandla, Magdalla, Pipavav, Porbandar, Haldia and Paradip. Most of the times, we take delivery of the consignment at the port on western coast especially at Gujarat because most of the customers of imported coal and coke are based at western India.

For selling of coal & coke, we adopt the following models:

- Stock & sale basis: We receive the consignment, make payment for all applicable charges, duties and taxes and store the material at the port for sales to domestic customers against secured payment.
- CIF FO & High seas sales basis: We sell the material to our customers and they make the necessary arrangements like unloading, paying taxes and duties, and loading by themselves.

In both of the aforesaid models, we sell either against advance payment or Letter of Credit.

- The major customers of steam coal imported by us include Saurastra Cement Limited, Gujarat Siddhi Cement Limited, Ultratech Cement Limited, Narmada Cement Company Limited, Rama Newsprint Limited, etc. The major customers of coking coal are Sri Arihant Tradelinks Limited, Lotus Energy Limited, Usha Ispat Limited, etc.
- Details of share of our customers in total sales of imported coal and coke for the last three financial years and nine months period ended December 31, 2005 are provided in the following table:

Name of the customers	Nine months period ended December 31, 2005		2004-05		2003-04		2002-03	
	Value of sales in Rs. Million	% of total sales	Value of sales in Rs. Million	% of total sales	Value of sales in Rs. Million	% of total sales	Value of sales in Rs. Million	% of total sales
Durgapur Project Limited	-	-	821.28	42.06	272.53	50.96	69.41	43.68
Mehta Group	182.01	12.88	195.78	10.03	-	-	-	-
ACC	-	-	61.60	3.15	-	-	-	-
Jindal Saw Pipes	-	-	23.20	1.19	-	-	-	-
Usha Ispat	-	-	35.00	1.79	-	-	-	-
Black Diamonds	-	-	38.50	1.79	-	-	-	-
Usha Martin	-	-	-	-	46.67	8.73	-	-
Apex Trading	-	-	-	-	-	-	74.86	47.11

Name of the customers	Nine months period ended December 31, 2005		2004-05		2003-04		2002-03	
	Value of sales in Rs. Million	% of total sales	Value of sales in Rs. Million	% of total sales	Value of sales in Rs. Million	% of total sales	Value of sales in Rs. Million	% of total sales
L&T	376.56	26.64	-	-	-	-	-	-
Sree Arihant	98.43	6.96	-	-	-	-	-	-
CESC	75.58	5.35	-	-	-	-	-	-
Saurashtra Fuels Private Limited	-	-	-	-	147.71	27.62	-	-
Others	680.69	48.17	777.35	39.81	67.88	12.69	14.64	9.21
Total	**1,413.27**	**100.00**	**1,952.71**	**100.00**	**534.79**	**100.00**	**158.91**	**100.00**

We manage our entire coal and coke operations from our corporate office at Kolkata.

EXISTING CONSULTING BUSINESS

We are currently the agent for China Minmetals Non-Ferrous Company Limited for sourcing of alumina from India. We are also the delcredere agent for Haldia Petrochemicals Limited for marketing of polymer products in eastern India.

Further, in the past we were also acting as the agent of Visa Comtrade AG in India for the purpose of marketing of steam coal and coking coal, LAM coke or any other commodity as may be mutually agreed (hereinafter referred to as the "commodities") in India and the agreement in relation to the same has been terminated on September 30, 2005.

OUR EXPORT OBLIGATIONS

We have obtained licenses under EPCG scheme as listed below. As per the licensing requirement under the said scheme, we are required to export goods of a defined amount, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest.

Details of our export obligations under these licenses are given in the following table:

Sr. No.	License No.	Date	Export Obligation Value (Rs.)	Duty saved (Rs.)	Obligation Period
1	2330000052/2/11/00	September 27, 2004	120,610,480	15,076,310	September 26, 2012
2	2330000053/2/11/00	September 28, 2004	142,858,472	17,857,309	September 27, 2012
3	2330000055/2/11/00	October 5, 2004	150,910,728	18,863,841	October 4, 2012
4	2330000056/2/11/00	October 5, 2004	149,329,848	18,666,231	October 4, 2012
5	2330000065/2/11/00	January 28, 2005	36,188,176	4,523,522	January 27, 2013
6	2330000078/2/11/00	May 27, 2005	95,566,104	11,945,763	May 26, 2013
7	2330000081/2/11/00	June 23, 2005	2,769,840	346,230	June 22, 2013
8	2330000106/2/11/00	November 29, 2005	132,395,184	16,549,398	November 28, 2013
	TOTAL		**830,628,832**	**103,788,604**	

We are yet to fulfil the aforesaid export obligations.

COST CONTROL & WORKING CAPITAL MANAGEMENT

Our Company is controlling costs by having low input costs through a direct control of mining operations and a vicinity to mines and ports. We keep our operations cost low through prudent technological choices and the use of a multi-skilled workforce. We maintain low overhead costs through better economies of scale. We keep the financing costs low through an appropriate debt-equity mix, low interest rates and a de-risked commissioning in phases and modules.

To rationalize the working capital cost, we leverage the use of instruments like packing credit in foreign currency, where the rates are linked to LIBOR, packing credits in Indian currency and WCDL at lower rates of interest. As a policy, we prefer to invest our short-term surplus funds in fixed deposits rather than the more volatile mutual funds. An advance planning of cash flow requirements also assure us of a credit fund supply at all times.

We enjoy working capital facilities with State Bank of India, UCO Bank, Syndicate Bank, ICICI Bank, Allahabad Bank and HSBC with State Bank of India, CAG branch as the lead banker. Details of the working capital facilities availed by us as on December 31, 2005 from the aforesaid banks are as follows:

(Rs. in Million)

Name of Lender	Fund Based		Non-Fund Based		Total		Interest Rate
	Limit	Outstanding	Limit	Outstanding	Limit	Outstanding	
State Bank of India	225.00*	117.14	860.00	825.30	1,085.00	942.44	12.25%
UCO Bank	50.00	12.52	197.50	120.90	247.50	132.47	11.50%
Syndicate Bank	50.00**	19.75	250.00	215.20	300.00	234.95	12.25%
ICICI Bank	-	-	250.00	-	250.00	-	N.A.
Allahabad Bank	56.00	24.37	52.50	40.90	108.50	65.27	10.00%
HSBC	-	-	180.00	180.00	180.00	180.00	N.A.
Total	**381.00**	**173.78**	**1,790.00**	**1,382.30**	**2,171.00**	**1,556.08**	

* *The Cash credit facility is interchangeable with EPC/PC to the extent of Rs. 110.0 Million.*

** *The Cash credit facility is fully interchangeable with EPC/PC.*

Cash credit is secured by way of first pari passu charge on all the movable properties and stock of raw materials, work in progress and finished goods etc. at Blast Furnace and also all present and future book debts, outstanding money, receivables etc.

FOREX MANAGEMENT

As stated earlier, we import thermal coal, coking coal and coke and also export iron ore, chrome concentrate and chrome powder. The details regarding our import and export, in value terms for the year 2002-03, 2003-04, 2004-05 and nine months period ended December 31, 2005 are given in the following table:

Item	Nine months period ended December 31, 2005	2004-05	2003-04	2002-03
Total material imported (in Rs. Million)	2,213.72	2,363.38	478.36	180.90
Total material cost (in Rs. Million)	2,812.87	2,500.13	731.55	220.23
Cost of imported material as a percentage of total material cost	78.70%	94.53%	65.39%	82.14%
Total Export (in Rs. Million)	225.58	527.04	168.00	30.69
Total Sales (in Rs. Million)	2,947.77	2,485.23	713.46	237.97
Export as a percentage of total sales	7.65%	21.21%	23.55%	12.90%

Since a significant portion of our raw material cost and revenue are denominated in foreign currency, primarily US Dollar as shown in the table above, it is imperative for us to take measures in order to cover us from any adverse movement in foreign exchange rate. We have adopted a documented forex Policy in this regard, details of which are as follows:

- *Recognising and measuring of foreign currency transaction* – We recognise our forex exposures at the stage of budgeting and at the stage of placing the order. For benchmarking our forex exposure, we use either first day forward rate or spot rate on maturity or costing rate as the base rate to take the appropriate core cover.
- *Adopting appropriate strategy for covering and managing forex exposure* – We have implemented a number of strategies to cover and manage the forex exposure. Stop Loss strategy entails the management to know the risks associated easily as it is a simple percentage figure of the exposure. Another strategy is that of trailing stop loss and take profit. Such a strategy ensures that the gains are booked at appropriate intervals and levels and makes sure that the profits already accrued are not dilutes by waiting for additional profits.
- *Reporting and control mechanism* – We keep a check and control on the forex transaction by delegating actual execution deals to the operational team but ensuring that a senior management personnel is vetting the deals. Further, by clearly demarcating authority and responsibility, defining monetary limits within which decisions can be taken and having period reporting to the management, we are able to control the forex exposure prudently.

QUALITY CONTROL

Quality control has two aspects; one is maintaining the quality of raw materials which we trade and procure for captive consumption and another is maintaining the quality of the products we manufacture.

For proper understanding of the quality of all our procured materials – both for captive consumption and onward sales – we appoint a specialized third party inspection agency such as Mitra S.K. Private Limited, SGS India Limited and BSI Inspectorate, who sample and analyse the material at each critical point in the supply chain.

For maintaining the quality of the product we produce and also to achieve targeted productivity, we have an in-house quality control department. The activities of this department comprise of collection and preparation of samples, testing of raw materials and other process inputs inspection, testing and quality certification of finished products, feed back assistance to main production units to ensure control of process parameters and to take timely corrective measures.

INSURANCE

We maintain insurance cover of various types for our Kalinganagar Plant, Golagaon Plant, Corporate Office, operational activities and vehicles. We have various insurance policies with Bajaj Allianz General Insurance Company Limited, Tata AIG General Insurance Company Ltd, United India Insurance Company Limited, ICICI Lombard, HDFC Chubb General Insurance Company Limited and Oriental Insurance Company Limited that are renewed on a regular basis.

Our Company consults Salasar Services (Insurance Brokers) Pvt. Ltd., an IRDA registered insurance advisor, for all our insurance related matters. The said insurance advisor has been engaged by our Company for a period of six months with effect from October 22, 2005. Earlier, our Company independently handled all insurance related matters, such as identifying the risk and purchasing the appropriate policy to cover the risk, negotiating with the various insurance companies in respect of the premium, claim settlement, etc.

As on October 31, 2005, barring one insurance claim, all our other insurance claims have been settled. The only unsettled insurance claim is the claim arising out of a marine insurance policy purchased by our company from Bajaj Allianz General Insurance Company. Our company had lodged a claim of Rs. 30 million for the breakage of silica bricks, which were in transit from China on June 24, 2005. Till date we have received only Rs. 10 million and the final settlement is pending.

Details of number of insurance claims made by us in 2004-05 and the nine months period ended December 31, 2005 are given in the following table along with the cumulative claim amount. No. of claims settled during the same period is also given in the following table along with the cumulative claim passed.

Year/Period	Total no. of claims made	Cumulative claim amount (Rs. in Million)	Total no. of claims settled	Cumulative claim passed (Rs. in Million)
2004-05	4	3,544,080	4	2,684,381
Nine months period ended December 31, 2005	3	30,016,058	2	23,465,284 (including Rs. 10,000,000 received as on account payment)

SAFETY

We assign high importance to health & safety as an essential component in every sphere of our activities, in order to

- Give highest priority to safety in selection of plants & equipments, erection and commissioning.
- Provide and maintain plant and equipment and systems of work that are safe and without risks to health.
- Develop operating manuals for each process, with safety provisions duly highlighted and to make arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of goods, materials and substances.
- Provide such information, instruction and supervision as is necessary to ensure the health and safety related laws, rules, and procedures applicable to us.
- Identify and eliminate risk related process by carrying out safety audits and to give priority to occupational health of our employees.
- Ensure, prepare and update on site emergency plan and organize mock drills to keep the concerned personnel in preparedness.
- Provide and maintain a working environment for employees that is safe and without risks to health and is adequate as regards to facilities and arrangements for their welfare.

OUR MANPOWER & HUMAN RESOURCES POLICY

Our total manpower strength stands at 269 as on November 30, 2005. The break-up of existing manpower is as follows:

Category	Pig iron production facility at Kalinganagar	COBP and COGP at Golagaon	Corporate Office & logistics business	Total
Managerial & Administrative Staff	78	4	96	178
Worker/Junior Officer	66	7	18	91
Total	**144**	**11**	**114**	**269**

Our Human Resources strategy involves three critical elements – recruitment strategy, training & development strategy and retention strategy.

Recruitment Strategy: Our Company has a well-laid policy for recruitment, as it is very crucial to recruit the right quality of manpower, at the right time for the right position. Recruitment is done at all levels depending upon the requirement and vacancy, which is approved by the Chairman/ Managing Director.

Whenever a vacancy arises, we first try to fill it internally. We believe this gives the opportunity to our employees to relocate themselves within the organisation as per their competencies and expectations and acts as a retention tool. If we find that no suitable candidate is available internally, we recruit externally through newspaper advertisement, job portal, placement agencies, campus recruitment and employee references.

We recruit management trainees, graduate engineer trainees and diploma engineer trainees through campus interviews at engineering and management schools. Mid-career recruitment is done through advertisement, consultants and also through unsolicited applications / contacts. The persons recruited can be located at any of our locations e.g. Head Office or Registered Office or Plant depending upon the requirement of the organization and the aptitude of the concerned individual.

Employees can be transferred from one location to another within the same company and from one company to another subject to exigency of work and business need. Further, we offer contractual employments to retired executives from reputed steel companies to take advantage of their experience and expertise.

Training & Development: Training & Development of employees is of immense importance, hence we give focus to this important aspect of Human Resource Development. Training to employees is given both on need base which may be according to the need of the individual or the need of the organization. We have a system of identifying training needs. The training need identification is done by the HODs/ Shift Incharges for which the company has a well-designed Training Need Identification format. Training Need Assessment is also done at the time of appraisal.

We have a system of in-house training where internal trainers impart training to the employees at regular intervals. For external training, employees are sent on various programs; faculty are also invited to conduct training programs at our Company's premises.

Retention Strategy: With the pace of growth of our Company, high caliber professionals are willing to associate themselves with our Company. We aim to retain high-performing employees through attractive compensation, benefits and working environment. The rules and policies of our Company are transparent to prevent disparity. Performers and fast track employees are rewarded to set examples for others.

OUR PROPERTIES

For the Project, our Company has acquired 390 acres of land on lease (hereinafter referred to as the "Leased Property" from Orissa Industrial Infrastructure Development Corporation (IDCO/Lessor) for a period of Eighty Five years with effect from August 28, 2004 vide lease deed dated August 28, 2004 (hereinafter referred to as the "Lease Deed"/"lease deed"). The consideration for the lease is Rs. 507,000,000/- as concessional cost payable by our Company in twelve installments till April 12, 2007 along with interest @ 12% per annum as per the payment schedule contained in the Lease Deed. In addition, our Company has to pay an annual ground rent of 1% of the land rate and cess @ 75% on ground rent on the leased premises to IDCO. All taxes, rates, cesses etc. in respect of the Leased Property and maintenance charges for the maintenance of all common facilities are to be paid by our Company.

The Lease Deed has several restrictive clauses and covenants, including (but not limited to) the following:

1. Our Company is liable to pay further sums towards premium of the Leased Property demanded by the Lessor consequent to the Lessor being required to pay more as compensation under the provisions of the Land Acquisition Act, or in pursuance of the orders of any judicial authority enhancing the compensation payable under land acquisition proceedings. Our Company is also liable to pay the Lessor any amount or expenses incurred by the Lessor in defending or contesting any legal proceedings in connection with acquisition or transfer of the Leased Property.
2. Some part of the Leased Property is forest land. In relation to the same, Government of India, Ministry of Forest and Environment has stipulated certain additional conditions.
3. Our Company has only the surface rights on the Leased Property and the right to minerals in or under the area under the Leased Property belong to the Lessor.
4. At any time, if the Leased Property or any part thereof is required by the Lessor for any purpose as declared by the State Government to be a public purpose, the Lessor shall be entitled to take possession of the Leased Property by giving six months notice.
5. If any Act or Order passed by the State Government in relation to the Leased Property is conflicting with the Lease Deed, the Act or Order by the State Government shall override the terms and conditions of the Lease Deed and the terms and conditions of this Lease Deed shall be deemed to have been amended forthwith to the extent of such Act/order of the State Government.
6. The Lessor can impose any further reasonable conditions and stipulations, alterations in the Lease Deed if it considers the same to be in public interest.
7. In addition to the Lease Deed, our Company is bound by the provisions of the Orissa Industrial Investment Development Corporation Act, 1980, rules/regulations made thereunder, decisions of the IDCO Board from time to time, terms and conditions of the allotment letter dated January 12, 2004 as also the terms and conditions of the lease deed executed between the State Government and IDCO, that is the Lessor.
8. Preference to be given in awarding contracts for construction to local parties, purchase of raw materials, consumables, spare parts etc. from within Orissa State, other terms and conditions in both cases being equitable. Preference to be given to residents of Orissa in employment.
9. Our Company shall provide employment or assist in self-employment of one member of each family displaced due to the Leased Premises leased to our Company. Further, as far as practicable, our Company shall provide training facilities as may be required to appropriately skill locally available candidates.
10. Our Company cannot alter our name or the constitution of our Company or such other changes without obtaining prior consent of the Lessor.
11. Our Company shall be responsible for signing the MoU with the State Government, and shall comply with the provisions of the MoU.

We notified IDCO of our change of name from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED after this change of name, but have not yet received their written consent. However, subsequent land allotment by IDCO (of 132.98 acres, as stated below) to us has been in our new name.

Further, we have been recently allotted and granted possession of additional adjoining 132.98 acres of land and have executed the lease deed dated November 16, 2005 for the same.

Our Company owns its Registered Office property situated at 11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015, Orissa. The said property was acquired by our Company vide a conveyance deed dated October 4, 2001 executed between the Governor of Orissa and our Company.

Our Company does not own its Corporate Office situated at 8/10, Alipore Road, Kolkata - 700 027, West Bengal. The property is owned by our Promoter, Visa International Limited, and our Company pays a monthly license fee of Rs. 200,000/- (Rupees Two Hundred Thousands) to Visa International Limited pursuant to a leave and license agreement dated January 19, 2006 which is valid till July 18, 2006, with an option for extension of the same.

In addition to the above, our Company has purchased about 13.52 acres of land at Ankurapal, 7.4 acres at Jakhapura and 8.14 acres at Golagaon.

Our company has entered into several other leave and license agreements for properties in the State of Orissa, West Bengal and Maharashtra. Some of these agreements remain to be adequately stamped and therefore are not currently enforceable/ admissible as evidence in the court of law.

REGULATIONS AND POLICIES

The new industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

In relation to the steel industry, licensing requirement for capacity creation has been abolished, except for certain locational restrictions. Steel industry has been removed from the list of industries reserved for the public sector. Price and distribution controls as well as restrictions on external trade, both in import and export, have been removed.

We are a multi-product Company with a product portfolio including pig iron, coke, coking coal, steam coal, chrome concentrates and iron ore fines. We manufacture pig iron from the blast furnace at our Kalinganagar Plant. We produce chrome concentrates at our Golagaon Plant. We are currently setting up a stamp-charged heat-recovery Coke Oven plant. We further propose to set up, as a part of the Project, a ferro-chrome plant, captive power plant, special and stainless steel plant etc.

Laws relating to excise, customs, sales tax, pollution control, factory and labour-related matters etc. are applicable to our Company, as they are applicable to other manufacturing establishments. However, pursuant to our business profile, there are specific set of legislations and regulations applicable to our Company.

Our Company has also applied for various prospecting licenses and mining leases for iron ore, chrome ore and coal in the States of Orissa, Chhattisgarh and Jharkhand. The applicable legislations governing the mining sector in India, will be applicable to our company on the prospecting licenses and/or mining lease being granted to our Company, except for rules relating to application for prospecting license and/or mining lease which would become applicable on making such application.

A summary of the regulations and policies currently applicable/that would become applicable to our Company pursuant to the Project are as follows:

NATIONAL STEEL POLICY, 2005

The National Steel Policy, 2005 (hereinafter referred to as the "Policy") is not a regulation but a policy document which lays down a broad policy framework for India's steel industry, and aspires India to have a modern and efficient steel industry of world standards, catering to diversified steel demand.

The Policy envisages a compounded annual growth of 7.3 per cent per annum in the steel sector. To achieve this, it aims to increase production from 38 MTPA in 2004-05 to over 110 MTPA by 2020, through a multi-pronged strategy.

The Policy focusses on achieving global competitiveness not only in terms of cost, quality and product-mix, but also in terms of global benchmarks of efficiency and productivity.

The Government proposes to create incremental demand for domestic consumption via promotional efforts, awareness drives and strengthening the delivery chain, particularly in rural areas. On the supply side the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and HRD and encourage the creation of infrastructure such as roads, railways and ports.

THE ESSENTIAL COMMODITIES ACT, 1955

The Essential Commodities Act, 1955 (hereinafter referred to as the Act) provides for the control of the production, supply and distribution of, and trade and commerce, in certain commodities. Coal including coke and other derivatives as well as iron and steel including manufactured products of iron and steel are essential commodities as per Section 2 of the Act. Section 3 of the Act confers extensive powers on the Central Government to make orders for achieving the primary objective of exercising effective control over the supply and equitable distribution of the essential commodity at fair prices. The order made, under Section 3, by the Central Government may provide *inter alia* for regulating by licenses, permits or otherwise the production or manufacture of any essential commodity. The Colliery Control Order, 2000 (below) has been issued by the Central Government under this Act.

COLLIERY CONTROL ORDER, 2000

The Government of India, in exercise of the powers conferred by Section 3 read with Section 5 of the Essential Commodities Act, 1955 and in supersession of the Colliery Control Order, 1945, has issued a Gazette Notification on January 1, 2000 to publish the Colliery Control Order, 2000 (hereinafter referred to as the "Order"). The Order seeks to regulate the categorization and disposal of coal and also seeks to regulate mining or production of coal. Prior to January 1, 2000 the Central Government was empowered under clause 4 of the Colliery Control Order, 1945, to fix the grade-wise and colliery-wise prices of coal. The pricing of coal has been fully deregulated after the Colliery Control Order, 2000 was notified with effect from January 1, 2000. Under the Colliery Control Order, 2000 the Central Government has no power to fix the prices of coal.

As per Clause 2(a) of the Order, coal includes anthracite, bituminous coal, lignite, peat and any other form of carbonaceous matter sold or marketed as coal and also coke. Clause 2(c) defines colliery to mean any mine or open working where winning or extraction of coal is the principal object of the mining, quarrying or any other operation carried on therein, and includes a plant for the production of coke or for the washing of coal. As per Clause 8 of the Order, the Central Government has the power to issue directions to any colliery owner so as to prohibit or limit the mining or production of coal.

The Mines and Minerals (Development and Regulation) Act, 1957, and the Mines Act, 1952, together with the rules and regulations framed under them, constitute the basic laws governing the mining sector in India.

THE MINES ACT, 1952

The Mines Act, 1952 (hereinafter referred to as the "Act") seeks to regulate the working conditions in mines by providing measures to be taken for the safety of the workers employed therein. Section 2 of the Act defines a mine as any excavation where any operation for the purpose of searching for or obtaining any mineral has been or is being carried on. The Act prescribes duties of the mine owner as regards to the managing of the mines and mining operation and the health and safety in mines. It also prescribes the number of working hours in mines, the minimum wage rates, and other related matters. The Act provides for appointment of officials such as chief inspector, inspectors & certifying surgeons. The chief inspector and the inspector are conferred with several powers so as to ensure compliance by the mine owners with the provisions of this Act. The primary responsibility of certifying surgeons, as per Section 11(4) of the Act, is to examine the general health of the persons employed in the mines & to assess the occurrence of work related diseases. As per Section 16 of the Act the owner, agent or the manager of a mine shall give a month's notice in writing to the Chief Inspector, the Controller (Indian Bureau of Mines) and the District Magistrate of the district in which the mine is situated, before the commencement of any noting operation.

The Act lays down extensive provisions with regard to health and safety such as, provisions relating to drinking water, conservancy, medical appliances, accidents, specific diseases, fitness of workers, etc.

Both penal and pecuniary punishments are prescribed for contravention of obligations and duties under the Act.

THE MINES AND MINERALS (DEVELOPMENT AND REGULATION) ACT, 1957

The Mines and Minerals (Development and Regulation) Act, 1957 (hereinafter called as "the Act") provides, *inter alia*, a legal framework to bring the regulation of mines and the development of minerals under the control of the Union of India. Section 3(a) of the Act defines minerals as "minerals includes all minerals except mineral oils". As per Section 4(1) of the Act any person desirous of undertaking any reconnaissance, prospecting or mining operations in any area in India, shall undertake such operations only after a reconnaissance permit or a prospecting licence or a mining lease has been granted under this Act and the rules made thereunder. Further, as per Section 4(1A) of the Act no person shall transport or store or cause to be transported or stored any mineral otherwise than in accordance with the provisions of this Act and the rules made thereunder. The reconnaissance permit or prospecting licence or mining lease shall be granted by the State Government only to a person who is either an Indian national or a company as defined in Section 3(1) of the Companies Act, 1956 and satisfies such conditions as may be prescribed. However, in respect of minerals specified in the First Schedule to the Act (which includes, *inter alia*, minerals containing uranium and titanium), prior approval of the Central Government is required for the grant of prospecting licence or the mining lease.

Further, as per Section 4A of the Act, premature termination of licenses may be done either by the State Government or the Central Government in consultation with the State Government if it is expedient in the interest of, *inter alia*, regulation of mines & minerals development, preservation of environment & public health. Section 6 of the Act lays down the maximum area for which a reconnaissance permit, prospecting license and mining lease may be granted. The reconnaissance permit, prospecting license and mining lease may be granted for a maximum period of three years, five years and thirty years respectively. The holder of mining lease shall pay royalty at the rate specified in the Second Schedule to the Act and pay dead rent every year to the State Government at the rate specified in the Third Schedule to the Act. Preferential rights for obtaining a prospecting license or a mining lease are given under Section 11 of the Act to the holder of a reconnaissance permit or a prospecting license as the case may be.

MINERAL CONCESSION RULES, 1960

The Central Government, in exercise of the powers conferred by section 13 of the Mines and Minerals (Regulation and Development) Act, 1957, has enacted the Mineral Concession Rules, 1960 (hereinafter referred to as the "Rules"). The Rules embody detailed legal framework regarding the procedures to be followed *inter alia* for obtaining a reconnaissance permit, prospecting licence and mining lease in order to undertake mining operations in India. The Rules also provide for the procedure for the renewal and transfer of the prospecting licence and the mining lease.

THE MINERAL CONSERVATION AND DEVELOPMENT RULES, 1988

The Central Government, in exercise of the powers conferred by section 18 of the Mines and Minerals (Regulation and Development) Act, 1957 (67 of 1957), has enacted the Mineral Conservation and Development Rules, 1988 (hereinafter referred to as the "Rules") for conservation and development of minerals. The Rules lay down the guidelines for ensuring mining on a scientific basis and without environment degradation. The requirements specified in these Rules *inter alia* include the following:

Rule 4 states that every holder of prospecting licence shall submit to the Controller General and the Regional Controller within a period of 60 days from the date of execution of the prospecting licence, a scheme of prospecting operations in the area covered by the licence, which shall include (i) baseline information of prevailing environmental conditions before the beginning of the prospecting operations and (ii) steps proposed to be taken for protection of environment, which shall include prevention and control of air and water pollution, progressive reclamation and rehabilitation of the land disturbed by the prospecting operations, a scheme for the plantations of trees.

Rule 31 specifically states that every holder of prospecting licence or a mining lease shall take all possible precautions for the protection of environment and control all pollution while conducting prospecting, mining, beneficiation or metallurgical operations in the area. Rule 58 imposes penalty in the form of imprisonment or fine or with both on any person who contravenes the provisions of these Rules.

THE METALLIFEROUS MINE REGULATION, 1961

These Regulations define metalliferous mine as inclusive of all Mines other than a coal or an oil mine. Any change in the ownership of the mine is, according to these Regulations, to be notified to the Chief Inspector and the Regional Inspector within a period of 7 days from such change. Notice of change in appointment of certain key personnel of the mine is to be made to the District Magistrate, Chief Inspector & Regional Inspector. Further, the District Magistrate, Chief Inspector and Regional Inspector are also to be notified in case of any accidents within 24 hours. Certain authorities have been constituted under the Regulation for the examination and Certification of the competency and fitness for the managers of mines, mining engineers, supervisory staff, foreman, and surveyors. Further, provisions ennumerating the duties responsibilities and qualification of officers such as the manager, agents etc. have been laid down. In addition to this, certain safety instructions to be followed and the duties and responsibilities of workmen, competent persons and other officials have also been laid down. Among other things, in the interest of safety and well being of the workers, the Regulations also lay down detailed provisions for the types of survey and mining instruments to be used, the equipment used for access and egress of workers to the mines, transportation of men, minerals, and other related matters.

THE ELECTRICITY ACT, 2003

The Electricity Act, 2003 (hereinafter referred to as the "Act") was enacted with effect from June 10, 2003 repealing and replacing all the three Acts i.e. Indian Electricity Act, 1910, Electricity (Supply) Act, 1948 and Electricity Regulatory Commissions Act, 1998. The Act seeks to provide for demarcation of the roles of generation, transmission and distribution to provide for individual accountability of each. Some of the major provisions of the Act include *inter alia* the following:

1. de-licenses generation, makes captive-generation freely permissible;
2. provides open access for transmission, distribution and trading;
3. specifies technical standards, grid standards and safety requirements; and
4. introduces power trading as a distinct activity from power generation, transmission and distribution.

As regards captive power generation, Section 7 of the Act provides that a generating company may establish, operate and maintain a generating station without obtaining a license under this Act if it complies with prescribed technical standards. Section 9(1) of the Act allows any person to construct, maintain or operate a captive generation plant and dedicated transmission lines, subject to the condition that supply of electricity from the captive generating plant through the grid shall be regulated in the same manner as the generating station of a generating company. Section 9(2) of the Act further states that every person who has constructed a captive generating plant and maintains and operates such plant shall have the right to open access for the purposes of carrying electricity from captive generating plant to the destination of his use, subject to availability of adequate transmission facility.

HISTORY AND OTHER CORPORATE MATTERS

HISTORY AND BACKGROUND OF OUR COMPANY:

Our Company was incorporated on September 10, 1996 as "VISA INDUSTRIES LIMITED", having company registration number 15-04601 and our Registered Office at the time of our incorporation was at Plot No. 1143/1146, Airport Road, Bhubaneswar – 751 009, Orissa. With effect from October 17, 1999 our Registered Office shifted to our own premises at 11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015, Orissa which is the current Registered Office of our Company. Our Company's name was changed from "VISA INDUSTRIES LIMITED" to "VISA STEEL LIMITED", and we were issued a fresh certificate of incorporation by the RoC dated May 4, 2005 and CIN No. of our Company was U13209OR1996PLC004601.

With effect from April 1, 2004 ("appointed date"), Visa Energy Resources Limited was amalgamated into our Company. The High Court of Orissa, Cuttack and the High Court at Calcutta vide their orders dated October 15, 2004 and September 14, 2004, approved the Scheme of Amalgamation of Visa Energy Resources Limited into our Company from the appointed date, and the RoC has issued the Certificate dated December 8, 2004 of registration of order of the High Court of Orissa, Cuttack. Vide the said scheme of amalgamation, as approved, all the assets, liabilities, contracts, deeds, bonds, licenses, agreements, etc. of Visa Energy Resources Limited became the assets, liabilities, contracts, deeds, bonds, licenses, agreements, etc. of our Company, and our Company issued one Equity Share to the shareholders of Visa Energy Resources Limited for every one equity share of Rs. 10/- each held by them in Visa Energy Resources Limited. The paid up share capital of Visa Energy Resources was Rs. 83,600,000 divided into 8,360,000 equity shares of Rs. 10/- each, and therefore 8,360,000 Equity Shares were issued by our Company to the shareholders of Visa Energy Resources Limited.

HISTORY AND MAJOR EVENTS

Year	Event
1996	• Incorporation of VISA INDUSTRIES LIMITED
1997	• Commencement of construction of COBP
1999	• Commencment of commercial production of COBP
	• Commencment of construction of COGP
2001	• Commencement of commercial production of COGP
2003	• Signing of Memorandum of Understanding with the Chhatisgarh State Industrial Development Corporation
	• Signing of Memorandum of Understanding with the Government of Orissa
2004	• Amalgamation of Visa Energy Resources Limited into our Company.
2005	• Blast furnace commissioned
	• Visa Minmetal AG became one of our Promoters
	• Name of our Company changed from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED
	• Commencement of construction of coke oven plant

CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Our Registered Office at the time of our incorporation was situated at Plot No. 1143/1146, Airport Road, Bhubaneswar – 751 009, Orissa. Our Registered Office has changed once since then, and the details of the change are contained in the table below:

Previous Address	New Address	Date of Change
Plot No. 1143/1146, Airport Road, Bhubaneswar – 751 009, Orissa	11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015, Orissa	October 17, 1999

The requisite Form 18 for the shifting of the Registered Office was duly filed with the Registrar of Companies, Orissa for change in our Registered Office.

MAIN OBJECTS OF THE COMPANY

The main objects of our Company as contained in our Memorandum of Association are as set forth below:

1. To undertake the business of exploration, prospecting, quarrying, mining, winning, handling, transporting, processing, beneficiation, crushing, screening, washing, working, reducing, drawings, extracting, calcining, smelting, refining of all kinds of minerals, coal , ores, metals, concentrates including their arisings, associates, products and by-products and to deal, trade, market, sell, distribute, buy, export, import in respect thereof and to carry on any other mining / metallurgical operations which may seem conducive to the company's business.
2. To manufacture, produce, beneficiate, refine, work, alter, process, exchange, improve, transport, handle, buy, sell, market, deal, trade, distribute, import, export all kinds of ores, concentrates, minerals and mineral based products, coal, coke and all their products and by-products, ferrous and non-ferrous metals and their alloys including iron & steel, alloy steel products, stainless steel products, ferro alloy, other alloys and their products.
3. To purchase, take on lease or otherwise acquire all kinds of mines, quarries and mineral properties and lands in India or elsewhere believed to contain any type of ores or mineral, coal, limestone, dolomite, saline or chemical substances and also grants, concessions, leases, claims, licenses of or other interests in mines, mining rights and other rights and privileges which the company may think necessary or convenient for the purpose of its business.
4. To carry on business of generation, transmission and distribution of electricity and to generate, accumulate, transmit, distribute, wheel, bank, purchase or sell and supply electricity on a commercial basis as well as for captive consumption, for various purposes for which electric energy can be employed, including the establishment, operation and maintenance of generating and transformer stations, and to manufacture and deal in all apparatus and things required including acquisition and operation of coal mines, quarries for or capable of being used in connection with the generation, distribution, transmission, supply, accumulation, wheeling, banking and employment of electricity and to carry on the business of operators, consultants and advisers in relation to the business aforementioned.

The Main Objects clause of the Memorandum of Association of our Company enables us to undertake our existing activities as well as the activities for which the funds are being raised through this Issue. Further, we confirm that the activities we have been carrying out until now is in accordance with the objects clause of our Memorandum of Association.

CHANGES IN MEMORANDUM OF ASSOCIATION

Date of shareholders' approval	Changes in the Memorandum of Association
May 10, 2004	Increase in the authorised share capital of our Company from Rs. 160,000,000 divided into 16,000,000 Equity Shares of Rs. 10/- each to Rs. 500,000,000 divided into 50,000,000 Equity Shares of Rs. 10/- each.
September 30, 2004	Increase in the authorised share capital of our Company from Rs. 500,000,000 divided into 50,000,000 Equity Shares of Rs. 10/- each to Rs. 1000,000,000 divided into 100,000,000 Equity Shares of Rs. 10/- each.
February 22, 2005	Approval was given for the change of name of our Company from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED
November 18, 2005	Increase in the authorised share capital of our Company from Rs. 1000,000,000 divided into 100,000,000 Equity Shares of Rs. 10/- each to Rs. 1600,000,000 divided into 160,000,000 Equity Shares of Rs. 10/- each.

OUR SUBSIDIARY

We have one subsidiary, namely GHOTARINGA MINERALS LIMITED. For details regarding our Subsidiary's business and other details, please refer to section titled "Our Subsidiary" beginning on page 106 of this Red Herring Prospectus.

SHAREHOLDERS AGREEMENTS

There is no shareholders agreement among our shareholders in relation to our Company. We have signed a Shareholders Agreement dated May 11, 2005 with Orissa Industries Limited and Ghotaringa Minerals Limited ("Shareholder Agreement"). For further details in this regard, please refer to section titled "Our Subsidiary" beginning on page 106 of this Red Herring Prospectus.

OTHER AGREEMENTS

We are not a party to, or have entered into, any other material contract, not being a contract:

(i) entered into in the ordinary course of our business carried on or intended to be carried on by us; or

(ii) entered into more than two years before the date of filing the Red Herring Prospectus with SEBI.

STRATEGIC PARTNERS

Our Company does not have any strategic partners.

FINANCIAL PARTNERS

Our Company does not have any financial partners.

OUR MANAGEMENT

BOARD OF DIRECTORS

Details of our Board of Directors are given below:

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
1.	**Mr. Vishambhar Saran** Chairman S/o Late Shankar Saran Agarwal 10B, Shree Ram Gardens 15 Belvedere Road, Alipore Kolkata – 700 027 Occupation: Company executive	Indian	58	1. Visa Minmetal AG 2. Visa Comtrade AG 3. VISA LIMITED 4. VISA COAL PTY LIMITED 5. VISA POWER LIMITED 6. Visa International Limited 7. GHOTARINGA MINERALS LIMITED 8. Khandadhar Minerals Limited 9. Far East Minerals Private Limited (alternate director)
2.	**Mr. Maya Shanker Verma** Non-Executive and Independent Director S/o Late Shri Rama Shanker Verma A-55, Belvedere Park DLF City, Phase-III, Gurgaon – 122 002, Haryana Occupation: Consultant	Indian	67	1. International Asset Reconstruction Company Private Limited 2. Uttaranchal Jal Vidyut Nigam Limited 3. Alliance Capital Asset Management India Private Limited 4. Contemporary Health Private Limited 5. SREI Infrastructure Finance Limited 6. Power Trading Corporation of India Limited 7. Jammu & Kashmir Bank Limited 8. Ratnagiri Gas and Power Private Limited
3.	**Mr. Arvind Pande** Non-Executive and Independent Director S/o Mr. Bhairab Dutt Pande E-148(F.F.), East of Kailash New Delhi – 110 065 Occupation: Management Expert	Indian	63	1. HDFC Bank Limited 2. IVRCL Infrastructures and Projects Limited 3. Sandhar Locking Devices Limited 4. Asset Care Enterprises Limited 5. Era Constructions (India) Limited
4.	**Mr. Debi Prasad Bagchi** Non-Executive and Independent Director S/o Mr. M.G. Bagchi Y-165, Regency Park – II, Phase – IV, DLF City Gurgaon – 122 002, Haryana Occupation: Development Consultant	Indian	63	1. Power Trading Corporation of India Limited 2. National Mineral Development Corporation Limited 3. Nilachal Ispat Nigam Limited
5.	**Mr. Pradip Kumar Khaitan** Non-Executive and Independent Director S/o Mr. B.P. Khaitan B-103, Rai Enclave, 7/1A, Sunny Park Kolkata – 700 019 Occupation: Advocate	Indian	64	1. CESC Limited 2. Dalmia Cement (Bharat) Limited 3. Electrosteel Castings Limited 4. Graphite India Limited 5. Hindustan Motors Limited 6. India Glycols Limited 7. Lanco Industries Limited

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
				8. OCL India Limited 9. Pilani Investment & Industries Corporation Limited 10. South Asian Petrochem Limited 11. Suzlon Energy Limited 12. Woodlands Medical Centre Limited
6.	**Dr. Shailendra Kumar Tamotia** Non-Executive Director S/o Late Shri S.L.Tamotia Plot No. N2 /58, IRC Village Bhubaneswar Occupation: Company Executive	Indian	66	1. Vedanta Resources Plc. 2. Industrial Promotion and Investment Corporation of Orissa Limited 3. Visa International Limited
7.	**Mr. Shanti Narain** Non-Executive and Independent Director – Additional Director S/o Late Shri Basant Kumar 202, Vasant Enclave, Rao Tula Ram Marg, New Delhi - 110 057 Occupation: Management Consultant	Indian	64	1. National Mineral Development Corporation 2. Kalindee Rail Nirman (Engineers) Limited
8.	**Mr. Vikas Agarwal** Non-Executive Director S/o Mr.Vishambhar Saran Ground Floor, Chamerstrasse 30 6300 Zug, Switzerland Occupation: Company Executive	Indian	31	1. VISA COMTRADE (ASIA) LIMITED 2. VISA COAL PTY LTD 3. Visa International Limited 4. VISA POWER LIMITED 5. Far East Metals Private Limited
9.	**Mr. Vivek Agarwal*** Non-Executive Director S/o Mr.Vishambhar Saran Ground Floor, Chamerstrasse 30 6300 Zug, Switzerland Occupation: Company Executive	Indian	27	1. Visa International Limited 2. VISA POWER LIMITED 3. Far East Minerals Private Limited
10.	**Mr. Vishal Agarwal** Managing Director S/o Mr.Vishambhar Saran A/30, Forest Park, Bhubaneswar – 751 009 Orissa Occupation: Company Executive	Indian	31	1. Visa Coal Pty. Limited 2. VISA POWER LIMITED 3. Visa International Limited 4. GHOTARINGA MINERALS LIMITED 5. Khandadhar Minerals Limited 6. South East Minerals Private Limited 7. VISA COMTRADE (ASIA) LIMITED

* - Ms. Saroj Agarwal has been appointed as an Alternate Director for Mr. Vivek Agarwal vide resolution passed at the meeting of our Board of Directors held on December 25, 2005. Details of Ms. Saroj Agarwal are given hereinbelow:

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Nationality	Age (in years)	Details of other Directorships
	Ms. Saroj Agarwal Alternate Director to Mr. Vivek Agarwal Non-Executive Director W/o Mr. Vishambhar Saran 10B, Shree Ram Gardens 15 Belvedere Road, Alipore Kolkata – 700 027 Occupation: Company Executive	Indian	56	1. Visa International Limited 2. VISA LIMITED 3. VISA POWER LIMITED 4. South East Minerals Private Limited 5. Far East Metals Private Limited 6. Far East Minerals Private Limited

BRIEF BIOGRAPHY OF OUR DIRECTORS

1. Mr. Vishambhar Saran, Chairman

Date of Birth: December 4, 1947

Qualifications

- Bachelor's Degree in Mining Engineering from the Institute of Technology, Benaras Hindu University in 1969
- 1st Class Mines Managers Certificate of Competency in 1973

Experience

Mr. Vishambhar Saran joined the Mines Division of the Tata Iron and Steel Company Limited (TISCO) (now known as Tata Steel Limited) in 1969 and was elevated to the position of Director, Raw Materials (Commercial) in 1988. During his tenure of over 25 years with Tata Steel Limited, Mr. Saran was primarily involved in development of mines, mineral beneficiation plants (coal, iron ore, chrome ore, manganese ore, limestone & dolomite), ferro alloy plants, port operations (Paradip, Haldia, Chennai), and international trading of raw materials (Coal, LAM coke, minerals, ferroalloys, limestone, steel scrap & pig iron) for the iron and steel industry including networking internationally. During his tenure at Tata Steel Limited, in addition to holding board positions in other Tata group companies, he held several other prestigious positions. He availed Voluntary Retirement from Tata Steel Limited and took over as Chairman of the VISA Group of Companies in April 1994.

In addition to being a whole-time Director of our Companny designated as Chairman, and being the Chairman of the VISA group of companies, Mr. Saran holds several other significant positions:

- Chairman of International Trade Committee of Confederation of Indian Industries (CII) – Eastern Region
- Member of National Committee on Trade Policy of CII
- Chairman of International Trade Committee of Indian Chamber of Commerce, Kolkata
- Chairman of Board of Governors, Heritage Institute of Technology, Kolkata
- Honorary Consul for Republic of Bulgaria in eastern India
- Chairman of Smt. Sarla Devi Saraswati Girls' Inter College
- Trustee of Visa Charitable Trust and Kalyan Bharti Trust

2. Mr. Maya Shanker Verma, Director

Date of Birth: November 5, 1938

Qualifications:

- B.A. in Philosophy (Gold Medallist)
- M.A. in Philosophy

Experience

Mr. Maya Shanker Verma has over 40 years of experience in banking and other sectors of the Indian economy, and has held important positions affecting matters of national policy. He is the former Chairman of State Bank of India (SBI), IDBI Bank and the Telecom Regulatory Authority of India. He served SBI for almost four decades and retired in 1998. In December 1998, Mr. Verma was appointed as Advisor to the Reserve Bank of India and is presently the Vice-President of the National Council for Applied Economic Research.

3. Mr. Arvind Pande, Director

Date of birth: September 7, 1942

Qualifications:

- Graduate from Allahabad University
- Master's degree in Economics from Cambridge University, U.K

Experience

Mr. Arvind Pande served the Government of India as an IAS officer and was Joint Secretary to the Prime Minister of India for his expertise in economics, science and technology issues. As a Director of the Department of Economic Affairs and Ministry of Finance, Government of India, he has been a part of many World Bank-aided projects. He is also the former Chairman of Steel Authority of India Limited.

4. Mr. Debi Prasad Bagchi, Director

Date of Birth: October 21, 1942

Qualifications:

- B.A. (Honours) in Economics
- M.A. (Economics)
- M.Phil (Public Administration)

Experience

Mr. Debi Prasad Bagchi joined the Indian Administrative Service in 1966 and was allotted the Orissa cadre. He retired from civil service in October 2002. He has held positions including the following:

- Chief Secretary to the Government of Orissa
- Secretary, Ministry of Small Scale Industry and Agro and Rural Industry
- Principal Advisor of the Planning Commission, Government of India.
- Chairman cum Managing Director of Orissa Lift Irrigation Corporation
- Managing Director of Orissa Mining Corporation Limited.

5. Mr. Pradip Kumar Khaitan, Director

Date of Birth: March 25, 1941

Qualifications:

- B.Com (Bachelor of Commerce)
- LL.B.
- Attorney-at-Law (Bells Chamber, Gold Medalist)

Experience:

Mr. Pradip Kumar Khaitan is an Advocate, and is a Partner of M/s. Khaitan & Co, a renowned Indian law firm. In his role as an independent Director, he advises our Company on various legal aspects. His personal status as a legal luminary enhances our Board's stature.

6. Dr. Shailendra Kumar Tamotia, Director

Date of birth: September 25, 1939

Qualifications:

- Bachelor of Engineering (Hons) in Civil Engineering
- Masters in Engineering in Soil Mechanics and Foundation Engineering
- Doctorate in engineering

Experience:

An engineer by profession, Dr. Shailendra Kumar Tamotia has vast experience in project management and implementation. He started his career in 1962 at Bhilai Steel Plant. Dr. Tamotia joined NALCO in 1984 and rose to the position of Chairman & Managing Director in 1993. He was also President and CEO of Indian Aluminium Company Limited. With over 45 years of experience in the ferrous and non ferrous metals industry, Dr. Tamotia has also worked with several government/public sector companies, including Hindustan Steel Construction and Kudremukh Iron Ore Company Limited. He is on the Board of Visa International Limited and is presently overseeing the project implementation and expansion plans of the VISA Group.

7. Mr. Shanti Narain, Additional Director

Date of Birth: February 15, 1941

Qualifications

- B.Sc (Hons.) Physics, St. Stephens College, Delhi University
- M.Sc. (Mathematics), St. Stephens College, Delhi University

Experience

Mr. Shanti Narain's key area of expertise is strategic management of transport systems, with special emphasis on railways, involving planning, marketing, customer relations, monitoring and control of operational and commercial activities and development of transport infrastructure. He was the Member (Traffic), Railway Board from January 1997 till February, 2001. He functioned as the Head of Traffic and Commercial Department of the Indian Railways. Other positions that have been held by him include General Manager, Northern Railways, Delhi and Additional Member (Traffic), Railway Board. He is a member of several committees set up by the Government of India and also of several professional societies.

8. Mr. Vikas Agarwal, Director

Date of birth: September 14, 1974

Qualifications

- Bachelor of Arts (Hons) from Trinity College, Cambridge University
- Masters in Manufacturing Engineering from Trinity College, Cambridge University in 1997

Experience

Mr. Vikas Agarwal worked as an Executive in ICI India Limited - Paints & Explosives Divisions until 1999. He joined Visa Energy Resources Limited as General Manager in 1999 and in April 2000 started working for VISA LIMITED, London as General Manager (Coal & Coke). Currently, he is the Managing Director of VISA Comtrade AG, Zug and has overall responsibility for the global coal and coke business of the VISA Group. He has been the Managing Director of VISA COAL PTY LTD, Brisbane since July 2004 and was instrumental in securing investment in the coking coal mining venture in Australia.

9. Mr. Vivek Agarwal, Director

Date of Birth: May 23, 1978

Qualifications

- Bachelor of Arts (Hons) from Trinity College, Cambridge University
- Masters in Manufacturing Engineering from Trinity College, Cambridge University in 2001

Experience

Mr. Vivek Agarwal worked as research associate in the Auto-ID Centre of Massachusetts Institute of Technology (MIT) and in 2002 joined the strategy consulting firm, Booz Allen Hamilton in London. In 2004, he joined VISA LIMITED, London as Executive Director (Corporate Strategy & Performance). He is now Executive Director in Visa Comtrade AG and is currently responsible for developing the VISA Group's minerals, ferro alloys and alumina trading business.

10. Mr. Vishal Agarwal, Managing Director

Date of Birth: September 14, 1974

Qualifications

- B.Sc. (Economics) from London School of Economics in 1996
- Masters in Economics for development from Oxford University in 1997.

Experience

In 1997, Mr. Vishal Agarwal joined our Company as Executive Director. He has established our Company's greenfield projects in Orissa at Golagaon and Kalinganagar. He was appointed as our Managing Director with effect from October 1, 2001 and subsequently re-appointed with effect from June 25, 2005. As Managing Director of our Company, he is currently responsible for the overall management of the operations and the Project.

He is also a member of the Young Presidents Organisation, International Chromium Development Association in Paris, CII - Orissa State Council, Bhubaneswar, and Federation of Indian Mineral Industries, New Delhi.

In addition to the above, Ms. Saroj Agarwal has been appointed as an Alternate Director for Mr. Vivek Agarwal vide resolution passed at the meeting of our Board of Directors held on December 25, 2005. Brief biography of Ms. Saroj Agarwal is given hereinbelow:

Date of Birth: February 12, 1949

Qualifications: Bachelor of Arts from Banaras Hindu University in 1973

Experience

Ms. Saroj Agarwal laid the foundation of the VISA Group in the mid-eighties. She is currently the Managing Director of Visa International Limited and is also involved as a trustee of the VISA Charitable Trust. She is an avid golfer and active member of Ladies Study Group, Kolkata.

APPROVAL FOR APPOINTMENT OF UPTO SIXTEEN DIRECTORS

Article 134 of our Articles of Association authorises us to have upto sixteen Directors on our Board. Pursuant to the provisions of the Companies Act, we would need approval from the Central Government to increase the number of our Directors to any number beyond twelve, and we have obtained the approval to appoint upto sixteen Directors on our Board vide letter from Ministry of Company Affairs bearing reference number 6/10/2005-CL.VII dated July 27, 2005.

BORROWING POWERS OF DIRECTORS

The borrowing powers of our Directors are regulated by Articles 86 to 89 of the Articles of Association of our Company. For further details, kindly refer section titled "Main Provisions of Articles of Association" beginning on page 206 of this Red Herring Prospectus.

Further, pursuant to an ordinary resolution passed at the Extraordinary General Meeting held on November 18, 2005 of our Company, our Directors were authorised to borrow money(s) on behalf of our Company in excess of the aggregate amount of paid up share capital and free reserves of our Company from time to time subject to an amount not exceeding Rupees Thirty Thousand Million pursuant to section 293(1)(d) of the Companies Act.

REMUNERATION/COMPENSATION OF DIRECTORS

(i) *Whole-time Directors/Executive Directors*

Mr. Vishambhar Saran, Chairman:

Mr. Vishambhar Saran was the Managing Director of the erstwhile Visa Energy Resources Limited, which has now amalgamated into our Company. We have appointed Mr. Saran as the Whole-time Director of our Company, designated as Chairman for a period of three years with effect from December 15, 2004. The agreement between Mr. Saran and our Company dated December 15, 2004 (**"Chairman's Agreement"**) was approved by our shareholders at our EGM held on December 15, 2004.

Clause 6 of the Chairman's Agreement, as approved by our shareholders, contains details as to remuneration, perquisites and benefits during the continuance of the Chairman's Agreement in consideration of performance of his duties, and the details are summarised hereunder:

I.	PERIOD OF APPOINTMENT	:	3 YEARS
II.	DESIGNATION	:	Chairman
III.	REMUNERATION	:	
	(i) Salary	:	Salary including dearness allowance Rs.2,00,000/- per month with such increment as may be determined by the Remuneration Committee from time to time subject to overall ceiling laid down in the Companies Act.
	(ii) Special Allowance	:	Special allowance of Rs.50,000/- per month with such increment as may be determined by the Remuneration Committee from time to time subject to overall ceiling laid down in the Companies Act.
	(iii) Commission	:	Commission @ 2% of the net profits of the Company after tax or as may be approved by the Remuneration Committee at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act and subject to maximum limit of 9 months salary as defined in para (i) above. The commission payable to the WTD, will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the shareholders, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act.
	(iv) Perquisites	:	(i) HOUSING : The expenditure by the Company on hiring furnished / unfurnished accommodation will be subject to the following ceiling: (a) Fifty per cent of the salary (b) In case accommodation is provided by the Company, ten percent of the salary shall be deducted by the Company (c) In case no accommodation is provided by the Company, he will be entitled to house rent allowance subject to the approval of the Board and subject to the ceiling laid down in (a) above

	(ii) MEDICAL REIMBURSEMENT, LEAVE TRAVEL CONCESSION, CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION OR ANNUITY FUND, BONUS AND GRATUITY 1. Medical reimbursement: Expenses incurred for self and family (consisting of spouse, and dependent children) subject to the rules of the Company applicable to the senior executives. 2. Leave Travel Concession: For self and family in accordance with the Rules of the Company applicable to the senior executives. 3. The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per the Rules of the Company applicable to the senior executives. 4. Gratuity and bonus as per rules of the Company applicable to senior executives. (iii) CLUB FEES Reimbursement of Membership fees for three clubs in India and / or abroad including admission and life membership fee (iv) LEAVE Leave with full pay and allowances as per the rules of the Company. (v) CONVEYANCE FACILITIES, TELEPHONE AND OTHER COMMUNICATION FACILITIES (a) Conveyance facilities: A Company maintained car for the use in the Company's business. Use of car for personal purpose shall be billed to him separately. (b) Telephone and other communication facilities: The Company shall provide telephone, and other communication facilities at the residence of Mr. Saran. Use of personal long distance calls shall be billed to him separately.

Subject to overall ceiling on remuneration mentioned hereinabove, Mr. Saran may be given any other allowances, benefits and perquisites as the Remuneration Committee may from time to time decide.

Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at cost.

OVERALL REMUNERATION

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under sections 198, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act as may be in force from time to time.

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Chairman, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Part II of Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof as may for the time being be in force.

The Chairman's Agreement, *inter alia,* also provides for powers and duties of Mr. Saran, in his capacity as a Whole-time Director designated as Chairman. The appointment may be terminated by either party by giving to the other one month's notice in writing.

Since the above remuneration was in excess of the limits contained in Schedule XIII of the Companies Act, the same is subject to Central Government's approval. Our Company applied to the Central Government (Ministry of Company Affairs) in Form 25-A for approval of Mr. Saran's remuneration. The Ministry of Company Affairs, vide its letter dated July 27, 2005 approved remuneration of Rs. 250,000/- per month for Mr. Saran (inclusive of all perks) plus provident fund/superannuation fund/gratuity as per the rules of our Company and income-tax limits.

Since the aforesaid approval did not cover all elements of Mr. Saran's proposed remuneration, as contained in the Chairman's Agreement (reproduced hereinabove) and approved by our shareholders, we applied to the Central Government vide our letter dated August 13, 2005 for approval of those portions of his proposed remuneration which remained to be approved. In response to the same, the Ministry of Company Affairs, vide its letter dated December 1, 2005 has amended its aforesaid letter dated July 27, 2002 to enhance Mr. Saran's approved remuneration at Rs. 335,815/- per month (inclusive of all perks), the other terms and conditions of the aforesaid letter dated July 27, 2005 remining unaltered. However, the same is not in accordance with the terms of remuneration as approved at our EGM, and our Company has replied to the same vide its letter dated December 6, 2005, requesting for approval of Mr. Saran's remuneration as per terms approved at our EGM. The remuneration currently being paid by us to Mr. Saran is in accordance with his existing approval received from the Central Government.

The total remuneration paid to Mr. Vishambhar Saran in financial year 2004-2005 was Rs. 2,460,952/-, while the remuneration paid to him for the nine months ended December 31, 2005 is Rs. 2,894,850/-.

Mr. Vishal Agarwal, Managing Director

Mr. Vishal Agarwal was re-appointed as our Managing Director for a period of three years with effect from June 25, 2005 vide resolution passed at our Annual General Meeting held on August 1, 2005. The summary of the terms and conditions as to remuneration as approved for Mr. Vishal Agarwal is as follows:

I.	PERIOD OF APPOINTMENT	:	3 YEARS
II.	DESIGNATION	:	Managing Director
III.	REMUNERATION		
	(i) Salary	:	Salary including dearness allowance Rs. 1,40,000/- per month with such increment as may be determined by the Remuneration Committee from time to time.
	(ii) Special Allowance	:	Special allowance of Rs.50, 000/- per month with such increment as may be determined by the Remuneration Committee from time to time.
	(iii) Commission	:	Commission @ 2% of the net profits of the Company after tax or as may be approved by the Remuneration Committee at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act and subject to maximum limit of 9 months salary as defined in para (i) above. The commission payable to the MD, will be based on certain performance criteria to be laid down by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the shareholders, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act.
	(iv) Perquisites		(i) HOUSING: The expenditure by the Company on hiring furnished / unfurnished accommodation will be subject to the following ceiling: (a) Forty per cent of the salary (b) In case accommodation is provided by the Company, the same shall be maintained by the Company

(c) In case no accommodation is provided by the Company, he will be entitled to house rent allowance subject to the approval of the Board and subject to the ceiling laid down in (a) above

(ii) MEDICAL REIMBURSEMENT, LEAVE TRAVEL CONCESSION, CONTRIBUTION TO PROVIDENT FUND AND SUPERANNUATION OR ANNUITY FUND, BONUS AND GRATUITY

(a) Medical reimbursement: Expenses incurred for self and family (consisting of spouse, and dependent children) subject to the Rules of the Company applicable to the senior executives.

(b) Leave Travel Concession: For self and family in accordance with the Rules of the Company applicable to the senior executives.

(c) The Company's contribution to Provident Fund and Superannuation or Annuity Fund as per the Rules of the Company applicable to the senior executives.

(d) Gratuity and bonus as per Rules of the Company applicable to the senior executives.

(iii) CLUB FEES

Reimbursement of Membership fees for three clubs in India and / or abroad including admission and life membership fee.

(iv) LEAVE

Leave with full pay and allowances as per the rules of the Company.

(v) CONVEYANCE FACILITIES, TELEPHONE AND OTHER COMMUNICATION FACILITIES

(a) Conveyance facilities: One Company maintained Car for the use in the Company's business. The Company will also reimburse the maintenance expenses for his personal car used for Company's business.

(b) Telephone and other communication facilities: The Company shall provide telephone, and other communication facilities at the residence of Mr. Vishal Agarwal. Use of personal long distance calls shall be billed to him separately.

(vi) Relocation Expenses upon separation including personal baggage packing, transportation of car etc. shall be borne by the Company.

(vii) Other terms and conditions shall be as per Company rules applicable to senior executives and directions of the Company.

Subject to overall ceiling on remuneration mentioned hereinabove, Mr. Vishal Agarwal may be given any other allowances, benefits and perquisites as the Remuneration Committee may from time to time decide.

Perquisites shall be evaluated as per the Income Tax Rules, 1962 wherever applicable and in the absence of any such Rules, perquisites shall be evaluated at cost.

OVERALL REMUNERATION

The aggregate of salary, commission and perquisites in any Financial Year shall not exceed the limits prescribed from time to time under sections 198, 309 read with Schedule XIII, and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, as may be in force from time to time and / or may be approved by the Central Government.

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any Financial Year during the currency of tenure of service of the Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Part II of Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof as may, for the time being, be in force.

Since the above remuneration was in excess of the limits contained in Schedule XIII of the Companies Act, the same is subject to Central Government's approval. Our Company applied to the Central Government (Ministry of Company Affairs) in Form 25-A for approval of Mr. Saran's remuneration. The Ministry of Company Affairs, vide its letter dated November 9, 2005 asked for certain additional details in relation to Mr. Vishal Agarwal's appointment, and our Company has replied to the same vide its letter dated November 23, 2005.

As the Managing Director Mr. Vishal Agarwal, shall be responsible for the management of the affairs of the Company, and shall be accountable to the Chairman, subject to the overall superintendence, direction and control of the Board.

The total remuneration paid to Mr. Vishal Agarwal in financial year 2004-2005 was Rs.1,850,496/- , while the remuneration paid to him for the nine months ended December 31, 2005 is Rs. 2,098,048/-.

(ii) *Non-Executive Directors*

Sitting fees: Our Directors (other than Executive Directors and whole-time Directors of our Company) are entitled to sitting fees for attending meetings of the Board, or of any committee of the Board. Currently, the sitting fees payable by our Company to our Directors are Rs. 10,000/- for every meeting of the Board attended by them and Rs. 5,000/- for every meeting of the committee of the Board attended by them.

The sitting fees as paid to our Directors in financial year 2004-2005 and for the nine months ended December 31, 2005 are as follows:

S. No.	Name of Director	Sitting fees paid in 2004-05	Sitting fees paid in nine months ended December 31, 2005
1.	Mr. Vishambhar Saran	11,000	-
2.	Mr. Maya Shanker Verma	-	40,000
3.	Mr. Arvind Pande	5,000	17,500
4.	Mr. Debi Prasad Bagchi	5,000	57,500
5.	Mr. Pradip Kumar Khaitan	22,500	40,000
6.	Mr. Shanti Narain	-	10,000
7.	Dr. Shailendra Kumar Tamotia	5,000	25,000
8.	Mr. Vikas Agarwal	2,000	35,000
9.	Mr. Vivek Agarwal	17,500	47,500
10.	Ms. Saroj Agarwal	21,000	40,000
11.	Mr. L.I. Parija	9,000	-
12.	Mr. S.N. Sharma	4,000	-
13.	Mr. R.N. Sharma	16,000	-
	Total	**118,000**	**312,500**

Percentage of profits: At the Annual General Meeting of our Company held on August 1, 2005 our members, by way of a special resolution, accorded their approval to the payment of commission not exceeding 1% of our net profits to our Directors (other than whole-time Directors of our Company and the VISA Group). The resolution as passed by our members is as follows:

"RESOLVED that subject to the provisions of Sections 198, 309 and other applicable provisions of the Companies Act, 1956, the Directors of the Company (other than the whole time directors of the Company and Group) be paid, remuneration by way of commission, not exceeding 1% of the net profits of the Company computed under the provisions of Section 198 of the Companies Act, 1956 subject to such amount as may be determined by the Board of Directors from time to time.

RESOLVED FURTHER that no commission will be paid out for the year when the Company has not made profit, provided however that the Directors will be entitled to a sitting fees for attending Board meeting/Committee meeting as may be determined by the Board and such out of pocket expenses as may be incurred for attending the Board meeting/committee meeting."

At our Board meeting held on June 25, 2005, where the aforesaid resolution was submitted to the Annual General Meeting for approval, and in terms of and within the limits contained in the aforesaid resolution, the formula for sharing of profit sharing bonus/commission was approved by our Directors. The key ingredients of the formula are as under:

- Each Director would earn weightage based on the number of meetings attended in the year and type of meeting (Board or Committee)
- Attendance at a Board Meeting shall have a weightage of 2 and attendance at the Committee meeting shall have a weightage of 1.
- Chairing of meeting of Board of Directors and committee would have double weightage than that earned by the member of the Board and Committee.
- The total commission shall be matched with annual incentive of the total of all the directors and would be decided in the Board Meeting in which the accounts will be adopted subject to the statutory limit.

Formula for calculation of profit sharing commission:

$$= \frac{\text{Total Agreed or matched Amount}}{\text{Total weightage of all Directors}} \times \text{Weightage Earned by each Director}$$

CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company is in compliance with the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. Our Company undertakes to comply with such provisions, including with respect to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration/Compensation Committee and the Share Transfer and Investor Grievance Committee. However, at present the following committees of the Board, *inter alia*, have been formed:

AUDIT COMMITTEE

The Audit Committee of our Board was constituted at our Board meeting held on November 2, 2002. The Audit Committee currently consists of the following Directors:

1. Mr. D.P. Bagchi, Chairman
2. Mr. M.S.Verma
3. Mr. Arvind Pande
4. Mr. Shanti Narain
5. Mr. Vikas Agarwal
6. Mr. Vivek Agarwal

The terms of reference of the Audit Committee were revised at our Board meeting held on December 25, 2005 and the revised terms of reference of the Audit Committee are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  b) Changes, if any, in accounting policies and practices and reasons for the same;
  c) Major accounting entries involving estimates based on the exercise of judgment by management;
  d) Significant adjustments made in the financial statements arising out of audit findings;
  e) Compliance with listing and other legal requirements relating to financial statements;
  f) Disclosure of any related party transactions;
  g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Monitoring the use of the proceeds of the proposed initial public offering of the Company
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing internal audit reports in relation to internal control weaknesses
- Reviewing management letters/letters of internal control weaknesses issued by the statutory auditors;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.

SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

The Share Transfer and Investor Grievance Committee of our Board was constituted at our Board meeting held on November 18, 2005. The Share Transfer and Investor Grievance Committee currently consists of the following Directors:

1. Mr. D.P. Bagchi, Chairman
2. Mr. Arvind Pande
3. Mr. Vishal Agarwal

The primary function of the Share Transfer and Investor Grievance Committee is to supervise and ensure efficient transfer of shares and properly and timely attendance and redressal of investor grievances.

REMUNERATION COMMITTEE

The Remuneration Committee of our Board was constituted at our Board meeting held on October 6, 2004. The Remuneration Committee currently consists of the following Directors:

1. Mr. Arvind Pande, Chairman
2. Mr. D.P. Bagchi
3. Mr. Pradip Kumar Khaitan
4. Mr. Vikas Agarwal
5. Mr. Vivek Agarwal

The role of the Remuneration Committee, and the duties of the Remuneration Committee are as determined by the Board from time to time.

FINANCE AND BANKING COMMITTEE

The Finance and Banking Committee of our Board was constituted at our Board meeting held on October 6, 2004. The Finance and Banking Committee currently consists of the following:

1. Mr. M.S. Verma, Chairman
2. Dr. S. K. Tamotia
3. Mr. Arvind Pande
4. Mr. Pradip Kumar Khaitan
5. Mr. Vishal Agarwal
6. Mr. Manoj Kumar Digga

The role and duties of the Finance and Banking Committee are as determined by the Board from time to time.

In addition to the aforesaid, the Finance and Banking Committee of our Board has been entrusted with additional responsibilities in relation to this Issue, vide resolution passed by the Board of Directors at their meeting held on November 18, 2005.

SHAREHOLDING OF OUR DIRECTORS

As per Article 142 of our Articles, our Directors are not required to hold any Equity Shares in our Company to qualify them to be Directors. Save and except as below, our Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus.

S. No.	Names of our Directors	No. of Equity Shares
1	Mr. Vishambhar Saran*	105,100
2	Ms. Saroj Agarwal*	70,100
3	Mr. Vishal Agarwal*	20,100
4	Mr. Vikas Agarwal*	20,100
5	Mr. Vivek Agarwal*	20,100
6	Mr. Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF	20,100
	Total	**255,600**

* - All of the aforesaid Equity Shares are held by our Directors as trustees, for and on behalf of Visa International Limited, one of our Promoters. The requisite declarations under Section 187-C have been filed by our Company with the RoC.

INTEREST OF DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. Mr. Vishambhar Saran and Mr. Vishal Agarwal are entitled to receive remuneration from us. For further details please refer sub-section titled "Board of Directors" starting on page 79 of this Red Herring Prospectus.

Except as stated above and transactions disclosed in Related Party Transactions under section titled "Financial Statements" beginning on page 113 of this Red Herring Prospectus, our Directors do not have any other interest in our business.

Except as stated in sections titled "Risk Factors", "Our Business" "Our Properties", "Our Management", "Our Subsidiary" and "Our Promoter Group Companies" in this Red Herring Prospectus and above, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

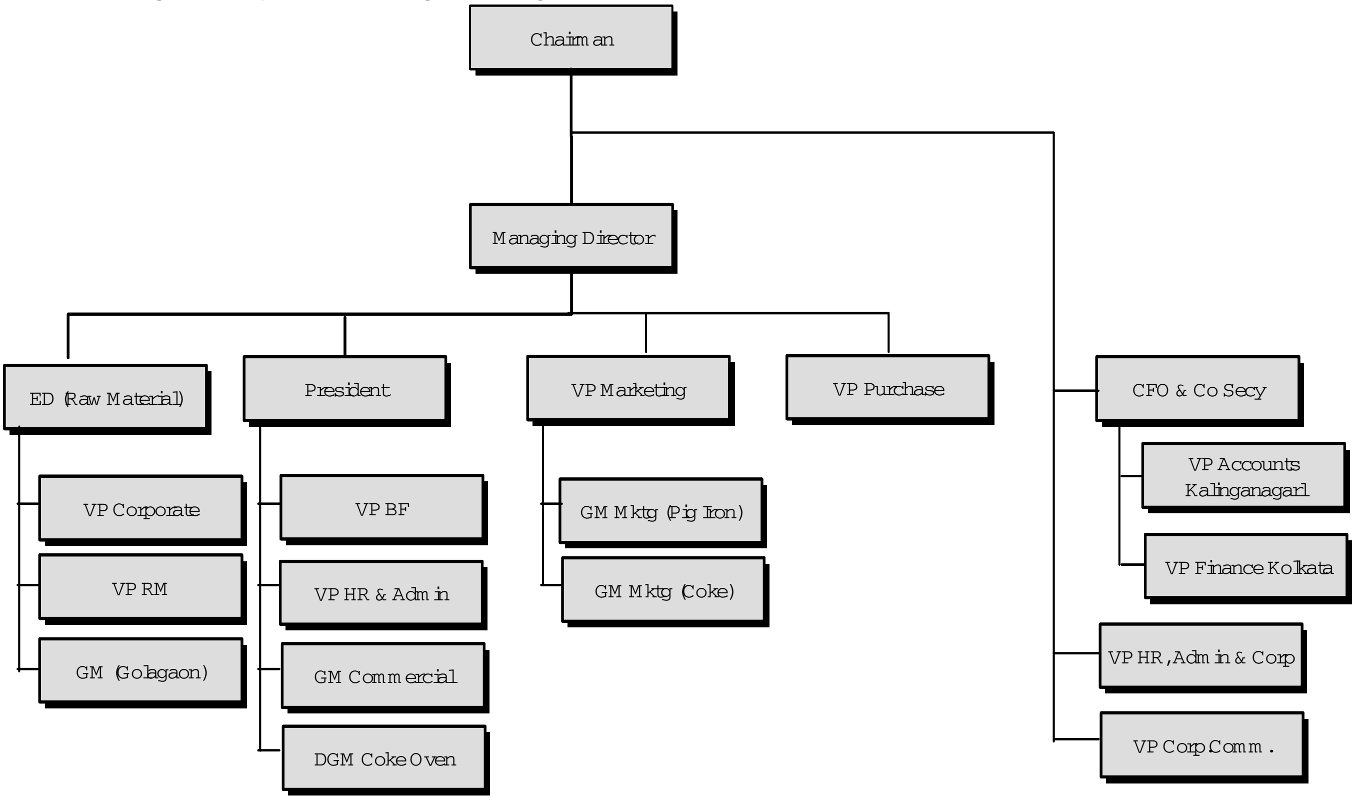
S. No.	Name of the Director	Date of Joining	Date of Resignation
1.	Mr. Vivek Agarwal	July 26, 2004	Not Applicable
2.	Mr. Arvind Pande	October 6, 2004	Not Applicable
3.	Mr. Pradip Kumar Khaitan	October 6, 2004	Not Applicable
4.	Mr. Debi Prasad Bagchi	February 22, 2005	Not Applicable
5.	Dr. Shailendra Kumar Tamotia	February 22, 2005	Not Applicable
6.	Mr. Maya Shanker Verma	June 25, 2005	Not Applicable
7.	Mr. Shanti Narain	December 25, 2005	Not Applicable
8.	Ms. Saroj Agarwal	September 10, 1996	December 25, 2005
9.	Mr. Ram Nath Sharma	September 10, 1996	February 22, 2005
10.	Mr. Lalit Indu Parija	September 10, 1996	February 22, 2005
11.	Mr. Jairaj Chaturbhuj Thacker	December 25, 1996	October 18, 2002
12.	Mr. Subhash R. Agarwal	October 1, 2001	October 12, 2002
13.	Mr. Krishna Murari Lal	October 10, 2002	March 31, 2005
14.	Mr. Shri Niwas Sharma	November 2, 2002	December 5, 2004
15.	Mr. Rajesh Jha	January 30, 2004	April 16, 2005

POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 prior to listing of our Equity Shares.

MANAGEMENT ORGANISATION STRUCTURE

The following chart depicts our management organization structure



OUR KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company other than our Chairman, Mr. Vishambhar Saran and our Managing Director, Mr. Vishal Agarwal are as follows:

S. No.	Name	Age (in years)	Qualification	Designation	Responsibility
1	Mr. Krishna Murari Lal	62	B.Sc. (Mining Engineering)	Executive Director (Raw Materials)	Heading the new industrial ventures of the Company in Orissa, Chattisgarh and Jharkhand.
2	Mr. Ashok Kumar Lamba	64	B.E. (Electrical)	President (Projects)	Leads the Company's project team and is directly responsible for Coke Oven project and Waste Heat Recovery Power Plant
3	Mr. Manoj Kumar Digga	36	ACA, ACS	Chief Financial Officer and Company Secretary	Responsible for Company's financial strategy & implementation of ERP. In-charge of Accounting and secretarial functions and acting as the Compliance Officer.
4	Mr. Ranjan Mishra	42	B.E. (Metallurgy)	Vice President (Raw Materials)	Responsible for raw material management including all procurement, quality control and logistics

S. No.	Name	Age (in years)	Qualification	Designation	Responsibility
5	Mr. Jagat Indu Parija	44	M.A. (Social Sciences), MBA	Vice President (Corporate)	In-charge of building a strong & enduring relationship for our Company with the government and other authorities and stakeholders and arranging for the physical infrastructure for the steel plant.
6	Mr. Manoj Kumar	40	B.E. (Mechanical)	Vice President (Purchase)	Responsibility of selection of vendors, including all project procurement
7	Mr. J. P. Sharma	42	B.E. (Mechanical)	Vice President (Blast Furnace)	In-charge of the Blast Furnace and installation & commissioning of the proposed DRI Kilns, ferro-chrome and Steel Melting Shop.
8	Mr. Arvind Jindal	36	ACA	Vice President (Accounts)	In-charge of the finance & accounts of the Company at Kalinganagar
9	Mr. K. N. Mishra	63	PG Diploma (Industrial Relations & Welfare)	Vice President (Human Resources)	Creation of HR structure and administration at Kalinganagar
10	Ms. Bhawna Agarwal	28	M.A. (Economics)	Vice President (Corporate Communications)	Responsible for creating communication process at VSL and extend this to brand building
11	Mr. C.D. Mathew	38	MBA (Human Resources)	Vice President (HR, Admin & Corporate)	Responsible for overseeing the Human Resources and Administration
12	Mr. Manish Jaiswal	37	B.E. (Mechanical)	General Manager (Marketing)	In-charge of marketing of pig iron
13	Mr. Ashok Agarwal	44	MBA (Marketing)	General Manager (Commercial)	Responsible for overseeing commercial aspects at plant in Kalinganagar
14	Mr. P. K. Biswal	52	B.E. (Metallurgy)	General Manager (Golagaon)	Responsible for Golagaon operations
15	Mr. Deep Kamra	45	Diploma (Marketing), B.E. (Mining)	General Manager (Marketing)	In-charge of marketing of coal and coke
16	Mr. S. Sengupta	45	CA	General Manager (Finance and Accounts)	In-charge of banking and accounts
17	Mr. Bhaskar Rao	43	B.Sc. (Chemistry)	Deputy General Manager (Blast Furnace)	Responsible for day-to-day operations of the blast furnace

S. No.	Name	Age (in years)	Qualification	Designation	Responsibility
18	Mr. P. N. Verma	52	B.Sc.	Deputy General Manager (Coke Oven)	Responsible for implementation of coke oven plant
19	Mr. S.K. Singh	52	B.E. (Electrical)	Deputy General Manager (Electrical, Instrumentation & Automation)	Responsible for all electrical systems and implementation of the power plant
20	Mr. Biplab Chakrabarti	58	M.Sc. (Applied Mathematics)	Deputy General Manager (Finance)	Responsible for banking and finance operations

Brief profile of key managerial personnel (other than our Chairman and our Managing Director) are as follows:

Mr. Krishna Murari Lal, Executive Director (Raw Materials):

Mr. Lal joined our Company on October 10, 2002. Born on August 11, 1942 Mr. Lal completed B.Sc. (Mining Engineering) from Banaras Hindu University in 1st division in the year 1966. He is holding First Class Colliery Manager's Certificate of competency. Prior to his joining our Company, Mr. Lal worked for the South Eastern Coalfields Ltd., and served as Chief General Manager, Gevra Area (largest coal mine in Asia) and contributed significantly in improving the production, dispatch, productivity and profitability of that company. To start with he was on the Board of our Company as an Executive Director. To facilitate the restructuring of the Board he stepped down from the Board with effect from April 1, 2005 but is still a whole-time employee of our Company designated as Executive Director (Raw Materials). He is presently over all in-charge for the raw material procurement including captive mining leases, operations of Golagaon Plant and our subsidiary – GML. In addition, he is heading the new industrial ventures of our Company in Chattisgarh and Jharkhand. His salary in the financial year 2004-2005 was Rs. 861,295/-

Mr. A.K. Lamba, President (Projects)

Mr. Lamba joined our Company on April 18, 2005. Born on August 3, 1941, Mr. Lamba completed Bachelor in Electrical Engineering from Jadavpur University in 1963. Prior to his joining our Company, Mr. Lamba has worked for Rourkela Steel Plant, Bokaro Steel Ltd., Hindustan Steelworks Construction Ltd, Neelanchal Ispat Nigam Limited and Hindalco Industries Ltd. Steel, Power and all facets of project management including civil, structural, mechanical, electrical and infrastructure etc. He currently leads the company's Project team at Kalinganagar and is directly responsible for the Coke Oven project and Waste Heat Recovery Power Plant.

Mr. Manoj Kumar Digga, Chief Financial Officer and Company Secretary

Mr. Digga joined our Company on March 24, 2005. However, he has been an integral part of the VISA group since September 2, 1995. Born on September 2, 1969 Mr. Digga has completed courses in Company Secretaryship and Chartered Accountancy. He has been a core member of the VISA Group's finance and accounts team since 1995 and is currently responsible for the Company's financial strategy and ERP implementation, in addition to being in-charge of finance, accounts and secretarial functions. He is also acting as the Compliance Officer.

Mr. Ranjan Mishra, Vice President (Raw Materials)

Mr. Mishra joined our Company on October 27, 2001 as Manager (Projects & Marketing). Born on August 20 1963, Mr. Mishra completed his Bachelors in Engineering (Metallurgy) from Regional Engineering College, Durgapur in 1986. Prior to his joining our Company, he worked for Tata Steel Limited. Mr. Mishra has about 20 years experience of working in the raw materials function. He is responsible for raw materials procurement and logistics. His salary in the financial year 2004-2005 was Rs. 499,941/-.

Mr. Jagat I. Parija, Vice President (Corporate)

Mr. Parija joined the company on March 15, 2005. Born on April 17, 1961, Mr. Parija completed his Masters in Social Sciences in

1982 and MBA in 1989. Prior to his joining our Company, he has worked for Tata Steel Limited in the International Services Marketing division and for Larsen & Toubro Limited in the Cement marketing division. His salary in 2004-05 was Rs. 62,226 /-.

Mr. Manoj Kumar, Vice President (Purchase)

Mr. Kumar joined our Company on November 11, 2003. Born on December 2, 1965, Mr. Kumar completed his Bachelor in Mechanical Engineering in 1989 from B.I.T. Mesra, Ranchi. Prior to his joining our Company, he worked for Tata Steel Limited and Jindal Steel & Power Limited and managed the procurement activities in these companies. He has over 16 years experience and currently heads the procurement function of VISA Steel's plant machinery, project equipments and store items. His salary in the financial year 2004-2005 was Rs. 340,478/- .

Mr. J.P. Sharma, Vice President – Blast Furnace

Mr. Sharma joined our Company on October 1, 2003. Born on January 13, 1963, Mr. Sharma completed his Bachelors in Mechanical Engineering in 1990. Prior to his joining our Company, he worked for Tata Korf Engineering Services Ltd. and Jindal Steel & Power Limited. His achievement in the Steel industry is evident from the commissioning of 11 blast furnace projects in India. He has over 15 years experience in project management. His salary in the financial year 2004-2005 was Rs. 550,067/-.

Mr. Arvind Jindal, Vice President (Accounts)

Mr. Jindal joined our Company on September 15, 2004 as General Manager (Finance and Accounts) and was elevated to the position of Vice President (Accounts) with effect from April 1, 2005. Born on July 10, 1969, Mr. Jindal completed his Chartered Accountancy course in 1992. Prior to his joining our Company, he was with Jindal Steel & Power Limited and has over 15 years of experience in the Finance & Accounts function. His salary in the financial year 2004-2005 was Rs. 212,082/-.

Mr. K.N. Mishra, Vice President (HR & Administration)

Mr. Mishra joined our Company on March 4, 2005. Born on November 4, 1942, Mr. Mishra completed his P.G. Diploma in Industrial Relations and Welfare from Xavier Labour Relations Institute, Jamshedpur. Prior to his joining our Company, he served in Steel Authority of India Limited for 20 years and NALCO for 13 years. He served on the NALCO Board for 3 years as Director (P & A) before superannuating. His salary in 2004-05 was Rs. 36,148/-.

Ms. Bhawna Agarwal, Vice-President (Corporate Communications)

Ms. Agarwal joined our Company on February 8, 2003. Born on July 10, 1977, she has been spearheading the corporate communication strategy at our Company. A Masters degree holder in Economics, she put in two years with India's leading newspaper, Dainik Bhaskar. She is responsible for creating the communication process at our Company and extends this to corporate brand building. Her salary in financial year 2004-2005 is Rs. 410,560/-.

Mr. C.D. Mathew, Vice-President (HR , Administration & Corporate)

Mr. Mathew joined our Company on November 2, 2005. Born on June 6, 1967 Mr. Mathew completed his graduation from St. Xaviers College , Kolkata and MBA from Xavier Institute, Ranchi. Prior to his joining our Company, he was with Jindal Steel & Power Limited and Tata Steel Limited and has over 15 years experience in Human Resource Management.

Mr. Manish Jaiswal, General Manager (Marketing)

Mr. Jaiswal joined the company on May 7, 2004. Born on January 2, 1969, Mr. Jaiswal completed Bachelor of Engineering (Mechanical) in 1991. Prior to his joining our Company, he was with Jayaswals Neco Ltd. and has over 15 years experience in industrial marketing. He is currently responsible for marketing of pig iron. His salary for financial year 2004-05 was Rs. 366,505/-.

Mr. Ashok Agarwal, General Manager (Commercial)

Mr. Agarwal joined our Company on August 5, 2005. Born on October 8, 1961, Mr. Agarwal completed his Masters in Marketing Management from Jamnalal Bajaj Institute. Prior to his joining our Company, he worked and gained experience for over 20 years in Sales & Marketing and Commercial matters in Tata Steel Limited. He is currently responsible for overseeing the commercial aspects of our Company's operations out of Kalinganagar.

Mr. P.K. Biswal, General Manager (Golagaon Operations)

Mr. Biswal joined our Company on June 12, 2000. Born on February 2, 1954, Mr. Biswal completed his Engineering in Metallurgy from Regional Institute of Technology, Jamshedpur in 1978. Prior to his joining VISA Steel, Mr. Biswal worked for Tata Steel Limited at the Ferro Alloy Plant, Bamnipal and Ferro Chrome Plant (IDC), Jajpur Road. His salary for financial year 2004-2005 was Rs. 282,780/-.

Mr. Deep Kamra, General Manager (Marketing)

Mr. Kamra joined our Company on January 9, 2006. Born on July 8, 1961, Mr. Kamra is a mining engineer and has done his diploma in marketing management. He is a member of the Mining Engineers Association of India as well as Mining Geology & Metrological Institute of India. Prior to joining our Company, he was working with Aryan Coal Beneficiation Pvt. Ltd. as General Manager. He brings with him 23 years of experience in the field of mining and commissioning of coal washeries and beneficiation. In our Company, he is looking after marketing of coal and coke.

Mr. S. Sengupta, General Manager (Finance & Accounts)

Mr. Sengupta joined our Company on January 16, 2006. Born on November 5, 1961, Mr. Sengupta is a Chartered Accountant with an experience of over two decades in finance and accounts, commercial affairs, logistics and taxation. Prior to joining our Company, he was working with Coal Handling Private Ltd (part of Gujarat Ambuja group) as General Manager. In our Company, he is looking after finance and accounts.

Mr. Bhaskar Rao, Deputy General Manager (Blast Furnace)

Mr. Rao joined our Company on March 15, 2005. Born on July 1, 1962, Mr. Rao completed his B.Sc. in Chemistry from Andhra University, in 1983 as well as Associate Member of Indian Institute of Metals in 1988. He has more than 22 years experience in foundry, sponge iron and pig iron industry. Prior to his joining VISA Steel, he worked as Senior Manager (Blast Furnace Operation) in Electro-Steel Castings Limited. His salary for financial year 2004-2005 was Rs. 30,851/-.

Mr. P.N. Verma, Deputy General Manager (Coke Oven)

Mr. Verma joined our Company on June 28, 2004. Born on January 1, 1954, Mr. Verma holds a B.Sc. degree with specialization in coal and coke from Central Fuel Research Institute, Dhanbad. He has over 22 years experience in coke oven plant. Prior to his joining VISA Steel, he worked for Jaiswals Neco, Raipur. His salary for financial year 2004-2005 was Rs. 279,251/-.

Mr. S.K. Singh, Deputy General Manager (Electrical, Instrumentation & Automation)

Mr. Singh joined our Company on October 16, 2004. Born on July 22, 1953, Mr. Singh completed his B.E. in Electrical Engineering from Bangalore University in 1979. He has above 25 years experience in electrical, instrumentation and automation. Prior to his joining VISA Steel, he has worked with Tata Steel and Kajaria Metalliks. His salary for financial year 2004-2005 was Rs. 211,690/-.

Mr. Biplab Chakrabarti, Deputy General Manager (Finance)

Mr. Chakrabarti joined our Company on May 12, 2005. Born on September 12, 1947, Mr. Chakrabarti holds an M.Sc. in Applied Mathematics from Jadavpur University. He has over 35 years experience in the field of finance and accounts. He began his career in State Bank of India in 1972 and left as Chief Manager in 1992, after which he worked in senior positions in the finance and commercial domain at ITC Classic Finance, Nicco UCO Alliance Credit Limited as well as Ispat Group.

Notes:

- All of the aforesaid key managerial personnel are in the employment of our Company as permanent employees. However, those who have been in our Company's employment for less than six months are currently on probation, and their employment is subject to confirmation.
- Except for Mr. Vishambhar Saran, Ms. Saroj Agarwal, Mr. Vishal Agarwal, Mr. Vikas Agarwal, Mr. Vivek Agarwal, our Directors, and Mr. Ashok Agarwal and Ms. Bhawna Agarwal, our key managerial personnel, none of our Directors or key managerial personnel have any family relations between them.
- Ms. Bhawna Agarwal and Mr. Ashok Agarwal have family relations with our Directors, necessitating approvals under

section 314 of the Companies Act. Ms. Bhawna Agarwal joined Visa Energy Resources Limited as Director (Corporate Communication) with effect from February 8, 2003. Visa Energy Resources Limited obtained approval from its shareholders at its EGM held on March 27, 2003 under Section 314(1) of the Companies Act. Pursuant to the Amalgamation, her employment was transferred to our Company. At our Extraordinary General Meeting held on November 18, 2005, approval was granted to Ms. Bhawna Agarwal's payscales being revised, and Mr. Ashok Agarwal being appointed as General Manager (Commercial), and both the aforesaid change in remuneration of Ms. Bhawna Agarwal and the payscales at which Mr. Ashok Agarwal's appointment was approved requiring Central Government's approval under Section 314(1B) of the Companies Act. We have applied to the Central Government for requisite permissions for Ms. Bhawna Agarwal and Mr. Ashok Agarwal respectively.

SHAREHOLDING OF OUR KEY MANAGERIAL PERSONNEL

None of our key managerial personnel, not being our Directors, hold any Equity Shares in our Company.

BONUS OR PROFIT SHARING PLAN FOR OUR KEY MANAGERIAL PERSONNEL

There is no bonus or profit sharing plan with our key managerial personnel save and except the bonus paid including under the Payment of Bonus Act to the key managerial personnel.

INTEREST OF KEY MANAGERIAL PERSONNEL

Except the payment of salaries and perquisites in accordance with their terms of employment and reimbursement of expenses incurred in the ordinary course of business, and as mentioned in the Annexure 3 of the Auditors' Report dated December 29, 2005 in the section titled "Financial Statements" beginning on page 111 of this Red Herring Prospectus, we have not paid / given any benefit or intend to pay/give any benefit to any of our key managerial personnel within the two preceding years.

CHANGES IN OUR KEY MANAGERIAL PERSONNEL DURING THE LAST THREE YEARS

The changes in our key managerial personnel in the last three years are as follows:

Name of key managerial person	Current position held	Date of Appointment	Date of change	Reason for change
Mr. K.M. Lal	Executive Director (Raw Materials)	October 10, 2002	April 1, 2005	Stepped down as whole-time Director from the Board with effect from April 1, 2005, but continued as a whole-time employee.
Mr. A.K. Lamba	President (Projects)	March 01, 2005	Not applicable	Appointment
Mr. Manoj Kumar Digga	Chief Financial Officer and Company Secretary	March 24, 2005	November 18, 2005	Appointed as Company Secretary in addition to being Chief Financial Office
Mr. K.N. Mishra	Vice President (HR & Admn)	March 4, 2005	April 1, 2005	Appointed on April 1, 2005 as Advisor (HR & Administration). Promoted as Vice President (HR & Administration) with effect from April 1, 2005
Mr. Manoj Kumar Agarwal	Vice President (Purchase)	November 11, 2003	April 1, 2005	Appointed on November 11, 2003 as General Manager (Purchase). Promoted as Vice President (Purchase) with effect from April 1, 2005

Name of key managerial person	Current position held	Date of Appointment	Date of change	Reason for change
Mr. Ranjan Mishra	Vice President (Raw Materials)	October 27, 2001	March 1, 2005	Promoted from General Manager to Vice President (Raw Materials) with effect from March 1, 2005
Mr. J.P. Sharma	Vice President – Blast Furnace	October 1, 2003	April 1, 2005	Appointed on October 1, 2003 as General Manager (Blast Furnace). Promoted as Vice President (Blast Furnace) with effect from April 1, 2005
Mr. Arvind Jindal	Vice President – Accounts	September 15, 2004	April 1, 2005	Appointed on September 15, 2004 as General Manager (Finance & Accounts). Promoted as Vice President (Accounts) with effect from April 1, 2005
Mr. Jagat Indu. Parija	Vice President (Corporate)	March 15, 2005	Not applicable	Appointment
Mr. Rajesh Jha	Executive Director	January 30, 2004	August 13, 2005	Resignation
Mr. A.S. Mathur	Executive Director	March 31, 2005	August 13, 2005	Resignation
Ms. Bhawna Agarwal	Vice President (Corporate Communications)	February 8, 2003	November 18, 2005	Promoted from General Manager (Corporate Communications) to Vice President (Corporate Commmunications) with effect from November 18, 2005
Mr. C.D. Mathew	Vice-President (HR Admin & Corporate)	November 2, 2005	Not applicable	Appointment
Mr. Ashok Agarwal	General Manager (Commercial)	August 5, 2005	Not applicable	Appointment
Mr. Manish Jaiswal	General Manager (Marketing)	May 7, 2004	Not applicable	Appointment
Ms. Subhra Giri	Company Secretary	March 27, 2003	November 18, 2005	Appointed as Company Secretary. Stepped down from Company Secretary position with effect from November 18, 2005 and continues as our employee
Mr. Bhaskar Rao	General Manager (Blast Furnace)	March 15, 2005	Not applicable	Appointment

Name of key managerial person	Current position held	Date of Appointment	Date of change	Reason for change
Mr. Deep Kamra	General Manager (Marketing)	January 9, 2006	Not applicable	Appointment
Mr. S. Sengupta	General Manager (Finance and Accounts)	January 16, 2006	Not applicable	Appointment
Mr. P.N. Verma	Deputy General Manager (Coke Oven)	June 28, 2004	Not applicable	Appointment
Mr. S.K. Singh	Deputy General Manager (Electrical, Instrumentation & Automation)	October 16, 2004	Not applicable	Appointment
Mr. Biplab Chakrabarti	Deputy General Manager (Finance)	May 12, 2005	Not applicable	Appointment

OUR PROMOTERS

Our Promoters are Visa Minmetal AG and Visa International Limited. Their details are given hereinbelow:

VISA MINMETAL AG

Visa Minmetal AG was incorporated on August 10, 2004 under the laws of Switzerland with registration number CH-170.3.027.492-0 with the following objectives:

1. holding of shares of national and international companies;
2. carrying out international trade with goods of all types, especially in the field of minerals, metals, energy, shipping and transport.
3. setting up subsidiaries, acquiring and holding other companies and disposing their shareholding.

The domicile address of Visa Minmetal AG is Aegeristrasse, 48, Zug – 6300, Switzerland. Visa Minmetal AG currently operates as a holding company for the VISA Group, and holds stakes, directly or indirectly, in all VISA Group companies. Our Company, too, is a subsidiary of Visa Minmetal AG.

SHAREHOLDING PATTERN

The shares of Visa Minmetal AG are not listed on any stock exchange. The authorized and paid-up share capital of Visa Minmetal AG is CHF 100,000 and is divided into 10,000 shares at the nominal value of CHF 10 per share. The shareholding pattern of Visa Minmetal AG on the date of filing of this Red Herring Prospectus with SEBI is as given below:

Sl. No.	Name of Shareholder	Number of Shares	% of Issued Capital
1.	Mr. Vishambhar Saran	2,600	26%
2.	Ms. Saroj Agarwal	2,600	26%
3.	Mr. Vishal Agarwal	1,600	16%
4.	Mr. Vikas Agarwal	1,600	16%
5.	Mr. Vivek Agarwal	1,600	16%
	Total	**10,000**	**100%**

Visa Minmetal AG is a professionally managed Company.

BOARD OF DIRECTORS

The board of directors of Visa Minmetal AG comprises of the following:

1. Mr. Vishambhar Saran
2. Mr. Reto Steinmann
3. Mr. Toni Junas

FINANCIAL PERFORMANCE

Visa Minmetal AG's audited accounts have not been made up till date. As per the Swiss law and its respective board approval, Visa Minmetal AG is required to prepare its first audited accounts as on March 31, 2006.

VISA INTERNATIONAL LIMITED

Visa International Limited was incorporated under the Companies Act, 1956 on February 3, 1998 having company registration number 21-86454 of 1998 and obtained certificate of commencement of business dated February 12, 1998. The registered office of Visa International Limited is situated at VISA House, 8/10, Alipore Road, Kolkata – 700 027, West Bengal.

Pursuant to the order of the Calcutta High Court passed on November 23, 1998, three companies namely Visa Agro Industries Private Limited, Visa Resources Limited and Metalloy and Chemicals Private Limited were amalgamated into Visa International

Limited with effect from April 1, 1998.

Visa International Limited is currently primarily engaged in the business of investing and renting out properties and provides consultancy services to our Promoter Group company, namely Visa Comtrade AG. It also holds investments in shares of various companies, both listed and unlisted.

SHAREHOLDING PATTERN

The shareholding of Visa International Limited as on November 30, 2005 is as set forth below:

Sl. No.	Name of Shareholder	Number of Shares	% of Issued Capital
1.	Mr. Vishambhar Saran	5,009,200	28.81
2.	Ms. Saroj Agarwal	2,150,599	12.37
3.	Mr. Vishal Agarwal	1,218,900	7.01
4.	Mr. Vikas Agarwal	1,218,900	7.01
5.	Mr. Vivek Agarwal	1,218,900	7.01
6.	Mr. Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF	3,068,501	17.65
7.	Visa Minmetal AG	3,500,000	20.13
	Total	**17,385,000**	**100.00**

Mr. Vishambha Saran is the promoter of Visa International Limited. Please refer to the section titled "Our Management" beinning on page 79 of this Red Herring Prospectus for profile of Mr. Vishambha Saran.

BOARD OF DIRECTORS

The board of directors of Visa International Limited as on November 30, 2005 comprises of the following:

1. Mr. Vishambhar Saran – Chairman
2. Dr. S.K.Tamotia – Vice-Chairman
3. Mr. Vishal Agarwal – Director
4. Mr. Vikas Agarwal – Director
5. Mr. Vivek Agarwal – Director
6. Ms. Saroj Agarwal – Managing Director

FINANCIAL PERFORMANCE

	(Rs. in million, except per share data)		
	As of March 31,		
	2005	**2004**	**2003**
Equity share capital	173.85	131.70	124.00
Reserves and surplus*	286.16	81.20	81.59
Total income	15.00	19.89	11.73
Profit after tax	5.25	11.80	2.72
Earnings per share (face value Rs. 10) ** (Rs.)	0.33	0.92	0.22
Net Asset Value per share (Rs.)	26.45	16.15	16.56

* Excludes revaluation reserves

** *Computed on the basis of earnings including extraordinary items*

Visa International Limited has applied to the Registrar of Trade Marks, Office of the Trade Marks Registry, Kolkata for registration of trademark involving the word "VISA" in classes 6, 14, 35, 39 and 42 (the "Trade Mark") under the Trade Marks Act, 1999 vide applications dated June 8, 2005. We have been permitted to use the name "VISA" pursuant to a license granted by our Promoter, Visa International Limited (the "License") as per terms and conditions contained in the Trade Marks Licensed User Agreement dated November 30, 2005 (the "said agreement") entered into by and between Visa International Limited (the "Licensor") and our Company (the "Licensee"). The salient terms and conditions of the said agreement are as follows:

1. Consideration: Rs. 10,000/- per annum for the grant of the License, subject to revision as per the mutual agreement of the Licensor and the Licensee;
2. The Licensor has applied for registration of the Trade Mark in classes 6, 14, 35, 39 and 42 under the Trade Marks Act, 1999.
3. The Licensee has been granted a License to use the Trade Mark in relation to any or all of the goods proposed to be covered by the said registration, However the Licensee shall not be under any obligation to use the Trade Mark for any purpose whatsoever and can cease to use the Trade Mark whenever it deems fit.
4. The Licensor has authorized the Licensee to use the Trade Mark in any country/ territory in the world where the Licensor is entitled to use the same without any restrictions except those restrictions to which the Licensor is subject to by law (the "Territory"), the Trade Mark in respect of the goods for which registration thereof is proposed (" Products") to be registered as per the application submitted under the Trade Marks Act, 1999 or are used or proposed to be used in the Territory.
5. The cost of registration of the Licensee as the registered user of the Trade Mark under the Trade Marks Act, 1999 shall be borne by the Licensee.
6. Licensee is bound to use the Trade Mark only for the uses authorized by the Licensor, and is required to comply with legal requirements applicable to its use of the Trade Mark.
7. Licensee shall not at any time acquire any rights in the Trade Mark and the Licensee shall not acquire any rights in the Trade Mark by virtue of any use of the Trade Mark made by the Licensee.
8. Licensee shall not contest or deny the validity or enforceability of any of the Trade Mark or oppose or seek to cancel any registration thereof by the Licensor, or aid or abet others in doing so, either during the term of this agreement or any time thereafter.
9. If the Licensor assigns or transfers the Trade Mark to any other person, or if it is assigned or transferred to any person by virtue of operation of any law, the assignee/transferee of the Trade Mark shall be deemed to have notice of this agreement and be bound by this agreement, and will be deemed to have granted a similar license to the Licensee as contained in this agreement.
10. Termination: This agreement is subject to termination in the following eventualities:
    (a) The Licensor can terminate the License on giving 90 days written notice of its intention to terminate the License without assigning any reasons.
    (b) Any use of the Trade Mark in violation of the provisions of this agreement shall be ground for termination of this agreement.
    (c) Licensor shall have the right to terminate this Agreement upon any breach of this Agreement by Licensee.
    (d) This Agreement shall be automatically terminated without prior notice to Licensee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement.
        (i) In the event that Licensee shall be adjudicated bankrupt or shall be taken into liquidation.
        (ii) If Licensee shall attempt or purport to assign or otherwise sell, transfer or encumber this Agreement, the rights of Licensee hereunder, the Trade Mark or any interest therein otherwise than as herein expressly permitted, without the written consent of Licensor as hereinabove provided.
11. The Licensor has acknowledged that the Licensee, by virtue of the use of the Trade Mark, would acquire a substantial non-proprietary interest in the continued use of the Trade Mark, and therefore will not do or cause to be done anything that could affect the continued peaceful and undisturbed use of the Trade Mark by the Licensee, subject to the Licensee complying with the terms and conditions of this agreement.

12. The Licensee has agreed to defend, indemnify and hold harmless the Licensor from and against any and all suits, actions, claims, judgments, debts, obligations or rights of action of any kind or nature relating to the Trade Mark (collectively “Claims”) and all costs including attorney’s fees, incurred by the Licensor, arising out of or related to the License granted to the Licensee.
13. Arbitration: Any dispute arising out of or in connection with this agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration which shall be governed by the Arbitration and Conciliation Act 1996. The place of arbitration shall be Kolkata. The award of the arbitrators shall be final and binding on the parties hereto. This arbitration clause shall survive the termination of this agreement.

INTEREST OF PROMOTERS

Our Company has, in FY 1996-97, refunded the amount of pre-incorporation expenses of Rs. 1,331,365/- received from Visa Agro Industries Private Limited and Visa Resources Limited. Both these companies have been amalgamated into our Promoter, Visa International Limited with effect from April 1, 1998 pursuant to the order of the Calcutta High Court.

Our Promoters have no other interest in our Company, save and except

- their shareholding in our Company,
- as mentioned in sections titled “Our Promoters” and “Financial Statements” beginning on pages 102 and 113 of this Red Herring Prospectus, respectively.

Our Promoters, being body corporates, are not listed on any stock exchange and have not made any public or rights issue in the past. Our Promoters, being body corporates have not become a sick company as defined in the Sick Industrial Companies (Special Provisions) Act, 1985 and are not under winding up.

We confirm that the Permanent Account Number, Bank Account Numbers, the Company Registration Numbers and the address of the Registrar of Companies (in case of Visa Minmetal AG, the corresponding address of the Swiss Registry) where our Promoters are registered have been submitted to the Stock Exchanges at the time of filing of the Red Herring Prospectus.

OUR SUBSIDIARY

Our Company has a subsidiary, i.e., GHOTARINGA MINERALS LIMITED (GML). GML became our subsidiary on September 30, 2005.

GML was incorporated on October 20, 2003 as a public limited company under the Companies Act with CIN being U10102OR2OO3PLC007348 with its registered office at 11, V.I.P. Colony, Nayapalli, Bhubaneswar-751 015, Orissa.

GHOTARINGA MINERALS LIMITED (GML) was incorporated pursuant to the Joint Venture Agreement dated June 10, 2003 between our Company and Orissa Industries Limited (ORIND), as a joint venture company with equity participation by our Company and by Orissa Industries Limited. The purpose of incorporating GML can be summarized as follows:

ORIND has been granted a Prospecting License (PL) by the Government of Orissa over an area of 1753.60 acres or 709.762 Hectares in Village Ghotaringa in the district of Dhenkanal, Orissa (the **"Mine"**) for prospecting chrome ore or any other mineral as may be available from the Mine. Subsequently, ORIND and us formed a joint venture to carry out prospecting and mining of mineral deposits. Our Company, which has a Chrome Ore Beneficiation Plant and a Chrome Ore Grinding Plant and proposes to set up a ferro chrome plant and is purchasing chrome ore from various chrome ore producers, would have a right to receive the chrome ore mined therefrom, subject to ORIND's rights in relation to the same. The PL was initially valid for a period of three years, and vide order dated May 18, 2005, the area of the PL was extended from 709.762 hectares to 721.207 hectares. Subsequently, an indenture/deed granting the license dated July 12, 2005 was executed under Rule 15(2) of the Mineral Concession Rules, 1960 between Governor of Orissa/President of India (representing the State Government of Orissa) and Orissa Industries Limited in respect of the aforesaid area of 721.207 hectares.

This Joint Venture Agreement has been superseded by the Shareholders Agreement dated May 11, 2005 between VISA STEEL LIMITED, Orissa Industries Limited and GHOTARINGA MINERALS LIMITED (**"Shareholders Agreement"**). Along with the same, our Company has also entered into a Sale and Purchase Agreement dated June 11, 2005 with ORIND (**"Sale and Purchase Agreement"**). GML and ORIND have also entered into a Raising Agreement dated June 11, 2005 (**"Raising Agreement"**). The Shareholders Agreement, Sale and Purchase Agreement and the Raising Agreement are collectively referred to as the **"Ghotaringa Agreements"**.

ORIND has, vide letter dated September 30, 2005, applied to the Principal Secretary, Department of Steel and Mines, Government of Orissa for transfer of PL in GML's name.

The Board of Directors of GML as on the date of filing this Red Herring Prospectus with SEBI comprises of:

Name of Director	Designation
Mr. Vishambhar Saran	Director
Mr. Vishal Agarwal	Director
Mr. K.M. Lal	Director
Mr. Ranjan Mishra	Director
Mr. J.K. Jhunjhunwala	Director

The shareholding pattern of GML as on the date of filing of this Red Herring Prospectus with SEBI is as follows:

Sl. No.	Name of Shareholder	Number of Shares	% of Issued Capital
1.	VISA STEEL LIMITED*	845,500	84.55%
2.	Mr. Vishambhar Saran*	12,500	1.25%
3.	Ms. Saroj Agarwal*	12,000	1.2%
4.	Mr. Vishal Agarwal *	5,000	0.5%
5.	Mr. Vikas Agarwal *	5,000	0.5%
6.	Mr. Vivek Agarwal *	5,000	0.5%
7.	Mr. Vishambhar Saran, Karta of Vishambhar Saran & Sons HUF *	5,000	0.5%
8.	Mr. J.K. Jhunjhunwala	5,500	0.55%
9.	Orissa Industries Limited	104,500	10.45%
	Total	**1,000,000**	**100.00%**

* To comply with the requirements of the Companies Act as regards minimum number of members of public limited companies, some of the equity shares beneficially held by us, are held in our Subsidiary's books by our Directors and others as mentioned above. The requisite declarations under Section 187-C of the Companies Act have been filed by our Subsidiary with the RoC. The holding of our Company does not include the no. of equity shares beneficially held on our behalf, as stated above.

The main objects clause of GML as mentioned in its Memorandum of Association are as follows:

1. To undertake the business of exploration, prospecting, quarrying, mining, winning, handling, transporting, processing, beneficiation, crushing, screening, washing, working, reducing, drawings, extracting, calcining, smelting, refining of all kinds of minerals, coal, ores, metals, concentrates including their arisings, associates, products and by-products and to deal, trade, market, sell, distribute, buy, export, import in respect thereof.
2. To manufacture, produce, beneficiate, refine, work, alter, process, exchange, improve, transport, handle, buy, sell, market, deal, trade, distribute, import, export all kinds of ores, concentrates, minerals and mineral based products, coal, coke and all their products and by-products, ferrous and non-ferrous metals and their alloys including iron & steel, alloy steel products, stainless steel products, ferro alloy, other alloys and their products.
3. To purchase, take on lease or on royalty basis or otherwise acquire all kinds of mines, quarries and mineral properties and lands in India or elsewhere believed to contain any type of ores or mineral, coal, limestone, dolomite, saline or chemical substances and also grants, concessions, leases, claims, licences of or other interests in mines, mining rights and other rights and privileges.
4. To carry on the business of generation, transmission and distribution of electricity and to generate, accumulate, transmit, distribute, wheel, bank, purchase or sell and supply electricity on a commercial basis as well as for captive consumption, for various purposes for which electric energy can be employed, including the establishment, operation and maintenance of generating and transformer stations, and to manufacture and deal in all apparatus and things required including acquisition and operation of coal mines, quarries for or capable of being used in connection with the generation, distribution, transmission, supply, accumulation, wheeling, banking and employment of electricity and to carry on the business of operators, consultants and advisers in relation to the business aforementioned. Subject to the relevant laws as may be applicable during the time being in force.

The financial performance of GML is as follows:

(Rs. in million, except per share data)

	As of March 31,	
	2005	**2004**
Equity share capital	0.5	0.5
Reserves and surplus*	-	-
Total income	-	-
Profit after tax	(0.03)	(0.02)
Earnings per share (face value Rs. 10) ** (Rs.)	-	-
Net Asset Value per share (Rs.)	5.83	6.38

* *Excludes revaluation reserves*

** *Computed on the basis of earnings including extraordinary items*

Summary of key terms of the Ghotaringa Agreements are as follows:

(a) Shareholders Agreement:

Parties: ORIND, GML and our Company

1. The authorised share capital of GML, being Rs. 10,000,000 comprising of 1,000,000 Equity Shares of Rs. 10/- each would be subscribed to the ratio of 89% by our Company and 11% by ORIND;
2. ORIND shall be entitled to nominate one Director on GML's Board.
3. Our Company shall arrange for necessary formalities in relation to prospecting, mining and execution of PL, and ORIND shall give necessary authority including irrevocable power of attorney in that relation to GML.
4. Our Company shall be responsible for day-to-day management of GML.
5. GML shall pay ORIND grade-wise royalty on chrome ore equivalent to the prevailing royalty rates payable to the Government of Orissa, other than the quantity supplied by GML to ORIND.
6. Neither our Company nor ORIND can sell, transfer, assign, pledge or otherwise deal with GML's shares except in case of transfer where beneficial interest is retained by respective group companies of our Company or ORIND.
7. Till the time the PL and the mining lease in respect of the aforesaid area is not transferred from ORIND to GML, ORIND has entered into the Sale and Purchase Agreement and Raising Agreement.

Pursuant to the terms of this agreement, ORIND has executed a power of attorney dated May 11, 2005 in favour of GML to apply for and obtain transfer or renewal of PL in respect of the Mine, to apply for and obtain conversion of PL into mining lease and to apply for and obtain transfer or renewal of mining lease in respect of the Mine, and to do all things necessary and incidental in relation to the same.

(b) Sale and Purchase Agreement:

Parties: ORIND and our Company

1. With effect from May 11, 2005 ORIND shall take necessary steps for, and will apply for, further renewal of the PL and conversion of PL into mining license, and upon grant/renewal of mining license by the Government of Orissa, this agreement shall automatically be renewed for the renewed period of mining license granted by the Government of Orissa.
2. If ORIND fails/neglects to supply the Minerals, or commits a breach of any of its terms and conditions, our Company, in addition to other remedies that may be available to it, is entitled to claim specific performance of the contract by ORIND.

3. Our Company has the exclusive right to buy the entire minerals excavated from the Mine, subject to ORIND's right of first refusal for a pre-fixed quantity.
4. ORIND has agreed that during the currency of this Agreement, it will not sell or dispose of any part of the Minerals excavated from the Mine to any other party other than our Company or any person nominated by our Company, and our Company shall have sole and exclusive right to purchase the same from ORIND either by ourselves or through our nominees.
5. Our Company has agreed to pay sale price for the Minerals (Chrome Ore) based on a pre-fixed price per tonne, which price depends upon the Cr_2O_3 content of the Chrome Ore.
6. This agreement shall not be construed as assignment, sub-letting or transfer of any right, title or interest of ORIND in respect of the Mine or the products excavated therefrom in favour of our Company.

(c) Raising Agreement:

Parties: ORIND and GML

1. With effect from May 11, 2005 GML shall take necessary steps for conducting detailed exploration and prospecting and subject to mineral deposits being viable for mining, extract and excavate the Minerals from the Mine. ORIND has irrevocably appointed GML as the sole and exclusive developer for conducting detailed exploration and prospecting of the Mine. Subject to mineral deposits being viable for mining and ORIND having been granted a mining lease in its favour in respect of the Mine, GML shall be given exclusive right to undertake excavation/extraction of Minerals from the Mine for and on behalf of ORIND and deliver the same to ORIND as may be advised by ORIND from time to time.
2. ORIND has authorised GML to carry out acts and deeds as may be required to be done for within the scope of or for the fulfillment of this agreement.
3. ORIND shall appoint key personnel required to be appointed under applicable (mine-related) legislations, for technical guidance and supervision to GML in deploying GML's machines and develop the Mine in accordance with applicable legislations. ORIND is responsible for complying with labour and legal formalities in respect of the Mine, and has agreed to keep GML indemnified from and against all claims in respect of ORIND's employees and/or any third party in respect of the Mine.
4. As a developer, GML shall not claim any ownership of the Mine and ORIND shall not call upon GML to directly or indirectly finance the mining operations.
5. ORIND has agreed to pay to GML, in consideration for prospecting and mining operations for the Minerals (Chrome Ore) based on a pre-fixed price per tonne, which price depends upon the Cr_2O_3 content of the Chrome Ore.
6. If ORIND commits a breach of any of the terms and conditions of this agreement, GML, in addition to other remedies that may be available to it, is entitled to claim specific performance of the contract by ORIND.
7. This agreement shall not be construed as assignment, sub-letting or transfer of any right, title or interest of ORIND in respect of the Mine or the products excavated therefrom in favour of GML.

RELATED PARTY TRANSACTIONS

For details of our related party transactions, please refer to Annexure 3 of the Auditors' Report dated December 29, 2005 in the section titled "Financial Statements" beginning on page 113 of this Red Herring Prospectus.

EXCHANGE RATE AND CURRENCY OF PRESENTATION

In this Red Herring Prospectus, all references to "Rupees", "INR" and "Rs." are to the legal currency of India, all references to "USD"/"$" are to the legal currency of the United States of America, all references to "GBP" and "Pound"are to the legal currency of Great Britain. Further, all references to "CHF" is to the legal currency of Switzerland, while all references to "A$"/"AUD" are to the legal currency of Australia, all references to "HK$" and "HKD"are to the legal currency of Hong Kong.

In this Red Herring Prospectus, foreign currency amounts have been translated into Rupees for which period and presented solely to comply with the requirements of SEBI Guidelines. Investors are cautioned not to rely on such translated amounts. The translations should not be considered as a representation that such foreign currency could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate, the rates stated below, or at all. The following table sets forth, for the period indicated, information concerning the amount of Rupees for which one unit of foreign currency could be exchanges. The currency conversion rate has been taken from the website www.oanda.com.

	As on March 31, 2005	**As on March 31, 2004**	**As on March 31, 2003**
Rs./USD	44.13	43.79	44.13
Rs./GBP	82.28	80.58	75.04
Rs./CHF	34.85	34.44	36.50
Rs./HK$	5.66	5.61	5.66
Rs./AUS$	33.73		

Source:www.oanda.com

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP and SEBI Guidelines.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, and overall financial requirements.

We have not declared or paid any dividends on Equity Shares since inception.

SECTION V – FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
Visa Steel Limited
Visa House
8/10 Alipore Road
Kolkata 700 027

Dear Sirs,

Re: Proposed Issue of 35,000,000 Equity Shares of Visa Steel Limited

We have examined the financial information of Visa Steel Limited (the Company), as attached to this report, i.e. Annexure 1 to 8 stamped and initialed by us for identification which are proposed to be included in the Red Herring Prospectus of the Company and have been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 of India (the 'Act') and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (the 'Guidelines') issued by the Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.

A. Statement of Profit and Losses and Assets and Liabilities, as restated

1. We have examined the accounts of the Company for the financial years ended March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and March 31, 2005 being last date to which the accounts of the Company have been made up and audited by us for presentation to the members of the Company. We have also examined the accounts of the Company for the nine months period ended December 31, 2005 prepared and approved by the Board of Directors of the Company and audited by us for the purpose of disclosure in the Red Herring Prospectus. We have accepted the relevant accounts and statements in respect of Ghotaringa Minerals Limited, the subsidiary of the company (the Subsidiary) for the three months period ended on December 31, 2005 and Assets and Liabilities as at that date prepared and approved by the Board of Directors of the Subsidiary, audited and reported upon by the statutory auditors of the Subsidiary.

2. In accordance with the requirements of "the Act" and "the Guidelines" we report that:

   a) We have examined the accompanying statements of Profit and Loss and Assets and Liabilities, as restated which reflect the restated profits for each of the years ended on March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and March 31, 2005 and nine months period ended December 31, 2005 and Assets and Liabilities as at those dates together with the Significant Accounting Policies and Notes to the Statement of Profit and Loss and Assets and Liabilities, as restated enclosed as Annexure 1, 2 and 3 to this report. These statements have been extracted from the audited accounts indicated in paragraph 1 for those years and after considering disclosures and adjustments required to be made in accordance with the provisions of "the Act" and "the Guidelines", as we considered appropriate.

   b) No dividend was paid by the Company, in respect of each of the financial years ended on March 31, 2001, March 31, 2002, March 31, 2003, March 31, 2004 and March 31, 2005 and for the nine months period ended December 31, 2005, on the shares of the Company.

B. Other Financial Information

We have also examined the following financial information related to the Company and as approved by the Board of Directors proposed to be included in the Red Herring Prospectus.

i) Accounting Ratios enclosed as Annexure 4

ii) Capitalisation Statement enclosed as Annexure 5

iii) Statement of Tax Shelter enclosed as Annexure 6

iv) Details of Secured Loans enclosed as Annexure 7

v) Cash Flow Statements, As Restated enclosed as Annexure 8

C. We have examined the accompanying statements of Profit and Loss and Assets and Liabilities, as restated of the Subsidiary, which reflect the restated loss for the three months period ended on December 31, 2005 and Assets and Liabilities as at that date together with the Significant Accounting Policies and Notes to the Statement of Profit and Loss and Assets and Liabilities, as restated enclosed as Annexure 9 to this report. These statements have been extracted from the accounts of the Subsidiary audited and reported upon by the statutory auditors of the subsidiary and after considering disclosures and adjustments required to be made in accordance with the provisions of "the Act" and "the Guidelines", as we considered appropriate.

D. Further to the above we report that:

In our opinion, the financial information of the Company as attached to this report as mentioned in A and B above have been prepared in accordance with provisions of the 'Act' and the 'Guidelines', as we considered appropriate.

This report is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with the aforementioned proposed Public Issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

Yours faithfully

Partha Mitra
Partner
Membership No. 50553

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Date: February 7, 2006

Place: Kolkata

Annexure 1

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs. in Millions)

Particulars	9 months ended December 31 2005	Year ended March 31 2005	2004	2003	2002	2001
INCOME						
Sales & Services						
Sale of Products Manufactured by the Company	1,352.62	263.46	61.42	75.23	49.34	55.86
Sale of Products normally Traded by the Company	1,595.14	2,221.77	652.04	158.93	-	-
Sale of Products not normally Traded by the Company	-	-	-	-	9.60	-
Commission & Consultancy	29.64	35.25	-	8.42	5.23	-
	2,977.40	**2,520.48**	**713.46**	**242.58**	**64.17**	**55.86**
Other income	3.13	0.01	12.15	0.33	-	-
Increase/(Decrease) in Inventories	491.51	113.15	186.11	37.46	(13.39)	9.07
Total Income	**3,472.04**	**2,633.64**	**911.72**	**280.37**	**50.78**	**64.93**
EXPENDITURE						
Raw Materials consumed	1,087.31	84.32	59.38	40.41	18.78	40.97
Traded goods- Purchase	1,512.72	2,089.55	663.59	180.90	9.55	-
Traded goods Acquired on Amalgamation	-	34.82	-	-	-	-
Staff Cost	31.53	19.31	6.67	3.35	2.51	1.87
Customs & Excise Duty	227.86	7.95	0.79	8.01	0.49	1.31
Other Manufacturing Expenses	81.35	3.21	2.10	6.02	3.21	1.78
Administrative Expenses	89.93	68.26	34.42	8.24	3.07	2.64
Selling and Distribution Expenses	162.14	195.70	117.05	17.95	8.38	9.47
Interest & Finance Charges (Net)	92.97	7.19	0.84	3.49	3.03	3.22
Depreciation	35.39	4.68	1.96	1.94	1.39	0.81
Total Expenditure	**3,321.21**	**2,514.99**	**886.80**	**270.31**	**50.41**	**62.07**
Net Profit before Tax	**150.83**	**118.65**	**24.92**	**10.06**	**0.37**	**2.86**
Taxation - Current (Net of excess provision written back for the period ended Dec'05 Rs. 0.11 Million and for the year ended Mar'02 Rs. 0.16 Million)	32.39	10.00	7.30	0.90	(0.13)	0.28
- Deferred	13.36	43.03	1.94	3.50	-	-
- Fringe Benefit Tax	2.20	-	-	-	-	-
Net Profit after Tax	**102.88**	**65.62**	**15.68**	**5.66**	**0.50**	**2.58**
Impact on profit due to change in Accounting Policy for Inventories [Refer Note 2, Annexure 3]	-	1.21	(14.50)	13.43	(0.14)	-
Net Profit after Tax, As Restated	**102.88**	**66.83**	**1.18**	**19.09**	**0.36**	**2.58**

Annexure 2

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Millions)

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
A. Fixed Assets						
Gross Block	1,043.24	883.23	51.59	48.06	44.01	19.57
Less: Accumulated Depreciation	52.44	17.64	6.60	4.64	2.71	1.31
Net Block	990.80	865.59	44.99	43.42	41.30	18.26
Capital Work-in Progress	1,009.29	185.37	44.21	0.56	-	4.15
	2,000.09	**1,050.96**	**89.20**	**43.98**	**41.30**	**22.41**
B. Investments	8.90	0.10	-	-	-	-
C. Current Assets, Loans & Advances						
Inventories	1,444.62	686.35	236.58	64.50	7.11	19.89
Sundry Debtors	689.72	496.75	41.43	190.66	27.85	22.29
Cash and Bank Balances	385.69	161.00	18.21	6.82	5.42	3.83
Loans and Advances	316.74	209.49	78.30	15.85	15.43	1.42
Other Current Assets	4.03	4.93	2.81	0.03	1.12	-
	2,840.80	**1,558.52**	**377.33**	**277.86**	**56.93**	**47.43**
Total Assets (A+B+C)	**4,849.79**	**2,609.58**	**466.53**	**321.84**	**98.23**	**69.84**
D. Liabilities and Provisions						
Secured Loans	1,413.08	742.00	125.15	37.95	44.63	13.77
Unsecured Loans	-	-	-	-	10.08	5.00
Current Liabilities and Provisions	2,430.21	977.42	95.20	207.83	10.63	18.64
Deferred Tax Liability	62.63	49.27	6.24	4.30	-	-
	3,905.92	**1,768.69**	**226.59**	**250.08**	**65.34**	**37.41**
E. Networth (A+B+C-D)	**943.87**	**840.89**	**239.94**	**71.76**	**32.89**	**32.43**
Represented by:						
Equity Share Capital	750.00	750.00	70.51	50.51	30.51	30.51
Share Application Money	-	-	146.41	-	-	-
Reserves and Surplus	194.11	91.23	23.50	22.33	4.04	3.68
Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	(0.24)	(0.34)	(0.48)	(1.08)	(1.66)	(1.76)
Networth	**943.87**	**840.89**	**239.94**	**71.76**	**32.89**	**32.43**

Annexure 3

Notes to the Restated Profit and Losses and Assets and Liabilities

1. **Significant Accounting Policies**

(a) Principal Accounting Policies

The Financial Statements have been prepared in accordance with applicable accounting standards in India. A summary of important accounting policies, which have been applied consistently except for inventories as indicated in note 2 below.

(b) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

(c) Fixed Assets

(i) Fixed Assets are stated at their purchase cost (net of CENVAT credit), where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets.

(ii) Depreciation on fixed assets, other than freehold land, is provided on Straight Line Method (SLM) in accordance with Schedule XIV of the Companies Act, 1956. Leasehold land is amortized over the period of lease.

(iii) Profit or loss on disposal of fixed assets is recognised in Profit and Loss Account.

(d) Investments

Investment of long term nature are stated at cost, less adjustment for diminution, other than temporary, in the value thereof. Current investments are stated at lower of cost and fair value.

(e) Inventories

Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower. Cost is determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and includes, where applicable appropriate overheads. Obsolete, slow moving and defective inventories are identified at the time of physical verification and where necessary, provision is made for such inventories.

(f) Sales, Consultancy & Commission

Sales represent the invoiced value of goods and services supplied, net of sales tax but inclusive of excise duty. Income from Consultancy, Commission and other services are accounted for based on business arrangement in existence.

(g) Transactions in Foreign Currencies

Transactions in foreign currency are recorded in Indian Currency by applying rate of exchange ruling at the time of transaction and exchange differences arising on settlement except for acquisition of fixed assets are dealt with in the Profit & Loss Account. Unsettled transactions are converted at the year-end/period-end rate and gain or loss arising on such transaction except for acquisition of fixed assets is recognised in the Profit & Loss Account. Exchange differences arising for acquisition of fixed assets are adjusted in the carrying cost of the respective fixed assets.

(h) Retirement Benefits

Provident Fund

Contributions to the recognised Provident Fund maintained by the Regional Provident Fund Commissioner are charged to the Profit & Loss Account.

Gratuity

Gratuity liability is determined on accrual basis and are accounted for in these financial statements. In respect of certain employee of the Company gratuity liability is determined on the basis of demand from Life Insurance Corporation of India (LICI). In absence of demand from LICI, gratuity liability for nine months period ended on December 31, 2005 has been determined on accrual basis and are accounted for in these financial statements.

Leave Encashment

Leave encashment liability on retirement is determined on accrual basis which is provided for in these financial statements.

(i) Deferred Tax

Deferred Tax is recognised using the liability method, at the current rate of taxation, on all timing differences to the extent that is probable that a liability or asset will crystallise. Deferred Tax assets are recognised subject to consideration of prudence and are periodically reviewed to reassess realization thereof.

(j) Miscellaneous Expenditure - To the extent not written off or adjusted

(a) Preliminary expenses incurred in connection with the formation of the Company, are being written off in ten equal installments.

(b) Pre-operative expenses relating to Plant is being written off for a period of five years from the date of commencement of commercial production.

2. Change in Accounting Policy - Inventories

The method of determination of cost in respect of Raw Materials and Finished Goods had been changed to First in First Out (FIFO) basis from Weighted Average method in the financial year ended on March 31, 2002 and March 31, 2003 respectively. Again, in the financial year ended on March 31, 2005, the method of determination of cost in respect of these inventories have been changed to Weighted Average method from First In First Out (FIFO) basis. Accordingly the valuation of inventories of the financial years ended March 31, 2002, 2003 and 2004 have been recalculated on Weighted Average method. Adjustments have been made in restating Profits and Net Worth for the relevant periods. The impact on Profits and Net Worth as a result of the above change is given below:

(Rs. Millions)

Particulars	**As at March 31**			
	2005	**2004**	**2003**	**2002**
Impact on Profit due to change in Valuation of -Raw Material	0.22	(0.26)	0.25	(0.22)
Finished Goods	1.38	(22.35)	20.98	-
	1.59	(22.61)	21.23	(0.22)
Less: Taxation on above	0.39	(8.11)	7.80	(0.08)
Net Impact on Profits and Net Worth Increase/ (Decrease)	1.21	(14.50)	13.43	(0.14)

3. (a) Pursuant to the Scheme of Amalgamation under Sections 391 and 394 of the Companies Act, 1956, all the assets and properties, debts, liabilities, duties and obligations of Visa Energy Resources Limited were transferred to and vested in the Company with effect from April 1, 2004. The scheme has been given effect to in the accounts for the financial year ended on March 31, 2005 as per the order dated September 14, 2004 of Hon'ble Calcutta High Court and order dated October 15, 2004 of Hon'ble Orissa High Court for amalgamation of Visa Energy Resources Limited with the Company.

(b) Pursuant to the Scheme referred to in paragraph 3(a) above an amount of Rs. 0.90 Million being the difference between the Share Capital of Visa Energy Resources Limited and the value of shares issued by the Company on Amalgamation has been added to the Company's Reserves (Capital Reserve Rs. 0.07 Million & General Reserve Rs. 0.83 Million) during the financial year ended on March 31, 2005.

(c) Pending completion of the relevant formalities of transfer of assets and properties, debts, liabilities, duties and obligations acquired on Amalgamation pursuant to the Scheme as referred to in paragraph 3(a) above, such assets and properties, debts, liabilities, duties and obligations remain included in the books of the Company under the name of Visa Energy Resources Limited.

4. **Fixed Assets**

(a) Fixed Assets includes Rs. 21.65 Million and Rs. 4.57 Million, being cost and related depreciation of assets acquired on amalgamation of Visa Energy Resources Limited with the company with effect from April 1, 2004. Refer Note 3 above.

(b) Fixed Assets includes Rs. 14.50 Million being borrowing cost on qualifying assets and Rs. 1.98 Million being depreciation during pre-operative period for Company's Blast Furnace Plant at Orissa has been Capitalised during the year ended March 31, 2005.

5. **Investment** **(Rs. in Millions)**

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
Long Term - Trade (Unquoted)						
Subsidiary Company						
Ghotaringa Minerals Limited	8.90	-	-	-	-	-
890,000 Equity Shares of Rs. 10 each, fully paid up (including beneficial interest of 44,500 Equity Shares of Rs. 10 each, fully paid up)						
Current - Other than trade - Quoted						
10,000 units in SBI Mutual Funds	-	0.10	-	-	-	-
	8.90	**0.10**	**-**	**-**	**-**	**-**

6. **Current Assets, Loans & Advances**

Inventories

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
Stores & Spares *	97.52	43.59	-	-	-	-
Raw Material	515.46	302.63	10.97	2.65	3.47	2.87
Finished Goods	810.05	340.13	225.61	61.85	3.64	17.02
By Products	19.85	-	-	-	-	-
Work in Progress	1.74	-	-	-	-	-
	1,444.62	**686.35**	**236.58**	**64.50**	**7.11**	**19.89**

** Includes Capital Goods lying in stores as on December 31, 2005 and March 31, 2005 amounting to Rs. 74.71 Million and Rs. 38.19 Million respectively.*

Sundry Debtors (Unsecured, Considered Good) **(Rs. in Millions)**

Particulars	December 31 2005	As at March 31 2005	2004	2003	2002	2001
Debtors Outstanding for a period exceeding Six months	189.14	39.84	3.74	15.48	1.86	3.32
Other Debts	500.58	456.91	37.69	175.18	25.99	18.97
	689.72	**496.75**	**41.43**	**190.66**	**27.85**	**22.29**

Cash and Bank Balances **(Rs. in Millions)**

Particulars	December 31 2005	As at March 31 2005	2004	2003	2002	2001
Cash and Cheque in hand	**1.55**	**1.32**	**0.59**	**0.04**	**0.53**	**0.30**
Balance with Scheduled Banks:						
-In current account (refer note 18)	14.10	22.54	0.40	1.58	2.90	0.28
- In deposit account (refer note 22)	370.04	137.14	17.22	5.20	2.00	3.25
	385.69	**161.00**	**18.21**	**6.82**	**5.42**	**3.83**

Loans and Advances **(Rs. in Millions)**

Particulars	December 31 2005	As at March 31 2005	2004	2003	2002	2001
Loan	-	-	5.00	-	-	-
Advance recoverable in cash or kind or for value to be received						
- Due from Directors	0.15	0.04	0.01	0.01	-	-
- Others	222.94	124.07	65.30	13.53	14.79	1.36
	223.09	**124.11**	**70.31**	**13.54**	**14.79**	**1.36**
Deposits with Customs, etc.	32.10	66.50	0.51	0.49	0.64	0.06
Deposits with Others	61.55	14.09	7.48	1.82	-	-
Advance payment of Income Tax (net of provisions)	-	4.79	-	-	-	-
	93.65	**85.37**	**7.99**	**2.31**	**0.64**	**0.06**
	316.74	**209.48**	**78.30**	**15.85**	**15.43**	**1.42**

7. Current Liabilities & Provisions

Particulars	December 31 2005	As at March 31 2005	2004	2003	2002	2001
Current Liabilities						
Sundry Creditors (Refer Note 22)	2,268.11	948.12	73.11	190.35	6.99	16.39
Other Liabilities	145.11	15.10	4.42	1.05	3.46	2.00
Temporary Book Overdraft	3.09	14.20	17.39	-	-	-
Acceptances	-	-	-	8.60	-	-
	2,416.31	**977.42**	**94.91**	**200.00**	**10.45**	**18.39**
Provisions						
Taxation less advance payments	13.10	-	0.29	7.83	0.18	0.26
Fringe Benefit Tax (Net of advance payment of tax)	0.80	-	-	-	-	-
	13.90	**-**	**0.29**	**7.83**	**0.18**	**0.26**
	2,430.21	**977.42**	**95.20**	**207.83**	**10.63**	**18.65**

8 Secured Loans **(Rs. in Millions)**

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
From Banks						
Cash Credit	176.84	127.48	117.21	17.70	26.19	13.77
Term Loan	1,200.36	584.48	6.02	10.51	17.20	-
Foreign Currency Loan	-	-	-	9.53	-	-
Vehicle Loan	35.88	30.04	1.92	-	-	-
Interest Accrued & due	-	-	-	0.21	1.24	-
	1,413.08	**742.00**	**125.15**	**37.95**	**44.63**	**13.77**

Notes:

(a) Cash credit from bank as on December 31, 2005 is secured by way of first charge ranking *pari passu* with other banks all the present and future products, goods and movable property of any kind including all moving properties and stock of raw materials, work in progress and finished goods etc., at Blast Furnace Plant at Jajpur, Orissa and also all present and future book debts, outstanding money, receivable, claims, bills, contracts, engagements, securities, investments, cash in hand and other assets. Export Packing Credit Loan from bank as on December 31, 2005 is secured by way of first charge against Land, Building, Plant and Machinery at factory premises in Golagaon, Duburi and office premises in Bhubaneswar and second charge on current assets.

(b) Term Loan from bank as on December 31, 2005 is secured by first charge on the fixed assets of the company on pari passu basis with other term lenders alongwith creation of joint mortgage of title deeds relating to land at Kalinganagar Industrial Complex, Village Jakhapura, Dist-Jajpur, Orissa together with hereditaments and Premises and Building, Plant and Machineries permanently affixed thereto and other erections thereon both present and future at Blast Furnace and Coke Oven Plant at Jajpur, Orissa alongwith Corporate Guarantee of Visa International Limited and personal Guarantee of Managing Director of the Company.

(c) Vehicle Loans as on December 31, 2005 are secured by hypothecation of vehicles taken under the loan arrangement.

9. Unsecured Loan

(Rs. Millions)

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
From:						
Group Companies	-	-	-	-	10.00	5.00
Interest Accrued and Due	-	-	-	-	0.08	-
	-	**-**	**-**	**-**	**10.08**	**5.00**

10. Deferred Taxation

(a) Deferred Tax Provision has been made in the accounts in accordance with the requirements of the Accounting Standard on "Taxes on Income" (AS 22) issued by the Institute of Chartered Accountants of India. As required by the said Standard, deferred tax provision relating to previous years (upto March 31, 2002) amounting to Rs. 0.80 Million has been adjusted against the reserves as on April 1, 2002.

(b) The major components of the deferred tax liabilities/(assets) based on the tax effects of timing differences are as follows:

(Rs. in Millions)

Particulars	**As at**					
	December 31	**March 31**				
	2005	**2005**	**2004**	**2003**	**2002**	**2001**
Deferred Tax Liabilities						
Depreciation	65.16	49.29	5.59	4.30	-	-
Others	0.07	0.76	0.80	-	-	-
Deferred Tax Asset						
Others	(2.60)	(0.78)	(0.15)	-	-	-
Deferred Tax Liabilities (Net)	**62.63**	**49.27**	**6.24**	**4.30**	**-**	**-**

11. Share Capital **(Rs. in Millions)**

Particulars	**As at**					
	December 31	**March 31**				
	2005 *	**2005 ****	**2004 *****	**2003 *****	**2002 *****	**2001 *****
Authorised	1,600.00	1,000.00	160.00	160.00	160.00	160.00

* 160,000,000 Equity Shares of Rs. 10/- each

** 100,000,000 Equity Shares of Rs.10/- each

*** 16,000,000 Equity Shares of Rs.10/- each

(Rs. in Millions)

Particulars	**As at**					
	December 31	**March 31**				
	2005	**2005**	**2004**	**2003**	**2002**	**2001**
Issued, subscribed and paid up	750.00 [Note 1(i),(ii)]	750.00 [Note 1(ii)]	70.51 [Note 2]	50.51 [Note 3]	30.51 [Note 4]	30.51 [Note 4]

Notes:

1. 75,000,000 Equity Shares of Rs. 10/- each fully paid up
   (i) Of the above 51,212,167 Equity Shares of Rs. 10/- each are held by Visa Minmetal AG, the Holding Company.
   (ii) Of the above 8,360,000 Equity Shares of Rs. 10/- each allotted for consideration other than Cash pursuant to a scheme of amalgamation without payment being received in cash.
2. 7,050,700 Equity Shares of Rs. 10/- each, fully paid up
   Of the above 5,050,700 Equity Shares of Rs. 10/- each are held by Visa International Limited, the Holding Company.
3. 5,050,700 Equity Shares of Rs. 10/- each, fully paid up
   Of the above 3,050,700 Equity Shares of Rs. 10/- each are held by Visa International Limited, the Holding Company.
4. 3,050,700 Equity Shares of Rs. 10/- each, fully paid up
   Of the above 2,795,100 Equity Shares of Rs. 10/- each are held by Visa International Limited, the Holding Company and 255,600 Equity Shares of Rs. 10/- each are held by individuals/HUF etc. as nominees of the Visa International Limited

12. Reserves & Surplus

(Rs. in Millions)

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
Capital Reserve [Refer Note 3(b)]	0.07	0.07	-	-	-	-
General Reserve [Refer Note 3(b)]	91.16	91.16	-	-	-	-
Profit and Loss Account	102.88	-	24.71	9.04	4.18	3.68
	194.11	**91.23**	**24.71**	**9.04**	**4.18**	**3.68**
Impact due to change in Accounting Policy for Inventories	-	-	(1.21)	13.29	(0.14)	-
	194.11	**91.23**	**23.50**	**22.33**	**4.04**	**3.68**

13. Miscellaneous Expenditure- to the extent not written off or adjusted

(Rs. in Millions)

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
Preliminary Expenses	0.16	0.20	0.25	0.30	0.35	0.40
Preoperative Expenditures	0.08	0.14	0.23	0.78	1.31	1.36
	0.24	**0.34**	**0.48**	**1.08**	**1.66**	**1.76**

1. Other Income

(Rs. in Millions)

Particulars	Nine months ended December 31, 2005	Year ended March 31				
		2005	2004	2003	2002	2001
Recurring						
Exchange Gain	-	-	10.95	-	-	-
Miscellaneous Income	0.81	0.01	0.60	-	-	-
Liability written back	2.15	-	0.60	-	-	-
Non-Recurring						
Insurance Claim received	0.17	-	-	0.33	-	-
	3.13	**0.01**	**12.15**	**0.33**	**-**	**-**

15. Interest and Finance Charges (Net)

(Rs. in Millions)

Particulars	Nine months ended December 31, 2005	Year ended March 31				
		2005	2004	2003	2002	2001
Interest Charges on:						
Overdraft Facilities	42.12	27.79	1.42	0.41	2.03	1.65
Term Loan	45.88	0.79	1.39	2.10	-	0.02
Bank Charges	15.88	9.79	1.31	0.77	0.93	0.94
Others	-	-	-	0.21	0.07	0.72
	103.88	**38.37**	**4.12**	**3.49**	**3.03**	**3.33**
Less: Interest Income	(10.91)	(31.18)	(3.28)	-	-	(0.11)
	92.97	**7.19**	**0.84**	**3.49**	**3.03**	**3.22**

16. Director's Remuneration

(Rs. in Millions)

Particulars	Nine months ended December 31, 2005	Year ended March 31				
		2005	2004	2003	2002	2001
Salaries, Allowances & Bonus	5.13	5.81	1.04	0.78	0.50	0.24
Retirement Benefits	0.70	0.69	0.32	0.07	-	0.08
Perquisites	0.10	0.23	0.28	0.19	0.15	-
	5.93	**6.73**	**1.64**	**1.04**	**0.65**	**0.32**

17. Contingent Liabilities

(Rs. in Millions)

Particulars		As at				
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
Bank Guarantee not provided for	59.26	0.70	-	-	-	-

18. Claim against the Company not acknowledged as debt:

Transfield Shipping Inc., Panama, owner of the vessel has filed a civil suit in Calcutta High Court claiming that under a Charter Party Agreement dated August 27, 2004 with Visa Comtrade (Asia) Limited, the said Transfield Shipping Inc. had allowed the use of their vessel to Visa Comtrade (Asia) Limited for shipment of coal and has alleged that during the lighterage operation of the Cochin port, the vessel was damaged by the lightering vessel due to inadequate fendering on the lightering vessel and it was the duty of the company and Visa Comtrade (Asia) Limited to ensure that the lightering vessel was well equipped with necessary fendering equipment and the delay caused in the cargo discharge operations was due to the negligence and default of the company and Visa Comtrade (Asia) Limited and claimed the relief for a decree for US$ 299,138.26 to be expressed in Indian currency at such rate of exchange and/or on such terms as the Court may deem fit and proper, Interest pendente lite, Interest upon judgment, Receiver and Attachment before judgment, Injunction, Costs and Further or other reliefs.

The Company has not accepted the claim as the Company was not a party to the said agreement and hence cannot be made a party to this suit. The Calcutta High Court passed interim orders dated May 11, 2005 and June 20, 2005, restraining the Company and Visa Comtrade (Asia) Limited from withdrawing any amount from a specified bank account number without leaving a balance for a sum of Rs. 12.50 Million. The suit is currently pending before the Calcutta High Court.

19. Capital Commitments

(Rs. in Millions)

Particulars	December 31 2005	As at March 31 2005	2004	2003	2002	2001
Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	460.09	90.15	-	-	-	-

20. The Company has obtained licences from the Government of India under EPCG scheme for import of machineries for its Blast Furnace and Coke Oven Plant at Orissa at a reduced customs duty and thereby saved an amount of Rs. 103.79 Million towards duty upto December 31, 2005. As per the requirement under the said scheme, the company is required to export amounting to Rs. 830.63 Million within specified periods, failing which, the company has to make payment to the Government of India equivalent to the duty benefit enjoyed along with interest. The Company is confident that the above export obligation will be met during the specified period.

21. Taxation

Provision for taxation in the restated statements have been made with reference to the restated profits as per the provisions of Income Tax Act, 1961, and the rules framed there-under.

22. The amount due on Buyer's Credit represents short term finance extended to the Company by the banks against the fixed deposits with the banks to facilitate import as on March 31, 2005 and March 31, 2004 amounting to Rs. 234.75 Million and Rs. 183.76 Million respectively.

23. There is no amount due to Small Scale Industries.

24. Figures for the years ended March 31, 2004, March 31, 2003, March 31, 2002 and March 31, 2001 represents figures of Visa Industries Limited which was renamed as Visa Steel Limited w.e.f May 4, 2005 and figures for the nine months period ended December 31, 2005 and year ended March 31, 2005 represents figures after amalgamation of Visa Energy Resources Limited with Visa Industries Limited w.e.f April 1, 2004 as mentioned in Paragraph 3 above.

25. Basic and Diluted Earnings per Share

The disclosure has been made as per requirement of Accounting Standards on "Earning Per Share" (AS 20) issued by The Institute of Chartered Accountants of India with effect from year ended March 31, 2003 in which the said Standard became applicable to the Company.

Particulars	Nine months ended December 31, 2005	Year ended March 31		
		2005	2004	2003
Profit After Tax, As Restated (Rs. Millions)	102.88	66.83	1.18	19.09
Weighted average number of Rs.10 shares outstanding [Refer note below]	75,000,000	47,230,271	5,550,700	3,867,138
Basic and Diluted Earning per Share (Annualised)	1.83	1.41	0.21	4.94
No. of Rs. 10 Shares as at the beginning of the period	75,000,000	7,050,700	5,050,700	3,050,700
Fresh Issue				
No. of Rs. 10 Shares	-	8,360,000	2,000,000	2,000,000
Date of Issue		01.04.04	31.12.03	02.11.02
No. of Rs. 10 Shares	-	37,250,000	-	-
Date of Issue		16.06.04		
No. of Rs. 10 Shares	-	22,339,300	-	-
Date of Issue		22.02.05		
Weighted Average no. of Rs. 10 Shares at the end of the period	75,000,000	47,230,271	5,550,700	3,867,138

Notes to the Restated Profit and Losses and Assets and Liabilities

26. Segment Information, As Restated

The disclosure has been made as per the requirement of Accounting Standards on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India with effect from year ended March 31, 2004 in which the said Standard became applicable to the Company.

Business Segment: **(Rs. in Millions)**

Particulars	Nine months ended December 31, 2005			Year ended March 31, 2005			Year ended March 31, 2004		
	Manu-facturing	Trading	Total	Manu-facturing	Trading	Total	Manu-facturing	Trading	Total
Segment Revenue	1,352.62	1,595.14	2,947.76	263.46	2,221.77	2,485.23	61.42	652.04	713.46
Segment Results	181.01	158.76	339.77	111.32	69.61	180.93	8.70	16.91	25.61
Less: Unallocable expenses net off income			(95.96)			(53.50)			(22.45)
Less: Interest & Finance charges (net)			(92.97)			(7.19)			(0.84)
Profit Before Tax			150.83			120.24			2.32
Provision for Taxation			(47.95)			(53.41)			(1.14)
Profit after Taxation			102.88			66.83			1.18
Segment Assets	3,171.54	1,392.70	4,564.25	1,572.56	813.51	2,386.07	86.73	243.44	330.17
Add: Unallocated Corporate Assets			285.54			223.51			136.36
Total Assets			4,849.79			2,609.58			466.53
Segment Liabilities	2,267.55	1,487.74	3,755.29	938.69	725.91	1,664.60	-	61.07	61.07
Add: Unallocated Liabilities			150.63			104.10			165.52
Total Liabilities			3,905.93			1,768.70			226.59
Capital Expenditure	957.26	18.35	975.61	177.91	7.47	185.37	44.21	-	44.21
Depreciation	34.34	-	34.34	1.32	-	1.32	1.42	-	1.42
Non Cash write-offs	-	-	-	-	0.07	0.07	0.54	-	0.54

By Geographical Segment:

(Rs. in Millions)

Particulars	Nine months ended December 31, 2005			Year ended March 31, 2005			Year ended March 31, 2004		
	Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
Segment Revenue	2,722.18	225.58	2,947.76	1,967.39	517.84	2,485.23	545.46	168.00	713.46
Segment Assets	4,821.37	28.42	4,849.79	2,601.82	7.76	2,609.58	411.05	55.48	466.53
Capital Expenditure	975.61	-	975.61	185.37	-	185.37	44.21	-	44.21

Notes:

1. Business Segment: The internal business segmentation and the activities encompassed therein are as follows:
   a) Manufacturing: Manufacturing of Chrome Ore based products and Pig Iron.
   b) Trading: Trading of mining products.
2. Geographical Segment: Segmentation is on the basis of the geographical location of the customers.
3. The segment-wise revenue, results and assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. Unallocable expenditure includes expenses incurred on common services at the corporate level and relate to the company as a whole.

27. Related Party Disclosure

The disclosure has been made as per requirement of Accounting Standards on "Related Party Disclosures" (AS 18) issued by the Institute of Chartered Accountants of India with effect from year ended March 31, 2004 in which the said Standard became applicable to the Company.

Particulars	Nine Months ended December 31, 2005	Year ended March 31, 2005	Year ended March 31, 2004
Holding Company	Visa Minmetal A G	-	Visa International Limited
Subsidiary Company	Ghotaringa Minerals Limited	-	-
Enterprises having significant interest	Visa International Limited	Visa International Limited Visa Minmetal AG Visa Comtrade AG	Visa Comtrade AG
Entities Under Common Control		Visa Limited	Visa Limited Visa Comtrade AG Visa Energy Resources Limited
Fellow Subsidiaries	Visa Limited	-	-
	Visa Comtrade AG		
	Visa Coal Pty. Limited	-	-
	Visa Comtrade (Asia) Limited	-	-
	Visa Power Limited	-	-

Key Managerial Person	Mr. Vishambhar Saran Mr. Vishal Agarwal Mr. Rajesh Jha (Up to 16/4/05)	Mr. Vishambhar Saran Mr. Vishal Agarwal Mr. Rajesh Jha Mr. K. M. Lal	Mr. Vishal Agarwal Mr. Rajesh Jha Mr. K. M. Lal
Persons related to Key Managerial Person	Mr. Vikas Agarwal Mr. Vivek Agarwal Mrs. Saroj Agarwal Mrs. Bhawna Agarwal	Mr. Vikas Agarwal Mr. Vivek Agarwal Mrs. Saroj Agarwal Mrs. Bhawna Agarwal	Mr. Vishambhar Saran Mrs. Saroj Agarwal Mr. Vikas Agarwal

Details of transactions with related parties

(Rs. in Millions)

	Nine Months ended December 31, 2005					Year ended March 31, 2005					Year ended March 31, 2004			
Nature of Transactions	**Holding Company**	**Subsidiary Company**	**Fellow Subsidiaries**	**Enterprises having significant interest**	**Key Managerial Persons**	**Persons related to Key Managerial Persons**	**Enterprises having significant interest**	**Entities under Common Control**	**Key Managerial Persons**	**Persons related to Key Managerial Persons**	**Holding Company**	**Enterprises having significant interest**	**Key Managerial Persons**	**Persons related to Key Managerial Persons**
Consultancy Income	-	-	2.19	-	-	-	4.49	-	-	-	-	-	-	-
Rent	-	-	-	2.00	-	-	4.30	-	0.14	0.14	-	-	-	-
Purchase of Goods	-	-	383.70	-	-	-	368.36	604.29	-	-	-	29.29	-	-
Sale of Goods	-	-	223.02	-	-	-	457.40	-	-	-	-	168.00	-	-
Claim Recd	-	-	-	-	-	-	0.67	-	-	-	-	-	-	-
Payment made on behalf of others	0.21	2.55	16.18	3.21	-	-	34.72	0.53	-	-	0.02	9.09	-	-
Refund of above	-	2.55	8.20	0.26	-	-	33.09	-	-	-	0.02	9.09	-	-
Payments made by others	-	-	0.16	-	-	-	14.85	-	-	-	-	20.00	-	-
Refund of above	-	-	-	-	-	-	14.85	-	-	-	-	20.00	-	-
Refund of Deposit	-	-	-	-	-	-	7.01	-	-	-	-	-	-	-
Investment made	-	8.90	-	-	-	-	-	-	-	-	-	-	-	-
Shares Issued/ Application Money	-	-	-	-	-	-	655.26	-	-	-	-	146.41	-	-

(Rs. in millions)

Nature of Transactions	Nine Months ended December 31, 2005					Year ended March 31, 2005					Year ended March 31, 2004			
	Holding Company	Subsidiary Company	Fellow Subsidiaries	Enterprises having significant interest	Key Managerial Persons	Persons related to Key Managerial Persons	Enterprises having significant interest	Entities under Common Control	Key Managerial Persons	Persons related to Key Managerial Persons	Holding Company	Enterprises having significant interest	Key Managerial Persons	Persons related to Key Mana-
Remuneration	-	-	-	-	5.93	0.61	-	-	6.74	0.41	-	-	1.64	-
Directors Sitting Fees	-	-	-	-	-	0.12	-	-	0.02	0.04	-	-	-	0.02
Short Term Loan Given	-	-	-	-	-	-	-	-	-	-	-	57.50	-	-
Refund of above	-	-	-	-	-	-	-	-	-	-	-	57.50	-	-
Short Term Loan taken	-	-	-	-	-	-	-	-	-	-	-	76.15	-	-
Refund of above	-	-	-	-	-	-	-	-	-	-	-	76.15	-	-
Interest Paid	-	-	7.18	-	-	-	-	-	-	-	-	-	-	-
Interest Received	-	-	-	-	-	-	-	-	-	-	-	0.13	-	-
Outstanding - closing Debit	0.21	-	1.57	2.43	0.11	0.04	5.65	0.62	0.04	-	-	1.23	-	-
Credit	-	-	312.63	-	-	-	222.67	405.16	-	-	-	-	-	-

Annexure 4

SUMMARY OF ACCOUNTING RATIOS

(Rs. in Millions)

Particulars	As at					
	December 31	March 31				
	2005	2005	2004	2003	2002	2001
Earning per Share (Basic & Diluted) (Rs.)	1.83	1.41	0.21	4.94	0.12	0.95
Profit available for Equity Shareholders, As Restated- Rs. (Millions)	102.88	66.83	1.18	19.09	0.36	2.58
Weighted Average no. of Equity Shares	75,000,000	47,230,271	5,550,700	3,867,138	3,050,700	2,720,700
Return on Networth (%)	10.90	7.95	0.49	26.60	1.11	7.95
Net Asset Value (Rs.)	12.58	11.21	34.03	14.21	10.78	10.63

Annexure 5

Capitalisation Statement

(Rs. in Millions)

Particulars	Pre-issue as at December 31, 2005	Adjusted for Present Issue
Debt:		
Short term Debt	176.84	
Long term Debt	1,236.24	
Total Debt (A)	**1,413.09**	
Shareholders' Funds:		
Share Capital	750.00	
Reserves & Surplus	194.11	
Less: Miscellaneous Expenses	(0.24)	
Total Shareholders' Funds (B)	**943.87**	
Total Capitalisation (A)+(B)	**2,356.96**	
Long term Debt/Equity Ratio	1.31	

Share Capital and Reserves (Post Issue) can be calculated only after conclusion of the book building process.

Annexure 6

TAX SHELTER STATEMENT

(Rs. in Millions)

Particulars	For the year ended March 31				
	2005	2004	2003	2002	2001
Profit before Tax as per Audited Accounts (A)	118.65	24.92	10.06	0.37	2.86
- Normal Tax Rates Applicable (%) (B)	36.59%	35.87%	36.75%	35.70%	39.55%
Tax on Normal Income Tax Rates on Profits (C)	**43.41**	**8.94**	**3.70**	**0.13**	**1.13**
Permanent Differences/ Adjustments					
Expenses Claimed not deductible under Income Tax	0.16	0.54	-	-	0.20
Total Permanent Differences / Adjustments (D)	**0.16**	**0.54**	**-**	**-**	**0.20**
Timings Differences					
Depreciation	(128.11)	(3.51)	(4.07)	(4.22)	(1.75)
Expenses u/s 43B	0.75	0.42	0.04	-	-
Other Expenses	-	0.54	0.54	0.04	0.45
Unabsorbed Depreciation	-	-	(3.81)	-	(0.67)
Total Timings Differences (E)	**(127.36)**	**(2.55)**	**(7.30)**	**(4.18)**	**(1.97)**
Deductions					
Deductions under chapter VIA	-	(1.33)	-	-	-
Brought forward losses adjusted	-	-	(1.57)	-	(1.08)
Total Deductions (F)	**-**	**(1.33)**	**(1.57)**	**-**	**(1.08)**
Net Adjustments (G = D+E+F)	**(127.20)**	**(3.34)**	**(8.87)**	**(4.18)**	**(2.85)**
Tax savings thereon (H)	(46.54)	(1.20)	(3.26)	(1.49)	(1.13)
Tax as per return	-	7.74	0.44	-	-
Tax as per MAT	9.30	1.83	0.79	0.03	0.12
Tax Provision as per Books	10.00	7.30	0.90	0.03	0.28

Note: Net adjustments have been considered as per the Income Tax Returns filed by the Company for the respective years.

Annexure 7

Statement of Secured Loans

(Rs. in Millions)

Particulars	As at December 31, 2005	Security Offered	Rate of Interest %	Terms of Repayment
Term Loan:		Note 1		
For Blast Furnace Plant				
Allahabad Bank	198.23		10% [PLR - 1%]	20 equal Quarterly installment of Rs. 1.09 crores each commencing from September 2005.
UCO Bank	156.32		10%	20 equal Quarterly installment of Rs. 0.78 crores starting from June 2006.
State Bank of India	252.03		9.75%	20 equal Quarterly installment of Rs. 1.25 crores each starting from June 2006.
For Coke Oven Plant				
Oriental Bank of Commerce	98.48		8.00%	12 equal Half Yearly installment of Rs. 1.14 crores each starting from April 2007.
UCO Bank	257.98		8.00%	12 equal Half Yearly installment of Rs. 2.92 crores each starting from September 2007.
Syndicate Bank	237.32		8% [PLR-2%]	12 equal Half Yearly installment of Rs. 2.92 crores each starting from September 2007.
Cash Credit:		Note 2 & 3		
Allahabad Bank	24.37		10% [PLR - 1% on monthly rests]	
State Bank of India - FCNR	89.90		7.45%	
State Bank of India	22.24		12.25%	
UCO Bank	12.52		11.50%	
State Bank of India - EPC	8.05		7.10%	
Syndicate Bank	19.75		7.5%For EPC & SODP12.25%	
Vehicle Loan	**35.88**	**Note 4**	**5 to 7%**	**Monthly EMI**
Total	**1,413.07**			

Note:

1. Cash credit from bank as on December 31, 2005 is secured by way of first charge ranking *pari passu* with other banks all the present and future products, goods and movable property of any kind including all moving properties and stock of raw

materials, work in progress and finished goods etc., at Blast Furnace Plant at Jajpur, Orissa and also all present and future book debts, outstanding money, receivable, claims, bills, contracts, engagements, securities, investments, cash in hand and other assets. Export Packing Credit Loan from bank as on December 31, 2005 is secured by way of first charge against land, building, plant and machinery at factory premises in Golagaon, Duburi and office premises in Bhubaneswar and second charge on current assets.

2. Term Loan from bank as on December 31, 2005 is secured by first charge on the fixed assets of the company on pari passu basis with other term lenders alongwith creation of joint mortgage of title deeds relating to land at Kalinganagar Industrial Complex, Village Jakhapura, Dist-Jajpur, Orissa together with hereditaments and premises and building, plant and machineries permanently affixed thereto and other erections thereon both present and future at Blast Furnace and Coke Oven Plant at Jajpur, Orissa alongwith Corporate Guarantee of Visa International Limited and personal Guarantee of Managing Director of the Company.

3. Vehicle Loans are secured by hypothecation of vehicles taken under the loan arrangement.

Annexure 8

CASH FLOW STATEMENT, AS RESTATED

The Cash Flow Statements, as Restated have been prepared under the “Indirect Method’ as set out in the Accounting Standard on ‘Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India with effect from year ended March 31, 2004 in which the said Standard became applicable to the Company.

(Rs. in Millions)

Particulars	Nine months ended December 31, 2005	Year ended March 31	
		2005	2004
Cash flow from operating activities:			
Net profit before Tax and Extraordinary items	150.83	120.24	2.31
Adjusted for:			
Depreciation	35.39	4.68	1.96
Interest Expense	88.00	28.58	4.12
Interest Income	(10.90)	(31.18)	(3.28)
Loss on Sale of Fixed Assets	0.25	-	-
Miscellaneous Expenditure written off	0.10	0.16	0.59
Debts / Advances Written off		0.07	16.06
Liabilities no longer required written back	(2.15)	-	-
Unrealised foreign exchange (gain) /loss	11.38	(22.30)	-
Operating profit before working capital changes	**272.92**	**100.25**	**21.76**
Adjustments for changes in working capital :			
- (Increase)/Decrease in Sundry Debtors	(193.41)	(79.55)	133.17
- (Increase)/Decrease in Other Receivables	(112.04)	(92.15)	(54.95)
- (Increase)/Decrease in Inventories	(758.27)	(414.95)	(172.08)
- Increase/(Decrease) in Trade and Other Payables	1,414.65	414.01	(106.70)
Cash generated from operations	**623.85**	**(72.39)**	**(178.80)**
- Taxes Paid	(14.28)	(5.09)	(6.73)
Net cash from operating activities	**609.57**	**(77.48)**	**(185.53)**
Cash flow from Investing activities:			
Purchase of fixed assets	(129.01)	(807.47)	(43.66)
Capital Work in Progress	(823.91)	(141.16)	-
Proceeds from Sale of fixed assets	0.11	0.18	-
Purchase of investments	(8.90)	(0.10)	-
Sale of Investment	0.10	-	-
Interest Received	10.17	23.48	0.50
Net cash used in investing activities	**(951.44)**	**(925.07)**	**(43.16)**

(Rs. in Millions)

Particulars	Nine months ended December 31, 2005	Year ended March 31	
		2005	2004
Cash flow from financing activities:			
Proceeds from fresh issue of Share Capital	-	449.48	158.91
Proceeds from long term borrowings	621.72	597.43	(4.70)
Proceeds from short term borrowings	32.84	3.69	89.99
Interest Paid	(88.00)	(28.58)	(4.12)
Net cash used in financing activities	**566.56**	**1,022.02**	**240.08**
Net Increase/(Decrease) in Cash & Cash Equivalents	224.69	19.47	11.39
Cash and cash equivalents at the beginning of the Year/Period	161.00	18.21	6.82
Cash and Cash Equivalents acquired on Amalgamation	-	123.32	-
Cash and cash equivalents at the end of the Year/Period	**385.69**	**161.00**	**18.21**

Note:

Cash and cash equivalents:

Cash and cash equivalents consist of cash in hand and balance with banks and deposits with banks.

(Rs. in Millions)

Particular	Nine months ended December 31, 2005	Year ended March 31	
		2005	2004
Cash and Cheques in hands	1.55	23.86	0.99
Deposits with Banks	384.14	137.14	17.22
Cash & cash equivalents	**385.69**	**161.00**	**18.21**

Annexure 9

Information relating to Ghotaringa Minerals Limited, Subsidiary Company

Statement of Profit and Loss for the three months Period ended December 31, 2005, As Restated

(Rs. in Millions)

Particulars	Concerning the members of Holding Company	Concerning other than the members of Holding Company	Total
INCOME	-	-	-
EXPENDITURE			
Administrative Expenses	0.06	0.01	0.07
Total Expenditure	**0.06**	**0.01**	**0.07**
Net Profit before Tax	**(0.06)**	**(0.01)**	**(0.07)**
Taxation	-	-	-
Net Profit after Tax	**(0.06)**	**(0.01)**	**(0.07)**

Assets and Liabilities as at December 31, 2005, As Restated

(Rs. Millions)

Particulars	Concerning the members of Holding Company	Concerning other than the members of Holding Company	Total
A. Current Assets, Loans & Advances			
Cash and Bank Balances	6.94	0.85	**7.79**
Loans and Advances	1.70	0.20	**1.90**
Total Assets (A)	**8.64**	**1.05**	**9.69**
B. Liabilities and Provisions			
Sundry Creditors	0.02	-	**0.02**
Other Liabilities	0.01	-	**0.01**
	0.03	**-**	**0.03**
C. Networth (A-B)	**8.61**	**1.05**	**9.66**
Represented by:			
Share Capital			
Equity Share Capital	8.90	1.10	10.00
Less: Profit and Loss Account	(0.29)	(0.05)	(0.34)
Networth	**8.61**	**1.05**	**9.66**

Notes to the Restated Profit and Losses and Assets and Liabilities of Subsidiary Company.

1. **Significant Accounting Policies:**

   Basis of Accounting

   The Financial Statements have been prepared under the Historical Cost Convention and comply in all material aspect with applicable Accounting Principles of India, the Accounting Standards issued by The Institute of Chartered Accountants of India and relevant provisions of The Companies Act, 1956 of India.

2. As on December 31, 2005, the Authorised share capital of the Company is Rs. 10 millions divided into 1,000,000 Equity shares of Rs. 10 each as on December 31, 2005.

3. As on December 31, 2005, the issued, subscribed and paid up share capital of the Company is Rs. 10 Million divided into 1,000,000 Equity Shares of Rs. 10 each.

   (a) Of the above 110,000 Equity Shares of Rs. 10 each were allotted for consideration other than cash pursuant to the terms of a Joint Venture Agreement for using a Prospecting Licence.

   (b) 890,000 Equity Shares of Rs. 10 each held by VISA STEEL Limited (immediate Holding Company) and its nominees .

4. Loans & Advances Include Rs.1.57 Million paid to a party against acquisition of Prospective lease.

5. Taxation

   In absence of any taxable income, no provision for taxation has been considered necessary in these accounts.

6. Deferred Taxation

   The company has carried forward loss under the Income Tax Act, 1961. As the availability of future taxable income has not been ascertained by the company with virtual certainty, deferred tax asset in respect of such carried forward loss has not been recognized as per Accounting Standard (AS-22), 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.

7. The Company did not have any employee during the year and consequently, relevant provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952, Employees State Insurance Act, 1948, Payment of Gratuity Act, 1972 and Payment of Bonus Act, 1965 are not applicable to the Company.

8. Holding Company's share of loss for the three months period ended December 31, 2005 has been determined as follows:

   (a) For the period October 1, 2005 to December 19, 2005 – 84.55%, being the percentage of shares held by the holding company, and

   (b) For the period December 20, 2005 to December 31, 2005 – 89%, being the percentage of shares held by the holding company, which includes 4.45% of the shares held by certain Directors for beneficial interest of the holding company.

OUR PROMOTER GROUP COMPANIES

We have five Promoter Group companies, namely (i) VISA LIMITED; (ii) Visa Comtrade AG; (iii) VISA COMTRADE (ASIA) LIMITED; (iv) VISA COAL PTY LTD and (v) VISA POWER LIMITED. The information regarding our Promoter Group companies is set out below:

VISA LIMITED

VISA LIMITED was incorporated as a private limited company in England vide certificate of incorporation dated October 19, 1994 bearing company no. 2981058. The main activities of VISA LIMITED include trading in coal, LAM coke, minerals and ferro-alloys. VISA LIMITED has a representative office in China since 1995, which is responsible for the sourcing and marketing activities of the VISA Group in China.

SHAREHOLDING PATTERN

The shares of VISA LIMITED are not listed on any stock exchange. The shareholding pattern of VISA LIMITED as on November 30, 2005 is as follows:

Sr. No.	Shareholders	Number of shares	%age of Shareholding
1	Visa Minmetal AG	250,000	100.00
	Total	**250,000**	**100.00**

BOARD OF DIRECTORS

The Board of Directors of VISA LIMITED comprises of Mr. Vishambhar Saran and Ms. Saroj Agarwal

FINANCIAL PERFORMANCE

(In Rs. Mn., except per share data)

	As of March 31,		
	2005	**2004**	**2003**
Equity share capital	20.57	20.15	18.76
Reserves and surplus*	5.00	3.30	-8.51
Total income	1,699.44	542.13	80.56
Profit after tax	1.63	12.44	6.57
Earnings per share (face value GBP 1 per equity share) **	6.51	49.96	26.26
Net Asset Value per share	102.28	93.47	41.27

* *Excludes revaluation reserves*

** *Computed on the basis of earnings including extraordinary items*

VISA COMTRADE AG

Visa Comtrade AG was incorporated on November 20, 2000 under the laws of Switzerland with registration number CH-170.3.024.303-4 with the following objectives:

1. International trade in products of all types with special emphasis on raw materials in the energy sector;
2. International shipping and transportation;
3. Setting up subsidiaries, acquiring and holding other companies and disposing their shareholding.

The domicile address of Visa Comtrade AG is Aegeristrasse, 48, Zug – 6300, Switzerland. VISA Comtrade AG is the international trading arm of the VISA group, and has an extensive geographic footprint in India and abroad. Followings are products and trade line of the company:·

Products	Sources	Destinations
Steam Coal	South Africa, China & Indonesia, Australia	India, Middle East, Europe
Coking Coal (hard and semi-soft)	Australia, China & Indonesia	India
Low Ash Metallurgical Coke	China, Japan & CIS	India, Europe & Brazil
Iron Ore	India	China, Japan & South Korea
Chrome Ore / Concentrates	India	China, Japan & South Korea
Alumina	India	China, Japan & Middle East
Ferro alloys	India & China	China, Australia & Europe

VISA Comtrade AG has invested in coking coal mine in Australia by taking up equity stake in Millennium Coal Pty. Ltd. and signed a long-term agreement with Millennium Coal Pty. Ltd. for supply of 500,000 TPA coking coal. This aforesaid long term agreement dated November 15, 2005 has been entered into for the sale and purchase of Millennium and Century Coking Coals to ensure stable supply of coking coal to our Company.

Millennium Coal Pty Ltd has allocated 500,000 TPA Coking Coal to VISA Comtrade AG for a period of three years and a further extension in lots of three years thereafter, subject to mutual agreement. The mine shall produce two brands of coking coal, namely, Millennium and Century Coking coals. Millennium Coal Pty Ltd is expected to start producing coking coal from its mine from early 2006 onwards.

Visa Comtrade AG shall in turn supply the Millennium and Century Coking Coals to our Company, vide agreement dated December 9, 2005, after due consideration of the FOB, Freight and Insurance costs, and a margin on the same on an arms length basis.

Our Company is entitled to terminate this agreement if Visa Comtrade AG does not meet its obligations under this contract for a continuous period of six months, unless the supply was due to force majeure or willful non-supply by Millennium Coal Pty Ltd or due to reasons attributable to our Company.

SHAREHOLDING PATTERN

The shares of Visa Comtrade AG are not listed on any stock exchange. The shareholding pattern of Visa Comtrade AG as on November 30, 2005 is as follows:

Sr. No.	Shareholders	Number of shares	%age of Shareholding
1	Visa Minmetal AG	40,000	80.00
2.	Visa International Limited	10,000	20.00
	Total		**100.00**

BOARD OF DIRECTORS

The Board of Directors of Visa Comtrade AG comprises of Mr. Vishambhar Saran, Mr. Reto Steinmann and Mr. Toni Junas.

FINANCIAL PERFORMANCE

(In Rs. Mn., except per share data)

	As of March 31,		
	2005	**2004**	**2003**
Equity share capital	17.43	3.44	3.65
Reserves and surplus*	1,026.50	402.53	80.20
Total income (incl. dividends)	6,830.50	4,269.24	4,113.59
Profit after tax	493.72	326.86	7.01
Earnings per share (face value of CHF 10 per share) **	9,874.40	32,686.32	701.53
Net Asset Value per share	20,878.64	40,597.53	838.41

* *Excludes revaluation reserves*

** *Computed on the basis of earnings including extraordinary items*

VISA COMTRADE (ASIA) LIMITED

VISA COMTRADE (ASIA) LIMITED was incorporated as a limited company in Hong Kong vide certificate of incorporation no. 758267 dated May 28, 2001. The main activities of VISA COMTRADE (ASIA) LIMITED include chartering of bulk vessels for in-house requirement and third parties, ship-broking as well as trading activities in the South East Asian region.

VISA COMTRADE (ASIA) LIMITED has a representative office in Jakarta which is responsible for the sourcing of Indonesian Steam Coal, and procures various grades of steam coal from various producers / mine owners in Indonesia.

SHAREHOLDING PATTERN

The shares of VISA COMTRADE (ASIA) LIMITED are not listed on any stock exchange. The shareholding pattern of VISA COMTRADE (ASIA) LIMITED as on November 30, 2005 is as follows:

Sr. No.	Shareholders	Number of shares	%age of Shareholding
1	Visa Minmetal AG	100,000	100.00
	Total	**100,000**	**100.00**

BOARD OF DIRECTORS

The Board of Directors of VISA COMTRADE (ASIA) LIMITED comprises of Mr. Vishal Agarwal and Mr. Vikas Agarwal.

FINANCIAL PERFORMANCE

(In Rs. Mn., except per share data)

	As of March 31,		
	2005	**2004**	**2003**
Equity share capital	0.61	0.57	0.57
Reserves and surplus*	5.01	0.49	0.01
Total income	2,370.74	1,104.92	303.15
Profit after tax	528.63	308.92	62.85
Earnings per share (face value HK$ 1 per equity share) **	5,286.29	3,089.10	628.47
Net Asset Value per share	56.23	10.59	5.75

* *Excludes revaluation reserves*

** *Computed on the basis of earnings including extraordinary items*

VISA COAL PTY LTD

VISA COAL PTY LTD was registered as a proprietary company limited by shares in Victoria, Australia having Australian company number 101 611 250 vide certificate of registration of a company dated August 6, 2002. The main activities of VISA COAL PTY LTD include procurement and liaison with various steam coal and coking coal producers for meeting the in-house requirement of Visa Comtrade AG and our Company.

SHAREHOLDING PATTERN

The shares of VISA COAL PTY LTD are not listed on any stock exchange. The authorized share capital of VISA COAL PTY LTD is AUD 1,000,000 divided into 1,000,000 Equity Shares of AUD 1 each. The shareholding pattern of VISA COAL PTY LTD as on November 30, 2005 is as follows:

Sr. No.	Shareholders	Number of shares	%age of Shareholding
1	Visa Minmetal AG	500,001	100.00
	Total	**500,001**	**100.00**

BOARD OF DIRECTORS

The Board of Directors of VISA COAL PTY LTD comprises of Mr. Vishambhar Saran, Mr. Vikas Agarwal, Mr. Vishal Agarwal, Mr. Peter Murphy and Mr. Roger Harding.

FINANCIAL PERFORMANCE

(In Rs. Mn, except per share data)

	As of March 31, 2005***
Equity share capital	17.16
Reserves and surplus*	-4.80
Total income	8.40
Profit after tax	-4.80
Earnings per share (face value AUD 1 per equity share) **	-
Net Asset Value per share	24.29

* *Excludes revaluation reserves*

** *Computed on the basis of earnings including extraordinary items*

*** *1st set of audited accounts*

VISA POWER LIMITED

VISA POWER LIMITED was incorporated on October 5, 2005 under Companies Act having CIN No. U40101WB2005PLC105797 and obtained certificate of commencement of business dated October 6, 2005. VISA POWER LIMITED has been incorporated with the objective, inter alia, to carry on the business of generation, co-generation, distribution and sale of all forms of energy/ power.

SHAREHOLDING PATTERN

The equity shares of VISA POWER LIMITED are not listed on any stock exchange. The authorized capital of VISA POWER LIMITED is Rs. 160 million divided into 16 million equity shares of Rs. 10/- each. The shareholding pattern of VISA POWER LIMITED as on November 30, 2005 is as follows:

Sr. No.	Shareholders	Number of shares	%age of Shareholding
1	Visa Minmetal AG	2,000,000	97.56%
2	Visa International Limited	10,000	0.49%
3	Mr. Vishambhar Saran	10,000	0.49%
4	Ms. Saroj Agarwal	10,000	0.49%
5	Mr. Vishal Agarwal	5,000	0.24%
6	Mr. Vikas Agarwal	5,000	0.24%
7	Mr. Vivek Agarwal	5,000	0.24%
8	Mr. Vishambhar Saran, Karta of Vishambhar Saran and Sons HUF	5,000	0.24%
	Total	**2,050,000**	**100.00%**

BOARD OF DIRECTORS

The Board of Directors of VISA POWER LIMITED comprises of Mr. Vishambhar Saran, Ms. Saroj Agarwal, Mr. Vikas Agarwal, Mr. Vishal Agarwal and Mr. Vivek Agarwal.

FINANCIAL PERFORMANCE

Since VISA POWER LIMITED has been incorporated in FY 2005-06, no accounts have been drawn up and audited for VISA POWER LIMITED till date.

DETAILS OF COMPANIES / FIRMS FROM WHICH PROMOTERS HAVE DISASSOCIATED

During last three years, our Promoters have not disassociated themselves from any company/partnership firms.

DETAILS OF GROUP COMPANIES WHOSE NAMES HAVE BEEN STRUCK OFF FROM ROCs

None of the companies promoted by our Promoters have been struck off from the records of the Register of Companies.

COMPANIES OF THE PROMOTER/PROMOTER GROUP REFERRED TO BIFR/ UNDER WINDING UP/HAVING NEGATIVE NET WORTH

None of the companies promoted by our Promoters or Promoter Group have been referred to BIFR or are under winding up or have negative networth.

COMMON PURSUITS

The objects clause of one of our Promoters, Visa International Limited, allows it to undertake activities of similar nature to that undertaken by us. If Visa International Limited decides to undertake any of these activities, there may be a conflict of interest between us and our Promoter.

CHANGES IN THE ACCOUNTING POLICIES IN THE LAST THREE YEARS

Please refer to Annexure 3 of the Auditors' Report dated February 7, 2006 in the section titled "Financial Statements" beginning on page 113 of this Red Herring Prospectus for changes in the Accounting Policies in the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial conditions and results of operations together with the Auditors' Report dated February 7, 2006 prepared in accordance with paragraph B(1) of Part II of schedule II to the companies act and SEBI guidelines (as restated) for the years ended March 31, 2003, 2004, 2005 and nine months ended December 31, 2005 under Indian GAAP including schedules, annexure and notes thereto and reports thereon, which appear in the section titled "Financial Statements" beginning on page 113 of this Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited unconsolidated financial statements as restated. Our fiscal year ends on March 31 of each year, so all references to a particular year are to the 12- month period ended March 31 of that year.

OVERVIEW OF OUR BUSINESS

We are a multi-product Company with a product portfolio including Pig Iron, LAM Coke, Coking Coal, Steam Coal, Chrome Concentrates and Iron Ore Fines. We manufacture Pig Iron from the Blast Furnace at our Kalinganagar Plant and chrome concentrates at our Golagaon Plant. We are currently setting up a stamp-charged heat-recovery Coke Oven plant, which is expected to be commissioned in first half of 2006.

We achieved sales revenue of approximately Rs. 2520 million during the financial year 2004-05 and revenue of approximately Rs. 2977 million during the 9 months period ended on December 31, 2005 and EBITDA of approximately Rs. 132 million and approximately Rs. 279 million respectively.

We started our manufacturing operations in 1999 with a Chrome Ore Beneficiation Plant for processing low-grade chrome ore to value add into chrome concentrates for exports. We are also procuring iron ore fines from various mining companies in India and handling the logistics of rail and road movement to Haldia and Paradip Ports for exports. We also import steam coal, coking coal and LAM coke from Australia, South Africa, Indonesia and China for onward sales to domestic customers in steel, power and cement sectors.

In December 2003 we signed a MoU with the Government of Orissa for setting up an integrated special and stainless steel plant at Kalinganagar Industrial Complex in Jajpur district of Orissa. We started by setting up a 250 cbm (working volume) Blast Furnace at a capital cost of approximately Rs. 960 million with Tata Korf / SMS Demag technology for producing 225,000 TPA pig iron. The basic grade pig iron is sold to various steel plants in eastern India and foundry grade pig iron to major customers in eastern and northern India.

The stamp-charging technology of our coke oven plant allows blending of low cost soft coking coals with hard coking coals, thereby reducing the average input cost while producing good quality LAM coke. The LAM coke will partly be used for captive consumption in our proposed integrated steel plant and balance will be sold to various customers including Blast Furnaces, Ferro Alloy Plants and Foundries across India.

We intend to expand our existing manufacturing activities into a fully integrated 0.5 million TPA special and stainless steel plant by setting up the following units in addition to the already commissioned Blast Furnace and under-implementation Coke Oven plant at our Kalinganagar Plant:

(1) 50,000 TPA Ferro Chrome plant: - We are setting up 2 x 16.5 MVA Submerged Arc Furnace with indigenous Technology for producing Ferro Chrome which is used for making Stainless Steel.

(2) 300,000 TPA Sponge Iron plant :- We are setting up 2 x 500 TPA Sponge Iron Kilns for producing DRI (Direct Reduced Iron) which shall be used as a feed for steel making in our special and stainless steel plant.

(3) 50 MW Waste Heat Recovery Power plant: - We are installing 2 x 25 MW Waste Heat Recovery Power Plants. 25 MW is expected to be generated from waste gases of Blast Furnace and Coke Oven whereas another 25 MW is expected to be generated from waste gases of Sponge Iron Plant.

(4) 0.5 million TPA Special & Stainless Steel plant :- We are setting up a 70 / 80 tonnes Electric Arc Furnace (EAF) with AOD, LRF, VD/VOD and Continuous Casting Machine for producing special and stainless steel.

KEY FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors:

1. **General economic and business conditions in India:** We derive a substantial portion of our revenues from the Indian market. We shall therefore be affected by general economic and business conditions in the country, particularly that in the Steel sector. India's GDP growth and its industrial growth and development will be important factors which determine our operating results and future growth.
2. **Government Policy including taxes and duties:** A part of our operations are dependent on import and export of bulk materials, and any changes in taxes and duties pertaining to these products will impact their respective supply and/or demand, and subsequent cost of or revenues from these products. India is increasingly dependent on imports of steam coal and coking coal due to limited domestic availability of good quality coal. Recent trends have favoured increased imports of these products, which in turn has had a positive impact on our revenues.
3. **Growth in the Steel, Power and Cement sectors in India:** Our revenues are generated through multiple products which are inputs for the Steel, Power and Cement sectors in India. The growth of these sectors will affect our operating margins and future growth.
4. **Procurement of key raw materials including Iron Ore, LAM Coke and Coking Coal:** Raw materials used in the manufacturing process are sourced from domestic and international sources. Whilst we have entered into long-term arrangements. The international prices of coking coal or LAM coke (which will be imported till our coke plant is commissioned) is an important factor in our input costs, and may affect our operating margins. We are currently implementing a coke oven plant, which will help us in stabilizing the input cost of LAM coke, which is the most significant cost for production of hot metal in any Blast furnace.
5. **Our ability to secure mining lease and commence mining operations:** We currently source our raw materials; primarily iron ore, chrome ore and coking coal by way of long-term agreements and other arrangements. We have made several applications for mining leases primarily in the States of Orissa, Chhattisgarh and Jharkhand, for mining of chrome ore, iron ore and coal, in order to ensure secured availability of raw materials, and to minimise fluctuation in prices of key raw materials. Early implementation of mining operations can positively impact our operating margins and financial performance.
6. **Our ability to achieve operational efficiency and low cost of production:** Our cost of production is dependent on the efficiency of the operations of our various units, independently as well as jointly, which can improve specific consumption of energy, raw materials and manpower, each of which is a significant factor influencing the cost of production, and thereby affecting our operational and financial performance.
7. **Changes in international prices of our raw materials and products:** Since we are exporting iron ore fines and chrome concentrates to our overseas associates at international market prices on arms length basis, fluctuation in the international prices of these products will affect the operational results and financial performance. Similarly, since we are importing coking coal, steam coal and LAM coke at prevailing international prices for onwards sales to consumers in India, fluctuations in the international prices of these products shall impact our input cost.
8. **Fluctuations in exchange rate and interest rates:** Since a part of our sales revenues and costs of imported raw materials and capital equipment shall be in foreign currency, the exchange rate between the US Dollar and Indian Rupee will affect our operating results to the extent that these costs are not passed on to our customer or supplier by commensurate adjustment in our prices. Similarly, fluctuation in international interest rates will affect our operating results since we are able to obtain LIBOR related interest rates on international purchases, which are lower than domestic interest rates, even after considering the forward exchange rate cover.

CRITICAL ACCOUNTING POLICIES

Preparation of financial statements in accordance with Indian Generally Accounting Principles, the applicable accounting standard issued by The Institute of Chartered Accountants of India and the relevant provisions of the Act, require our management to make judgments estimate and assumptions that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amount of revenues and expenses.

While we believe that all aspects of our financial statements should be studied and understood and in assessing our current and expected financial conditional results. We believe the following significant accounting policies warrant additional attention.

A. *Principal Accounting Policies*

   The Financial Statements have been prepared in accordance with applicable accounting standards in India. A summary of important accounting policies, which have been applied consistently except for inventories.

B. Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

C. Fixed Assets

(i) Fixed Assets are stated at their purchase cost (net of CENVAT credit), where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets.

(ii) Depreciation on fixed assets, other than freehold land, is provided on Straight Line Method (SLM) in accordance with Schedule XIV of the Companies Act, 1956. Leasehold land is amortized over the period of lease.

(iii) Profit or loss on disposal of fixed assets is recognised in Profit and Loss Account.

D. Investments

Investment of long term nature are stated at cost, less adjustment for diminution, other than temporary, in the value thereof. Current investments are stated at lower of cost and fair value.

E. Inventories

Inventories are stated at cost (net of CENVAT credit) or net realisable value, whichever is lower. Cost is determined on weighted average basis and comprises of expenditure incurred in the normal course of business in bringing such inventories to their location and includes, where applicable appropriate overheads. Obsolete, slow moving and defective inventories are identified at the time of physical verification and where necessary, provision is made for such inventories.

F. Sales, Consultancy & Commission

Sales represent the invoiced value of goods and services supplied, net of sales tax but inclusive of excise duty. Income from Consultancy, Commission and other services are accounted for based on business arrangement in existence.

G. Transactions in Foreign Currencies

Transactions in foreign currency are recorded in Indian Currency by applying rate of exchange ruling at the time of transaction and exchange differences arising on settlement except for acquisition of fixed assets are dealt with in the Profit & Loss Account. Unsettled transactions are converted at the year-end/period-end rate and gain or loss arising on such transaction except for acquisition of fixed assets is recognised in the Profit & Loss Account. Exchange differences arising for acquisition of fixed assets are adjusted in the carrying cost of the respective fixed assets.

RESULTS OF OPERATIONS

The table below sets forth various line items from our restated financial statements for 2002-03, 2003-04, 2004-05 and nine months period ended December 31, 2005 as a percentage of Total Income:

Rs. in Millions

Particulars	**Period ended December 31, 2005**	**2004-05**	**2003-04**	**2002-03**
Sales & Services (Including Export Incentives)	2,977.40	2,520.48	713.46	242.58
Other Income	3.13	0.01	12.15	0.33
Increase / (decrease) in stock	491.51	113.15	186.11	37.46
Impact on change in accounting policy	-	1.38	-22.35	20.98
Restated Increase/ (Decrease) in stock	491.51	114.53	163.76	58.44
Restated Total Income	**3,472.04**	**2,635.02**	**889.37**	**301.35**

(Rs. in Millions)

Particulars	Period ended December 31, 2005	2004-05	2003-04	2002-03
Cost of Materials	2,600.03	2,208.69	722.97	221.31
Impact on change in accounting policy	-	-0.22	0.26	-0.25
Restated Cost of Material	2,600.03	2,208.47	723.23	221.06
Restated Cost of Material as % to Total Income	74.88%	83.81%	81.32%	73.36%
Employees Cost	31.53	19.31	6.67	3.35
Employee Cost as % of Total Income	0.91%	0.73%	0.75%	1.11%
Other Manufacturing Expenses	81.35	3.21	2.1	6.02
Other Manufacturing Expenses as % of Total Income	2.34%	0.12%	0.24%	2.00%
Operating and Administrative Expenses	89.93	68.26	34.42	8.24
Operating and Administrative Expenses % of Total Income	2.59%	2.59%	3.87%	2.73%
Selling and Distribution Expenses (includes custom and excise duty)	390.00	203.65	117.84	25.96
Selling and Distribution Expenses (includes custom and excise duty) as % of Total Income	11.23%	7.73%	13.25%	8.61%
Restated PBDIT	**279.19**	**132.12**	**5.11**	**36.72**
PBDIT as % of Total Income	8.04%	5.01%	0.57%	12.18%
Interest Expense (net)	92.97	7.19	0.84	3.49
Interest as % of Total Income	2.68%	0.27%	0.09%	1.16%
Depreciation	35.39	4.68	1.96	1.94
Depreciation as % of Total Income	1.02%	0.18%	0.22%	0.64%
Profit/(Loss) before Tax and Prior Period Item	**150.83**	**120.25**	**2.31**	**31.29**
Taxation- current and deferred	47.95	53.03	9.24	4.4
Taxation - Impact on change in accounting policy	-	0.39	-8.11	7.8
Restated Taxation-current and deferred	47.95	53.42	1.13	12.2
Profit/(Loss) for the year	**102.88**	**66.83**	**1.18**	**19.09**
Profit/(Loss) for the year as % of Total Income	**2.96%**	**2.54%**	**0.13%**	**6.33%**

INCOME

Our total income is broken as follows:

(Rs. in Million)

Particulars	Nine months ended December 31, 2005	Year ended March 31		
		2005	2004	2003
INCOME				
Sales & Services				
Sale of Products Manufactured by the Company	1,352.62	263.46	61.42	75.23
Sale of Products normally Traded by the Company	1,595.14	2,221.77	652.04	158.93
Commission & Consultancy	29.64	35.25	0.00	8.42
Total	**2,977.40**	**2,520.48**	**713.46**	**242.58**
Other income	3.13	0.01	12.15	0.33
Restated Increase/(Decrease) in Inventories	491.51	114.53	163.76	58.44
Restated Total Income	**3,472.04**	**2,635.02**	**889.37**	**301.35**

Details of some of the above item are given below:

Sales of product manufactured by our Company: This include sale of pig iron produced from our Kalinganagar plant and chrome concentrate and chrome ore powder from our Golagaon plant. Generally we export chrome concentrate and sell chrome ore powder in the domestic market. We sell pig iron in domestic market and also have initiated marketing of the same in international markets. Our sales are mainly against cash payment or Letter of Credit.

Sales of products normally traded by our Company: This include trading of steam coal, coking coal, LAM coke and iron ore fines. Our trading activity mainly comprises of importing of steam coal, coking coal and LAM coke from various international markets, handling the logistics of rail and road movement in relation to the same and selling it into domestic market. In case of iron ore fines, we procure the same from various mine owners and domestic suppliers and do all the domestic logistical movement of the material towards various ports for exporting the same.

Commission & Consultancy: This includes commission received by us on sourcing of raw materials or marketing of finished products by other companies whom we represent. Currently we act as a delcredre agent for Haldia Petrochemicals in eastern India for marketing their polymer products and sourcing agent for sourcing alumina for China Minmetal Non-Ferrous Company Limited. Prior to October 1, 2005, we used to act as the sourcing and marketing agent for our group company Visa Comtrade AG.

EXPENDITURE

Our total expenditure comprises of:

- Raw material consumed
- Traded goods – purchased
- Staff cost
- Custom & Excise duty
- Other manufacturing expenses
- Administrative Expenses
- Selling and Distribution Expenses

- Interest & Other Finance cost
- Depreciation

Raw material consumed: This included coke , iron ore fluxes and chrome ore, procured for our manufacturing operations.

Chrome ore: We procure chrome ore normally from IDCOL and OMC on a purchase order basis against cash or letter of credit.

Iron ore: We procure iron ore from OMDCL and Sesa Goa with whom we have signed long term supply agreements. We also procure iron ore from OMC. Payment is made either by cash or letter of credit.

As per the agreement with Sesa Goa, it is required to supply pre-determined quantities of iron ore of certain defined specifications. The base price of iron ore will be based on iron content and is subject to revision for every financial year based on the Japanese Steel Mills (JSM) prices.

As per the agreement with OMDCL, it is required to supply pre-determined quantities of iron ore of certain defined specifications. The base price of iron ore will be based on iron content and is subject to revision on a time to time basis as applicable to large public sector undertakings and major long term customers.

Coke: We meet our requirement of LAM coke primarily by import of the same from China. In case of LAM coke, price is determined on CIF basis in USD denominated rate. We typically purchase LAM coke upto 180 day usance letter of credit. However, for availing the said credit, we are required to provide an acceptable Letter of Credit to the selling trading agency within 15 days of arrival of consignment at the Indian port where we take the delivery. For availing the credit period, we are required to pay interest at a LIBOR linked rate in addition to the base price.

Fluxes: We purchase fluxes from open market on a time to time basis.

Traded goods – purchase: This includes thermal coal, coking coal, coke and iron ore fines.

Thermal coal, coking coal & coke: We import thermal coal, coking coal and coke. The payment term is similar to that of coke described in the previous paragraph.

Iron ore fines: We procure iron ore fines through long term agreement as well as from open market through purchase order. We have a long term supply agreement for iron ore fines with M/s Khatau Narbheram & Co. As per the said agreement, they are required to supply a fixed quantity of iron ore fine of a given specifications at an agreed price which can be reviewed mutually.

Staff cost*:* Staff cost includes salary, perquisites and other benefits like contribution to provident fund, gratuity and leave encashment.

Custom & Excise duty: Custom duty includes the payment made to custom authority for the import of thermal coal and coke. The rate of custom duty on import of thermal coal and coke is 5% as on September 30, 2005.

Excise duty: We pay excise duty on the production of pig iron. Currently, the rate of excise duty is 16.32%.

Since, normally we do not sell chrome concentrate in domestic market, we are not required to pay any excise duty on the same. Production of chrome powder does not attract any excise duty.

Other manufacturing expenses: This includes expenses related to inward transportation, power and fuel, consumables, repair and maintenance etc.

Administrative Expenses: This includes expenses related to travelling and conveyance, telephone, fax charges, vehicle running and maintenance, repair of building etc.

Selling & Distribution expenses: This includes outward transportation, stevedoring charges, plot rents and net foreign exchange loss.

Interest and other finance cost (Net): This includes net of interests paid on working capital limits, term loan, vehicle loan, bank charges (including usance interest and other miscellaneous charges) after adjusting the interest earned on deposits with banks.

Depreciation: Depreciation is calculated using the straight line method as per the rates specified in the Schedule XIV of the Act.

Taxation – Current & Deferred (Net of Provision written back for earlier years) : Income Taxes are accounted for in accordance with AS – 22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise both current and deferred taxes.

Provision for current taxes is made at current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act 1961. However, in case our liability for current taxes as calculated is less than 7.5% of our book profit (as defined by statute), we are liable to pay the Minimum Alternate Tax, or MAT, in accordance with Section 115JB of the Income Tax Act 1961.

Deferred taxes arise from timing differences between recording our book profits and our taxable profits that originate during an accounting period and which can be reversed in subsequent periods. Deferred taxes are measured using the tax rates and laws that have been enacted as of the date of financial statements in which they are recorded. We provide for deferred tax liability on such timing differences subject to prudent considerations in respect of deferred tax assets. Significant source of deferred tax liabilities and assets comprises of the timing difference in recording depreciation under Indian GAAP and under the Income Tax Act, 1961.

Adjustments: Our financial information of each of fiscal 2001, 2002, 2003, 2004, 2005 and six months ended September 30, 2005 has been restated in compliance with SEBI guidelines. The effects of the restatement are shown as restatements of individual line items in our income statement. We have provided a discussion for comparison of our results of operations from fiscal period to fiscal period and sub period.

In accordance with SEBI guidelines, our previous years' financial statements included as part of the Red Herring Prospectus have been restated to conform to methods used in preparing our latest financial statements, as well as to conform to any changes in accounting policies and estimates. The cumulative effects of these adjustments for fiscal 2003, 2004 and 2005 were Rs. 13.43 million, Rs. (14.50) million and Rs. 1.21 million, respectively. The principal adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below:

In the financial year ended on March 31, 2002, the method of determination of cost in respect of inventories, have been changed to First in First out (FIFO) basis from Weighted Average method. However, in the financial year ended on March 31, 2005, once again the method of determination of cost in respect of those inventories has been changed to Weighted Average method from First in First out (FIFO) basis. Accordingly the valuation of inventories of the financial years ended March 31, 2002, 2003 and 2004 have been recalculated on Weighted Average method. Adjustments have been made in restating Profits and Net Worth for the relevant periods.

In Rs.

Particulars	**As at March 31**			
	2005	**2004**	**2003**	**2002**
Impact on Profit due to change in Valuation of Inventory				
Raw Material	216,739	(256,592)	252,645	(212,791)
Finished Goods	1,376,231	(22,352,091)	20,975,858	-
Impact on provision for taxation due to change in Inventory Valuation	385,357	(8,110,865)	7,801,475	(75,966)
Net Impact on Profits and Net Worth Increase/ (Decrease)	1,207,615	(14,497,818)	13,427,028	(136,825)

COMPARISON OF RESULTS OF OPERATION

NINE MONTHS PERIOD ENDED DECEMBER 31, 2005 COMPARED TO FY 2004-05

Sales

Our total income was Rs. 3472.04 million in nine months period ended December 31, 2005 in comparison to total income of Rs. 2520.48 million achieved by us in FY 2005. During nine months period ended December 31, 2005, sales of products manufactured by us was Rs. 1352.62 million and it was Rs. 263.46 million in FY 2005. Sales of products traded by us was Rs. 1595.14 million during nine months period ended December 31, 2005 while it was Rs. 2221.77 million in FY 2005. Our commission and consultancy income was Rs. 29.64 million during nine months period ended December 31, 2005 compared to Rs. 35.25 million in FY 2005. The increase in sale of products manufactured is due to commencement of sale of pig iron from the current fiscal year.

Raw materials consumed

Raw material consumed during nine months period ended December 31, 2005 was 1087.31 million and it was Rs. 84.32 million in FY 2005. The increase in raw material consumption was primarily on account of commencement of our pig iron facility leading to consumption of iron ore, coke and fluxes and thereby resulting in overall increase in raw material consumption.

Profit before Interest, Depreciation and Tax (PBIDT)

The PBIDT was Rs. 279.19 million in nine months period ended December 31, 2005. In FY 2005, we earned a PBIDT of Rs. 132.12 million. The increase in PBIDT was as a result of commencement of production of pig iron.

Interest

Net interest outgo during the first nine months of FY06 was Rs. 92.97 million as against Rs. 7.19 million in FY05. The increase in net interest cost was mainly on account of interest on term loan availed by us for installation of blast furnace, which was capitalized towards the end of the financial year 2005 and thereafter it has been charged to profit and loss account as a revenue expenditure.

Depreciation

Our depreciation was Rs. 35.39 million during the first nine months of FY 06 and it was Rs. 4.68 million in FY 05. This increase was mainly due to commissioning and addition of blast furnace towards our gross block in March 05.

Restated Net Profit/ (Loss) after Tax

The restated net profit for the first nine months of FY 06 stood at Rs. 102.88 million as compared to Rs. 66.83 million for FY 05. The restated net profit as a percentage of Income for the first nine months of FY 06 and FY 05 was 2.96% and 2.54% respectively. The reduction in Net Profit margin has been due to increase outflow in Interest and increased cost of depreciation.

Fixed Assets

Gross fixed assets including capital work in progress has gone up to Rs. 2052.53 million as on December 31, 2005 from Rs. 1068.60 million in FY 05. This increase was on account of capital expenditure towards the setting up of coke oven plant.

Current Assets, Loans & Advances

The Current Assets , Loans and Advances increased from Rs. 1558.52 million as on March 31, 2005 to Rs. 2840.81 million as on December 31, 2005.

Liabilities & Provisions

Our total liability increased from Rs. 1768.69 million as on March 31, 2005 to Rs. 3905.92 million as on December 31, 2005.

FISCAL YEAR ENDED MARCH 31, 2005 COMPARED TO FISCAL YEAR ENDED MARCH 31, 2004

Key Event during FY 2005

During financial 2004-05, VISA Energy Resources Limited got amalgamated with our company w.e.f April 1, 2004. As a result of this amalgamation, our financial performance for FY 2004-05 may not be comparable with that of FY 2003-04.

Income:

Sales & Services

Our income from sales of products manufactured by us increased from Rs. 61.42 million in 2004 to Rs. 263.46 million registering a growth of 328.95%. During the same period, the income from sale of products traded by our company grew from Rs. 652.04 million to Rs. 2221.77 million and the income from commission and consultancy increased from nil to Rs. 35.25 million. As a result our income from the entire sales & services activity increased from Rs. 713.46 million in 2004 to Rs. 2520.48 million in 2005 registering a growth of 253.28%.

The reason behind increase in income from sale of products manufactured by us are the followings:

- Increase in sales quantity of chrome concentrate from 15,673 MT to 40,850 MT.
- Doubling of unit price realization coupled with a minimal increase in raw material cost.

Our income from sale of products traded by us increased primarily on account of amalgamation of VISA Energy Resources Limited with us.

Prior to amalgamation of VISA Energy Resources with us, we were not engaged in the business of providing consultancy services. Pursuant to the amalgamation, we took over the activity of providing consultancy services and earned a commission of Rs. 35.25 million in FY 2004-05.

Other Income

Other income decreased from Rs. 12.15 million in FY 2004 to Rs. 7,183 in FY 2005. Other income primarily comprises of gain on foreign exchange transaction. The other income was higher in FY 2004 in comparison to FY 2005 on account of a foreign currency gain of Rs. 10.95 million in FY 2004.

Increase/(Decrease) in inventories

In FY 2005, our inventories increased by Rs. 114.53 million. This was primarily because of increase of stock of coke & coal from nil as on March 31, 2004 to Rs. 221.97 million as on March 31, 2005. This was due to increase in trading operations of coal and coke as a result of amalgamation of VISA Energy Resources Limited. This increase in stock of coke & coal was partially offset by decrease in closing stock of iron ore fines from Rs. 187.90 million as on March 31, 2004 of Rs. 106.12 million as on March 31, 2005 and decrease of stock of chrome concentrates from Rs. 37.64 million as on March 31, 2005 to Rs. 9.73 million as on March 31, 2004 because of better market condition.

In comparison, in FY 2004, our inventories increased by Rs. 163.76 million. This was primarily caused by increase in stock of iron ore fines by Rs. 187.97 million and chrome concentrate by Rs. 33.02 million. This increase was partially offset by decrease in inventory of coal & coke by Rs. 57.23 million in FY 2004.

Raw materials consumed

Our raw material consumption increased to Rs. 84.10 million in FY 2005 from Rs. 59.64 million in FY 2004 registering an increase of 41.01%. This increase was primarily on account of increase in unit price of chrome ore.

Our traded goods purchased increased from Rs. 663.59 million in FY 2003-04 to Rs. 2089.55 million in FY 2004-05 registering a growth of 214.89%. The increase was on account of increase in scale of operation of trading activity caused by the amalgamation of VISA Energy Resources Limited with us.

Staff Cost

Staff cost increased approximately 3 times from Rs. 6.67 million in FY 2003-04 to Rs. 19.31 million in FY 2004-05 on account of employment of personnel for our pig iron plant, increase in employees on our pay roll due to amalgamation of VISA Energy Resources Limited and increase in average salary level. Since head count increased proportionately with our scale of operation, staff cost as the percentage of our total income reduced marginally from 0.75% to 0.73%.

Custom and Excise Duty

We paid custom and excise duty of Rs. 7.95 million in FY 2004-05 in comparison to Rs. 0.79 million in FY 2003-04, this increase was primarily on account of increase in coal and coke import for our enhanced trading operations because of amalgamation of VISA Energy Resources Limited. Since our trading activity and consequent import assumed a larger proportion of our business pursuant to amalgamation of VISA Energy Resources Limited, customs and excise duty as the percentage of total income increased from 0.09% in FY 2003-04 to 0.30% in FY 2004-05.

Other Manufacturing Expenses

Other manufacturing expenses increased by 52.86% from Rs. 2.10 million in FY 2003-04 to Rs. 3.21 million. This increase was attributable to increase in consumables from Rs. 1.44 million to Rs. 5.21 million and increase in maintenance from Rs. 4.52 million to Rs. 10.77 million. However, since the total income increased because of enhanced trading activity caused by amalgamation of VISA Energy Resources Limited, other manufacturing expenses as the percentage of total income came down from 0.24% in FY 2003-04 to 0.12%.

Administrative Expenses

Administrative Expenses increased by 98.31% from Rs. 34.42 million in FY 2003-04 to Rs. 68.26 million in FY 2004-05. This increase was on account of increase in our volume of our operations and increase in expenditure on account of amalgamation of VISA Energy Resources Limited. Administrative Expenses as a percentage of total income reduced from 3.87% in FY 2003-04 to 2.59% in FY 2004-05 primary due to increase in economy of scale in operations on account of amalgamation.

Selling and Distribution Expenses

Our S&D expenses increased by 67.19% from Rs. 117.05 million in FY 2003-04 to Rs. 195.70 million in FY 2004-05. This increase was primary increase in outward transportation charges from Rs. 92.69 million to Rs. 131.07 million, increase in stevedoring charges from Rs. 10.92 million to Rs. 38.38 million and loss of Rs. 20.45 million on account of foreign exchange fluctuation. The increase in stevedoring and outwards transportation was caused by enhanced trading activity on account of amalgamation of VISA Energy Resources Limited. However, selling and distribution expenses as a percentage of total income has reduced from 13.16% in FY 2003-04 to 7.43% in FY 2004-05 on account of spread over of fixed cost towards increased operations.

Profit before Interest, Depreciation and Tax (PBIDT)

Our PBIDT in FY 2004-05 was Rs. 132.12 mn compared to Rs. 5.11 mn in FY2003-04. The said improvement is because of increase in profit margin which was 5.01 % to total income in FY2004-05 as compared to 0.57 % in FY2003-04. The contribution margin in manufacturing segment increased from 14.16% to 42.25% and in trading segment from 2.58% to 3.13%. The increase in PBIDT margins in manufacturing segment was due to increase in average sales realization of chrome concentrate from Rs. 3238 per tonne to Rs. 6362 per tonne and increase in turnover from 15673 tonnes in FY 2003-04 to 40850 tonnes in FY 2004-05. Further this increase in margins were affected due to increase in the average raw material cost (chrome ore) from Rs. 1552 per tonne to Rs. 1685 per tonne.

Interest

The net interest cost in FY2004-05 was Rs. 7.19 mn compared to Rs. 0.84 mn in FY2003-04. Our total interest burden as a percentage to total income was 0.27% in FY2004-05 as compared to 0.09 % in FY2003-04. The said increase is mainly on account of increase in working capital borrowings to meet enhanced scale of operations. Also, our bank charges increased from Rs. 1.31 million in FY 2003-04 to Rs. 9.79 million in FY 2004-05 due to increase in scale of trading operations. Further this increase in interest cost was offset by increase in interest income on account of margin money deposited in the bank for opening of Letter of Credit. Further the increase in term loan was on account of borrowings availed by us for our blast furnace, interest on which has been capitalized to the respective asset block.

Depreciation

Our depreciation charge for the financial year 2004-05 was Rs. 4.68 mn as compared to Rs. 1.96 mn for the financial year 2003-04. The increase in depreciation is primarily on account of addition cost of gross block acquired on account of amalgamation of Visa Energy Resources Limited and addition of blast furnace facility to our gross block.

Taxation

Our provision for taxation includes current and deferred taxes (net of provision for earlier written back). Our provision for taxation is based on the rate applicable for the respective financial year subject to the applicability of MAT provisions based on Section 115JB of the Income Tax Act. During FY 2004-05, our current provision for tax was 10.39 million and deferred tax of Rs. 43.03 million based on MAT provisions.

Restated Net Profit/ (Loss) after tax

The restated profit after tax in FY.2004-05 was Rs. 66.83 mn as compared to Rs. 1.18 mn in FY 2003-04 which is 2.54% of total income in FY2004-05 as compared to 0.13% in FY2003-04. This increase is mainly on account of the increase in contribution from our manufacturing operations due to increase in scale and average realization from chrome concentrate sales.

Fixed Assets

Net fixed assets including capital work in progress and capital expenditure on expansion/new projects increased from Rs.89.20 mn as on March 31, 2004 to Rs. 1050.96 mn as on March 31, 2005 registering a growth of 1078.21% which was mainly on account of addition of blast furnace to our gross block and capital work in progress also includes a portion of amount spent towards coke oven plant. Further the net block increased with the amount of assets acquired on amalgamation of Visa Energy Resources Limited.

Current Assets, Loans & Advances

The current assets, loans and advances experienced 313.04% increase from Rs. 377.33 mn as on March 31, 2005 to Rs. 1558.52 mn as on March 31, 2005. Our inventory levels has increased from Rs. 236.58 mn in FY 2003-04 to Rs. 686.35 mn in FY 2004-05 .The said increase is mainly because increase in the raw material and stores and spares (due to commissioning of our blast furnace plant), increase in stock of finished goods due to increase in scale of trading operations. The sundry debtors has also increased to Rs. 496.75 mn as on March 31, 2005 from the level of Rs. 41.43 mn as on March 31, 2004 which is mainly on account of increase in sales of traded goods as well as increase in debtor turnover from approximately 21 days to 70 days. Also, most of our debtors are secured due to our sales booking and release of goods mechanism in which we release the material only after receipt of payment. The loans and advances has increased from Rs. 78.30 mn as on March 31, 2004 to Rs. 209.49 mn as on March 31, 2005 mainly on increase deposits with customs and other authorities on account of increase in scale of trading operations and increase in advances to suppliers for blast furnace facility.

Liabilities & Provisions

The total liabilities has increased from Rs. 226.59 mn as on March 31, 2004 to 1768.69 mn as on March 31, 2005. The current liabilities and provisions increased substantially from Rs. 95.20 mn as on March 31, 2004 to Rs. 977.42 mn as on March 31, 2005 because of increase in creditors on account of increase in scale of trading operations due to amalgamation of VISA Energy Resources Limited. Our secured loans increased from Rs. 125.15 million to Rs. 742 million mainly on account of debt taken towards commissioning of blast furnace.

FISCAL YEAR ENDED MARCH 31, 2003 COMPARED TO FISCAL YEAR ENDED MARCH 31, 2002

Income:

Our income from sales of products manufactured by us decreased from Rs. 75.23 in FY 2002-03 to Rs. 61.42 million in 2004 registering a decrease of 18.36%. During the same period, the income from sale of products traded by our company grew from Rs. 158.93 million to Rs. 652.04 million. As a result our income from the entire sales & services activity increased from Rs. 242. 58 in FY 2002-03 to Rs. 713.46 million in FY 2003-04 registering a growth of 294.11%.

- The 18.36% decrease in sale of our products manufactured was due to decrease in sales quantity of chrome concentrate (from 18367 tonnes in FY 2002-03 to 15673 tonnes in FY 2003-04) and chrome ore powder (from 17748 tonnes in FY 2002-03 to 3176 tonnes in FY 2003-04) which was set off partially by increase in average realization of chrome concentrate by approx. 61.22% from FY 2002-03 and chrome ore powder by 54.44% in FY 2003-04.
- Our income from sale of products traded by us increased primarily on account of commencement of trading of iron ore fines which accounted for 17.98% of our total trading activity revenue. Further, our trading revenues on account of coal and coke were increased due to volume increase of almost 2,8 times in comparison to FY 2002-03.

During FY 2003-04, we have not earned any income from commission and consultancy in comparison to Rs. 8.42 million in FY 2002-03.

Other Income: Other income increased from Rs. 0.33 million in FY 2003 to Rs. 12.15 million in FY 2004. Other income primarily comprises of foreign exchange gain. The increase in other income was mainly due to exchange gain on forex amounting to Rs. 10.95 million in FY 2003-04 as compared to a loss of Rs. 0.34 million in FY 2002-03.

Increase/(Decrease) in inventories: In FY 2004, our inventories increased by Rs. 163.76 million. This was primarily caused by commencement of trading operation in iron ore due to which there was increase of iron ore fine stock to Rs. 187.97 million in comparison to nil in FY 2002-03 and chrome concentrate stock by Rs. 37.64 million in FY 2004 in comparison to Rs. 4.62 million in FY 2002-03. This increase was partially offset by decrease of inventory of coal & coke by Rs. Nil million in FY 2004 from 57.23 in FY 2003.

Raw materials consumed

Our cost of raw material consumption has gone up to Rs. 59.64 million in FY 2004 from Rs. 40.16 million in FY 2003 registering an increase of 48.50%. This increase was primarily on account of increase in price of chrome ore by approximately 51.2% in comparison to FY 2002-03.

Traded Goods – purchase

Our traded goods purchased increased from Rs. 180.90 million in FY 2002-03 to Rs. 663.59 million in FY 2003-04 registering a growth of 266.83% on account of commencement of trading of iron ore fines and increase in scale of coal and coke trading.

Staff Cost

Staff cost increased from Rs. 3.35 million in FY 2002-03 to Rs. 6.67 million in FY 2003-04 which was an increase of 99.10%. This was on account of increase in scale of trading operations and increase in base salary levels. Staff cost as a percentage of total income decreased from 1.11% in FY 2002-03 to 0.75% in FY 2003-04.

Custom and Excise Duty

We paid custom and excise duty of Rs. 0.79 million in FY 2003-04 in comparison to Rs. 8.01 million in FY 2002-03, this decrease was primarily on account of increase in high sea sales entered into for trading in coal and coke, in respect of which the buyer is required to pay the custom duty.

Other Manufacturing Expenses

Other manufacturing expenses decreased by 65.12% from Rs. 6.02 million in FY 2002-03 to Rs. 2.10 million in FY 2003-04. This decrease was due to reduction in production volumes and substantial decrease in Repair & Maintenance cost and Power & Fuel cost. Other manufacturing expenses as a percentage of total income has reduced from 2% in FY 2002-03 to 0.24% in FY 2003-04. This decrease was due to substantial increase in trading operations and decrease in our manufacturing operations.

Administrative Expenses

Administrative Expenses increased by 317.72% from Rs. 8.24 million in FY 2002-03 to 34.42 million in FY 2003-04. This increase was on account of writing of bad debts to the tune of Rs. 16.06 million pertaining to our chrome ore beneficiation and grinding plant and increase in miscellaneous expenditure due to increase in trading operation. Administrative expenses as a percentage of our total income has increased from 2.73% in FY 2002-03 to 3.87% in FY 2003-04 mainly on account increase in trading operations (commencement of iron ore fines trading and increase in coal and coke trading).

Selling and Distribution Expenses

Our S&D expenses increased by 552.09% from Rs. 17.94 million in FY 2002-03 to Rs. 117.05 million in FY 2003-04. This increase was primarily due to commencement of iron ore fine trading and increase in scale of coal and coke trading, leading to increase in outward transportation and stevedoring charges. Also, selling and distribution expenses as a percentage of total income has increased from 5.95% in FY 2002-03 to 13.16% in FY 2003-04. The increase was due to shift in revenue mix towards trading operations, where Selling and Distribution Expenses are relatively higher due to holding and transportation charges.

Profit before Interest, Depreciation and Tax (PBIDT)

Our PBIDT in FY 2003-04 was Rs. 5.11 mn in comparison to Rs. 36.73 million. The decrease was due to shift in revenue mix towards trading revenues, where the margins are relatively lower as compared to manufacturing. Percentage of our manufacturing revenues to total income in FY 04 was 6.91% in comparison to 24.96% in FY 03 while percentage of trading revenues to total income was 73.31% in FY 04 as compared to 52.74% in FY 03.

Further in FY 04, bad debts have been written off to the tune of Rs. 16.06 million and change in inventory valuation basis (from FIFO to Weighted Average method) led to reduction in profits to the extent of Rs. 14.50 million . In FY 2002-03, the change in inventory valuation led to increase in profit to the tune of Rs. 13.42 million. Also, we earned Rs. 8.42 million in FY 2002-03 as commission and conversion charges which was not available in FY 2003-04.

PBIDT as a percentage of total income has been reduced from 12.19% in FY 2002-03 to 0.57% in FY 2003-04.

Interest

The net interest cost in FY 2003-04 was Rs. 0.84 mn in comparison to Rs. 3.49 million in FY 2002-03. Our total interest burden as a percentage to total income was 0.09% in FY2003-04 as compared to 1.16%. The said decrease was on account of repayment of term loan relating to chrome ore beneficiation plant amounting to approximately Rs. 5.00 million and reduction of overdraft interest and availment of export packing credit.

Depreciation

Our depreciation charge for the financial year 2003-04 was Rs. 1.96 mn as compared to Rs. 1.94 mn for the financial year 2003-04.

Taxation

Our provision for taxation includes current and deferred taxes (net of provision for earlier written back). Our provision for taxation is based on the rate applicable for the respective financial year subject to the applicability of MAT provisions based on Section 115JB of the Income Tax Act. During FY 2003-04, our provision for tax (including deferred tax) was Rs. 1.13 million as compared to Rs. 12.20 million in FY 2002-03.

Restated Net Profit/ (Loss) after tax

The restated profit after tax in FY2003-04 was Rs. 1.18 mn as compared to Rs.19.09 mn in FY 2002-03 which is 0.13% in FY2003-04 as compared to 6.33% in FY 2002-03._.

Fixed Assets

Net fixed assets including capital work in progress and capital expenditure on expansion new projects increased from Rs. 43.98 million in FY 2002-03 to Rs. 89.20 mn as on March 31, 2004 registering a growth of 102.82 % mainly on account of commencement of work towards setting up of blast furnace.

Current Assets, Loans & Advances

The current assets, loans and advances increase by 35.80% from Rs. 277.86 mn in FY 2002-03 to Rs. 377.33 mn as on March 31, 2004. Our inventory increased by 266.79% in FY 2003-04 (Rs. 236.58 million) in comparison to Rs. 64.50 million in FY 2002-03, mainly on account of commencement of our iron ore fine trading operation resulting in stock of iron ore fines as on March 31, 2004 to the tune of Rs. 187.97 million. Our debtors were Rs. 41.43 million in FY 2003-04 in comparison to Rs. 190.66 million in FY 2002-03 registering a decrease of 78.27% over FY 2002-03. In FY 2002-03, our sales on account of trading operations in coal and coke were transacted towards the close of the financial year resulting in high debtors value . Our cash and bank balance was Rs. 18.21 million in FY 2003-04 in comparison to Rs. 6.82 million in FY 2002-03. Our loan and advances increased from Rs. 15.85 million in FY 2002-03 to Rs. 78.30 million in FY 2003-04 registering an increase of 394.00% over last financial. This increase was primarily on account of advances made towards the blast furnace to the tune of Rs. 31.98 million and advances of Rs. 27.12 million made towards procurement of finished goods for trading. Other current assets were Rs. 2.81 million in FY 2003-04 as compared to Rs. 0.03 million in FY 2002-03.

Liabilities & Provisions

The total liabilities has decreased from Rs. 250.08 million as on March 31, 2003 to Rs. 226.59 mn as on March 31, 2004. Our secured loan registered an increase of 229.78% mainly on account of increase in working capital facilities including cash credit, export packing credit utilized towards trading and manufacturing operations. Our current liabilities and provisions decreased from Rs. 207.83 million in FY 2002-03 to Rs. 95.20 million in FY 2003-04. In FY 2002-03, our purchases for trading operations were made towards the close of the financial year thereby resulting in high creditors as on March 31, 2003.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

In our opinion, there was no unusual event or transactions.

KNOWN TRENDS OR UNCERTAINTIES

In our opinion, there is no uncertain trend as of now.

FUTURE RELATIONSHIP BETWEEN COSTS AND REVENUES

With acquisition of chrome ore mine through our Subsidiary, assurance of supply of coking coal from one of our group company, obtaining allocation of iron ore mines and coal blocks, we will be able to secure definite supply of raw material of desired quality at reasonable price. This will have a positive impact over our operating and financial performance. Further, our finished products are being priced based on global commodity price levels, any variation in the same will have impact over our profitability.

TURNOVER FROM THE COMPANY'S MAJOR SEGMENTS

Details of financial results from various product segments are given in the following table:

Particulars	Nine months ended December 31, 2005			Year ended March 31, 2005			Year ended March 31, 2004		
	Manufact-uring	Trading	Total	Manufact uring	Trading	Total	Manufact-uring	Trading	Total
Segment Revenue	1,352.62	1,595.14	2947.76	263.46	2221.77	2485.23	61.42	652.04	713.46
Segment Results	181.01	158.76	339.77	111.32	69.61	180.93	8.70	16.91	25.61
Less: unallocable expenses net off income			(95.96)			(53.50)			(22.45)
Less: Interest & Finance charges (net)			(92.97)			(7.19)			(0.84)
Profit Before Tax			150.83			120.24			2.32
Provision for taxation			(47.95)			(53.41)			(1.14)
Profit after Taxation			102.88			66.83			1.18
Segment Assets	3,171.54	1,392.70	4564.25	1572.56	813.51	2386.07	86.73	243.44	330.17
Add: Unallocated Corporate Assets			285.54			223.51			136.36
Total Assets			4849.79			2609.58			466.53
Segment Liabilities	2,267.55	1,487.74	3755.29	938.69	725.91	1664.60	-	61.07	61.07
Add: Unallocated Liabilities			150.63			104.10			165.52
Total Liabilities			3905.93			1768.70			226.59
Capital Expenditure	957.26	18.35	975.61	177.91	7.47	185.37	44.21		-44.21
Depreciation	34.34	-	34.34	1.32	-	1.32	1.42	-	1.42
Non Cash write-offs	-	-	-	-	0.07	0.07	0.54	-	0.54

By Geographical Segment:

Rs.(Millions)

Particulars	Nine months ended December 31, 2005			Year ended March 31, 2005			Year ended March 31, 2004		
	Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
Segment Revenue	2,722.18	225.58	2,947.76	1967.39	517.84	2,485.23	545.46	168.00	713.46
Segment Assets	4,821.37	28.42	4,849.79	2601.82	7.76	2,609.58	411.05	55.48	466.53
Capital Expenditure	975.61	-	975.61	185.37		185.37	44.21	-	44.21

SEASONALITY OF THE BUSINESS

Steel industry not being a seasonal industry, no such impact can be their on company's revenues.

COMPETITIVE CONDITION

There are various types of products which form part of the steel industry. This broadly includes pig iron, sponge iron, LAM coke, ferro chrome, mild steel, special and stainless steel. Some of the major producers of the various products are shown in the table below:

Saleable Product	Major Producers
Pig iron	Tata Metaliks, Sesa Goa, NINL
Sponge iron	Tata Sponge, Orissa Sponge, JSPL
LAM coke	Gujarat NRE, Saurashtra Fuels, Sesa Kembla
Ferro chrome	Navbharat
Mild steel	SAIL, Tata Steel, RINL, Jindal, Essar, Ispat Industries
Special & stainless steel	Jindal Stainless, Kalyani Steel, Mukand, Usha Martin

SIGNIFICANT DEVELOPMENTS SINCE THE DATE OF LAST FINANCIAL STATEMENT

There is no development after December 31, 2005; either in relation to our Company or the business environment in which we operate, which, in our opinion is likely to impact our business or profitability adversely.

SECTION VI – LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations against our Company, our Subsidiary, our Directors, our Promoters and our Promoter group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Subsidiary, our Directors and our Promoters, except the following:

A. Outstanding litigation and contingent liabilities of the Company

Contingent liabilities as on December 31, 2005

Particulars	As at December 31, 2005	As at March 31, 2005
Bank guarantee not provided for	Rs. 59.26 million	Rs. 0.70 million

Outstanding Litigation against our Directors

(i) ***Mr. Pradip Kumar Khaitan:*** There are certain litigations and show cause notices pending against Mr. Pradip Kumar Khaitan, our Non-Executive and Independent Director. However, there is no litigation, etc. pending against him, which has arisen, directly or indirectly, out of his association with our Company, and neither would any adverse ruling against him in any of the below-mentioned litigations have any financial impact on us.

Criminal litigations in which Mr. Pradip Kumar Khaitan is involved:

1.	CRR 3159 of 2000 filed against Criminal Complaint Case No. T.R. 264 of 2000 Title of Criminal Revision Petition: Shri Ram Prasad Goenka & Others Versus M/s. Bengal Ispat Udyog & Others Title of Criminal Complaint: M/s. Bengal Ispat Udyog & Others Versus CESC Limited & Others	High Court, Calcutta	Criminal complaint filed alleging, *inter alia*, non-deposit of electricity duty to the Government exchequer by CESC Limited, forging of balance sheet of CESC Limited, not showing correct liability in relation to loan obtained from financial institutions and diversion of funds. Stay granted by Calcutta High Court of the proceedings of the lower court Criminal Complaint being T.R.No. 264 of 2000. The Criminal Revision is pending adjudication in the Calcutta High Court.
2.	CRR 254 of 2001 filed against Criminal Complaint Case No. 4979 of 2000 Title of Criminal Revision Petition: CESC Limited & Others Versus M/s. Continental Steel Star & Others Title of Criminal Complaint: M/s. Continental Steel Star & Others Versus CESC Limited & Others	High Court, Calcutta	Criminal complaint filed alleging, *inter alia*, non-deposit of electricity duty to the Government exchequer by CESC Limited, forging of balance sheet of CESC Limited , not showing correct liability in relation to loan obtained from financial institutions and diversion of funds. Stay granted by Calcutta High Court of the proceedings of the lower court Criminal Complaint being T.R.No. 4979 of 2000. The Criminal Revision is pending adjudication in the Calcutta High Court.

3.	CRR 706 of 2005 Title of Criminal Revision Petition: Suresh Agarwal Versus Shri Ram Prasad Goenka & Others	Calcutta High Court	Criminal Revision Petition filed by the Petitioner/ Complaint in the Calcutta High Court against the dismissal order dated February 22, 2005 passed by the Metropolitan Magistrate, 14th Court, Kolkata of Criminal Complaint Case no. 1377 of 2005, and praying to set aside the aforesaid order. The aforesaid complaint (as dismissed) alleged excess sum collected as Government duty in monthly electricity duty by CESC Limited, and failure to refund the same.
4.	CRR No. 2226 of 2005 Title of Criminal Revision Petition: M/s. Bengal Metal Industries Versus Shri R.P. Goenka & Others	Calcutta High Court	The complaint case no. 775C of 2000 was filed before the Chief Judicial Magistrate, Howrah and the Magistrate dismissed the complaint application. Being aggrieved by such dismissal, the complainant filed the Criminal Revision before Calcutta High Court and the matter is pending.
5.	CRR No. 2284 of 2005 Title of Criminal Revision Petition: M/s. Bengal Metal Industries Versus Shri R.P. Goenka and Others	Calcutta High Court	The complaint case no. C/6907 of 2005 was filed before the Chief Judicial Magistrate, Howrah and the Magistrate dismissed the complaint application. Being aggrieved by such dismissal, the complainant filed the Criminal Revision before Calcutta High Court and the matter is pending.

In addition to the above, there are three cases in which show cause notices have been issued by statutory authorities, which are detailed as below:

S. No.	Case No. and Title/Show Cause Notice No. , date and other details	Authority where pending	Brief Details
1.	Show Cause Notice No. 18/338/2003-2004/ECA/CALALS-H/0003/AM92/ 2907 dated October 17, 2002 issued under Section 11 of the Foreign Trade (Development and Regulation) Act, 1992 from the Office of Joint Director General of Foreign Trade, Kolkata to McLeod Russel (India) Limited and Others, including Mr. Pradip Kumar Khaitan	Office of Joint Director General of Foreign Trade, Kolkata	This show cause notice was issued to the Respondents alleging that the said McLeod Russel (India) Limited which had availed of an advance license and was consequently under an obligation to export a certain value of goods, had allegedly: (i) not submitted the requisite documents evidencing export; (ii) not complied with earlier show cause notice issued to them, thus for non-fulfillment of export obligations, and been declared a defaulter for non-compliance with show cause notice; (iii) therefore violated the conditions of the license issued to them, as well as violated the export import policy, thus being liable to penal action under Section 11 of the Foreign Trade (Development and Regulation) Act, 1992. McLeod Russel (India) Limited has replied to this show cause notice, and the matter is currently pending.

S. No.	Case No. and Title/Show Cause Notice No., date and other details	Authority where pending	Brief Details
2.	Notice No. ID(Inspn.)Cal /06 / 01/5065 dated February 8, 2005 issued pursuant to an inspection under Section 209A of the Companies Act, 1956 of Williamson Tea Assam Limited and others, including Mr. Pradip Kumar Khaitan issued by the Deputy Director (Inspection) from the Office of the Regional Director, Eastern Region, Ministry of Company Affairs.	Deputy Director (Inspection) from the Office of the Regional Director, Eastern Region.	This notice was issued enumerating various alleged irregularities that were observed pursuant to an inspection of the books of accounts, etc. of the said Williamson Tea Assam Limited under Section 209A of the Companies Act, 1956. Williamson Tea Assam Limited has replied to this notice vide its letter dated March 4, 2005, and the matter is currently pending.
3.	Following show cause notices (SCN's) issued against Williamson Magor & Co. Ltd. and others, including Mr. Pradip Kumar Khaitan, all of them dated October 30, 3003: (i) SCN TS-1/STA/17715 /INSP/ 205A(3) **("SCN1")**; (ii) SCN TS-1/STA/17715 /INSP/ 209(3)(b)/211**("SCN2")** (iii) SCN TS-1/STA/17715 /INSP/ 258**("SCN3")** (iv) SCN TS-1/STA/17715 /INSP/ 209(3)(b) **("SCN4")** (v) SCN TS-1/STA/17715 /INSP/ 209**("SCN5")** (vi) SCN TS-1/STA/17715 /INSP/ 383A **("SCN6")** (vii) SCN TS-1/STA/17715 /INSP/ 205(2A) **("SCN7")**	Assistant Registrar of Companies, West Bengal	The SCN's were replied to individually by the said Williamson Magor & Co. Ltd. vide their letters, all of them dated November 28, 2003. An application was filed before the Calcutta High Court by some of the respondents to the SCN's, including Mr. Pradip Kumar Khaitan praying, *inter alia,* for exoneration of the responsibility for the respondent-applicants. Vide order and judgement delivered on July 28, 2004, the Court directed that matters relating to appointment of whole-time Secretary and number of directors, as contained in SCN3 and SCN6 have been explained by the applicants and that the Central Government need not proceed any further, and that, the Central Government may consider the issues relating to financial irregularities (as alleged in the other SCN's) afresh. Accordingly, the Registrar of Companies, West Bengal has herad the submissions of Williamson Magor & Co. Ltd regarding SCN2 and SCN4 and written submissions have been submitted. The matters are pending.

(ii) ***Dr. S.K. Tamotia:*** There are two criminal cases pending in relation to Dr. S.K.Tamotia, our Non-Executive Director, one case pending before the Court of the Special Judge, C.B.I., Bhubaneswar and one criminal miscellaneous case filed against the proceedings in the said case. However, these litigations pertains to a period prior to his joining our Board, and there is no litigation, etc. pending against him, which has arisen, directly or indirectly, out of his association with our Company, and neither would any adverse ruling against him in the below-mentioned litigation have any financial impact on us.

S. No.	Case No. and Title/Show Cause Notice No., date and other details	Authority where pending	Brief Details
1	T.R.Case No. 151/99 Title: Republic of India Versus Dr. Shailendra Kumar Tamotia	Court of the Special Judge, C.B.I., Bhubaneswar	Chargesheet dated December 18, 1997 on basis of F.I.R. No. I.C.35(A)/97 filed before the Court alleging that Dr. S.K.Tamotia (the "Accused") had, during the period January 11, 1982 to July 31, 1996, while he was in the employment of public sector units, amassed income disproportionate to his known sources of income amounting to Rs. 986,421.53/-. Charges were framed against the Accused vide order

S. No.	Case No. and Title/Show Cause Notice No., date and other details	Authority where pending	Brief Details
			dated January 16, 2003 under Section 13(1)(e) of the Prevention of Corruption Act. The Court of the Special Judge, C.B.I., Bhubaneswar, vide its order dated October 10, 2001 dismissed Dr. Tamotia's application for discharge on basis of public documents sought to be provided by him, on the ground that the documents produced by the defence could not be examined at the stage of framing of charge. The High Court, on application by the Accused, confirmed the decision of the lower Court. On application by the Accused, in criminal appeal no. 46 of 2004, the Supreme Court, vide its order dated November 29, 2004 while dismissing and disposing this appeal, directed the trial court to expeditiously conclude the trial in this case since a period of about 2 years has elapsed from the framing of the charges.
2	CRLMC No. 854 of 2005 Title of Criminal Miscellaneous Case: Dr. S.K.Tamotia Versus Republic of India	Orissa High Court at Cuttack	This case has been filed under Section 482 of the Criminal Procedure Code for quashing of the case mentioned in Serial No. 1 hereinabove, on the grounds, *inter alia,* that publicly available documents, showing the income of the Accused of more than Rs. 11 Lacs, were not considered by investigating agency in arriving at the figure of the alleged disproportionate assets of Rs. 986,421.53/-.

(iii) ***Mr. Maya Shanker Verma:*** In addition to the aforesaid, our Director, Mr. Maya Shanker Verma, is a director in Alliance Capital Asset Management (India) Private Limited, a company which has been subject to penalties/ investigations by SEBI, details of which are as follows:

No. and date of enquiry	Order No./date	Penalty imposed	Present position
SEBI show cause notice dated September 8, 2003	Order dated May 12, 2004	Rs. 2.86 Crores	Appeal lies before the Securities Appellate Tribunal
SEBI show cause notice dated May 11, 2004	Order dated August 18, 2004	Rs. 15 Crores	Appeal lies before the Securities Appellate Tribunal
Show Cause Notice no. IVD2/SM/ACMF / 18584/2004 dated August 23, 2004	No order passed	None	Matter is still pending with SEBI

However, neither the name of Mr. Maya Shanker Verma was mentioned in any of the aforesaid order nor any penalty was imposed on him, by SEBI.

Outstanding Litigation against and by our Company

Cases filed by our Company

There are no cases filed by our Company.

Cases filed against our Company

S. No.	Suit/Petition No.	Court where Pending	Nature of the case and particulars	Financial implications (Rs.) (in case of a non-favorabl outcome)
1.	Civil Suit No.92 of 2005	Calcutta High Court	A civil suit bearing the title Transfield Shipping Inc. ("Plaintiff") Versus our Company ("Defendant No.1") and Visa Comtrade (Asia) Ltd ("Defendant No.2") collectively referred to as the ("Defendants") was filed in the Calcutta High Court for the following reliefs: 1. A decree for US$ 299,138.26 to be expressed in Indian currency at such rate of exchange and/or on such terms as the Court may deem fit and proper; 2. Interest pendente lite 3. Interest upon judgment 4. Receiver 5. Attachment before judgment 6. Other consequential reliefs. The Plaintiff has claimed that under a Charter Party Agreement dated August 27, 2004 the Plaintiff had allowed the use of the Plaintiff's vessel M.V.Prabhu Gopal ("the Vessel") to the Defendants for the purpose of shipment of bulk quantity steaming coal. The Plaintiff has alleged that during the lighterage operation of the Cochin port, the Vessel was damaged by the lightering vessel due to inadequate fendering on the lightering vessel. The Plaintiff has alleged that it was the Defendants duty to ensure that the lightering vessel was well equipped with necessary fendering equipment. The Plaintiff has also alleged that the delay caused in the cargo discharge operations was due to the negligence and default of the Defendants. The claim of the Plaintiff in this suit is on account of alleged outstanding charter hire, alleged demurrage and alleged repair cost of the Plaintiff's vessel. Our Company's primary defense is that the Company is not a party to the Charter Party Agreement dated August 27, 2004 and hence cannot be made a party to this suit. The Calcutta High Court passed an interim orders dated May 11, 2005 and June 20, 2005, thereby restraining our Company and Defendant No.2 from withdrawing any amount from a specified bank account number without leaving a balance for a sum of Rs.12,500,000/-. The suit is currently pending before the Calcutta High Court.	1. A decree for US$ 299,138.26 to be expressed in Indian currency at such rate of exchange and or on such terms as the Court may deem fit and proper; 2. Interest pendente lite 3. Interest upon judgment 4. Costs 5. Further or other reliefs granted by the Court

S. No.	Suit/Petition No.	Court where Pending	Nature of the case and particulars	Financial implications (Rs.) (in case of a non-favorable outcome)
2.	i. SLP (C) No. 26079/2004 ii. SLP (C) No. 26133/2004 iii. SLP (C) No. 26737/2004 iv. SLP (C) No. 26794/2004 v. SLP (C) No. 26931/2004 vi. SLP (C) No. 27010/2004	Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India Supreme Court of India	i. State of Orissa & Another Vs Tata Iron & Steel Company Ltd and Others (Our Company is Respondent No. 5) ii. State of Orissa Vs. Visa Industries Ltd and Others (Our Company is the Respondent No.1 and Mr.K.M. Lal, our Ex-Director, is Respondent No.2) iii. Industrial Development Corporation of Orissa Ltd. Vs Tata Iron & Steel Company Ltd. and Others (Our Company is Respondent No.6) iv. Industrial Development Corporation of Orissa Ltd. Vs Visa Industries Ltd and Others (Our Company is the Respondent No.1 and Mr.K. M. Lal, our Ex-Director, is Respondent No.2) v. Jindal Strips Ltd. Vs State of Orissa & Others (Our Company is Respondent No.5) vi. Jindal Strips Ltd. Vs State of Orissa and Others (Our Company is Respondent No.3 and Mr.K.M.Lal, our Ex-Director, is Respondent No.4) The above mentioned 6 Special Leave Petitions ("SLP's"), in which our Company has been impleaded as a Respondent, have been filed in the Supreme Court of India. All the 6 Special Leave Petitions have been filed against the common judgement and final order dated November 18, 2004 of the Division Bench of the High Court of Orissa at Cuttack. The facts of the case in brief are as follows: Through a press advertisement on October 24, 2002, the Industrial Development Corporation of Orissa Limited ("IDCOL") stated that it was seeking a joint venture Partner for developing the chromite mines near Tangarpada in Dhenkanal district of Orissa for which IDCOL had acquired a mining lease over an area of about 500 hectares from the Government of Orissa. Detailed information about the proposed project and the terms and conditions were stipulated in an information brochure. The prospective parties were directed to send their expression of interest latest by November 25, 2002. Several parties submitted their respective bids. Ultimately, only our Company, Tata Iron & Steel Company Ltd (TISCO, now known as Tata Steel Limited) and Jindal Strips Ltd (Jindal) continued in the bidding process while the other parties backed out. IDCOL finalized Jindal as the joint venture partner for the said project and the Government of Orissa also	Not Quantifiable

			signified its approval for IDCOL to form a joint venture company with Jindal. Our Company preferred a Writ Petition No. 5128 of 2004 in the High Court of Orissa at Cuttack for quashing or setting aside the decision of IDCOL and *inter alia* challenging the allegedly arbitrary and unreasonable action by IDCOL of rejecting the technical bid of our Company and not even opening our Company's financial bid, before finalizing Jindal as it's joint venture partner. The High Court of Orissa, by its common judgement and final order dated November 18, 2004(against which these SLP's have been filed) allowed the writ petition filed by our Company (and also the writ petition filed by TISCO, being the writ petition no. 6798 of 2004, which involved the identical question of facts and law and the relief prayed for) and ordered (i) for quashing the IDCOL's decision to select Jindal as a joint venture partner for the proposed project and the approval given to it by the State Government (ii) allow IDCOL, if opted for, to issue fresh advertisement for the setting up a stainless steel industry in Orissa with the approval from the State Government setting out in clear terms in such advertisement as to whether it wants a stainless steel industry to be set up in Orissa or any other industry where chrome can be used as an ingredient. Presently, the matter is pending before the Supreme Court.	

Further, our Company has also been served notices seeking information/clarification under section 234(1) of the Companies Act. Details of notices issued are as follows:

(i) Notice bearing No. RoC/STA/234/4601/33 dated April 6, 2005 – replied by our Company vide our letter dated April 8, 2005

(ii) Notice bearing No. RoC/STA/234/4601/321 dated May 10, 2005 – replied by our Company vide our letter dated May 23, 2005

(iii) Notice bearing No. RoC/STA/234/4601/1205 dated August 29, 2005 – replied by our Company vide our letter dated September 20, 2005

Promoters

There are no cases filed by and against our Promoters.

Promoter Group

Except for the civil suit filed by Transfield Shipping Inc. against our Company and VISA COMTRADE (ASIA) LIMITED, our Promoter Group Company, as referred to hereinabove, there are no other cases filed by or against any of our Promoter Group companies.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary consents, licenses, permissions and approvals from the Government/RBI and various Government agencies required for our present business. Further, except for pending approvals as detailed herein, our Company can undertake all the present and proposed activities in view of the present approvals and no further approvals from any statutory body are required by our Company to undertake the present and proposed activities.

INVESTMENT APPROVALS

Our Company has received the following approvals from FIPB in the past:

1. Letter No. FC.II.:164(2004)/131(2004) dated June 14, 2004 granted for foreign collaborator, being Visa Comtrade AG, Switzerland for increase of foreign equity participation from 39.6% to 47.41% of the paid-up share capital of the Company;
2. Letter No. FC.II.:164(2004)/131(2004) dated January 28, 2005 amending the aforesaid letter dated June 14, 2004, allowing increase in foreign equity participation from 47.41% to 74% for subscription of equity shares of the Company by Visa Comtrade AG, Switzerland;
3. Letter No. FC.II.:164(2004)/131(2004) dated March 11, 2005 for increase in Foreign Direct Investment **("FDI")** from 47.41% to 74% subject to conformity with FDI policy including Press Note 1 of 2005.

GOVERNMENT APPROVALS / LICENSES / PERMISSIONS

We have received the following Government and/or statutory approvals/ licenses/ permissions:

Incorporation/ Amalgamation

1. Certificate of Incorporation bearing No. 15-04601 dated September 10, 1996 from the Registrar of Companies, Cuttack at Orissa.
2. Fresh Certificate of Incorporation consequent to change of name from "VISA INDUSTRIES LIMITED" to "VISA STEEL LIMITED" dated May 4, 2005 issued by the Registrar of Companies, Cuttack at Orissa.
3. Certificate for Commencement of Business dated September 11, 1996 issued by the Registrar of Companies, Cuttack at Orissa.

Tax/Industrial/Labour

4. Our Company's PAN (Permanent Account Number) issued by Income Tax Department, Government of India is AAACV9836E
5. Our Company's Tax Deduction Account Number (TAN) as per the Income Tax Act, 1961 is BBNV00074E
6. Our Company's Tax Payer Identification Number (TIN) for the purposes of VAT is 2172/401010
7. Central Excise Registration Certificate bearing no. AAACV9836EXM001 dated August 23, 2005 issued by the Assistant Commissioner of Central Excise under Rule 9 of the Central Excise Rules, 2002 for manufacturing of excisable goods at our Golagaon Plant.
8. Central Excise Registration Certificate bearing no. AAACV9836EXM002 dated January 5, 2004 issued by the Assistant Commissioner of Central Excise under Rule 9 of the Central Excise Rules, 2002 for manufacturing of excisable goods at our Kalinganagar Plant.
9. Certificate of registration bearing no. CU III-3998 valid from July 8, 1998 until cancelled, issued by the Sales Tax Officer, Cuttack III Circle, Jajpur under Rule 7 of the Orissa Sales Tax Act, 1947 to our Company in respect of place of business situated at Golagaon Plant. The same has been amended as on January 14, 2004 with effect from December 29, 2003 to include our Kalinganagar Plant as a place of business.

10. Certificate of registration bearing no. CU III-3998 ET valid from February 25, 2003 until cancelled, issued by the Sales Tax Officer, Cuttack III Circle, Jajpur to our Company in respect of entry tax for the place of business situated at our Golagaon Plant. The same has been amended as on January 14, 2004 with effect from December 29, 2003 to include our Kalinganagar Plant as a place of business.
11. Certificate of registration bearing no. CUCIII-1419 issued by the Sales Tax Officer, Cuttack III Circle, Jajpur under section 7(2) of the Central Sales Tax Act, 1956 to our Company in respect of place of business situated at our Golagaon Plant. The same has been amended as on January 14, 2004 with effect from December 29, 2003 to include our Kalinganagar Plant as a place of business.
12. Service Tax Registration Certificate bearing No. 02/ST/GTA&CE/JPR/2005 dated January 11, 2005 for our Kalinganagar Plant issued by the Superintendent, Central Excise & Customs, Jajpur for payment of service tax on services of transport of goods by road and consulting engineer's services.
13. Service Tax Registration Certificate bearing No. 29/ST/GTA/JPR/2005 for our Golagaon Plant issued by the Superintendent, Central Excise & Customs, Jajpur for payment of service tax on goods transport agency.
14. Certificate of Enlistment (Trade License) for the year 2005 – 2006 issued by the Kolkata Municipal Corporation as per the Kolkata Municipal Corporation Act, 1980.
15. Certificate of Registration bearing registration no. RCS 1205005 dated August 29, 2005 issued under West Bengal State Tax on Professions, Trade, Callings and Employments Act, 1979 by the Profession Tax Officer, Kolkata South Range for registering our Company as an employer under the West Bengal State Tax on Professions, Trade, Callings and Employments Act, 1979.
16. Certificate of Enrolment bearing enrolment no. ECS 0014656 dated August 29, 2005 issued under West Bengal State Tax on Professions, Trade, Callings and Employments Act, 1979 by the Profession Tax Officer, Kolkata South Range.
17. Our Company's IEC (Importer-Exporter Code) No. is 2398000095 issued on May 21, 1998 as contained in the Certificate of Importer-Exporter Code from the Office of the Joint Director General of Foreign Trade, Ministry of Commerce, Government of India, dated May 21, 1998 issued from file No. 23/04/130/00009/AM99/391.
18. Our Company's RCMC No. is EEPC:K:REG:124:2003-2004 as issued on June 4, 2003 by the Regional Manager of the Engineering Export Promotion Council, Ministry of Commerce, Government of India. This registration cum membership is valid upto March 31, 2007.
19. Our Company's One Star Export House Certificate No. is 014560 issued on November 19, 2004 by the Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India. This certificate of recognition is valid till March 31, 2009.
20. Registration and License to work a factory bearing No. JJ.90 dated November 2, 2002 for the premises situated at the Golagaon Plant issued by the Chief Inspector of Factories & Boilers, Orissa. The license has been renewed and is valid upto December 31, 2006.
21. Registration and license to work a factory bearing No. JJ-104 dated December 24, 2005 for the premises situated at the Kalinganagar Plant issued by the Chief Inspector of Factories and Boilers, Orissa. The license is valid till December 31, 2006.
22. Approval of the steam pipe line drawing by the Director of Factories and Boilers, Orissa vide his letter dated May 5, 2005 for the boilers M.No.SM15C/10.54/4 and M.No.SM15C/10.54/5 at the Kalinganagar Plant.
23. Provisional order under Section 9 of the Indian Boilers Act, 1923 dated September 16, 2005 issued by the Inspector of Boilers, Cuttack for the use of Boiler bearing Makers Number SM15C/10.54/4 at the Kalinganagar Plant. This order is valid till March 15, 2006.
24. Provisional order under Section 9 of the Indian Boilers Act, 1923 dated September 16, 2005 issued by the Inspector of Boilers, Cuttack for the use of Boiler bearing Makers Number SM15C/10.54/5 at the Kalinganagar Plant. This order is valid till March 15, 2006.
25. Letter dated July 19, 2005 issued by the Manager (Admin), Haldia Dock Complex regarding the grant of extension of 3000 sq.mtrs of hardstand land in Plot – 1 behind Berth- 4B in DIZ of HDC on short term basis for storage of iron ore.

26. Registration Certificate issued to our Company under the West Bengal Shops and Establishments Act, 1963 for our Corporate Office bearing Registration No. KOL/Ali/P-II/41298 dated December 21, 2005. This certificate is valid till December 20, 2008.
27. Consent to Establish granted by the Member Secretary, State Pollution Control Board, Orissa vide Consent Order No. 15326 dated April 22, 2005 for the 150,000 tpy Coke Oven Plant alongwith 1x250 M^3 Mini Blast Furnace and a 5MW Captive Power Plant.
28. Permission granted vide letter dated May 18, 2005 by the Member Secretary, State Pollution Control Board, Orissa to operate the 250 cbm Blast furnace at our Kalinganagar Plant. This consent to operate expired on August 18, 2005, after which the officer of the State Pollution Control Board, Orissa inspected our Kalinganagar Plant on November 8, 2005. Consent to operate is deemed to have been given till March 07, 2006.
29. Registration No. OR/6065 granted by the Assistant Provident Fund Commissioner vide letter No.Compl/Cov/185/OR/6065/1626 dated May 22, 2001 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952
30. Approval of the plan of the factory and grant of permission for construction of a building and use of it as a factory granted vide letter dated March 31, 2005 by the Director of Factories and Boilers, Orissa for our Kalinganagar Plant.
31. License in FORM XIII for the importation and storage of 15,000 litres of petroleum at our Kalinganagar Plant under the Petroleum Act, 1934. This license is valid till December 31, 2007.
32. License in Form 'D' dated January 16, 2006 under Rule 6 of Orissa Minerals (Prevention of Theft, Smuggling & Other Unlawful Activities) Act, 1989 issued by Deputy Director of Mines, Jajpur Road , Government of India, for (i) procurement and storing of beneficiable grade of Chromites, (ii) processing in Chrome Ore Beneficiation Plant for recovery of Concentrate, (iii) processing in Chrome Ore Grinding Plant for recovery of powder, and (iv) selling of chrome ore concentrate and powder; at our Golagaon Plant. The license is valid from January 20, 2006 to January 19, 2007.
33. License in Form 'D' dated November 28, 2005 under Rule 6 of Orissa Minerals (Prevention of Theft, Smuggling & Others Unlawful Activities Act), 1989, issued by Deputy Director of Mines, Jajpur Road, Government of India, for procurement & transport for export purpose of chrome concentrate at our Golagaon Plant. The license is valid from November 28, 2005 to November 27, 2006.
34. License in Form 'D' dated August 9, 2005 under Rule 6 of Orissa Minerals (Prevention of Theft, Smuggling & Other Unlawful Activities) Act, 1989 issued by Deputy Director of Mines, Keonjhar, Government of India, for (i) trading in iron ore fines (ii) procurement and transport of iron ore for self consumption at our Kalinganagar Plant.
35. Observation Note dated April 21, 2004 issued by the Insurance Inspector, Inspection Division, Bhubaneshwar, Employees State Insurance Corporation observing that, our plants at Jajpur do not come within the purview of the Employees State Insurance Scheme.
36. Acknowledgement receipt no. 1632/SIA/IMO/2001 dated July 24, 2001, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the manufacture of Chrome Powder at Golagaon Plant.
37. Acknowledgement receipt no. 2607/SIA/IMO/2002 dated October 29, 2002, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce &Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of direct reduced iron, steel billets and ferro chrome at Raigarh, Chattisgarh.
38. Acknowledgement receipt no. 2896/SIA/IMO/2002 dated December 9, 2002, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of beneficiated coal at Korba, Chattisgarh
39. Acknowledgement receipt no. 2606/SIA/IMO/2002 dated October 29, 2002, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of electric power at Raigarh, Chattisgarh
40. Acknowledgement receipt no. 119/SIA/IMO/2003 dated January 14, 2003 issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs

Memorandum submitted for the proposed manufacture of direct reduced iron, steel billets and ferro chrome at Duburi, Jajpur Kalinganagar, Orissa.

41. Acknowledgement receipt no. 120/SIA/IMO/2003 dated January 14, 2003, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of captive electric power at our Kalinganagar Plant.
42. Acknowledgement receipt no. 2116/SIA/IMO/2004 dated June 11, 2004, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of beneficiated coal at Talcher, Orissa.
43. Acknowledgement receipt no. 2113/SIA/IMO/2004 dated June 11, 2004, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce &Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of captive electric power at Talcher, Orissa.
44. Acknowledgement receipt no. 2117/SIA/IMO/2004 dated June 11, 2004, issued by the Entrepreneurial Assistance Unit, Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India for the Industrial Entrepreneurs Memorandum submitted for the proposed manufacture of low ash metallurgical (LAM) Coke and pig iron at our Kalinganagar Plant.
45. Rail Transport Clearance dated October 25, 2004 granted by the Railway Board, Ministry of Railways, Government of India for setting up integrated stainless steel plant at our Kalinganagar Plant on the East Coast Railway and private siding taking off from Jakhapura Railway Station for the inward movement of iron ore, DRI, coking coal, non-coking coal, lime stone, dolomite and for the outward movement of steel billets and coke.
46. Agreement dated August 24, 2005 between our company's representatives and the Executive Engineer Jaraka Irrigation Division for drawal of thirty three lakh gallons per month of ground water for industrial use at our Kalinganagar Plant for a period of one year.
47. Agreement dated April 28, 2004 between North Eastern Electricity Supply Company of Orissa Limited and our Company for the supply of electrical energy at our Kalinganagar Plant. This agreement is in force until the expiry of five years from the date of supply, and thereafter shall so continue until the same is determined by either party giving to the other, two calendar months notice, in writing, of its intention to terminate the agreement.
48. Agreement dated September 7, 2001 between the North Eastern Electricity Supply Company and our Company for the supply of electrical energy at our Golagaon Plant. The maximum supply of electrical energy would be 386 K.W. The agreement is valid upto 5 years from the date of supply of electrical energy and thereafter shall so continue until the same is determined by either party giving to the other, two calendar months notice, in writing, of its intention to terminate the agreement.
49. Permission granted vide letter dated March 4, 1999 by the Secretary to the Commission for the installation of two diesel generators of 100 KVA and 12.5 KVA capacity each at the Golagaon Plant.
50. License No. JRD-470 dated March 17, 2004 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Gannon Dunkerly & Co. Ltd for employment of maximum of 400 contract labourers at our Kalinganagar Plant. The license was renewed and shall remain in force till March 16, 2006.
51. License No. JRD-797 dated July 25, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Furnasa Fabrica on for employment of maximum of 200 contract labourers at Kalinganagar Plant. The license shall remain in force till July 24, 2006.
52. License No. JRD-842 dated November 5, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to Mr. Debi Prasad Mishra, M/s B. Engineers & Builders Ltd for employment of maximum of 20 contract labourers at the Kalinganagar Plant. The license shall remain in force till November 4, 2006.
53. License No. JRD-790 dated July 20, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to Purna Chandra Biswal for employment of maximum of 50 contract labourers at the Kalinganagar Plant. The license shall remain in force till July 19, 2006.
54. License No. JRD-713 dated May 5, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act

1970 to M/s BSI Inspectorate India Pvt. Ltd. for employment of maximum of 25 contract labourers at the Kalinganagar Plant. The license shall remain in force till May 4, 2006.

55. License No. JRD-788 dated July 19, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Tiger Security Services for employment of maximum of 60 contract labourers at the Kalinganagar Plant. The license shall remain in force till July 18, 2006.

56. License No. JRD-862 dated November 30, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s United Refractory Services for employment of maximum of 50 contract labourers at the Kalinganagar Plant. The license shall remain in force till November 29, 2006.

57. License No. JRD-489 dated June 9, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Manas Engineering & Construction for employment of maximum of 20 contract labourers at the Kalinganagar Plant. The license shall remain in force till June 10, 2006.

58. License No. JRD-649 dated February 24, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to Debadutta Roy for employment of maximum of 20 (Twenty) contract labourers at Kalinganagar Plant. The license shall remain in force till February 23, 2006.

59. License No. JRD-786 dated July 5, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Udayanath Raut for employment of maximum of 20 (Twenty) contract labourers at Kalinganagar Plant. The license shall remain in force till July 4, 2006.

60. License No. JRD-787 dated July 11, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Firoz & Co for employment of maximum of 30 (Thirty) contract labourers at Kalinganagar Plant. The license shall remain in force till July 10, 2006.

61. License No. JRD-474 dated April 7, 2004 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Beekay Engineering Corp. for employment of maximum of 200 (Two hundred) contract labourers at Kalinganagar Plant. The license has been renewed and shall remain in force till November 4, 2006.

62. License No. JRD-888 dated December 26, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to Mr. S.M. Islam & Sons, who are the sub-contractors are M/s Industrial Associates. The license is granted for employment of maximum of 21 (Twenty One) contract labourers at Kalinganagar Plant. The license shall remain in force till December 25, 2006.

63. License No. JRD-542 dated September 23, 2004 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Nayak Constructions for employment of maximum of 21 (Twenty One) contract labourers at Kalinganagar Plant. The license has been renewed and shall remain in force till September 22 10, 2006.

64. License No. JRD-867 dated December 8, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to Mr. Parsuram Das, M/s Suravi Constructions for employment of maximum of 20 (Twenty) contract labourers at Kalinganagar Plant. The license shall remain in force till December 7, 2006.

65. License No. JRD-863 dated December 31, 2005 granted under section 12(1) of the Contract Labour (Regulation and Abolition) Act 1970 to M/s Mahendra Kumar Dhal for employment of maximum of 20 (Twenty) contract labourers at Kalinganagar Plant. The license shall remain in force till December 2, 2006.

66. Letter dated November 3, 2005 from the State Pollution Control Board, Orissa stating that the blast furnace slag generated by our Company has not been categorized as hazardous waste as specified under Hazardous Waste (Management and Handling) Rules 1989. This letter has been issued pursuant to our Company's letter dated September 22, 2005.

Approvals for which Application has been made but not yet received:

Sr. No.	Approval / Consent	Authority	Status
1.	Application for change of Occupier from Mr. Rajesh Kumar Jha to Mr. Vishal Agarwal under the Factories Act, 1948 for the Kalinganagar Plant	Director of Factories & Boilers, Orissa.	Application made vide letter dated August 17, 2005

Sr. No.	Approval / Consent	Authority	Status
2.	Application for the Consent to Establish an additional 250,000 tpy coke oven unit at our Kalinganagar Plant. (We already have consent to operate 150,000 tpa coke oven plant)	Member Secretary, State Pollution Control Board, Orissa	Application made vide letter dated November 4, 2005
3.	Registration of our Company's Registered Office at Bhubaneshwar under the Orissa Shops & Commercial Establishment Act, 1956	District Labour Officer, Bhubaneshwar	Application made vide letter dated June 4, 2005
4.	Application for consent to operate under Sections 25/26 of Water (Prevention and Control of Pollution) Act 1974 to bring to use any new or altered outlet for discharge of Sewage/ trade effluent at our Golagaon Plant	Chairman, State Pollution Control Board, Orissa	Application dated March 15, 2003
5.	Application for consent to operate under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 for our Golagaon Plant	Member Secretary, State Pollution Control Board, Orissa	Application dated March 15, 2005
6.	Application for consent to operate under Sections 25/26 of Water (Prevention and Control of Pollution) Act, 1974 for our Kalinganagar Plant	Member Secretary, State Pollution Control Board, Orissa	Application dated November 4, 2005
7.	Application for consent to operate under Section 21 of Air (Pollution and Control of Pollution) Act, 1981 for our Kalinganagar Plant	Member Secretary, State Pollution Control Board, Orissa	Application dated November 4, 2005
8.	Requisition for initial inspection of 1000 KVA D.G. set installed at the Kalinganagar Plant	Executive Engineer (P) – Cum – Deputy Electrical Inspector (Generation), Orissa	Application made vide letter dated November 11, 2005
9.	Permission under Rule 47A of the Indian Electricity Rules to generate and use electricity from one 1000 KVA DG-72M Rumo-Russian Diesel Generating Set installed at the Kalinganagar Plant	Senior Electrical Inspector, Government of Orissa	Application made vide letter dated November 11, 2005 requesting inspection of the DG Set
10.	Submission of the Industrial Entrepreneurs Memorandum (IEM) for the expansion at Golagaon Plant	Secretariat for Industrial Approvals, Ministry of Commerce & Industry, Government of India	I.E.M filed dated November 8, 2005
11.	Application made by our Company under Section 7(1) of the Contract Labour (Regulation and Abolition) Act, 1970 for our Kalinganagar Plant for the following contractors:	District Labour Officer, Jajpur	Application made vide letters dated October 26, 2005 and December 12, 2005.

Sr. No.	Approval / Consent	Authority	Status
	(i) B. Engineers & Builders Ltd; (ii) Purna Chandra Biswal (iii) BSI Inspectorate (India) (iv) M/s. Tiger Security Services (v) M/s. Dabadutta Ray (vi) M/s. Udayanath Rout (vii) Feroz & Co. (viii) Gannon Dunkerley Limited (ix) Nayak Construction (x) M/s. Manas Engineering and Construction (xi) Furnace Fabrica (xii) Mahendra Kumar Dhal (xiii) Industrial Associates (xiv) Raju Enterprises (xv) M/s. Beekay Engineering and Corporation (xvi) United Refractory Services (xvii) Parsuram Das, M/s. Suravi Constructions		

For our Kalinganagar Plant, we received a trial consent to operate only till August 18, 2005. Subsequent to the same our Kalinganagar Plant was inspected by State Pollution Control Board Authorities on November 8, 2005. Until our company hears from the State Pollution Control Board Authorities, consent is deemed to be given to operate till March 7, 2006.

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THIS ISSUE

The Board of Directors have, pursuant to a resolution passed at its meeting held on November 18, 2005 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting held on November 18, 2005.

We have also obtained all necessary contractual approvals required for the Issue. For further information, see "Government/ Statutory and Business Approvals" beginning on page 167 of this Red Herring Prospectus.

PROHIBITION BY SEBI

Our Company, our Directors, our Promoters, the Directors or person(s) in control of our Promoter Companies, the group companies, companies promoted by our Promoters and the person(s) in control of companies promoted by our Promoters, and companies or entities with which our Company's Directors are associated as directors or promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India.

Our Company, our Promoters, their relatives, group companies and associate companies has not been detained as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past or pending against them.

ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with unconsolidated financial statements under Indian GAAP:

- Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;
- Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;
- Our Company has a net worth of at least Rs. 10 million in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;
- The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of size (i.e. offer through the offer document + firm allotment + promoter's contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of our Company as per the audited balance sheet of the last financial year and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines;
- Our Company has been involved in the manufacturing, trading and logistics of raw materials and products relating to the iron and steel industry. Therefore, the change of name from "VISA INDUSTRIES LIMITED" to "VISA STEEL LIMITED" with effect from May 4, 2005 was to more accurately convey the current business profile of our Company, and not for indicating shift to a different line of business.

Our net tangible assets, monetary assets, net profits (as restated) and networth (as restated) as derived from the unconsolidated restated financial statements prepared in accordance with SEBI Guidelines and Indian GAAP included in this Red Herring Prospectus under the section titled "Financial Statements" on page 113 of this Red Herring Prospectus, as on and for the last five years ended March 31, 2005 and is on December 31, 2005 is set forth below:

(Rs. in Million)

	Nine months ended Dec. 31, 2005	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002	Year ended March 31, 2001
Net tangible assets (1)	4,849.78	2,609.58	466.28	321.84	98.23	69.84
Monetary assets (2)	385.69	161.00	18.21	6.82	5.42	3.83
Monetary Assets as percentage of Net Tangible Assets	7.95%	6.17%	3.91%	2.12%	5.52%	5.48%
Distributable profit, as restated	102.88	66.83	1.18	19.09	0.36	2.58
Net worth, as restated	943.87	840.89	239.94	71.76	32.89	32.43

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and capital advances and excluding revaluation reserve), Investments, current assets (excluding deferred tax assets and miscellaneous expenses not written off) revaluation reserve.

(2) Monetary assets include cash on hand and bank balances.

Further, we undertake that the number of allottees in the Issue shall be least 1000. Otherwise the entire application money shall be refunded forthwith . In case of dealy , if any, in refund, the Company shall pay interest on the application money an the rate of 15% p.a. for the period of delay

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND JM MORGAN STANLEY PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND JM MORGAN STANLEY PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 02, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ORISSA, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

DISCLAIMER STATEMENT FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGERS

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, www.visasteel.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us, the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

CAUTION

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata, India only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations vide letter dated [•] and this Red Herring Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Accordingly the Equity Shares are only being offered or sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act"), in reliance on Rule 144A under the Securities Act and outside the United States to certain Persons in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED

Bombay Stock Exchange Limited ("BSE" or "the Exchange") has given by its letter dated February 1, 2006, permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
2. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED

As required, a copy of the Offer Document has been submitted to the National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter no. NSE/LIST/20131-P dated February 3, 2006 permission to the Company to use the NSE's name in this Offer Document as one of the stock exchanges on which the Company's securities are proposed to be listed. NSE has scrutinised the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC, Orissa, located at Chalachitra Bhavan, II Floor, OSDC, Baxi Bazar, Cuttack Orissa - 753 001. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with RoC, Orissa, located at Chalachitra Bhavan, II Floor, OSDC, Baxi Bazar, Cuttack Orissa - 753 001. A copy of this Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

LISTING

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to this Issue; and (b) Book Running Lead Managers to this Issue and Syndicate Members, Registrar to this Issue and legal advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Lovelock & Lewes, Chartered Accountants, our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Lovelock & Lewes, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

EXPERT OPINION

We have not obtained any expert opinion.

EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in Million)

Activity	Expenses
Lead management, underwriting and selling commission	60.00
Advertisement and marketing expenses	20.00
Printing, stationery including transportation of the same	15.00
Other (Registrar's fees, legal fees, listing fees, etc.)	5.00
Total Estimated Issue Expenses	**100.00**

FEES PAYABLE TO THE BOOK RUNNING LEAD MANAGERS

The total fees payable to the Book Running Lead Managers including brokerage and selling commission for the Issue will be as stated in the Engagement Letter executed between the Company and the BRLMs dated December 30, 2005 copy of which is available for inspection at our Registered Office.

FEES PAYABLE TO THE REGISTRAR TO THIS ISSUE

The fees payable to the Registrar to this Issue will be as per the memorandum of understanding dated December 28, 2005, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its incorporation.

PREVIOUS RIGHTS AND PUBLIC ISSUES

We have not made any previous rights and public issues during the last five years.

ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except for Equity Shares allotted as consideration for the Amalgamation of Visa Energy Resources Limited with us, as stated in sections titled "Capital Structure" and "History and Other Corporate Matters" beginning on page 18 and 76 of this Red Herring Prospectus respectively, our Company has not issued any Equity Shares for consideration other than cash since incorporation.

OUTSTANDING DEBENTURES OR BONDS

As on the date of filing of this Red Herring Prospectus with SEBI, the Company does not have any outstanding debentures, bonds, redeemable preference shares or other financial instruments.

COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.

OPTION TO SUBSCRIBE

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

STOCK MARKET DATA FOR OUR EQUITY SHARES

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

PROMISE VERSUS PERFORMANCE – PREVIOUS ISSUES OF GROUP COMPANIES

Our Subsidiary, our Promoters or our Promoter Group Companies are not listed, and have not made any public issues in the past. Therefore, promise versus performance is not applicable to us.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The memorandum of understanding between the Registrar to this Issue and us will provide for retention of records with the Registrar to this Issue for a period of at least one year from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to this Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted a Share Transfer and Investor Grievance Committee at our Board meeting held on November 18, 2005 chaired by Mr. D.P. Bagchi, with Mr. Arvind Pande and Mr. Vishal Agarwal as members. Our Company has appointed Mr. Manoj Kumar Digga, Chief Financial Officer & Company Secretary as the Compliance Officer and his contact details are:

Mr. Manoj Kumar Digga
Chief Financial Officer and Company Secretary
VISA STEEL LIMITED
VISA House, 8/10, Alipore Road
Kolkata – 700 027
Tel.: +91 33 24567374
Fax: +91 33 24567218
Email: manoj.digga@visasteel.com

Investors may contact him in case of any pre-Issue or post-Issue problems.

CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS AND REASONS THEREFOR

There have been no changes of the auditors of our Company in the last three years.

CAPITALISATION OF RESERVES OR PROFITS

The Company has not capitalised its reserves or profits at any time since incorporation.

REVALUATION OF ASSETS

The Company has not revalued its assets in the past five years.

PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY

Except for statutory benefits available upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of 35,000,000 Equity Shares at a price of Rs. [•] for cash aggregating Rs. [•] million (hereinafter referred to as the "Issue") including Promoter's Contribution of 5,000,000 Equity Shares, and the Issue would constitute 31.82% of the post Issue paid-up capital of our Company. The Net Issue to Public will comprise 30,000,000 Equity Shares of face value Rs.10 each at a price of Rs. [•] per Equity Share, aggregating Rs. [•] million.

Particulars	**QIBs**	**Non Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Not more than 15,000,000 Equity Shares	Not less than 4,500,000 Equity Shares	Not less than 10,500,000 Equity Shares
Percentage of Issue size available for allocation	Upto 50% of the Net Issue to Public or the Net Issue to Public less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Minimum of 15% of the Net Issue to Public or the Net Issue to Public less Allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 35% of the Net Issue to Public or the Net Issue to Public less allocation to QIBs and Non Institutional Portion
Basis of Allocation or Allotment if respective category is oversubscribed.	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) The balance Equity Shares of QIB portion shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 100 Equity Shares so that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter	Such number of Equity Shares in multiples of 100 Equity Shares so that the Bid Amount exceeds Rs. 100,000	100 Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits.	Not exceeding the size of the Issue	Such number of Equity Shares in multiples of 100 Equity Shares so that the Bid Amount does not exceed Rs. 100,000

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Allotment Mode	Compulsory in dematerialised form	Compulsory in dematerialised form	Compulsory in dematerialised form
Trading Lot/Market Lot	One Equity Share	One Equity Share	One Equity Share
Bidding lot	100 Equity Shares	100 Equity Shares	100 Equity Shares
Who can Apply**	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million (subject to applicable law).	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for an amount up to Rs. 100,000.
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form shall be payable to the members of the Syndicate.	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form shall be payable to the members of the Syndicate.
Margin Amount	At least 10% of the Bid amount on Bidding	100% of the Bid Amount on Bidding	100% of the Bid Amount on Bidding

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than 750,000 Equity Shares (assuming QIB Portion is 50% of the Net Issue, i.e. 15,000,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

The Board of Directors has pursuant to a resolution passed at its meeting held on November 18, 2005 authorized the Issue. The Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of our Company held on November 18, 2005. The Finance and Banking Committee has pursuant to a resolution passed at its meeting held on February 14, 2006 approved this Red Herring Prospectus.

RANKING OF EQUITY SHARES

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled "Main Provisions of the Articles of Association of the Company" beginning on page 206 of this Red Herring Prospectus for a description of the Articles of Association.

MODE OF PAYMENT OF DIVIDEND

Payment of dividend by our Company, if recommended by our Board and declared at our general meeting, would be in any of the modes specified or permitted by the Act from time to time.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Red Herring Prospectus at a price of Rs. [•] per share. For QIBs atleast 10% of the Bid Amount is receivable on Bidding. For Non-Institutional Bidders, 100% of the Bid Amount is receivable on Bidding. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

COMPLIANCE WITH SEBI GUIDELINES

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDER

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of the Company" beginning on page 206 of this Red Herring Prospectus.

MARKET LOT & TRADING LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors in the demat segment of the Stock Exchanges. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of 100 Equity Shares.

JURISDICTION

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Kolkata, India.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a. to register himself or herself as the holder of the Equity Shares; or

b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

As per the policy of RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as per Section 73 of the Companies Act.

Our Company undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots is required.

RESTRICTIONS ON TRANSFER OF SHARES AND ALTERATION OF CAPITAL STRUCTURE

The restrictions, if any, on the transfer of our Equity Shares are contained in the section titled "Main provisions of our Articles of Association" beginning on page 206 of this Red Herring Prospectus.

ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue to Public shall be available for allocation on a proportionate basis to QIBs, including upto 5% of the QIB Portion which shall be available for allocation to Mutual Funds only. Further, not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Our Company, in consultation with the BRLMs, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of receipt of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

BID-CUM-APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, despatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non-repatriation basis	White
Non-Residents, NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

WHO CAN BID

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
6. Venture Capital Funds registered with SEBI;

7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
10. NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
11. Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
12. Insurance Companies registered with Insurance Regulatory and Development Authority;
13. Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
14. Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
15. Multilateral and Bilateral Development Financial Institutions; and

Note: The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

As per existing regulations, OCBs cannot Bid in this Issue.

APPLICATION BY MUTUAL FUNDS

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

APPLICATION BY FII's

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of 110,000,000 Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended for adoption.

APPLICATION BY NRIs

Bid cum application forms have been made available for NRIs at the registered office of our Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the blue coloured forms meant for applications on repatriation basis.

Bids by NRIs for a Bid Amount of up to less than Rs. 100,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than or equal to Rs. 100,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation. For further details, please refer to the sub-section titled "Maximum and Minimum Bid Size" beginning on page 188 of this Red Herring Prospectus.

APPLICATION BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/ foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations, and our Company and the BRLMs shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

MAXIMUM AND MINIMUM BID SIZE

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares in multiples of 100 Equity Share such that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI DIP Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

INFORMATION FOR BIDDERS

(a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

(d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs or

Syndicate Member or their authorised agent(s) to register their Bid.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

METHOD AND PROCESS OF BIDDING

(a) Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and one regional newspaper in Oriya. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

(c) The Bidding Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper in Oriya and the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding working 10 days.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids" beginning on page 192 of this Red Herring Prospectus.

(f) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" beginning on page 191 of this Red Herring Prospectus.

BIDS AT DIFFERENT PRICE LEVELS

(a) The Price Band has been fixed at Rs. 52 to Rs. 57 per Equity Share of Rs. 10 each, Rs. 52 being the lower end of the Price Band and Rs. 57 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).

(b) Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band, during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in this Red Herring Prospectus.

(c) In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper in Oriya, and also by indicating the change on the websites of the BRLMs, and at the terminals of the Syndicate Members and the Bidding Period shall be extended for a further period of three working days, subject to the total Bidding Period not exceeding thirteen days.

(d) Our Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined, which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the Allocation Amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 the Bid will be considered for allocation under the Non-Institutional portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size will be revised in order ensure that the Bid Amount payable on such application is the range of Rs. 5,000 to Rs. 7,000. The changes, regarding the same will be published and advertised in accordance with the provisions of SEBI guildlines.

ESCROW MECHANISM

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Account are per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

TERMS OF PAYMENT AND PAYMENT INTO THE ESCROW ACCOUNT

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please see the sub-section titled "Payment Instructions" beginning on page 197 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held in the Refund Account for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 181 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

ELECTRONIC REGISTRATION OF BIDS

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded at a regular interval in accordance with SEBI Guildlines and market practices, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)

- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid Amount
- Bid cum Application Form number.
- Whether payment is made upon submission of Bid cum Application Form.
- Margin Amount; and
- Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/ or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(h) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

BUILD UP OF THE BOOK AND REVISION OF BIDS

(a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

(h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(i) In case of discrepancy of data between BSE or NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

PRICE DISCOVERY AND ALLOCATION/ALLOTMENT

(a) After the Bid Closing Date /Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with us.

(b) Our Company, in consultation with the BRLMs, shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category to Bidders.

(c) The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue respectively, the allocation to QIBs for up to 50% of the Net Issue, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 750,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

(e) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(f) Our Company reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment without assigning any reasons whatsoever. In terms of the SEBI DIP Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

(a) The Company, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

(c) We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

FILING OF THE PROSPECTUS WITH THE ROC

We will file a copy of the Prospectus with the RoC, Orissa, located at Chalachitra Bhavan, II Floor, OSDC, Baxi Bazar, Cuttack, Orissa - 753 001. in terms of Section 56, Section 60 and Section 60B of the Companies Act.

ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on this Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one national newspaper and a Kannada newspaper.

ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

ISSUANCE OF CAN

(a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.

(b) The BRLMs or members of the Syndicate would despatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees. Our Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

(b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;

(c) Ensure that the details about Depository Participant and beneficiary account are correct as allotment of Equity Shares will be in the dematerialized form only;

(d) Investor must ensure that the name given in the Bid cum Application Form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;

(e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(f) Ensure that you have been given a TRS for all your Bid options;

(g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(h) Ensure that the Bid is within the Price Band;

(i) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form; and

(j) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

(k) Ensure that Demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;

(c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;

(d) Do not pay the Bid amount in cash;

(e) Do not provide your GIR number instead of your PAN as Bid is liable to be rejected on this ground;

(f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;

(g) Do not Bid at cut off price (for QIBs and non-institutional bidders);

(h) Do not Bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);

(i) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and

(j) Do not submit Bid accompanied with Stock invest.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

BIDS AND REVISIONS OF BIDS

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI, FII or foreign venture capital fund registered with SEBI applying on repatriation basis).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 100 Equity Shares so that the Bid Amount exceeds Rs.100,000. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

BIDDER'S BANK DETAILS

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk.

BIDDER'S DEPOSITORY ACCOUNT DETAILS

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as 'Demographic Details'). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/allocation advices and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure despatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application form, subject to such terms that we and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

PAYMENT INTO ESCROW ACCOUNT

1. The applicable Margin Amount for Non Institutional and Retail Individual Bidders is equal to 100% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   In case of Promoters: **"VISA STEEL LIMITED Escrow Account – Promoter"**

   In case of Resident QIBs : **"VISA STEEL LIMITED Escrow Account-R-QIB"**

   In case of Non Resident QIBs: **"VISA STEEL LIMITED Escrow Account-NR-QIB"**

   In case of Resident non-QIB Bidders: **"VISA STEEL LIMITED Escrow Account-R-Non QIB**"

   In case of Non-resident non-QIB Bidders - **"VISA STEEL LIMITED Escrow Account-NR-Non QIB"**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of our Company.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

PAYMENT BY STOCK INVEST

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

SUBMISSION OF BID-CUM-APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

JOINT BIDS IN THE CASE OF INDIVIDUALS

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the first Bidder and will be dispatched to his or her address.

MULTIPLE BIDS

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

PERMANENT ACCOUNT NUMBER (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/ are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/ or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/first Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

OUR RIGHT TO REJECT BIDS

In case of QIB Bidders, the Company, in consultation with the BRLMs may reject a bid placed by a qualified QIB for reasons to be recorded in writing, provided that such rejection shall be made at the time of receipt of the Bid and the reasons therefore shall be disclosed to the QIB Bidders. In case of QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUNDS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. Bank account details for refund are not given;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut Off Price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares which are not in multiples of 100;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and / or joint Bidders missing;
17. Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;

18. Bid cum Application Forms does not have Bidder's depository account details;
19. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
23. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
24. Bids not duly signed by the sole/joint Bidders;
25. Bids by OCBs; or
26. If GIR number is mentioned instead of PAN Number.

EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements are being signed among us, the respective Depositories and the Registrar to the Issue:

a) A tripartite agreement dated December 23, 2005 with NSDL, us and Registrar to the Issue;

b) A tripartite agreement dated February 6, 2006 with CDSL, us and Registrar to the Issue.

All Bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her Depository Account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.

c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.

f) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

g) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.

h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY

Our Company shall ensure despatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares. Our Company shall despatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall despatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI DIP Guidelines, our Company further undertakes that:

- allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- despatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if allotment is not made and refund orders are not despatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.
- Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 10,500,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 10,500,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of 100 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,500,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 4,500,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis subject to a minimum of 100 Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - (b) In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Except for any shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis subject to a minimum of 100 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allotment refer below.

METHOD OF PROPORTIONATE BASIS OF ALLOTMENT

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of 100 Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.

d) If the proportionate allotment to a Bidder is a number that is more than 100 but is not a multiple of 1 (which is the marketable lot), the number in excess of the multiple of 1 would be rounded off to the higher multiple of 1 if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of 1. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

e) In all bids where the proportionate allotment is less than 100 per Bidder, the allotment shall be made as follows:
   - Each successful Bidder shall be allotted a minimum of 100 Equity Shares; and
   - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

LETTERS OF ALLOTMENT OR REFUND ORDERS

We shall give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

DISPATCH OF REFUND ORDERS

We shall ensure dispatch of refund orders of value over Rs. 1500 and share certificates by registered post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by us.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/REFUND ORDERS

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the Bid/Issue Closing Date.

ISSUE PROGRAM

BID/ISSUE OPENS ON	**: THURSDAY**	**FEBRUARY**	**23,**	**2006**
BID/ISSUE CLOSES ON	**: MONDAY**	**FEBRUARY**	**27,**	**2006**

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the successful Bidders shall be despatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

(a) all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

(b) details of all monies utilised out of this Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilised monies have been invested; and

(c) Details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

(d) details of utilization of monies received under Promoters' Contribution shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilised monies have been utilised;

(e) details of all unutilized out of funds received under Promoters' Contribution shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested; and

(f) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued thereunder. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. As per current foreign investment policies:

(i) Private Indian companies setting up or operating power projects as well as coal or lignite mines for captive consumption are allowed FDI upto 100%;

(ii) FDI upto 74% is allowed for exploration or mining of coal of lignite for captive consumption;

(iii) For exploration and mining of minerals other than diamonds and precious stones, metallurgy and processing, FDI is allowed upto 100% under automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total issued share capital.

We have applied for an FIPB approval seeking permission for Non Resident Indians, FII's registered with SEBI, Foreign Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI and other permitted persons/entities, if any, resident outside India other than erstwhile Overseas Corporate Bodies to invest in the Issue in accordance with the Issue structure and the SEBI DIP Guidelines.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of our Company (11,000,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of our Company. With approval of our Board and that of the shareholders by way of a special resolution, the aggregate FII holding limit can be enhanced up to 100%; however till date no such resolution has been recommended to our shareholders for approval.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision hereinbelow is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

(i) PRELIMINARY

Title of Article	Article Number and contents
Table "A" not to apply but company to be governed by these Articles	1. The regulations contained in Table "A" in the First Schedule of the Companies Act, 1956 shall not apply to this Company, but these Articles for the management of the Company and for the observance of the Members thereof and their representatives shall subject to any exercise of the statutory powers of the Company with reference to the repeal of, alteration of, or addition to, its regulations/Articles by Special Resolution, as prescribed by the Companies Act, 1956 be such as are contained in these Articles.

(ii) ARTICLES RELATING TO RIGHTS OF MEMBERS REGARDING VOTING, DIVIDEND, LIEN ON SHARES, PROCESS FOR MODIFICATION OF SUCH RIGHTS AND FORFEITURE OF SHARES

VOTES OF MEMBERS

Title of Article	Article Number and contents
Member paying money in advance not to be entitled to vote in respect thereof	116. A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of moneys so paid by him until the same would but for such payment become presently payable.
Restriction on exercise of voting rights of Members who have not paid calls	117. No Member shall exercise any voting rights in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
Number of votes to which Member entitled	118. Subject to the provisions of Article 116, every Member of the Company holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative), or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder is present at any meeting of the Company, (save as provided in clause (b) of sub-section (2) of Section 87) he shall have a right to vote only on resolutions before the Meeting which directly affect the rights attached to his preference shares. A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceding the date on which the vote is taken.

Title of Article	Article Number and contents
Votes of Members of unsound mind	119. A Member of unsound mind, or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.
Votes of joint Members	120. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.
Representation of body corporate	121. (a) A body corporate (whether a company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of Debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body, to act as its representative at any Meeting of the Company or any class of shareholders of the Company or at any meeting of the creditors of the Company or Debenture-holders of the Company. A person authorised by resolutions aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, shareholder, creditor or holder of Debentures of the Company. The production of a copy of the resolution referred to above certified by a Director or the Secretary of such body corporate before the commencement of the Meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives' appointment and his right to vote thereat. (b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be the Governor may appoint such person as he thinks fit to act as his representative at any Meeting of the Company or at any meeting of any class of shareholders of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President, or as the case may be, the Governor could exercise as a Member of the Company.
Votes in respects of deceased or insolvent Members	122. Any person entitled under the Transmission Article to transfer any Shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares; provided that at least forty-eight hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such Shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Title of Article	Article Number and contents
Voting in person or by proxy	123. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.
Rights of Members to use votes differently	124. On a poll taken at a Meeting of the Company a Member entitled to more than one vote or his proxy, or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Proxies	125. Any Member of the Company entitled to attend and vote at a Meeting of the Company, shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right what so ever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Member of the Company.
Proxy either for specified meeting or for a period	126. An instrument of proxy may appoint a proxy either for the purposes of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
No proxy to vote on a show of hands	127. No proxy shall be entitled to vote by a show of hands.
Instrument of proxy when to be deposited	128. The instrument appointing a proxy and the Power of Attorney or authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or authority, shall be deposited at the Registered Office of the Company at least forty-eight hours before the time for holding the Meeting at which the person named in the instrument purposes to vote and in default the instrument of proxy shall not be treated as valid.
Form of Proxy	129. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act, and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by any officer or attorney duly authorised by it.
Validity of votes given by proxy notwithstanding revocation of authority	130. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any Power of Attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the Meeting or adjourned Meeting at which the proxy is used provided nevertheless that the Chairman of any Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.
Time for objection to vote	131. No objection shall be made to the qualification of any voter or to the validity of a vote except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting, shall be valid for all proposes and such objection made in due time shall be referred to the Chairman of the Meeting.

Title of Article	Article Number and contents
Chairman of any Meeting to be the judge of Validity of any value	132. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.
Custody of Instrument	133. If any such instrument of appointment is confined to the object of appointing at attorney or proxy for voting at Meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If such instrument embraces other objects, a copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIVIDENDS AND CAPITALISATION OF RESERVES

Title of Article	Article Number and contents
Division of profits	192. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares. (b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.
The Company at General Meeting may declare dividend	193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.
Dividends out of profits only	194. No dividend shall be payable except out of profits of the Company arrived at the manner provided for in Section 205 of the Act.
Interim dividend	195. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.
Debts may be deducted	196. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. (b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.

Title of Article	Article Number and contents
Capital paid-up in advance as interest not to earn dividend	197. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.
Dividends in proportion to amounts paid-up	198. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.
No Member to receive dividend while indebted to the Company and the Company's right in respect thereof	199. No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however either alone of jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any Member all such sums of money so due from him to the Company.
Effect of transfer of Shares	200. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.
Dividend to joint holders	201. Any one of several persons who are registered as joint holders of any Shares may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.
Dividend how remitted	202. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.
Notice of dividend	203. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.
Reserves	204. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Title of Article	Article Number and contents
Dividend to be paid within time required by law	205. The Company shall pay the dividend, or send the warrant in respect thereof to the shareholders entitled to the payment of dividend, within such time as may be required by law from the date of the declaration unless:- (a) where the dividend could not be paid by reason of the operation on any law; or (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with; or (c) where there is dispute regarding the right to receive the dividend; or (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.
Unclaimed dividend	206. No unclaimed dividend shall be forfeited by the Board and the Directors shall comply with the provisions of Section 205A of the Act as regards unclaimed dividends.
Set-off of calls against dividends	207. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the Members of such amount as the Meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members, be set off against the calls.
Dividends in cash	208. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up Bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.
Capitalisation	209. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) that is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportion. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards; (a) paying up any amount for the time being unpaid on any Shares held by such Members respectively, or (b) paying up in full unissued Shares of the Company to be allocated and distributed, credited as fully paid up, to and amongst Members in the proportion aforesaid, or

Title of Article	Article Number and contents
	(c) partly in the way specified in sub clause (a) and partly in that specified in sub-clause(b) (3) A share premium account and capital redemption reserve account may, for the purpose of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus shares.
Board to give effect	210. The Board shall give effect to the resolution passed by the Company in pursuance of above Article.

LIEN

Title of Article	Article Number and contents
Partial payment not to preclude forfeiture	43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
Company to have lien on Shares	44. The Company shall have first and paramount lien upon all Shares (other than fully paid up Shares) registered in the name of each Member whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such Shares and no equitable interests in any Share shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends from time to time declared in respect of Shares; PROVIDED THAT the Board of Directors may, at any time, declare any Share to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares shall operate as a waiver of the Company's lien if any, on such Shares.
As to enforcing lien by sale	45. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:- (a) Unless a sum in respect of which the lien exists is presently payable; or (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency. For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.

Title of Article	Article Number and contents
Application of proceeds of sale	46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES

Title of Article	Article Number and contents
If money payable on Shares not paid notice to be given	47. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
Sum payable on allotment to be deemed a call	48. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.
Form of notice	49. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.
In default of payment Shares to be forfeited	50. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
Notice of forfeiture to a Member	51. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Title of Article	Article Number and contents
Forfeited Shares to be the property of the Company and may be sold etc.	52. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.
Member still liable for money owning at the time of forfeiture and interest	53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.
Effects of forfeiture	54. The forfeiture of a Share shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share and all other rights incidental to the Share, except only such of those rights as by these Articles are expressly saved.
Power to annul forfeiture	55. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
Declaration of forfeiture	56. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. (b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of. (c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share. (d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment. (e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

Title of Article	Article Number and contents
Provisions of these articles as to forfeiture to apply in case of nonpayment of any sum.	57. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
Cancellation of shares certificates in respect of forfeited Shares	58. Upon sale, re-allotment or other disposal under the provisions of these Articles, the certificate or certificates originally issued in respect of the said Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.
Evidence of forfeiture	59. The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.
Validity of sale	60. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
Surrender of Shares	61. The Directors may subject to the provisions of the Act, accept a surrender or any share from any Member desirous of surrendering on such terms and conditions as they think fit.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Modification of rights	10. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of Shares of that class, and all the provisions hereafter contained as to General Meeting shall *mutatis mutandis* apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

Title of Article	Article Number and contents
	The rights conferred upon the holders of the Shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, dealt with or varied by the creation or issue of further Shares ranking *pari passu* therewith.

(iii) OTHER PROVISIONS OF THE ARTICLES OF ASSOCIATION

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Title of Article	Article Number and contents
Share Capital	3. The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.
Increase of capital by the Company how carried into effect	4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.
Non Voting Shares	5. The Board shall have the power to issue a part of authorised capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
Redeemable Preference Shares	6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
Provisions to apply on issue of Redeemable Preference Shares	7. On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect: (a) No such Shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption. (b) No such Shares shall be redeemed unless they are fully paid. (c) The premium, if any payable on redemption shall have been provided for out of the

Title of Article	Article Number and contents
	profits of the Company or out of the Company's share premium account, before the Shares are redeemed. (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company. (e) Subject to the provisions of Section 80 of the Act., the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.
Reduction of capital	8. The Company may (subject to the provisions of Sections 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.
Purchase of own Shares	8A. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.
Sub-division consolidation and cancellation of Shares	9. Subject to the provisions of Section 94 and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them and the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-divisions, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other(s). Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

SHARES, CERTIFICATES AND DEMATERIALISATION

Title of Article	Article Number and contents
Restriction on allotment and return of allotment	11. The Board of Directors shall observe the restrictions on allotment of Shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
Shares under control of Directors	13. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company as payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
Power to offer Shares/options to acquire Shares	13A (i) Without prejudice to the generality of the powers of the Board under Article 13 or in any other Article of these Articles of Association, the Board or any Committee thereof duly constituted may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, at any point of time, offer existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) to its employees, including Directors (whether whole-time or not), whether at par, at discount or at a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. (ii) In addition to the powers of the Board under Article 13A(i), the Board may also allot the Shares referred to in Article 13A(i) to any trust, whose principal objects would inter alia include further transferring such Shares to the Company's employees [including by way of options, as referred to in Article 13A(i)] in accordance with the directions of the Board or any Committee thereof duly constituted for this purpose. The Board may make such provision of moneys for the purposes of such trust, as it deems fit. (iii) The Board, or any Committee thereof duly authorised for this purpose, may do all such acts, deeds, things, etc. as may be necessary or expedient for the purposes of achieving the objectives set out in Articles 13A(i) and (ii) above.

Title of Article	Article Number and contents
Power also to Company in General Meeting to issue Shares	15. In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or buy allotted Shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any Shares.
Power of General Meeting to authorize Board to offer Shares/ Options to employees	15A (i) Without prejudice to the generality of the powers of the General Meeting under Article 15 or in any other Article of these Articles of Association, the General Meeting may, subject to the applicable provisions of the Act, rules notified thereunder and any other applicable laws, rules and regulations, determine, or give the right to the Board or any Committee thereof to determine, that any existing or further Shares (consequent to increase of share capital) of the Company, or options to acquire such Shares at any point of time, whether such options are granted by way of warrants or in any other manner (subject to such consents and permissions as may be required) be allotted/granted to its employees, including Directors (whether whole-time or not), whether at par, at discount or a premium, for cash or for consideration other than cash, or any combination thereof as may be permitted by law for the time being in force. The General Meeting may also approve any Scheme/Plan/ other writing, as may be set out before it, for the aforesaid purpose. (ii) In addition to the powers contained in Article 15A(i), the General Meeting may authorise the Board or any Committee thereof to exercise all such powers and do all such things as may be necessary or expedient to achieve the objectives of any Scheme/Plan/other writing approved under the aforesaid Article.
The Board may issue Shares as fully paid-up	18. Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Capital of the Company as payment for any property purchased or acquired or for services rendered to the Company in the conduct of its business or in satisfaction of any other lawful consideration. Shares which may be so issued may be issued as fully paid-up or partly paid up Shares.
Acceptance of Shares	19. Any application signed by or on behalf of an applicant for Share(s) in the Company, followed by an allotment of any Share therein, shall be an acceptance of Share(s) within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is therefore placed on the Register of Members shall for the purpose of this Article, be a Member.

Title of Article	Article Number and contents
Deposit and call etc., to be debt payable	20. The money, if any which the Board of Directors shall on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
Liability of Members	21. Every Member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to pay to the Company the portion of the capital represented by his Share which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's requirements require or fix for the payment thereof.
Dematerialisation of securities	21.(A) **Definitions** **Beneficial Owner** "Beneficial Owner" means a person whose name is recorded as such with a Depository. **SEBI** "SEBI" means the Securities and Exchange Board of India. **Bye-Laws** "Bye-Laws" mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996; **Depositories Act.** "Depositories Act" means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force; **Depository** "Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992; **Record** "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI; **Regulations** "Regulations" mean the regulations made by SEBI; **Security** "Security" means such security as may be specified by SEBI.
Dematerialisation of securities	21.(B) Either on the Company or on the investor exercising an option to hold his Securities with a Depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Title of Article	Article Number and contents
Options to receive security certificates or hold securities with depository	21.(C) Every person subscribing to Securities offered by the Company shall have the option to receive the Security certificates or hold Securities with a Depository. Where a person opts to hold a Security with a depository, the Company shall intimate such Depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.
Securities in depositories to be in fungible form	21.(D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
Rights of depositories and beneficial owners	21.(E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner; (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it; (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.
Depository to Furnish Information	21.(F) Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Option to Opt out in respect of any security	21.(G) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
Sections 83 and 108 of the Act not to apply	21.(H) Notwithstanding anything to the contrary contained in the Articles: (1) Section 83 of the Act shall not apply to the Shares held with a Depository; (2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

Title of Article	Article Number and contents
Share certificate	22. (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots for all the shares of each class or denomination registered in his name, or if the Board so approves (upon paying such fee as the Board may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of the application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. (b) Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Board may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
New certificate to be granted on delivery of the old certificates	24. New certificates shall not be granted under the provisions of the forgoing Article except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof thereof to the satisfaction of the Directors and on such indemnity being given and upon such advertisement being published as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf. The provisions of this Article shall *mutatis mutandis* apply to Debentures of the
Company. The first name joint holder deemed sole holder	25. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.
Trust recognised	27. (a) Except as ordered, by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any Share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Title of Article	Article Number and contents
	(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor or of a person of unsound mind (except in case where they are fully paid) or in the name of any firm or partnership.

CALLS

Title of Article	Article Number and contents
Directors may make calls	35. (a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution)make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call. (b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
Evidence in action by Company against shareholder	41. On the trial of hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered is entered on the Register of Members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which the money is sought to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	42. The Board of Directors may, if it thinks fit, subject to the provisions of the Act, agree to and receive from any Member willing to advance the same, all or any part of the amount due upon the Shares held by him beyond the sums actually called for and upon the money so paid up in advance or so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and in respect of its Shares on account of which such advances are made, the Board of Directors may pay or allow interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, fifteen per cent per annum as the Member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such Member three months' notice in writing. Money so paid in advance of the amount of calls shall not confer a right to participate in profits or dividends.

Title of Article	Article Number and contents
	No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment presently payable. The provisions of this Article shall mutatis mutandis apply to the calls on Debentures of the Company.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
No transfers to minors etc.	62. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Execution transfer	65. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. The transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof.
Directors may refuse to register transfer	68. Subject to the provisions of Section 111 of the Act, Section 22A of the Securities Contract (Regulation) Act, 1956 and all other laws, rules, regulations and statutory agreements, if any, applicable to the Company or any statutory modification thereof for the time being in force, the Directors may at any time in their own absolute and uncontrolled discretion decline to register or acknowledge any transfer of any Share and in particular may so decline in any case in which the Company has a lien upon the Shares desired to be transferred or any call or installment regarding any of them remain unpaid or if the transferee is not approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a Member. The registration of transfer shall be conclusive an evidence of the approval of the Directors of the transferee. Registration of a transfer shall not be refused on the grounds of the transfer being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has exercised its right of lien on the Shares. Transfer of Shares/Debentures in whatever lot shall not be refused.
Death of one or more joint holders of Shares	69. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.
Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)	72. Subject to the provisions of the Act and Article 71 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes

Title of Article	Article Number and contents
	to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".
Refusal to register nominee	73. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any Share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.
No fees on transfer or transmissions	75. No fee shall be charged for registration of transfer, Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.
Company not liable for disregard of a notice prohibiting registration of transfer	77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

SHARE WARRANTS

Title of Article	Article Number and contents
Power to issue share warrants	78. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Title of Article	Article Number and contents
Share may be converted into stock	82. The Company may, by Ordinary Resolution : (a) Convert any fully paid up Share into stock, and (b) Reconvert any stock into fully paid-up Shares

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	86. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
The payment or repayment of moneys borrowed	87. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Terms of issue of Debentures	88. Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on conditions that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing allotment of Shares, attending (but not voting) at General Meeting, appointment of Directors and otherwise; however, Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.
Mortgage of uncalled capital	89. If any uncalled capital of the Company is included in or charged by mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security has been executed.

MEETING OF MEMBERS

Title of Article	Article Number and contents
Notice of business to be given	101. No General Meeting, Annual or Extra-ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the Meeting.
Chairman's casting vote	112. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	134. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than sixteen.
Debenture Directors	136. Any Trust Deed for securing Debentures may if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of Debentures, of some person to be a Director of the Company and may empower such Trustees or holder of Debentures, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions contained herein.
Nominee Director or Corporation Director	137. (a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to Industrial Finance Corporation of India (IFCI),ICICI Ltd.(ICICI), The Industrial Development Bank of India (IDBI) or any other financing company or body out of any loans granted or to be granted by them to the Company or so long as IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body (each of which IFCI, ICICI, IDBI or any other financing corporation or credit corporation or any other financing company or body is hereinafter in this Article referred to as "The Corporation") continue to hold Debentures in the Company by direct subscription or private placement, or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director(s)") on the Board of the Company and to remove

Title of Article	Article Number and contents
	from such office any persons so appointed and to appoint any person or persons in his/ their places. (b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). Such Nominee Director(s) shall not be required to hold any Share qualification in the Company. Further Nominee Director shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the obligations as any other Director of the Company. (c) The Nominee Director(s) so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation and the Nominee Director/s so appointed in exercise of the said power, shall ipso facto vacate such office immediately on the moneys owing by the Company to the Corporation being paid off. (d) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and all the Meetings of the Committee of which the Nominee Director(s) is/are Member(s) as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. (e) The sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any other fees, commission, moneys or remuneration in any form is payable to the Nominee Director of the Company, such fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s), in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s provided that if any such Nominee Director/s is/are an officer(s) of the Corporation. (f) Provided also that in the event of the Nominee Director(s) being appointed as Wholetime Director(s); such Nominee Director/s shall exercise such power and duties as may be approved by the lenders and have such rights as are usually exercised or available to a whole-time Director in the management of the affairs of Company. Such Nominee Director shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation(s) nominated by him.
Alternate Director	139. The Board may appoint, an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such Meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director

Title of Article	Article Number and contents
	returns to the State in which the meetings of the Board are ordinarily held and if the term of office of the Original Director is determined before he returns to as aforesaid, any provisions in the Act or in these Articles for automatic reappointment of retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director.
Directors may fill in vacancies	140. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.
Additional Directors	141. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only upto the date of the next Annual General Meeting and shall be eligible for election at such Meeting.
Qualification shares	142. A Director need not hold any qualification shares.
Directors' sitting fees	143. The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine.
Extra remuneration to Directors for special work	144. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided. Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either: i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or ii) by way of commission if the Company by a Special Resolution authorised such payment.

Title of Article	Article Number and contents
Directors and Managing Director may contract with Company	150. Subject to the provisions of the Act the Directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contracts or arrangement entered into by or on behalf of the Company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided nor shall any Director so contracting be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Section 300 and 301 of the Act shall be duly observed and complied with.
Director may be director of companies promoted by the Company	154. A Director may be or become a director of any company promoted by the Company, or in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefit received as director or shareholder of such company except in so far Section 309(6) or Section 314 of the Act may be applicable.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Title of Article	Article Number and contents
Powers of Board meeting	179. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act, or the Articles for the time being of the Company which are vested in or exercisable by the Board of Directors generally.
Acts of Board or Committee valid not withstanding defect in appointment	183. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered; that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid; or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provision contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director; provided nothing in the Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF THE BOARD

Title of Article	Article Number and contents
General powers of management vested in the Board of Directors	184. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such

Title of Article	Article Number and contents
	regulations being not inconsistent with the aforesaid Articles, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting :- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking; (b) remit, or give time for the repayment of, any debut due by a Director, (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition or any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding whichever is greater, provided that the Company in the General Meeting or the Board of Directors shall not contribute any amount to any political party or for any political purposes to any individual or body; (i) Provided that in respect of the matter referred to in clause (d) and clause (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) of as the case may be total amount which may be contributed to charitable or other funds in a financial year under clause (e) (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.
Certain powers of the Board	186. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power: (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

Title of Article	Article Number and contents
	(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act. (3) Subject to Section 292 and 297 and other provisions applicable of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit. (6) To accept from any Member, as far as may be permissible by law to a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed. (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees. (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon either according to Indian law or according to foreign law and either in India or abroad and to observe and perform or challenge any award made thereon. (9) To act on behalf of the Company in all matters relating to bankruptcy and insolvency, winding up and liquidation of companies. (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company. (11) Subject to the provisions of Sections 291, 292, 295, 370,372 and all other applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name. (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain

Title of Article	Article Number and contents
	a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
	(13) To open bank account and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
	(14) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and to give to any, Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as a part of the working expenses of the Company.
	(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 293(1)(e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.
	(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as reserve fund or any special fund to meet contingencies or to repay redeemable preference shares or debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the general reserve or reserve fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares or debentures or debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of

Title of Article	Article Number and contents
	such funds interest at such rate as the Board may think proper. (17) To appoint, and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the general conferred by this sub-clause. (17A) To appoint or authorize appointment of officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants. Provided further that the Board may delegate matters relating to allocation of duties, functions, reporting etc. of such persons to the Managing Director or Manager. (18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration or salaries or emoluments. (19) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation. (20) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or person to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them.

Title of Article	Article Number and contents
	(21) Subject to Sections 294 and 297 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. (22) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants. (23) To purchase or otherwise acquire any land, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorized to carry on in any part of India. (24) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situated in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit. And in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory. (25) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. (26) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how. (27) To sell from time to time any articles, materials, machinery, plants, stores and other articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products. (28) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient. (29) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate. (30) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose of, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

Title of Article	Article Number and contents
	(31) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit. (32) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

ACCOUNTS

Title of Article	Article Number and contents
Accounts when audited and approved to be conclusive except as to errors discovered within 3 months	218. Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within the next three months after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected, and amendments effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval and, on such approval, shall be conclusive.

DOCUMENTS AND NOTICES

Title of Article	Article Number and contents
Members bound by documents or notices served on or given to previous holders	220. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which prior to his name and address being entered in the Register of Members shall have been duly served on or given to the person from whom he derived, his title to such Share.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of filing of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus have been delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 11, Ekamra Kanan, Nayapalli, Bhubaneswar – 751 015, Orissa from 10.00 a.m. to 4.00 p.m. on working days from the date of filing of this Red Herring Prospectus until the Bid Closing Date / Issue Closing Date of this Issue.

MATERIAL CONTRACTS FOR INSPECTION

1. Letter of Engagement dated November 18, 2005 from Enam and JMMS offering their services to act as BRLMs and Company's acceptance thereto.
2. Memorandum of Understanding dated December 30, 2005 between the Company, the BRLMs to this Issue.
3. Memorandum of Understanding dated December 28, 2005 between the Company and Karvy Computershare Private Limited as Registrars.
4. Engagement letter December 29, 2005 M/s. Khaitan & Co. as Legal Advisors to the Company in relation to the Issue.

MATERIAL DOCUMENTS FOR INSPECTION

1. Certified true copies of the Memorandum and Articles of Association of the Company, as amended from time to time.
2. Certified true copies of the Memorandum and Articles of Association of GML, as amended from time to time.
3. Certificate of Incorporation of the Company dated September 10, 1996.
4. Fresh Certificate of Incorporation consequent to change of name of the Company from VISA INDUSTRIES LIMITED to VISA STEEL LIMITED dated May 4, 2005.
5. Certified True Copies of the Amalgamation Documents.
6. Certificate of Incorporation of GML dated October 20, 2003.
7. Extraordinary General Meeting resolution dated November 18, 2005 and the resolution of the Board dated November 18, 2005 authorizing this Issue.
8. Copies of the Annual Reports of the Company for the years ended March 31, 2001; March 31, 2002; March 31, 2003; March 31, 2004 and March 31, 2005.
9. Copy of the Statement of Tax Benefits report dated February 13, 2006 issued by M/s. Lovelock & Lewes, Chartered Accountants.
10. Auditors' Report dated February 7, 2006 issued by M/s. Lovelock & Lewes, Chartered Accountants.
11. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, legal advisors to this Company, legal advisers to the Underwriters, Directors, Company Secretary, Registrar to this Issue, Bankers to this Issue, Compliance Officer as referred to, in their respective capacities.
12. Listing application filed with the NSE and the BSE, respectively.
13. In-principle listing approvals dated February 1, 2006 and February 3, 2006 from BSE and NSE, respectively.
14. Tripartite agreement between the NSDL, our Company and the Registrar dated December 23, 2005.
15. Tripartite agreement between the CDSL, our Company and the Registrar dated February 6, 2006.
16. Due diligence Certificate dated January 2, 2006 to SEBI from Enam and JMMS.
17. SEBI observation letter dated February 14, 2006.

18. Land Lease Agreement dated August 28, 2004 entered into with IDCO in relation for the 390 acres of land required for the Project.
19. Chairman's Agreement between Mr. Vishambhar Saran and our Company dated December 15, 2005
20. Letter of Ministry of Company Affairs, Government of India dated July 27, 2005 approving Mr. Vishambhar Saran's remuneration.
21. Letter dated August 13, 2005 from our Company to Ministry of Company Affairs requesting for change in terms of remuneration approved by the Central Government.
22. Certified copy of resolution passed at Annual General Meeting held on August 1, 2005 for appointment of Mr. Vishal Agarwal as Managing Director.
23. Trade Marks Licensed User Agreement dated November 30, 2005 entered into by and between Visa International Limited and our Company.
24. Shareholders Agreement dated May 11, 2005 between Visa Steel Limited, Orissa Industries Limited and Ghotaringa Minerals Limited.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of VISA STEEL LIMITED, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in this Red Herring Prospectus are true and correct.

Signed by all the Directors

Mr. Vishambhar Saran, Chairman*

Mr. Vishal Agarwal, Managing Director

Mr. Maya Shanker Verma, Director*

Mr. Arvind Pande, Director*

Mr. Debi Prasad Bagchi, Director*

Mr. Pradip Kumar Khaitan, Director *

Dr. Shailendra Kumar Tamotia, Director*

Mr. Vikas Agarwal, Director*

Mr. Vivek Agarwal, Director*

Mr. Shanti Narain, Additional Director*

*through their duly constituted attorney, Mr. Vishal Agarwal, Managing Director

Signed by the Managing Director

Mr. Vishal Agarwal

Signed by the Chief Financial Officer

Mr. Manoj Kumar Digga

Date: February 14, 2006

Place: Mumbai