RED HERRING PROSPECTUS
Dated September 11, 2010
Please read Sections 60B of the Companies Act, 1956
100% Book Building Issue

ELECTROSTEEL STEELS LIMITED

(FORMERLY KNOWN AS ELECTROSTEEL INTEGRATED LIMITED)

Our Company was incorporated as "Electrosteel Integrated Limited" on December 20, 2006 as a public limited company under the Companies Act, 1956. The name of our Company was changed to "Electrosteel Steels Limited" on May 5, 2010. For further details, please refer to the section titled "History and Other Corporate Matters" on page 128 of this Red Herring Prospectus.

Registered Office: 801, Uma Shanti Apartments, Kanke Road, Ranchi – 834 008, Jharkhand, India **Tel:** +91 651 2231636; **Fax:** +91 651 2231636
Corporate Office: G.K Tower, 19 Camac Street, Kolkata 700 017, West Bengal, India
Contact Person: Mr. Vikram Saraogi, Company Secretary and Compliance Officer; **Tel No:** +91 33 2283 9990; **Fax:** +91 33 22902882/ +91 33 22894339
Email: eil.investors@electrosteel.com; **Website:** http://www.electrosteel.com/steels/index.htm

THE PROMOTER OF OUR COMPANY IS ELECTROSTEEL CASTINGS LIMITED

PUBLIC ISSUE OF 225,516,188 EQUITY SHARES OF Rs. 10 EACH OF ELECTROSTEEL STEELS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING TO Rs. [●] MILLION (THE "ISSUE"). THERE WILL ALSO BE A GREEN SHOE OPTION OF UP TO 33,827,428 EQUITY SHARES FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE NOT EXCEEDING Rs. [●] MILLION (THE "GREEN SHOE OPTION"). THE ISSUE AND THE GREEN SHOE OPTION, IF EXERCISED IN FULL, WILL AGGREGATE TO 259,343,616 EQUITY SHARES AMOUNTING TO RS. [●]. THE ISSUE WILL CONSTITUTE 11.08% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY ASSUMING THAT THE GREEN SHOE OPTION IS NOT EXERCISED AND 12.54% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF OUR COMPANY ASSUMING THAT THE GREEN SHOE OPTION IS EXERCISED IN FULL.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.
THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND ADVERTISED IN TWO NATIONAL NEWSPAPERS (ONE EACH IN ENGLISH AND HINDI) AND A REGIONAL LANGUAGE NEWSPAPER (HINDI) WITH WIDE CIRCULATION AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after such revision of the Price Band, subject to the Bidding/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to National Stock Exchange of India Limited ("**NSE**") and Bombay Stock Exchange Limited ("**BSE**"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("**BRLMs**") and at the terminals of the other members of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contracts Regulations Rules, 1957 ("**SCRR**"), this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIB Bidders. Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis (the "**Anchor Investor Portion**"), out of which up to one third will be available for allocation to domestic mutual funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the unsubscribed non-allocated Equity Shares from the Anchor Investor Portion will be added to the remainder of the QIB Portion, after deducting the Anchor Investor Portion, which has been subscribed and allocated Equity Shares (the "**Net QIB Portion**") 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue 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.

IPO GRADING

This Issue has been graded by CARE and has been ascribed the IPO Grade 3, indicating Average fundamentals through its letter dated May 24, 2010, further revalidated by the letter dated August 4, 2010 for a period of 2 months from August 4, 2010. For details see section titled "General Information" on page 32 of this Red Herring Prospectus. The IPO grading is assigned on a fix point scale of 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares is Rs. 10 each.** The floor price is [●] times of the face value and the cap price is [●] times of the face value. The Issue Price (has been determined and justified by our Company in consultation with the BRLMs, as stated under the paragraph on 'Basis of Issue Price') 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 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 our Company and the Issue, including the risks involved. The Equity Shares offered in the 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 the contents of this Red Herring Prospectus. **Specific attention of the investors is invited to "Risk Factors" on page 1 of this Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Issue, that the information contained in this 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 make 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 offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received an 'in-principle' approval from the NSE and the BSE, for the listing of the Equity Shares pursuant to letters dated June 24, 2010 and May 19, 2010, respectively. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
Edelweiss Ideas create, values protect	ENAM	SBI Capital Markets Limited	KARVY Karvy Computershare Private Limited
EDELWEISS CAPITAL LIMITED 14th floor, Express Towers, Nariman Point, Mumbai – 400 021, India. Tel.: +91 22 4086 3535 Fax: +91 22 4086 3610 E-mail: eil.ipo@edelcap.com Investor Grievance Id: customerservice.mb@edelcap.com Website: www.edelcap.com Contact Person: Mr. Sumeet Lath / Mr. Jibi Jacob SEBI Registration No.: INM0000010650	**ENAM SECURITIES PRIVATE LIMITED** 801, Dalamal Tower, Nariman Point, Mumbai 400 021, India. Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: electrosteel.ipo@enam.com Investor Grievance Email: complaints@enam.com Website: www.enam.com Contact Person: Mr. Sonal Sinha SEBI Registration No.: INM000006856	**SBI CAPITAL MARKETS LIMITED** 202, Maker Tower 'E', Cuff Parade, Mumbai 400 005 Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: electrosteel.ipo@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Murtuza Patrawala SEBI Registration No.: INM000003531	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081, Andhra Pradesh, India Tel: + 91 40 2342 0815-28, Fax: + 91 40 2342 0814 E-mail: electro.ipo@karvy.com; Website: http://karisma.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration Number: INR 000000221

BID/ISSUE PROGRAMME*	
BID/ISSUE OPENS ON	**TUESDAY, SEPTEMBER 21, 2010***
FOR QIB BIDDERS, BID/ISSUE CLOSES ON	**THURSDAY, SEPTEMBER 23, 2010****
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS, BID/ISSUE CLOSES ON	**FRIDAY, SEPTEMBER 24, 2010**

** Our Company may consider participation by Anchor Investors. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date*
***The Bid for QIB Bidders will close one day prior to the Bid/Issue Close Date*

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SECTION 1: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"We", "Us" or "Our", "the Company", "our Company", "the Issuer" or "ESL"	Unless the context otherwise requires, refers to Electrosteel Steels Limited (formerly known as Electrosteel Integrated Limited), a public limited company incorporated under the Companies Act

Company Related Terms

Term	Description
Articles/Articles of Association	The articles of association of our Company
Auditors	The statutory auditors of our Company namely B. Chhawchharia & Co, Chartered Accountants
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof
Director(s)	Director(s) of our Company, unless otherwise specified
ECL	Electrosteel Castings Limited
FTAMIL	Franklin Templeton Asset Management (India) Private Limited
FTPES	Franklin Templeton Private Equity Scheme – A/s PMS
GPC	GPC Mauritius II LLC
Group Company	Group Company includes those companies, firms and ventures promoted by our Promoter, ECL, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in the chapter titled "Group Companies" on page 160 of this Red Herring Prospectus
JP Financial	JP Financial Services Limited
Memorandum/ Memorandum of Association	The memorandum of association of our Company
PGS Invest	PGS Invest Limited
Project	Setting up of the 2.2 MTPA integrated steel and ductile iron pipe plant at Bokaro, Jharkhand
Promoter	The promoter of our Company, namely, Electrosteel Castings Limited, a company incorporated under the laws of India, having its registered office at Rathod Colony, Rajgangpur, Orissa - 770 017.
Promoter Group	The persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI ICDR Regulations, specifically enumerated in the chapter titled "Group Companies" beginning on page 160 of this Red Herring Prospectus
Registered Office	The registered office of our Company, located at 801, Uma Shanti Apartments, Kanke Road, Ranchi 834 008, Jharkhand
Renaissance Asset Management	Renaissance Asset Management Company Private Limited
Renaissance Group	Renaissance Asset Management Company Private Limited and Shri Finance and Chaitanya Parivar Trust
Roundabout Finance	Roundabout Finance Limited
Starbridge Finance	Starbridge Finance Limited
Stemcor Mesa	Stemcor Mesa DMCC
Stemcor Cast Iron	Stemcor Cast Iron Investments Limited

Issue Related Terms

Term	Description
Allotment/Allot	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying in the Anchor Investor Portion, who has Bid for Equity Shares amounting to at least Rs. 100,000,000.
Anchor Investor Bid/Issue Period	The date one day prior to the Bid/Issue Opening Date on which bidding by Anchor Investors shall open and shall be completed.
Anchor Investor Issue Price	The final price at which our Equity Shares will be issued and Allotted in terms of the RHP and the Prospectus to the Anchor Investors, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Portion	The portion of the QIB Portion comprising up to 40,592,914 Equity Shares, being up to 30% of the QIB Portion. One-third of the Anchor Investor Portion shall be reserved for domestic mutual funds, subject to valid Bids being received from domestic mutual funds at or above the price at which allocation is being done to Anchor Investors.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by an ASBA Bidder to make a Bid authorising a SCSB to block the Bid Amount in their specified bank account maintained with the SCSB Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges
ASBA Bidder	Any Bidder, who intends to apply through ASBA (except Anchor Investors)
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the application money of the ASBA Bidder
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)
Banker(s) to the Issue/Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case being Axis Bank Limited, HDFC Bank Limited, Standard Chartered Bank and State Bank of India
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 336 of this Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a Bidder, or during the Anchor Investor Bid / Issue period by an Anchor Investor, to subscribe to Equity Shares at a price within the Price Band pursuant to the Red Herring Prospectus and the Bid cum Application Form, or the Revision Form as the case may be. For ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares at Cut-off Price.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and which is payable by the Bidder on submission of the Bid in the Issue
Bidding Centres	Centres established by the Escrow Collection Banks for acceptance of Bid cum Application Form
Bid /Issue Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and SCSBs will not accept any Bids for the Issue, which shall be notified in

Term	Description
	an English national newspaper, a Hindi national newspaper and a regional language (Hindi) newspaper, each with wide circulation. Bid/Issue Closing date for QIB Bidders shall be September 23, 2010 and for Retail Individual Bidders and Non Institutional Bidders shall be September 24, 2010
Bid /Issue Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and SCSBs shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language (Hindi) newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and Anchor Investor
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, including any revisions thereof
Book Building Process/Method	Book building route as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made
Business Day	Any day on which commercial banks in Mumbai are open for business
BRLMs/ Book Running Lead Managers	Edelweiss Capital Limited, Enam Securities Private Limited and SBI Capital Markets Limited
Issue Agreement	The agreement entered into on March 23, 2010 between our Company and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
CAN/Confirmation of Allocation Note	Note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Controlling Branches	Such branches of the SCSB which coordinates Bid in the Issue with ASBA Bidder with the BRLMs, the Registrar to the Issue and the Stock Exchanges
Cut-off Price	Issue Price, finalised by our Company in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut Off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	BSE
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated March 25, 2010 issued in accordance with section 60B of the Companies Act and the SEBI ICDR Regulations, filed with SEBI and does not contain complete particulars of the price at which the Equity Shares are issued and size (in terms of value) of the Issue.
Edelweiss	Edelweiss Capital Limited

Term	Description
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Enam	Enam Securities Private Limited
Equity Shares	Equity shares of our Company of Rs. 10 each, unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Green Shoe Lender	Electrosteel Castings Limited
Green Shoe Option	An option to the BRLMs and our Company, in consultation with the Stabilizing Agent, to allocate Equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilization mechanism in accordance with Regulation 45 of the SEBI ICDR Regulations, which is to be exercised through the Stabilizing Agent
Green Shoe Portion	The portion in excess of the Issue being up to 33,827,428 Equity Shares not exceeding Rs. [•] million if exercised in full
GSO Bank Account	The bank account opened by the Stabilizing Agent under the Stabilization Agreement
GSO Demat Account	The demat account opened by the Stabilizing Agent under the Stabilization Agreement
Issue	Public issue of 225,516,188 Equity Shares for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] million.
Issue Price	The final price at which Equity Shares will be issued and allotted to successful bidders, which may be equal to or less than the Anchor Investor Issue Price, in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLMs on the Pricing Date
Issue Proceeds	Gross proceeds to be raised by our company through this Issue
Mutual Fund Portion	5% of the Net QIB Portion or 4,735,840 Equity Shares available for allocation to Mutual Funds only, out of the Net QIB Portion on proportionate basis
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see chapter titled "Objects of the Issue" on page 65 of this Red Herring Prospectus
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares allocated to the Anchor Investors, being a minimum of 94,716,799 Equity Shares to be allocated to QIBs on a proportionate basis.
Non-Institutional Bidders	All Bidders that are not QIBs (including Anchor Investor) or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000, including eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 22,551,619 Equity Shares available for allocation to Non-Institutional Bidders
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Over Allotment Shares	Equity Shares allotted pursuant to the Green Shoe Option

Term	Description
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable, and which shall with respect to the Anchor Investors, be a date not later than two days after the Bid Closing Date
Pay in Period	The period commencing on Bid/Issue Opening Date and extending until the closure of Pay In Date With respect to the Anchor Investors, it shall be the Anchor Investor Bid/Issue Period and extending until two working days after the Bid/Issue Closing Date
Pre-IPO Placement	A pre-placement of Equity Shares to various investors made by the Company prior to the filing of the Red Herring Prospectus with the RoC
Price Band	Price band of a minimum price of Rs. [●] (Floor Price) and the maximum price of Rs. [●] (Cap Price) and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised in two national newspapers (one each in English and Hindi) and in one regional language (Hindi) newspaper with wide circulation at least two working days prior to the Bid/Issue Opening Date
Pricing Date	The date on which our Company, in consultation with the BRLMs, finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Portion	The portion of the Issue being at least 135,309,713 Equity Shares of Rs. 10 each to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of two fifty million rupees; (ix) a pension fund with minimum corpus of two fifty million rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and (xi) insurance funds set up and managed by army, navy or air force of the Union of India.
Red Herring Prospectus	The red herring prospectus dated September 11, 2010 to be issued in accordance with section 60B of the Companies Act which does not have complete particulars of the price at which the Equity Shares are offered and which will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidder) shall be made
Refund Banker(s)	HDFC Bank Limited and State Bank of India
Refunds through electronic transfer of funds	Refunds through NEFT, ECS, Direct Credit, RTGS or the ASBA process, as applicable

Term	Description
Registrar/Registrar to the Issue	Karvy Computershare Private Limited
Resident Retail Individual Investor or RRII	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has not Bid for Equity Shares for an amount more than Rs. 100,000 in any of the bidding options in the Issue
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their karta, Eligible NRIs and Resident Retail Individual Bidders) who have not Bid for Equity Shares for an amount more than Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being not less than 67,654,856 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Bank or SCSB	The Banks which are registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb/pdf
Stabilizing Agent	Edelweiss Capital Limited
Stabilzation Agreement	The agreement entered into between us, the Green Shoe Lender and the Stabilizing Agent
Stabilization Period	The period not exceeding 30 days from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares under the Issue unless terminated earlier by the Stabilizing Agent in accordance with the Stabilization Agreement
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders)
Syndicate Members	Edelweiss Securities Limited and SBICAP Securities Limited
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
TRS/Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriter and our Company to be entered into on or after the Pricing Date

Conventional and General Terms/Abbreviations

Term	Description
Act or Companies Act	Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BPLR	Benchmark prime lending rate of the relevant bank
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CESTAT	Central Excise and Service Tax Appellate Tribunal
CIBIL	Credit Information Bureau (India) Limited
CY	Calendar year

Term	Description
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
DP ID	Depository Participant's Identity
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing Service
EPS	Unless otherwise specified, Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares during that fiscal year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
LIBOR	London Interbank Offered Rate
Mn/mn	Million
MoU	Memorandum of Understanding
MW	Mega Watts
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of up to 60% by NRIs including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
RBI	The Reserve Bank of India

Term	Description
Re.	One Indian Rupee
RoC	The Registrar of Companies, Bihar and Jharkhand located at Patna
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SAT	SEBI Appellate Tribunal
SBAR	State Bank of India Benchmark Advance Rate
SBI PLR	State Bank of India Prime Lending Rate
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time
State Government	The government of a state of India
Stock Exchange(s)	BSE and/or NSE as the context may refer to
UIN	Unique Identification Number
U.S./USA	United States of America
UNCITRAL	United Nations Commission on International Trade Law
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US$	United States Dollars

Technical/Industry Related Terms

Term	Description
BF	Blast Furnace
BOF	Basic Oxygen Furnace
CARE	Credit Analysis and Research Limited
CAGR	Compounded Annual Growth Rate
CC	Continuous Casting
CI	Cast Iron
CR	Cold Rolled
DI	Ductile Iron
DVC	Damodar Valley Corporation
EAF	Electric Arc Furnace
IF	Induction Furnace
FE	Fume Extraction
HR	Hot Rolled
ISP	Integrated Steel Producers
JPC	Joint Plant Committee
MTPA	Million Tonnes Per Annum
PVC	Polyvinyl Chloride
TMBP	Tin Mill Black Plate
GP/GC sheets	Galvanised Plain/ Galvanised Corransated Sheets
Elect.	Electrical
Engg. Units and M/C Mfgr	Engineering Unit and Machine Manufacturing
SAW pipe	Submerged Arc welded Pipe
DI pipe	Ductile Iron Pipe
CI pipe	Cast Iron Pipe

Term	Description
ERW	Electric Resistance Welded
D- SAW	Double Submergd Arc Welded
L –SAW	Longitudional Submergd Arc Welded
H –SAW	Helical Submergd Arc Welded
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
MT	Metric Ton
SPCB	State Pollution Control Board
JSPCB	Jharkhand State Pollution Control Board
MoEF	Ministry of Environment and Forest
SMS	Steel Melting Shop
^oC	Degree Celsius
EOT	Electric Overhead Travelling
MCC	Motor Control Centre
KV	Kilo Volt
MGD	Million Gallons Per Day
HFL	High Flood Level
N cu m/hr	Normal Cubic Metre Per Hour
VOC	Volatile Organic Compound
APC	Air pollution control
DE system	Dust Extraction System
DF system	Dry Fog System
ESP	Electro Static Precipitator
BOF	Basic Oxygen Furnace
BF	Blast Furnace
FE	Fume Extraction
H2S	Hydrogen Sulphide
$S0_2$	Sulphur Dioxide
NO_X	Nitrogen Oxide
$C0_2$	Carbon Dioxide
dB (A)	Decible (Absolute)
SS	Suspended Solids
CT	Current Transformer
EMS	Environmental Management System
SP	Suspended Particle
TMT bars	Thermo Mechanically Treated Bars

PRESENTATION OF FINANCIAL, CURRENCY OF PRESENTATION, EXCHANGE RATES, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated financial statements, prepared in accordance with Indian GAAP and the SEBI ICDR Regulations, which are included in this Red Herring Prospectus.

All references to a particular fiscal year unless otherwise indicated, are to the 12 month period ended March 31 of that year. The fiscal year of our Company commences on April 1 of each year and ends on March 31 of the next year.

There are significant differences among Indian GAAP, IFRS and US GAAP. Our Company urges you to consult your own advisors regarding differences and their impact on our Company's financial data. 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. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

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

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations", unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America and to "Euro" or "€" is to the official currency of the European Union and to "Algerian Dinar" or "DZD" is to the official currency of Algeria.

This Red Herring Prospectus contains translations of certain US Dollar and Euro into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Exchange Rates

Unless otherwise stated, our Company has in this Red Herring Prospectus used a conversion rate of Rs. 46.46 for one US Dollar, and Rs. 60.73 for one Euro being the RBI reference rate as of July 30, 2010 (Source: *RBI website*). Such translations should not be considered as a representation that such US Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

Further, in this Red Herring Prospectus, our Company has presented all numerical data in millions, except litigation**.** One million represents 1,000,000.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from CARE, industry publications and Government data. 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 and accordingly, investment decisions should not be based on such information. Although our Company believes that industry 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 sources.

In accordance with the SEBI ICDR Regulations, we have included in the section titled “Basis for the Issue Price” in this Red Herring Prospectus, information relating to our peer group companies. Such information has been derived from publicly available sources and our Company has not independently verified such information.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

All statements contained in this Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements." All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "contemplate", "expect", "estimate", "future", "goal", "intend", "may", "objective", "plan", "project", "shall", "will", "will continue", "will pursue", "will likely result", "will seek to" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement.

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

1. Our inability to successfully implement our business plan and growth strategy;
2. Performance of steel and D.I. Pipe industry, demand for our products;
3. Certain inherent construction, financing and operational risks in relation to our projects;
4. The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
5. Foreign exchange rates, equity prices or other rates or prices;
6. The performance of the financial markets in India;
7. General economic and business conditions in India;
8. Changes in political conditions in India;
9. Occurrence of natural calamities / disasters affecting the location where we are setting up the Project.

For further discussion of factors that could cause our actual results to differ from our expectations, see "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 1, 105 and 199 respectively of this Red Herring Prospectus.

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. Our Company, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend 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, we 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

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all the information set forth in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur; our Company's business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

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

1. We, our Directors, our Promoter and our Group Companies are involved in a number of legal and regulatory proceedings, which if determined against us, could adversely affect our operations.

We, our Directors, our Promoter and our Group Companies are party to various legal proceedings. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory, authorities/ other judicial authorities, and if determined against us, could have an adverse impact on the business financial condition and results of operations. For further details of outstanding litigation against us, our Directors, our Promoter and our Group Companies, see "Outstanding Litigation and Material Developments" on page 236 of this Red Herring Prospectus. No assurances can be given as to whether these legal proceedings will be decided in our favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims.

Litigations against our Company:

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Central Excise	4	178.63
2.	Civil Cases	1	55.03
	Total	**5**	**233.66**

Litigations against the Directors / Officers of the Company:

S No.	Name of the Director	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Anil Kumar Sinha	-	Nil	Nil
2.	Nigam Chandra Bahl	-	Nil	Nil
4.	Umang Kejriwal	Land Related Matters	3	Not Ascertainable
5.	Naresh Pachisia	-	Nil	Nil
6.	Sanjoy Tekriwal	-	Nil	Nil
7.	Sunil V. Diwakar	-	Nil	Nil
8.	Mohan Roy	-	Nil	Nil

S No.	Name of the Director	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
9.	Officers of our Company	Land related matters	2	Not ascertainable
	Total	**-**	**5**	**-**

Litigations against the Promoter:

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
2.	Employee Provident Fund	1	0.02
3.	Criminal Cases	4	Not Ascertainable
4.	Civil Cases	9	41.23
5.	Excise matters	29	621.56
6.	Labour cases	3	Not Ascertainable
7.	Income tax matters	4	180.48
8.	Sales tax matters	11	69.09
	Total	**61**	**912.38**

Litigations against the Group Companies:

S No.	Name of the Company	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in million)
1.	Lanco Industries Limited	Civil cases	8	2.55
		Excise matters	16	399.20
		Sales Tax	2	12.15
		Income Tax	2	5.66
	Total		**28**	**419.56**
2.	Electrosteel Algerie SPA	Income Tax	1	DA 9,215,424
	Total		**1**	**DA 9,215,424**
3.	Electrosteel Castings UK	-	Nil	Nil
	Total		**-**	**-**
4.	Singardo International Pte	Civil	Nil	Nil
	Total		Nil	Nil
5.	Electrosteel Europe SA	Civil	Nil	Nil
	Total		Nil	Nil
6.	Electrosteel USA LLC	-	Nil	Nil
	Total		**-**	**-**
7.	N Marshall Hi-Tech Engineers Private Limited	-	Nil	Nil
	Total		**-**	**-**
8.	Domco Private Limited	Civil	1	Not Ascertainable
	Total		**1**	**-**
9.	North Dhandu Mining Company Private Limited	-	Nil	Nil
	Total	**-**	**-**	**-**
10.	Biswa Microfinance Private Limited	-	Nil	Nil
	Total	**-**	**-**	**-**

Also, our Promoter and Group Companies have from time to time initiated legal proceedings relating to their business and operations.

Litigations by our Company:

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Criminal Cases	1	Not Ascertainable
	Total	**1**	**-**

Litigations by the Directors and Officials of our Company:

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Criminal Cases	12	Not Ascertainable
	Total	**12**	**-**

Litigations by the Promoter:

S No.	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Criminal Cases	10	38.72
2.	Civil Cases	19	241.02
3.	Labour Cases	2	6.35
4.	Tax matters	1	25.08
	Total	**32**	**311.17**

Litigations by the Group Companies:

S No.	Name of the Company	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in million)
1.	Lanco Industries Limited	Tax cases	10	133.73
		Labour Cases	3	2.82
	Total		**13**	**136.55**
2.	Electrosteel Algerie SPA	-	Nil	Nil
	Total		**1**	**9.22**
3.	Electrosteel Casting UK	-	Nil	Nil
	Total	**-**	**-**	**-**
4.	Electrosteel Europe S.A.	Civil Case	2	Euro 4,868,596.26
	Total	**-**	**2**	**Euro 4,868,596.26**
5.	Electrosteel USA LLC	-	Nil	Nil
	Total	**-**	**-**	**-**
6.	N. Marshall Hi-tech Engineers Private Limited	-	Nil	Nil
	Total	**-**	**-**	**-**
7.	Singardo International Pte.	Civil Case	1	Singapore $ 45,726.45
	Total	**-**	**1**	**Singapore $ 45,726.45**
8.	Domco Private Limited	Civil Case	1	Not Ascertainable

S No.	Name of the Company	Nature of Litigation	Number of outstanding litigations	Aggregate approximate amount involved (in million)
	Total	**-**	**1**	**-**
9.	North Dhandu Mining Company Private Limited	-	Nil	Nil
	Total	**-**	**-**	**-**
10.	Biswa Microfinance Private Limited	-	Nil	Nil
	Total	**-**	**-**	**-**

2. SEBI passed an order imposing a monetary penalty on ECL and the individual promoters of ECL.

By an adjudicating order dated December 24, 2009 passed by the Adjudicating Officer, Securities and Exchange Board of India ("SEBI"), under Section 15-I of the Securities and Exchange Board of India Act, 1992 read with Rule 5 of the SEBI (Procedure for Holding Enquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, a monetary penalty of Rs. 100,000 was imposed on ECL and of Rs. 30,000 each on Mr. Umang Kejriwal and Mr. Mayank Kejriwal.

The Investigating Authority, in the investigation report had observed that ECL had not conformed to Regulation 12 (1) of the Insider Trading Regulations in respect of implementing the "Model Code of Conduct for Prevention of Insider Trading for Listed Companies" thereby violating Regulation 12 (1) of the Insider Trading Regulations. Regulation 12(1) was violated as the Model Code of Conduct for Prevention of Insider Trading for Listed Companies were allegedly not implemented by ECL at the time when the said Regulation was notified on February 20, 2002 and implemented only with effect from August 1, 2004. With regard to Mr Mayank Kejriwal and Mr Umang Kejriwal, the Investigating Authority, in the investigation report had observed that on March 04, 2002 14 cross deals were executed by Dalmia Securities Private Limited on behalf of Mr Mayank Kejriwal and Mr Umang Kejriwal but had not made the necessary disclosures to ECL in terms of Regulation 13 (4) of the Insider Trading Regulations in respect of acquisition of shares made on March 04, 2002, thereby violating Regulation 13 (4) of the Insider Trading Regulations.

ECL, Mr. Umang Kejriwal and Mr. Mayank Kejriwal paid the penalty imposed by SEBI by the said adjudicating order dated December 24, 2009.

Thereafter, on February 3, 2010, ECL, Mr. Umang Kejriwal and Mr. Mayank Kejriwal filed an appeal before the Securities Appellate Tribunal ("SAT"), Mumbai being Nos. 19 of 2010, 21 of 2010 and 20 of 2010, respectively, against SEBI for quashing/rescission/ setting aside and stay of the order dated December 24, 2009 passed by the Adjudicating Officer, SEBI, Kolkata. Pending the final decision on the appeal, interim prayers were made for stay of operation of the said order and injunction restraining the authorities, its officers etc. from giving effect or taking any steps pursuant to the said order.

The SAT, by its orders dated April 1, 2010, disposed off the appeals and disallowed the prayers of the appellants for reduction of penalty imposed by the Adjudicatory Officer, SEBI by its order dated December 24, 2009.

3. We require a number of approvals, licenses, registrations and permits to develop and operate our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations and results.

We would require the following approvals at a later stage and will apply for the same, when required:

- Approval from the Jharkhand State Pollution Control Board for collecting, storing and treating the hazardous waste under the Hazardous Waste (Management and Handling) Rules, 1999;

- Consent to operate under Sections 25/26 of Water (Prevention and Control of Pollution) Act, 1974 from the Jharkhand State Pollution Control Board;

- Consent to operate under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 from the Jharkhand State Pollution Control Board;

- Consent to establish Coke Oven Plant along with Blast Furnace by the Member Secretary from Jharkhand State Pollution Control Board; and

- License by the Director of Factories and Boilers for the use of blast furnace under the Factories Act.

In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for our proposed operations. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us or at all. Failure by us to renew, maintain or obtain the required permits or approvals, including those set forth above, may result in the interruption of our operations or delay or prevent our expansion plans and may have a material and adverse effect on our business, financial condition and results of operations. For further information, refer to the chapter titled "Government Approvals" on page 293 of this Red Herring Prospectus.

4. ***Since we have no operating history, we may not able to operate effectively which may have a material adverse impact on our future performance.***

Our Project is still in the construction phase and we do not currently have any revenue generating operations, and we have no significant operating history from which one can evaluate our business, future prospects and viability. One should not evaluate our prospects and viability based on the performance of ECL or other affiliates. Commercial operations of our Project are not scheduled to commence until October 1, 2010, and our prospects must be considered in light of the risks and uncertainties inherent in new business ventures. As a result, we cannot give any assurance about our future performance or that our business strategy will be successful.

5. ***Guidelines issued by the Central Government regarding issue of visa to the work force of our Chinese contractors has caused a slowdown in the progress of our Project, thereby, adversely affecting our business and results of operations.***

In light of the fact that the equipments are being procured by us from China, the Chinese contractors are appointed so that there are no problems in integration of the equipments used in the Project. We require approximately 1500 Chinese personnel, all of whom were working at site on August 31, 2010.

All the Chinese contractors working at Project site have valid employment work permits and their visas are renewed from time to time. However, the progress of our Project slowed down since August / September 2009 on account of employees of our Chinese contractors having to leave India due to the guidelines for issuing visa by the Central Government. Our contractors since then have received approval for some of the Chinese employees to return to the Project, however, we may be unable to or there may be a delay in receiving such approvals in the future, which may delay the implementation and development of our Project and delay the commercial production.

6. ***There may be a cost or time overrun if we are unable to commence operations as expected and which may adversely affect our project cost and the results of our operations.***

Steel and D.I. Pipe plants typically have long gestation period. The scheduled completion target for our Project is an estimate and is subject to delays as a result of, among other things, contractor performance shortfalls, unforeseen engineering problems, dispute with workers, *force majeure* events, availability of financing, unanticipated cost increases or changes in scope and inability in obtaining certain property rights, fuel supply and government approvals, any of which could give rise to cost overruns or the delay in our implementation schedule. We have extended our commencement of production date from April 01, 2010 to October 01, 2010. Failure to complete the project according to its specifications or schedule, if at all, may give rise to potential liabilities as a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations of our Company.

7. ***Investors run the risk of being allotted shares pursuant to this IPO at a price which may be higher than the price at which we have allotted shares to other shareholders in the last one year.***

We have issued Equity Shares to the persons as described below in the year preceding the date on which this Red Herring Prospectus is filed with RoC, which may be at a price lower than the Issue Price. Further, we have also completed a Pre-IPO placement to certain selected investors for cash consideration at a price of Rs. 10.75 per Equity Share (including a share premium of Rs. 0.75 per Equity Share), which may be at a price lower than the Issue Price. Details of shareholders who have been issued shares with one year are as under:

Date of Allotment	Name of Allottee	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)
September 14, 2009	Further allotment to employees of our Company, family and friends of the individual promoters of ECL	15,000,000	10	10
October 7, 2009	Further allotment to ECL	60,000,000	10	10
October 7, 2009	Further allotment to IL&FS Financial Services	25,000,000	10	10
November 25, 2009	Further allotment to IL&FS Financial Services	50,000,000	10	10
November 25, 2009	Further allotment to ECL, Stemcor Cast Iron, Roundabout Finance, Starbridge Finance, family and friends of the individual promoters of ECL.	81,507,020	10	10
December 8, 2009	Further allotment to J.P. Financial Services and friends of the individual promoters of ECL	7,200,000	10	10
December 24, 2009	Further allotment to J.P. Financial Services and Stemcor Cast Iron	21,186,577	10	10
January 11, 2010	Further allotment to J.P. Financial Services, IFCI Limited and friends of the individual promoters of ECL	150,505,000	10	10
January 22, 2010	Further allotment to ECL and JP Financial	187,600,000	10	10
January 22, 2010	Further allotment to friends of the individual promoters of ECL	16,720,000	10	10
February 6, 2010	Further allotment to Renaissance Asset Management and Ajai Hari Dalmia	15,000,000	10	10
February 6, 2010	Further allotment to friends of the individual promoters of ECL	4,145,500	10	10
August 26, 2010	Further allotment to GPC Mauritius II LLC*	87,441,860	10	10.75
September 1, 2010	Further allotment to Franklin Templeton Private Equity Strategy – A/c PMS*	55,813,952	10	10.75

*Allotments made by way of Pre-IPO Placement of Equity Shares

As per Regulation 33 (b) equity shares acquired by promoters during the preceding one year at a price lower than the price at which specified securities are being offered to public in the initial public offer are ineligible for calculating the minimum promoter contribution. However the said shares will be eligible if promoters pay to the issuer, the difference between the price at which Equity Shares are offered in the initial public offer and the price at which the specified securities had been acquired. Our Promoter intends to bring the difference between the price at which Equity Shares are offered in the initial public offer and the price at which the shares had been acquired by them to meet the requirement as provided under Regulation 32(4) of SEBI ICDR Regulations, at least one day prior to the date of the opening of the Issue.

8. ***If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings or accelerate the maturity of our obligations, which could have an adverse effect on our cash flows, business and results of operations and we may be exposed to refinancing risk.***

We have been sanctioned loans amounting to Rs. 54,470 million, of which as on July 31, 2010 we have drawn Rs. 27,002.62 million. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business over time, as well as capital markets as source of equity capital. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have an adverse effect on our cash flows, business and results of operations and we may be exposed to refinancing risk, which may increase our debt service cost.

9. ***Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take actions to grow our business.***

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our borrowings. These restrictive covenants require us to maintain certain financial ratios and our existing credit rating and seek the prior permission of these banks and financial institutions for various activities, including, among others, change in capital structure, issue of equity, preferential capital or debentures, raising any deposits, selling or transferring any part of our business, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Furthermore, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends in case of any default in debt to such lenders. Additionally, these banks and financial institutions also have the powers to appoint a nominee director on our Board, and an additional nominee director in case of any default on our part in payment of interest or principal towards some of our borrowings. For details of these restrictive covenants, see the chapter titled “Financial Indebtedness” on page 211 of this Red Herring Prospectus**.**

10. ***Our operations will have significant raw material requirements, and we may not be able to ensure the availability of the raw materials at competitive prices, which may adversely affect results of our operations.***

The success of our operations will depend on, among other things, our ability to source raw materials at competitive prices. Our Project will source a significant portion of its raw material requirements from the mines of ECL. Our Company’s requirement of coking coal is proposed to be primarily met from a mix of ECL’s coking coal mine at Parbatpur (30%) and other sources (70%). Currently, we have not entered into any firm arrangement for purchase of our balance coking coal requirement. We may be unable to procure our coking coal requirement or may have to procure it at a higher price, which may adversely affect our results of operations and financial performance. Further, in case ECL is unable to perform its obligations under the iron ore supply agreement, we have may have to procure it at a higher price, which may adversely affect our results of operations. For details of the raw material arrangements for the Project see the chapter titled “Our Business” on page 105 of this Red Herring Prospectus.

11. ***Our Company has in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company’s financial condition and results of operations.***

Our Company has entered into transactions with its Promoter and certain directors. Whilst, it believes that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that our Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that our Company will enter into related party transactions in the future. The table below sets forth the details of our transactions with our Promoters, directors and other Group Companies:

(Rs. in Million)

Name of related party	Nature of Transaction	For the year/period ended			
		March 31, 2008	March 31, 2009	March 31, 2010	April 1, 2010 to June 30, 2010
Electrosteel Castings Ltd.	Proceeds from issue of equity shares	3,100.00	1,300.00	2,600.00	Nil
	Purchase of Assets	2.24	0.15	0.04	Nil
	Purchase of DI Pipe & Other Materials	Nil	72.18	193.91	Nil
	Payment for Land Development, Civil Works	178.09	335.62	3.31	Nil
	Consultancy charges	12.80	2.56	Nil	Nil
	DEPB Purchase	Nil	9.61	2.42	Nil
	Reimbursement of expenses	0.29	0.86	0.92	0.34
	Payment of Rent	4.69	7.69	7.69	1.92
	Purchase of Land	44.05	Nil	Nil	Nil
Singardo International Pte Ltd.	Technical Service charges	Nil	1.33	3.18	Nil
	Reimbursement of expenses	Nil	1.38	0.81	Nil
Stemcor Cast Iron Investments Ltd.	Proceeds from issue of equity shares	Nil	995.55	2,692.02	Nil
Lanco Industries Ltd.	Cement Purchase	Nil	Nil	10.26	Nil
Akshara Manor Pvt. Ltd.	Payment of Rent	0.12	0.51	0.45	Nil
Mr. Umang Kejriwal	Sitting fees	Nil	Nil	0.06	0.01
Mr. Mayank Kejriwal	Sitting fees	Nil	Nil	0.02	Nil
Mr. Nigam Chander Bahl	Payment of remuneration	Nil	Nil	8.05	3.46
Mr. Vilas Vishnu Jamnis	Payment of remuneration	4.38	11.25	12.20	3.77
Mrs. Vaishali Vilas Jamnis	Payment of Rent	0.53	1.26	0.84	Nil

There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations. For further information on the common pursuits and our transactions with our Promoter, please refer to chapters titled "Group Companies" and "Auditors Report" on pages 160 and 171, respectively, of this Red Herring Prospectus.

12. ***In case ECL is unable to develop its mines, we may be unable to procure raw material under the current arrangement, and may have to procure raw material from the market at a higher price which may adversely affect our business and results of operations***

The Iron Ore and Coking Coal mines of ECL are currently under development. In case ECL is unable to develop its mines, we would be unable to procure raw materials under the current arrangement, which may adversely affect our business and results of operations. Further, in respect of ECL's proposed iron ore mine at Kodolibad, Jharkhand, execution of mining lease is pending for receipt of approval from the Ministry of Environment and Forests, Government of India. Only upon receipt of such approval, Government of Jharkhand shall execute the necessary mining lease in favour of ECL. There can be no assurance that the approval from the Ministry of Environment and Forests will be received in a timely manner and we may have to obtain iron ore supplies from other sources. Further, there can be no assurance we will be able to obtain coal supplies either in sufficient quantities or acceptable qualities, or at all. We may also have to purchase the raw materials at a higher price from the market for carrying out our operations, which may cause a delay in our commercial production, thereby having an adverse effect on our business, financial condition and results of operations.

13. ***The funds proposed to be utilized for general corporate purposes may constitute more than 25% of the Issue Size. As on date we have not identified the use of such funds.***

The funds proposed to be utilized for general corporate purposes may constitute more than 25% of the Issue Size. We have not identified the general corporate purposes for which these funds may be utilized. The deployment of such funds is entirely at the discretion of our management in accordance with policies established by our Board of Directors from time to time and subject to compliance with the necessary provisions of the Companies Act.

14. ***We have experienced negative cash flows in prior periods. Any negative cash flows in the future would adversely affect our results of operations and financial condition.***

For the period from December 20, 2006 to March 31, 2008, fiscal year March 31, 2009, fiscal year March 31, 2010 and three months ended June 30, 2010, we had a negative cash flow from investing activities:

(Rs. in Million)

	For the year/period ended			
	December 20, 2006 to March 31, 2008	**March 31, 2009**	**March 31, 2010**	**April 1, 2010 to June 30, 2010**
Net cash used for investing Activities	(2,765.09)	(19,579.27)	(14,987.23)	(485.43)
Net cash from Financing Activities	4,425.42	18,475.08	15,374.30	(228.09)

Moreover, since we have not commenced operations, we have no cash flows from operating activities for the period December 20, 2006 to March 31, 2008, fiscal year March 31, 2009, fiscal year March 31, 2010 and three months ended June 30, 2010. Any negative cash flows in the future could adversely affect our results of operations and financial condition.

15. ***We have acquired and may acquire land from our Promoter for our Project and we may continue to rely on our Promoter for land required for our project.***

We have acquired approximately 210.82 acres of land at our plant site from our Promoter out of total 1,804.70 acres, for a total consideration of Rs. 44.05 million. While we believe that the past arrangement has been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favourable terms had such arrangement been entered into with unrelated parties. There can be no assurance that such arrangement will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

16. ***Our Promoter will continue to retain majority shareholding in us after the Issue, and it will have the ability to determine the outcome of any shareholders’ resolution. We cannot assure you that our Promoter will always act in our Company’s or your best interest.***

The substantial majority of the issued and outstanding Equity Shares are currently beneficially owned by our Promoter, ECL. Upon completion of the Issue, assuming Green Shoe is not exercised our Promoters and Promoter Group will own 700,000,000 Equity Shares, or 34.41 % of our post-Issue Equity Share capital and assuming Green Shoe is exercised in full our Promoters and Promoter Group will own 700,000,000 Equity Shares, or 33.84 % of our post-Issue Equity Share capital. Accordingly, our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders’ approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Promoter as our Company's controlling shareholder could conflict with our Company's interests or the interests of its other shareholders. We cannot assure you that the Promoter will act to resolve any conflicts of interest in our Company's or your favour.

17. ***ECL had pledged and has agreed to pledge our Equity Shares subsequent to the Issue held by them in favor of our lenders, who may exercise their rights under the respective pledge agreements in events of default. If this happens, our Promoter holding will decrease to the extent of the rights exercised by the lenders and which may result in change in management of our Company***

Our Promoter had pledged 500,000,000 Equity Shares, i.e. 71.43% of ECL's shareholding with our lenders, and agreed to pledge, the balance Equity Shares held by them in our Company in favor of our lenders as security for the loans provided to us for the Project. To comply with the requirements of the SEBI ICDR Regulations, our Promoter has provided a corporate guarantee in favour of lenders, pursuant to which 418,000,000 equity shares have been released from the pledge. Our Promoter has agreed that same shares be re-pledged after two months from the closure of the initial public offering and in respect thereof, has entered into an Agreement to Pledge with lenders.

In the event of default by our Company in servicing the debt, the lenders shall have the right to sell or otherwise dispose of the Equity Shares pledged by the Promoters, subject to any lock-in requirements pursuant to SEBI requirements, which could have the effect of reducing the price of our Equity Shares and adversely affect our business, financial condition and results of operations. For further details, see the chapter titled "Capital Structure" beginning on page 48 of the Red Herring Prospectus.

18. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. Any increase in the proposed expenditure of our project may have a material adverse impact on the operations of our Company.***

The funds being raised through the Issue are proposed to part-finance our Project. The fund requirement is based on our management estimates' and the Review Report dated October 3, 2008 by M.N. Dastur & Co., Consulting Engineers on the Integrated Steel Project prepared by our Company and has not been appraised by any bank/financial institution. These are based on current conditions. In view of the highly competitive nature of our industry we may have to revise our management estimates' from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes or increase in our proposed expenditure for our project and our results of operations may be adversely impacted.

19. ***We are yet to place orders for a portion of the plant and machinery required for the Project. Any delay in placing, procurement of plant and machinery may delay our implementation schedule which may also lead to increase in prices of these equipments, further affecting our cost, revenue and profitability.***

As of July 31, 2010, we were yet to place orders for plant and machinery worth approximately Rs. 429.72 million, which is approximately 0.76% of the total value of the plant and machinery to be ordered (i.e., mechanical and production equipment and other equipment as mentioned in the chapter titled "Objects of the Issue" on page 65 of this Red Herring Prospectus). Our financial condition, results of operations and liquidity would be materially and adversely affected if our project or construction costs materially exceed such budgeted amounts.

20. ***Non-fulfilment of the export obligations or other conditions include a retroactive levy of import duty which could adversely affect the financial condition and results of Our Company.***

The Export Promotion Capital Goods Scheme ("EPCG Scheme") in India facilitates import of capital goods at a concessional rate of duty with an obligation to export an amount equal to eight times the duty saved and maintain export obligations based on the average turnover of the last three years. Importing second hand capital goods without any restriction on age is also allowed under the Foreign Trade Policy announced on August 31, 2004. The machinery for the Proposed Expansion Project will be imported under the EPCG Scheme. Under this scheme we are required to refund an amount to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme, plus interest, if we fail to make the required exports within the required time period as per the provisions of the EPCG Scheme. The consequences for non-fulfilment of the export obligations or other conditions include a retroactive levy of import duty on items previously imported duty-free for these facilities. Additionally, the respective authorities have rights to levy penalties for any defaults on a case-by-case basis. Any such levy or penalty imposed could adversely affect our financial condition and results of operations.

21. Our management will have flexibility in applying the unallocated Net Proceeds received from the Issue and may not be able to deploy as planned and this could change the project and operations of our Company.

We have not appointed a monitoring agency for monitoring the Use of Proceeds received from this Issue. In the event, for whatsoever reason, we are unable to execute our plans as detailed in the "Objects of the Issue" beginning on page 65 of this Red Herring Prospectus, we could have unallocated net proceeds. In the event we are unable to utilize the net proceeds of the issue for the objects specified herein we shall, with the approval of the shareholders of our Company, deploy the funds for other business purposes in accordance with section 61 of the Companies Act.

22. Our Promoter was not satisfying minimum promoters' contribution requirement under SEBI ICDR Regulations at the date of the Draft Red Herring Prospectus and this requirement will be satisfied one day prior to the date of opening of the Issue.

The SEBI ICDR Regulations requires that the promoters of the issuer shall contribute in case of an initial public offer, not less than twenty per cent of the post issue expanded capital. Our Promoter was not satisfying this requirement at the date of the Draft Red Herring Prospectus as shares have been acquired by our Promoter during the preceding one year at par. However our Promoter intends to pay us, the difference between the price at which securities are offered in the initial public offer and the price at which the shares had been acquired by them and intends to meet this requirement as provided under Regulation 32(4) of SEBI ICDR Regulations, at least one day prior to the date of the opening of the Issue. In the event the Promoter is not able to satisfy this requirement, our Company may be in violation of the SEBI ICDR Regulations and will not be able to open the issue.

23. Our success depends upon our senior management team and skilled personnel and our ability to attract and retain such persons. Any failure to attract and retain such personnel could have an adverse impact on our business, financial conditions and results of operations

Currently, we depend on senior executives and other key management members to implement our projects and our business strategy. If any of these individuals resign or discontinues his or her service and is not adequately replaced, our business operations and our ability to successfully implement our projects and business strategies could be materially and adversely affected.

We intend to develop our own employee base to perform these services in the future, but this will depend on our ability to attract and retain key personnel. Competition for management and industry experts in the industry is intense. Our future performance depends on our ability to identify, hire and retain key technical, support, engineers, and other qualified personnel. Failure to attract and retain such personnel could have a material adverse impact on our business, financial condition and results of operations.

24. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees / workers or any other kind of disputes with our employees / workers.

We operate in a labour intensive industry. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. We enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Although we do not engage all of the labourers directly, it is possible under Indian law that we may be held responsible for wage payments to labourers engaged by contractors should the contractors default on wage payments. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be required to retain such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business and results of our operations.

25. We depend on our contractors and specialist agencies to construct and develop our Project, some of whom supply sophisticated and complex machinery to us and we are exposed to risks relating to the timing or quality of their services, equipments and supplies which might have an adverseeffect on our business, financial condition and results of operations.

We depend on the availability of approximately twenty nine skilled third party contractors for the development and construction of our Project and supply of certain key equipments. We do not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased manifold, resulting in a shortage of and increasing costs of such contractors. We cannot assure you that such skilled and experienced contractors will continue to be available at reasonable rates in the areas in which we conduct our operations, and we may be exposed to risks relating to the quality of their services, equipment and supplies.

In addition, we depend on Stemcor Mesa for supply of some of the major equipments, and for supervision and implementation of our Project. If we are not able to procure the required services or parts from these suppliers (for example, as a result of the bankruptcy of the supplier), or if the cost of these services or parts exceed the budgeted cost, there may be an adverse effect on our business, financial condition and results of operations. Contractors and suppliers in our business are generally subject to liquidated damage payments for failure to achieve timely completion or performance shortfalls. We may not be able to recover from a contractor or supplier the full amount of losses that may be suffered by us due to such failure to achieve timely completion or performance shortfalls.

26. Our costs of compliance with environmental laws are expected to be significant, and the failure to comply with existing and new environmental laws could adversely affect our results of operations.

Implementation of our Project is subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, or pollution regulations, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emissions management.

We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that an environmental hazard were to be found at the site of our Project, or if the operation of our Project results in contamination of the environment. We may be the subject of public interest litigation in India relating to allegations of environmental pollution by our Project, as well as in some cases having potential criminal and civil liability filed by state pollution control authorities. If such cases are determined against us, there could be an adverse effect on our business and operations. For information on the five Environmental Regulations applicable to us, see the chapter titled “Regulations and Policies” on page 123 of this Red Herring Prospectus.

27. Our Promoter and certain Group Companies may have a conflict of interest as they are in similar line of business (manufacture of D.I. Pipes) as that of our Company and may bid for new orders with respect to the D.I. Pipe supply which may adversely affect our operations and results.

Our Promoter, ECL, is in same line of business of manufacturing D.I. Pipes and may continue to have, business transactions with it. There may be conflicts of interest between the Promoter and us in bidding for new orders with respect to D.I. Pipe supply. Also, one of our Group Company Lanco Industries Limited carries on trade and manufacturing of D.I. Pipes, Pig Iron and cement. There may be conflicts of interest between Lanco Industries Limited and us in bidding for new orders with respect to supply of D.I. Pipes and Pig Iron. There are no non-competition agreements in place between our Promoter, Lanco Industries Limited and us. Our other Group companies may enter in to same line of business in the future that may compete with us. Since there may be conflicts of interest between our Promoter, Lanco Industries Limited and us in relation to bidding for new orders with respect to D.I. Pipe supply which may result in the order going to our Promoter or Group Companies and we losing the same, which may adversely affect our operations and results.

For further information on the common pursuits, please refer to chapter titled "Group Companies" on page 160 of this Red Herring Prospectus.

28. Contingent Liabilities which have not been provided for could adversely affect our financial conditions.

The following table provides our contingent liabilities as of the dates indicated:

(Rs in Million)

Particulars	As at			
	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Bank Guarantees	Nil	148.34	558.62	601.36
Show cause notice from Central Excise Authorities alleging wrong availment of Cenvat credit	Nil	Nil	158.63	158.63
		148.34	**717.25**	**759.99**

If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

29. We do not own the trademark and logo used by us. If we are unable to use the trademark and logo, our results of operations may be adversely affected.

Our Promoter is the registered owner of the Electrosteel Trademark and Electrosteel Logo. Presently our Promoter has granted us an unconditional, royalty free, perpetual, non-assignable, non-sub licensable, non-transferable and non-exclusive license to use the Electrosteel Trade Mark and Electrosteel Logo pursuant to the Letter Agreement with ECL dated January 11, 2010 until July 6, 2019. If our Promoter withdraws, refuses to renew or terminates this arrangement, we will not be able to make use of the Electrosteel trademark or logo in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with the Electrosteel Trademark. Accordingly, we may be required to invest significant resources in developing a new brand. Also, Infringement of the Electrosteel Trademark and the Electrosteel Logo, for which we may not have any immediate recourse, may adversely affect our ability to conduct our business, as well as affect our reputation, and consequently, our results of operations.

30. We face substantial competition in the steel industry, both from Indian and international companies, which may affect our revenues in case we are not able to obtain customers and orders.

We will face significant competition from existing players and potential entrants in the Indian steel and DI pipes industry. As a new entrant, we will face competition in the manufacture of DI Pipes from established players such as ECL, Jindal Saw, Tata Metaliks and Electrotherm which have market share of 53%, 27%, 13% and 7% of the market share (CARE Report on Indian Pipe Industry – Annual Review March 2010). In case of steel, we face competition from both public and private sector companies. For FY 2009 public sector companies such as SAIL, RINL, etc. had a market share of 28% while private sector companies such as Tata Steel, JSW Steel, JSPL etc. had a market share of 72% (Annual Report 2009-2010, Ministry of Steel). Further, we will face significant competition from Indian and International competitors who are larger than us and have greater financial resources.

The current high demand and prospects for steel manufacturing businesses could lead to other companies increasing their production capacity in these segments. Some existing and new players are already in the process of expanding capacity or setting up plants in the country. This could result in excess capacity in the market.

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

The steel industry 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. Over the past few years, the demand for steel has fluctuated and may fluctuate in the future due to a number of factors, including any downturn in purchases by traditional bulk 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 steel has varied from year to year, depending upon demand and consolidation in the industry. Unfavourable changes in the demand for steel, due to changes in customer preferences, government policies and other factors may adversely affect the steel industry and our business and results of operations.

32. Our Company's business could be greatly affected by price volatility, which is largely the result of high fixed costs characteristic of the steel industry. Our Company may be negatively affected by significant price volatility, particularly in the event of excess production capacity in the global steel market thereby affecting the financial performance of our Company.

The production of steel is capital intensive, with a high proportion of fixed costs to total costs. Consequently, steel producers generally seek to maintain high capacity utilization. If capacity exceeds demand, there is a tendency for prices to fall sharply if supply is largely maintained. Conversely, expansion of capacity requires long lead times so that, if demand grows strongly, prices increase rapidly, as unutilized capacity cannot be brought on line as quickly. The result can be substantial price volatility. While our Company has taken steps to reduce operating costs, our Company may be negatively affected by significant price volatility, particularly in the event of excess production capacity in the global steel market, and incur operating losses as a result.

33. If the Indian Government imposes price controls, the prices that our Company is able to receive for its steel products may decline and Company's results of operations and financial condition could be adversely affected.

The Indian Ministry of Steel is responsible for coordinating and formulating policies for the growth and development of the Indian iron and steel industry. Prior to 1992, the Ministry of Steel controlled the price Indian primary steel producers could charge for steel. Today, the Indian steel industry is deregulated and steel prices in India are generally determined by market forces. Nonetheless, no assurance can be given that the Indian Government will not reinstitute price controls in the future. If the Indian Ministry of Steel intervenes in determining the price of steel in India, Company's results of operations and financial condition could be adversely affected.

34. Our Company faces numerous protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which could adversely affect its results of operations and financial condition.

Protectionist measures, including anti-dumping laws, countervailing duties and tariffs, adopted by governments in some of our Company's export markets could adversely affect our Company's sales. For example, in March 2002, the U.S. government imposed certain quotas and tariffs on imports of a range of steel products, which were not lifted until December 2003. Various other countries have also imposed quota systems, such as some countries in the EU, South Korea and China. Tariffs are often driven by local political pressure in a particular country and therefore there can be no assurance that the U.S. or other countries will not impose other quotas or tariffs in the future. In the event that other countries impose such protective trade restrictions, our Company's exports could decline. Moreover, foreign steel manufacturers may as a result attempt to increase their sales to India, which does not impose such restrictions, thereby causing increased competition in India. A decrease in our Company's exports or an increase in steel imports to India could have a negative impact on our Company's results of operations and financial condition.

35. Our Registered and Corporate Offices are not owned by us and we enjoy only a leasehold right over these properties. In the event we are unable to renew the lease agreements, our business, financial condition and results of operations could be adversely affected.

The premises on which our Registered and Corporate Offices are situated have been leased to us. The term of these leases ends on March 31, 2012 and September 30, 2010, respectively. In the event we are unable to renew the lease agreements or the same are terminated by the lessors, we may suffer a disruption in our operations.

36. In the event there is a shortfall in receipt of issue proceeds from this Issue, we may be unable to meet our equity requirement for our Project which may have a bearing in the completion of our Project on time.

In case of any shortfall of the proceeds raised from this Issue, there can be no assurance that we will be able to raise the funds through other sources to meet with our obligations of meeting equity contribution for our proposed Project. In the event of a shortfall in raising the requisite capital from the Net Proceeds of the Issue towards meeting the objects of the Issue, the shortfall will be satisfied by way of such means available to our Company and at the discretion of the management, including by way of incremental debt or cash available with us.

37. The construction and operation of our project may face opposition from various other parties such as local communities where our project is located and from special interest groups.

The construction and operation of our project have faced opposition from various parties such as local communities and from special interest groups who may oppose the possible negative impact of the project on the communities and the environment in the area where our project is located. There can be no assurance that there will not be any objection to or dispute in relation to our project, including litigation which may require us to incur significant expenditure on any such resettlement which may adversely affect our financial condition and results of operation. We may face significant opposition to the construction of our projects from other parties including local communities where our project is located and from special interest groups which may also adversely affect our results of operations and financial condition.

Risks related to this Issue and investment in our Equity Shares

38. There is no existing market for our Equity Shares, and there can be no assurance that the same will develop. Our stock price may be highly volatile after the Issue and, as a result, you may lose a significant portion or all of your investment.

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship with the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, competitive conditions, general economic, social and political factors, volatility in Indian and global securities market or significant developments in India's fiscal regime. There has been significant volatility in the Indian stock markets in the recent past, and our share price might fluctuate significantly as a result of market volatility. A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

39. Any future issuance of Equity Shares by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by us may dilute your shareholding in our Company; adversely affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that we will not issue

Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

40. ***There can be no assurance that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final listing and trading approval of our Equity Shares will not be applied for, or granted until after those Equity Shares have been issued and allotted. There could be a failure or delay in listing our Equity Shares on the BSE and NSE.

41. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares that you purchase in the Issue.***

Under the SEBI ICDR Regulations and in accordance with SEBI Circular No. CIR/CFD/DIL/3/2010 dated April 22, 2010, we are permitted to allot Equity Shares within 12 working days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 12 working days after the Bid/Issue Closing Date. You can start trading in our Equity Shares only after final listing and trading approvals are received from BSE and NSE. Further, there can be no assurance that our Equity Shares allocated to you will be credited to your demat account, or that trading in our Equity Shares will commence within the specified time periods.

42. ***Our revenues and profits are difficult to predict and can vary significantly from period to period, which may impact our ability to pay dividend and which could cause the price of our Equity Shares to fluctuate.***

Our revenues are dependent on factors such as the production being undertaken in the relevant accounting period, the extent to which performance milestones have been reached in any of these productions and general market conditions. In addition, the anticipated completion dates for production, including those set forth herein, are estimates based on current expectations and could change significantly, thereby affecting timing of revenue generation. The combination of these factors may result in significant variations in revenues and profits and as a result period-to-period results may not be comparable and should not be relied upon as indicative of future performance. Our plans to increase its operating expenses and expand its operations and as a result expects its number of employees to increase substantially. Therefore, any significant shortfall in revenue from the production may have a material adverse effect on its business, operating results and financial condition.

43. ***We may require further equity issuances to satisfy our capital needs, which we may not be able to procure.***

We may need to raise additional capital from time to time, dependent on business requirements. Some of the factors that may require us to raise additional capital include (i) business growth beyond what the current balance sheet can sustain, (ii) additional capital requirements imposed due to changes in regulatory regime or new guidelines, and (iii) significant depletion in our existing capital base due to unusual operating losses. We may not be able to raise such additional capital at the time it is needed or on terms and conditions favourable to us or to the existing shareholders.

44. ***Our Company has invested in a microfinance company as a CSR initiative, which may require regular infusion of capital, which we may be unable to provide. Further, we lack knowledge and expertise in the microfinance sector and are dependant on the knowledge of the Managing Director of BISWA Microfinance Private Limited***

Our Company has invested in BISWA Microfinance Private Limited as a part of the Company's Corporate Social Responsibility ("CSR") initiative. However, since the microfinance business requires regular infusion of significant capital, we may be required to bring in additional capital as and when required. Any inability on our part to bring additional funding may have an adverse effect on the operations of BISWA Microfinance Private Limited.

Also, the day to day management of the BISWA Microfinance Private Limited is vested with the founder Chairman and Managing Director of Bharat Integrated Social Welfare Agency, Mr. Khirod Chandra Malick. As our Company has no prior experience in the microfinance sector, we rely heavily on the expertise and knowledge of Mr. Khirod Chandra Malick. Our investment in BISWA Microfinance Private Limited may not have the desired effect as a CSR initiative without the expertise of Mr. Khirod Chandra Malick.

45. We will be required to prepare our financial statements in accordance with IFRS effective from April 1, 2013. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 1, 2013 could have an adverse effect on the price of the Equity Shares.

Based on current timeline announced for IFRS convergence for Indian companies, we estimate that the earliest that it would need to prepare annual and interim financial statements under IFRS would be the financial period commencing from April 1, 2013. There is currently a significant lack of clarity on the adoption of and convergence with IFRS and we currently do not have a set of established practices on which to draw on in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2013 could have an adverse effect on the price of the Equity Shares.

External Risk Factors

46. Political, economic and social changes in India could adversely affect our business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of our project companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could also adversely affect us.

47. A slowdown in economic growth in India or financial instability in Indian financial markets could materially and adversely affect our results of operations and financial condition.

Our performance and the growth of our business is dependant on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy and expand our operations. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. Conditions outside India, such as slow downs in the economic growth of other countries or increases in the price of oil, has an impact on the growth of the Indian economy, and government policy may change in response to such conditions. The general media and entertainment sector may be impacted by consumer income levels and the extent to which they would be willing to pay, or can be induced to pay for entertainment related activities. Any downturn in the macroeconomic environment in India could adversely affect the price of our shares, our business and results of operations.

48. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares

Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

49. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our Project under development or acquisitions and other strategic transactions, and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have a material adverse impact on our business growth, financial condition and results of operations.

50. Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.

Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in effect in India, the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India if the sale does not meet the requirements of a RBI Circular dated October 4, 2004. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price. As provided in the foreign exchange controls currently in effect in India, the RBI will approve the price at which the Equity Shares are transferred based on a specified formula, and a higher price per share may not be permitted.

The approval from the RBI or any other government agency may not be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

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

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Pandemic disease, caused by a virus such as H5N1 the ("avian flu" virus) or H1N1 (the "swine flu" virus), could have a severe adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies, as well as sales of new policies; and many other variables.

52. ***Difficult conditions in the global capital markets and the economy generally may affect our Company's business and results of operations and may cause our Company to experience limited availability of funds.***

The steel industry is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. Economic developments outside India have adversely affected the markets in which we operate and our overall business. As widely reported, financial markets in the United States, Europe and Asia, including India, have been experiencing extreme disruption in recent months, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India. We are unable to predict the likely duration and severity of the current disruption in financial markets and adverse economic conditions in the United States and other countries. If these conditions deteriorate further or do not show improvement, we may experience material adverse impact to our business and operating results.

Prominent Notes:

1. The net worth of our Company was Rs. 16,657.45 million as of March 31, 2010 and Rs. 16,657.45 million as of June 30, 2010 as per our restated financial statements. The book value of each Equity Share was Rs. 10 as of March 31, 2010 and Rs. 10 as of June 30, 2010 as per our restated financial statements. For more information, see the section "Financial Statements" beginning on page no. 171 of this Red Herring Prospectus.

2. The average cost of acquisition of the Equity Shares by our Promoter, ECL, is Rs. 10 per Equity Share. The average cost of acquisition of Equity Shares by our Promoter has been calculated by taking the average of the amount paid by them to acquire the Equity Shares. For further details, see the chapter titled "Capital Structure" beginning on page no. 48 of this Red Herring Prospectus.

3. For related party transactions, see the chapter titled "Auditors Report - Related Party Transactions" beginning on page no. 196 of this Red Herring Prospectus.

4. For details of transactions in the securities of our Company by our Promoter, Promoter Group, Directors of our Company and their relatives, directors of our Promoter in the last six months, see the notes to the chapter "Capital Structure" on page no. 48 of this Red Herring Prospectus.

5. Except as disclosed in the chapters "Capital Structure", "Our Promoter" and "Group Companies" and "Our Management" beginning on pages 48, 154, 160 and 142, respectively, of this Red Herring Prospectus, none of the Promoters, Directors or key managerial personnel has any interest in our Company.

6. We have not issued any shares for consideration other than cash.

7. Investors may contact the BRLMs, the Registrar or the Compliance Officer, for any complaints pertaining to the Issue.

8. There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Overview of the Global Steel Industry

World's crude steel production reached a level of 1,220 mn tonnes in CY 2009. The BRIC Countries, i.e. Brazil, Russia, India and China accounted for the majority at 58%, especially, the share of China which increased from 37.7 % in CY 2008 to 46.6% in CY2009. India's contribution to the global crude steel production also increased marginally from 4.2% to 4.6% during the same period. Crude steel production in India increased to 56.6 mn tones in CY 2009, retaining the position as the fifth-largest crude steel producer in the world. While the other top crude steel producing countries like Japan, Russia and US registered a negative growth of 26%, 13% and 36%, respectively.

For the period January 2010 to June 2010, the world's crude steel Production was 706 mn tonnes as compared to 553 mn tonnes for the same period in the previous year.The world crude steel production has grown from 850 mn tonnes in CY 2001 to 1,220 mn tonnes in CY 2009. During the period CY 2001-2007, finished steel consumption has increased from 777 mn tonnes to 1,209 mn tonnes registering a CAGR of 7.6%. Growth in crude steel production was mainly driven by emerging countries such as China and India which registered a CAGR of 18.7% and 10.6%, respectively, during the period CY 2001-2008. On the contrary, developed countries such as the US and Japan have shown a much lower growth in crude steel production at a CAGR of 0.2% and 2.1%, respectively, during the same period.

In CY 2009, total world crude steel production reached a level of 1,220mn tonnes, a decline in growth by 8.2% over the previous year due to the downturn in the economy. The world economy is showing signs of revival as the World's crude steel Production for the period January 2010 to June 2010 was 706 mn tonnes as compared to 553 mn tonnes for the same period in the previous year Crude steel production in India increased to 56.6 mn tonnes in CY2009, retaining the position as the fifth-largest crude steel producer in the world.

Indian Steel Industry

Overview

The Indian Steel industry has witnessed an unprecedented growth in the past seven years. In the global arena also, India has been able to create a mark for itself. India accounted for about 4.6% of the global crude steel production in CY 2009 and has graduated to the position of the fifth-largest producer of crude steel in the world in CY 2009 from the ninth position in CY 2004.

Industry Structure

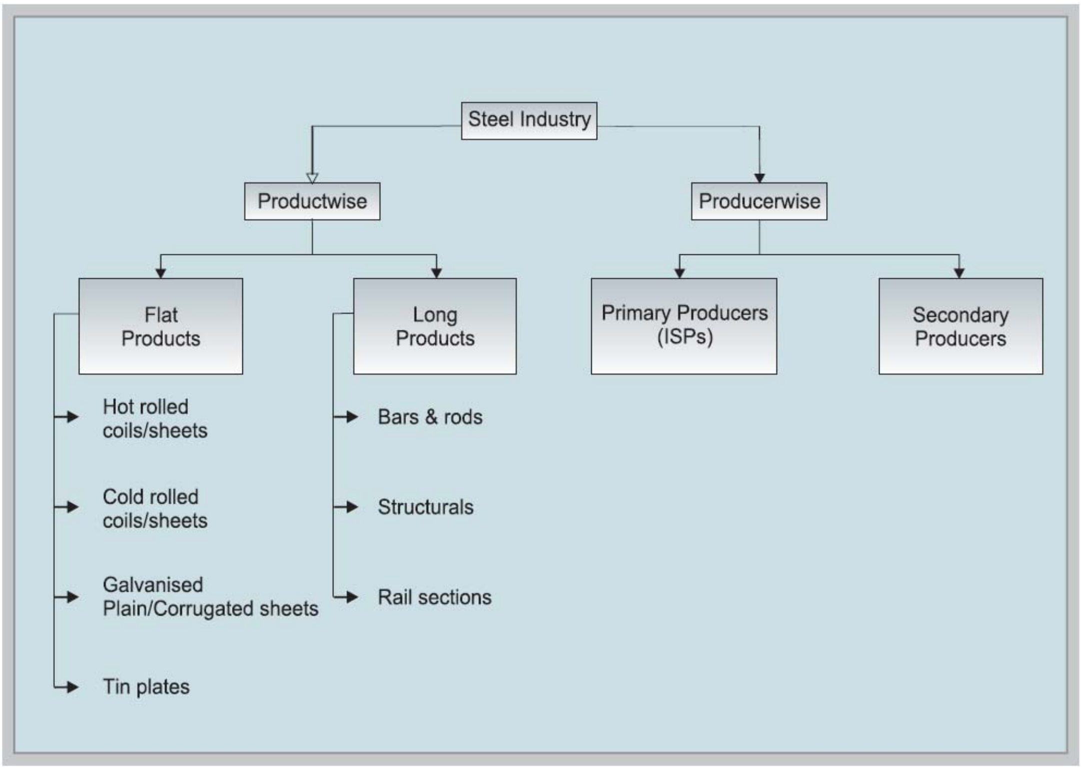
The Indian steel industry is broadly divided into two distinct producer groups: Primary steel producers also known as Integrated Steel Producers (ISPs) and Secondary steel producers.

ISPs include large steel producers with high levels of backward integration and having capacities over 1 mn tonne. ISPs have facilities right from the iron ore (raw material) mining stage to the finished steel production stage.

Secondary producers essentially have mini steel plants with capacities below 1 mn tonne. This category mainly employs Electric Arc Furnace (EAF) or Induction Furnace (IF) route, which use scrap and sponge iron or a mix of both as raw materials to produce steel. This group also consists of processors and re-rollers of steel products. Secondary producers primarily manufacture long products and the route adopted by them is highly energy intensive. Generally, these units have their own captive power plant but they also have to depend on grid power.

Although, there are over 3,500 varieties of regular and special steel available, steel products can be broadly classified into two basic types according to their shape viz. flats and longs. All finished steel products are made from semi-finished steel that comes in the form of slabs, billets and blooms.

Classification of Steel Industry

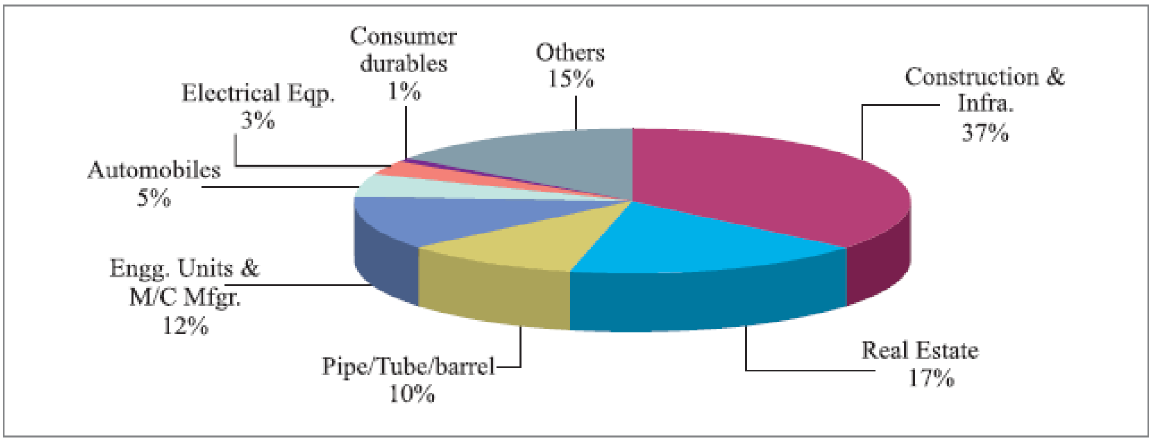


Source: CARE Research

Demand Drivers

Steel is an essential commodity and is used as raw material in different industries driving the nation's economy. Steel finds applications in industries such as construction, real estate, automobiles, power & energy, oil & gas, railways, shipbuilding, industrial machineries & equipment, consumer durables and agricultural equipment.

Sector-wise Proportion of Finished Steel Consumption in FY 08



Source: CARE Report on Indian Steel Industry – March 2009 (Data from Steel Scenario)

Indian Pipe Industry

The Indian Pipe Industry with presence across all categories of pipes viz, Steel pipes, Cement pipes and Polyvinyl Chloride (PVC) pipes is among the top three manufacturing hubs, after Japan and Europe. India is also becoming a major export hub to countries like USA, Europe and the Middle East. About 50-60% of the order book for the key players relates to export orders.

Pipes are essential for transporting fluids like oil, water, etc and gases across the country. Pipe transportation is an economical mode of transport compared to the traditional modes of rail, road and sea transport. This mode of transportation also helps in saving scarce natural energy resources and the time taken for transportation. However, pipe networks need to be guarded from any kind of damage.

Despite the above advantages, India with its large geographical area has very low pipe penetration levels at 32% compared to the global average of 79% in oil & gas transport. The pipeline network of India for oil & gas transport stood at 17,576 kms as on April 2009. Sanitation levels are also lower at 33% compared to 91% in Sri Lanka and 100% in France. Of 143 mn hectares of cultivable land in India, only 40% of it is irrigated. The lower penetration levels offer a huge scope for the Indian pipe companies. (*Source: CARE Report on Indian Pipe Industry – Annual Review March 2010*)

Pipes can be broadly classified into:

- Steel Pipes – widely used and find application in critical areas of oil & gas transport, water transport, heavy industries, cold storage etc due to their toughness and durability properties.
- Cement Pipes – used in irrigation systems, sewage, water supply etc.
- PVC Pipes – widely used in irrigation and water supply systems.
- Spun Pipes – widely used in water transportation, sanitation and housing

Ductile Iron (DI) Pipes

The DI pipes were first introduced in 1955, which has since been recognized as the industry standard for modern water and wastewater systems. DI pipes are preferred over CI pipes on account of being lighter, stronger, more durable and cost efficient these being corrosion resistant, ductile, etc. The DI pipes also have higher water carrying capacity. The DI pipes can also be laid out much faster and are virtually maintenance free.

Internationally, DI pipes have increasingly replaced CI pipes and mild steel pipes in most applications, including water and sewage transportation and management. This is primarily due to the qualitative and structural benefits provided by DI pipes in comparison to CI pipes and mild steel pipes such as superior tensile strength, yield strength, greater impact resistance, corrosion resistance and ductility. In addition, DI pipes require less support and provide greater flow area as compared to pipes made from other materials. DI pipes have a lower life cycle cost. In difficult terrain, these can be a better choice than Polyvinyl chloride concrete, polyethylene and steel pipes.

Demand drivers for DI pipes

There is growing accountability of the Government to supply safer and hygienic drinking water to the rural poor from the source to the end-user and backed by adequate sanitation. Given the low penetration of water supply in the country and poor sewage infrastructure we now expect DI pipes demand to get a boost from the central and state Government’s increasing willingness to raise budgetary allocation towards water and sewerage. Also, several multi-lateral global institutions like the Asian Development Bank and World Bank are now recognizing increasing need of network for water distribution in India and there are proposals to increase water tariffs and funding through Special Purpose Vehicles. According to industry sources, demand for DI pipes is expected to grow at a CAGR of 15% for the next couple of years. (*Source: CARE Report on Indian Pipe Industry – Annual Review March 2010*)

Ductile Iron pipes have a current demand of 800,000 tonnes p.a. in India out of which only 500,000 tonnes p.a. is produced locally. Most of the pipes are consumed primarily by State and the Central government projects for distributing drinking water. Given the advantage of Ductile Iron pipes over other steel pipes we can expect a significant demand from the replacement market as well as newer installations.

The following factors would drive the demand for DI pipes:

1. Thrust of the government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.

2. The need to conserve water and reduce leakage. The need to focus on life cycle cost rather than initial cost; and to consider inconvenience to public in replacement of pipes

3. The over reliance on ground water for rural water supply has resulted in twin problem of sustainability and water quality and suggested a shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes

4. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is making a large investment in water sector but has limited coverage of only 63 cities with a population of over one lakh (*Source: JNNURM report by National Institute of Urban Affairs*)

SUMMARY OF BUSINESS

Overview

We are promoted by ECL to setup a 2.2 MTPA Integrated Steel and Ductile Iron Spun Pipes project in Jharkhand, India. Pursuant to our group's strategy of focusing on identification of opportunities for backward integration, new DI pipe capacity as well as investment in steel sector, ECL has obtained mining blocks of iron ore and coking coal in the state of Jharkhand and has set up ESL for implementing the integrated steel and DI pipe plant.

ECL, our Promoter, is in the business of manufacturing Cast Iron pipes for over four decades and Ductile Iron Spun Pipes since the last 15 years. For the fiscal year 2010, ECL recorded consolidated net sales of Rs. 15,807.75 million. ECL has four manufacturing facilities, two located at Khardah and Haldia, both in the State of West Bengal, one at Elavur in the State of Tamil Nadu and one Coal washery plant at Parbatpur in the State of Jharkhand.

We are setting up the proposed plant near Siyaljori village in Bokaro District of Jharkhand. The proposed plant will be based on Blast Furnace (BF) – Basic Oxygen Furnace (BOF) – Billet Caster and Hot Rolling Route and will produce 1.2 MTPA of long steel products, comprising 0.5 MTPA of 5.5-12.0 mm diameter wire rods in coil form and 0.7 MTPA of reinforcement bars in straight lengths and bundled in the range of 8-32 mm and plain rounds upto 60mm diameter. The plant will have a 0.33 MTPA DI pipe production facility in the same complex and will be provided with hot metal from the Blast Furnaces. The plant will also have production facilities for 0.27 MTPA of Commercial Billets and 0.40 MTPA of Pig Iron.

Our Company has acquired approximately 1,804.70 acres of land for the proposed plant, taking into account the scope for future expansion. The area of land for the proposed plant is approximately 600 acres with another 200-300 acres of land that would be required for construction of storage space for materials.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Well experienced promoter

The proposed project has strong Sponsorship. ECL is in the business of manufacturing CI Spun Pipes for over four decades and D.I. Pipes since the last 15 years. For the fiscal year 2009, ECL recorded consolidated net sales of Rs. 15,807.75 million. ECL has four manufacturing facilities of which two are located at Khardah and Haldia, both in the State of West Bengal, one at Elavur in the State of Tamil Nadu and a Coal washery plant at Parbatpur in the State of Jharkhand. The plant in Khardah has an installed capacity of 0.27 MTPA for manufacturing DI pipes while their Haldia plant has an installed capacity of 0.30 MTPA for production of coke and 0.06 MTPA for producing sponge iron. ECL has its third plant in Elavur, Tamil Nadu having an installed capacity of 0.09 MTPA for manufacturing steel castings and CI pipes. During the year FY10, ECL's DI plant, CI plant and Sponge Iron Plant operated at 84.09%, 45.17% and 52.12% of its capacity respectively.

Integrated operations including captive power plants and railway sidings

We were set up as a part of backward integration strategy by our promoter namely ECL which is in the manufacturing of DI and CI spun pipes. Our proposed Project which is located at Siyaljori village in Bokaro District of Jharkhand shall span the entire value chain, will be based on Blast Furnace (BF) – Basic Oxygen Furnace (BOF) – Billet Caster and Hot Rolling Route and will produce wire rods, TMT Bars, DI pipes, commercial billets and Pig Iron. In addition, our facilities will have access to power from our captive power plants and to owned infrastructure, such as railway sidings. With respect to raw materials which are a key ingredient in the manufacturing of steel, we have long term supply arrangements with ECL for the supply of iron ore and 30% of our coking coal requirement, which should result in not only assured source of raw materials but also in significant cost saving for us.

Raw material linkages for iron ore and coking coal

Iron ore and coking coal are critical inputs for success of an integrated steel project. The project envisages part of captive power, which will be based on gas recovery from the coke oven, BF-BOF processes or from coal. As per the agreement dated July 21, 2008, ECL has agreed to supply iron ore and coking coal to our Company on a cost plus twenty percent basis for a period of 20 years from the date of commencement of commercial production. Procurement of these raw materials from ECL shall enable us to reduce our operating costs, ensure a steady supply of coal and iron ore. This would also insulate our Company from demand – supply volatility in the market, to a significant extent. Also, procurement of coal and iron ore from the same mine will ensure that the raw material is of consistent quality thereby reducing the lead time in adjusting our blast furnace.

Locational Advantages

India is one of the lowest cost regions in the world for steel production due to the availability of raw materials and a skilled workforce with a relatively low cost of labour. Our integrated steel plant located near village Siyaljori in Bokaro District of Jharkhand is around 22 kms from Bokaro city, giving access to all modern amenities and offers us a significant competitive edge through this strategic location. This belt has a supply of low-cost manpower pool and also key raw materials, such as Dolomite, Quartzite, Ferro alloys and additives, thereby reducing transportation and procurement costs. We are also planning to have our own private railway siding located at the plant, which further reduces our logistics cost. The plant is also closely connected with railways and highway roads. Our plant is located approximately 18 kms from the state highway and the nearest railway station is at Talgheria which is about 6 km from our plant. Our coking coal and iron ore requirement will be met from the mines located at Parbatpur, which is at a distance of 6 km from our plant and Kodolibad, which is at a distance of 230 km from our plant, respectively are owned by ECL. The unit's power requirements, other than our captive power plant, will be fulfilled by Damodar Valley Corporation (DVC) from their substation near Dhanbad, which is located at a distance of about 52 km from the plant. The plant's water requirement is sourced through a dedicated pipeline from the Damodar River located about 8 km from our plant.

Tie-up with Stemcor MESA DMCC

We have entered into a tie-up with Stemcor MESA DMCC ("Stemcor"), which is an international player and has been in the business of international trade and marketing of steel for over 5 decades. We have executed contractual arrangements with Stemcor, including a Shareholder's Subscription Agreement, an Off-Shore Supply Contract, Design Supply Contract, encompassing equity investment, supply of major equipments, and supervision of project implementation. In addition to these agreements, we have also entered into a Delivery and Marketing Agreement for international marketing of our products. As per this agreement, Stemcor will buy DI pipes, and long steel products consisting of billets, beam blanks, bars, rods, square and/ or structural steel produced by us for a period of three years from the date of commercial production in a series of regular consignments at prices reflecting market prices to be agreed and in accordance with the terms of the agreement. We believe that the participation of Stemcor in various aspects our project will help us access their expertise and experience and also enhance the profile of the project significantly.

Low Cost of Production

As per the agreement dated July 21, 2008, ECL has agreed to supply iron ore and 30% of our coking coal requirement on a cost plus twenty percent for a period of 20 years from the date of commencement of commercial production. We believe that the assured availability of iron ore and coking coal from mines allocated to ECL will ensure that we will be able to reduce our operating costs and ensure a steady supply of coal and iron ore, at a lower cost. The major capital equipment for the plant is based on Chinese technology which provides higher productivity with lower costs. We believe that these factors will result in strong project economics and help us to become one of the lowest cost producers of steel. Besides this, our locational advantage also enables us to enjoy lower costs.

Experienced management team with a proven track record

Our operations are led by an experienced senior management group who we believe have the professional expertise and vision to set up and consolidate our position as an integrated special steel manufacturing company. We consider our employees as our principal competitive advantage. Our Company has a total of 478 employees on its pay rolls as of July 31, 2010. Our Company's senior management includes highly qualified people with extensive experience industry experience with commercial, engineering or technical background. Our directors command good experience in the steel industry. For further details, please refer to chapter titled "Our Management" on page no. 142 of this Red Herring Prospectus.

Complimentary product mix

As an integrated steel manufacturer, we believe that our operations shall be sufficiently flexible to enable us to alter our product mix and position in order to minimize any adverse effect on our business in the highly cyclical steel industry, as prices and gross margins for each product in our production line vary and fluctuate. For e.g. Our Iron-making plant output can be segregated and may be sold or may be provided as input for the steel-making plant and DI pipe plant. Billets can also be sold as well as used as input for wire rod mill and rebar mill of the manufacturing plant. We believe that our ability to change the product mix as and when required will give us the flexibility to serve a wide spectrum of clients, across various sectors.

Our Strategy

Enhance and leverage the Electrosteel brand and the group resources

We are promoted by ECL, hence one of our key strengths is our affiliation and relationship with the Electrosteel group and the brand equity generated from the “Electrosteel” brand name. ECL, our Promoter is in the business of manufacturing CI spun pipes for over four decades and Ductile Iron Spun Pipes since the last 15 years. Over the years, we believe that our customers perceive the Electrosteel brand to be that of a quality provider of products and services. We intend to leverage the brand equity that we enjoy as a result of our relationship with the ECL to expand our business.

To use ECL’s and Stemcor’s marketing reach

ECL, our promoter, is in the business of production, marketing and sale of DI Pipes since the last few decades and has an established marketing network and clientele in India and abroad. This would be leveraged for the purpose of marketing our products throughout the country. Besides we have entered into a Delivery and Marketing agreement with Stemcor MESA DMCC by virtue of which our company will sell and deliver to Stemcor and Stemcor will buy steel of the type and quality mutually agreed by both parties in a series of regular monthly consignment at a price reflecting market prices for a period of three years from the date of the commercial production. This will enable us to successfully gain entry into the export markets.

Attract, train and retain qualified personnel

We believe that maintaining quality, minimising costs, ensuring timely delivery and completion of our proposed project depend largely upon the technical skill and workmanship of our employees and adoption of latest technology. As competition for qualified personnel increases, we intend to improve our competitiveness by increasing our focus on training our staff and honing their skills.

We continuously train our workforce to enhance their knowledge and equip them with the latest skill sets. Further, we have undertaken certain motivational programs for our employees, such as, the reward-recognition-respect program.

SUMMARY FINANCIAL INFORMATION

RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in millions)

Particulars		As on			
		March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
A	**FIXED ASSETS**				
	Gross Block	475.68	1,277.15	2,031.61	2,078.05
	Less: Depreciation	0.47	3.14	15.28	20.29
	Net Block	475.21	1,274.01	2,016.33	2,057.76
	Less : Revaluation Reserve	Nil	Nil	Nil	Nil
	Net Block after adjustment for Revaluation Reserve	475.21	1,274.01	2,016.33	2,057.76
	Capital Work in Progress	2,194.66	19,951.06	36,856.00	39,617.45
	Total Fixed Assets (A)	**2,669.87**	**21,225.07**	**38,872.33**	**41,675.21**
B	**INVESTMENTS (B)**	**Nil**	**1,764.25**	**1,606.04**	**86.87**
C	**CURRENT ASSETS, LOANS AND ADVANCES**				
	Inventories	Nil	Nil	Nil	Nil
	Sundry Debtors	Nil	Nil	Nil	Nil
	Cash and bank Balance	1,660.33	556.14	943.20	229.69
	Loans and Advance	164.42	411.65	793.01	911.30
	Total (C)	**1,824.75**	**967.79**	**1,736.21**	**1,140.99**
D	**LIABILITIES ANDPROVISIONS**				
	Secured Loans	1,330.60	17,285.33	24,693.56	25,137.21
	Unsecured Loans	Nil	Nil	Nil	Nil
	Current Liabilities	61.55	172.15	845.30	1,090.77
	Provisions	2.15	7.14	18.27	17.64
	Deferred Tax liability	Nil	Nil	Nil	Nil
	Total (D)	**1,394.30**	**17,464.62**	**25,557.13**	**26,245.62**
E	**NET WORTH (A+B+C-D)**	**3,100.32**	**6,492.49**	**16,657.45**	**16,657.45**
F	**REPRESENTED BY:**				
	Share Capital	0.90	3,385.73	16,657.63	16,657.63
	Share Application Money (pending allotment)	3,099.60	3,106.94	Nil	Nil
	Total Reserves and Surplus	Nil	Nil	Nil	Nil
	Less Revaluation Reserves	Nil	Nil	Nil	Nil
	Net Reserve and Surplus	Nil	Nil	Nil	Nil
	Miscellaneous Expenditure	(0.18)	(0.18)	(0.18)	(0.18)
	NET WORTH (A+B-C)	**3,100.32**	**6,492.49**	**16,657.45**	**16,657.45**

RESTATED PROFIT & LOSS ACCOUNT

(Rs. in millions)

Particulars	For the year/period ended			
	December 20, 2006 to March 31, 2008	**March 31, 2009**	**March 31, 2010**	**April 1, 2010 to June 30, 2010**
INCOME				
Sales	Nil	Nil	Nil	Nil
Increase/ (Decrease) in stocks	Nil	Nil	Nil	Nil
Other Income				
Interest income	36.94	65.76	45.41	4.91
Dividend income	Nil	32.73	83.69	9.14
Exchange fluctuation	0.03	41.69	446.92	(286.60)
Gain/(loss) on forward contracts	Nil	14.53	(97.54)	2.63
Profit on sale of fixed assets	Nil	0.03	Nil	Nil
Profit on sale of Investments	Nil	Nil	0.19	1.71
Total	**36.97**	**154.74**	**478.67**	**(268.21)**
EXPENDITURE				
Material Consumed	Nil	Nil	Nil	Nil
Manufacturing Expenses	Nil	Nil	Nil	Nil
Personnel Expenses	58.04	119.76	250.84	75.26
Other Operating Expenses	485.19	482.35	888.63	168.06
Depreciation	0.47	2.76	12.14	5.01
Interest & Finance Charges	5.68	871.82	2,198.90	671.74
Provision For Taxation	13.38	25.22	0.09	Nil
Total	**562.76**	**1,501.91**	**3,350.60**	**920.07**
Excess of Expenditure over Income	**525.79**	**1,347.17**	**2,871.93**	**1,188.28**
Transferred to Project Development Expenditure Account (Included under Capital Work-in-Progress) #	525.79	1,347.17	2,871.93	4,744.89
Accumulated balance of Project Development Expenditure Account	**525.79**	**1,872.96**	**4,744.89**	**5,933.17**

(#) Accounting for fixed assets (AS 10): AS 10, requires all the expenditure incurred in connection with acquiring the fixed assets and incidental to acquiring such fixed assets to be added/allocated to the cost of the respective asset. (Paragraph 9 of AS 10).

Paragraph 9.3 of AS 10 reads: "Administration and other general overhead expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset, and this normally is the case of expansion projects. However, in the case of new projects, all such expenses are specifically attributable to construction of the project or to the acquisition of a fixed assets or bringing the same it to its working condition which has to be included as part of the cost of the construction project or as a part of the cost of fixed asset."

Para 10 of AS 16 reads: "To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset should be determined as the actual borrowing costs incurred on that borrowing during the period less any income on the temporary investment of those borrowing."

RESTATED CASH FLOW STATEMENT:

(Rs. in millions)

	For the year/period ended			
	December 20, 2006 to March 31, 2008	**March 31, 2009**	**March 31, 2010**	**April 1, 2010 to June 30, 2010**
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary Items	Nil	Nil	Nil	Nil
Adjustments for:	Nil	Nil	Nil	Nil
Depreciation	Nil	Nil	Nil	Nil
Other Income	Nil	Nil	Nil	Nil
Interest Expenses	Nil	Nil	Nil	Nil
Loss on Sale of Assets	Nil	Nil	Nil	Nil
Miscellaneous expenses written off	Nil	Nil	Nil	Nil
Operating profits before working capital changes	Nil	Nil	Nil	Nil
Adjustments for:				
Inventories	Nil	Nil	Nil	Nil
Trade & Other Receivables	Nil	Nil	Nil	Nil
Trade Payable & Other Liabilities	Nil	Nil	Nil	Nil
Cash generated from operations	Nil	Nil	Nil	Nil
Interest Paid	Nil	Nil	Nil	Nil
Cash Flow Before Extraordinary Items	Nil	Nil	Nil	Nil
Extraordinary items (Prior Year Adjustment)	Nil	Nil	Nil	Nil
Cash from Operating Activities	Nil	Nil	Nil	Nil
Income tax paid	Nil	Nil	Nil	Nil
Net Cash from Operating Activities (A)	Nil	Nil	Nil	Nil
CASH FLOW FROM INVESTING ACTIVITIES				
Capital work in progress	(2,161.75)	(16,864.77)	(14,138.64)	(1,853.91)
Purchase of fixed assets (net)	(475.68)	(801.52)	(754.54)	(46.45)
Sale/(Purchase) of Investment	Nil	(1,764.25)	158.21	1,519.17
Interest income	36.94	65.76	45.41	4.91
Dividend income	Nil	32.73	83.69	9.14
Advances recoverable in cash or in kind	(151.18)	(195.38)	(328.48)	(63.67)
Taxes Paid	(13.24)	(51.84)	(52.88)	(54.62)
Deferred revenue expenditure	(0.18)	Nil	Nil	Nil
Net cash used for Investing Activities (B)	**(2,765.09)**	**(19,579.27)**	**(14,987.23)**	**(485.43)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital/Share Premium	3,100.50	3,392.17	10,164.96	Nil
Secured Loans	1,330.60	15,954.72	7,408.24	443.65
Interest paid	(5.68)	(871.81)	(2,198.90)	(671.74)
Dividend including dividend tax	Nil	Nil	Nil	Nil
Net cash from Financing Activities I	**4,425.42**	**18,475.08**	**15,374.30**	**(228.09)**
Net Increase in cash and cash equivalents (A+B+C)	1,660.33	(1,104.19)	387.07	(713.52)
Cash and Cash equivalents at beginning of the year	Nil	1,660.33	556.14	943.21
Cash and Cash equivalents at end of the year	1,660.33	556.14	943.21	229.69

Note: Figures in ( ) denotes cash outflow

THE ISSUE

Issue of Equity Shares**	225,516,188 Equity Shares
Of which:	
Qualified Institutional Buyers (QIBs) Portion*	At least 135,309,713 Equity Shares
Anchor Investor Portion	Up to 40,592,914 Equity Shares
of which	
Available for domestic Mutual Fund	Up to 13,530,971 Equity Shares
Net QIB Portion	94,716,799 Equity Shares
of which	
Available for Mutual Funds only	4,735,840 Equity Shares
Balance of Net QIB Portion (available for QIBs including Mutual Funds)	89,980,959 Equity Shares
Non-Institutional Portion	Not less than 22,551,619 Equity Shares
Retail Portion	Not less than 67,654,856 Equity Shares
Green Shoe Portion	Up to 33,827,428 Equity Shares
Issue and Green Shoe Portion	259,343,616 Equity Shares
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	1,809,018,835 Equity Shares
Equity Shares outstanding after the Issue (assuming Green Shoe is not exercised)	2,034,535,023 Equity Shares
Equity Shares outstanding after the Issue (assuming Green Shoe is exercised in full)	2,068,362,451 Equity Shares
Use of Issue Proceeds	See "Objects of the Issue" on page 65 of this Red Herring Prospectus for information about the use of the Issue Proceeds.

**Our Company may consider participation by Anchor Investors in accordance with SEBI ICDR Regulations.*

***Our Company has allotted 87,441,860 Equity Shares to GPC Mauritius II LLC, and 55,813,952 Equity Shares to Franklin Templeton Private Equity Strategy - A/c PMS pursuant to a Pre-IPO Placement through separate resolutions of the Share Allotment Committee dated August 25, 2010 and September 1, 2010 respectivly. For details of this agreement, please see "History and Certain Corporate Matters" on page 128 of the Red Herring Prospectus.*

(1) Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on proportionate basis. Under-subscription, if any, in any category, except the QIB Portion, 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. If at least 60% of the Issue is not allocated to the QIBs, the entire subscription monies shall be refunded.

(2) Our Company may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one third will be available for allocation to domestic Mutual Funds only. For details see "Issue Procedure" on page 316 of this Red Herring Prospectus.

(3) The Green Shoe Option will be exercised at the discretion of the BRLMs and our Company only with respect to the Loaned Shares for which purpose the Green Shoe Lender has agreed to lend up to 33,827,428 Equity Shares. In terms of the SEBI ICDR Regulations, the Loaned Shares shall not be in excess of fifteen percent of the Issue size. For further details, please see the chapter titled "Green Shoe Option" on page 44 of this Red Herring Prospectus.

GENERAL INFORMATION

We were incorporated as Electrosteel Integrated Limited on December 20, 2006. The name of our Company was changed to "Electrosteel Steels Limited" by Board resolution dated January 11, 2010 and shareholder's resolution dated March 25, 2010. A fresh certificate of incorporation was granted to us on May 5, 2010.

Registered Office Address of our Company

801, Uma Shanti Apartments
Kanke Road, Ranchi – 834 008
Jharkhand
Tel: +91 651 2231636
Fax: +91651 2231636
Website: http://www.electrosteel.com/steels/index.htm

Registration Number: 012663 of 2006
Company Identification Number: U27310JH2006PLC012663

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Bihar & Jharkhand, situated at the following address:

Maurya Lok Complex,
Block A Western Wing,
4th floor, Dak Bunglow Road,
Patna - 800001
Tel: +91 612 222172
Fax: +91 612 222172

Our Board of Directors comprises the following:

Name and Designation	Age (years)	DIN	Address
Mr. Anil Kumar Sinha Chairman, Non Executive and Independent Director	61	02668258	E/84, Ashok Vihar, Ranchi - 834 002
Mr. Nigam Chander Bahl Executive Director	71	00066809	8C, Monalisa 17, Camac Street, Kolkata-700017
Mr. Umang Kejriwal Non Executive and Non Independent Director	57	00065173	13, Gurusaday Road Kolkata-700 019
Mr. Naresh Pachisia Non Executive and Independent Director	47	00233768	Flat 9B 29A, Ballygunge Park Road Kolkata - 700019
Mr. Sanjoy Tekriwal Non Executive and Independent Director	49	00495631	BG-14, Saltlake City, Kolkata, 700091, West Bengal
Mr. Sunil V. Diwakar Nominee Director of Tara India Holdings A Limited Non Executive and Non Independent Director	47	00089266	C-002, Ground Floor, Shreeji Ville, Opp. Nitin Company, Almeida Road Panchpakhadi, Thane West, Maharashtra 400 602

Name and Designation	Age (years)	DIN	Address
Mr. Lawrence Mohan Roy Alternate Director to Mr. Sunil V. Diwakar Non Executive and Non Independent Director	41	02215814	14, Opp. Rohini Manor Apartments, Sudhekundapalaya, CV Raman Nagar Bangalore-560093

For further details of our Directors, see "Our Management" on page 142 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Vikram Saraogi is the Secretary and Compliance Officer of our Company. His contact details are as follows:

Mr. Vikram Saraogi
G.K. Tower
19, Camac Street
Kolkata- 700 017
Tel: +91 33 2283 9990
Fax: +91 33 2290 2882 / 2289 4339
Email: eil.investors@electrosteel.com

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA account number and the Designated Branches.

For all Issue related queries and for redressal of complaints, investors may also write to BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.

Book Running Lead Managers

Edelweiss Capital Limited
14th floor, Express Towers
Nariman Point, Mumbai – 400 021, India
Tel.: +91 22 40863535
Fax: +91 22 4086 3610
E-mail: eil.ipo@edelcap.com
Website: www.edelcap.com
Investor Grievance Id: customerservice.mb@edelcap.com
SEBI Reg. No. INM0000010650
Contact person: Mr. Sumeet Lath / Mr. Jibi Jacob

Enam Securities Private Limited
801, Dalamal Tower
Nariman Point
Mumbai 400 021, India
Tel: + 91 22 6638 1800
Fax: + 91 22 2284 6824
E-mail: electrosteel.ipo@enam.com
Website: www.enam.com
Investor Grievance Id: complaints@enam.com
SEBI Reg. No. INM000006856
Contact Person: Mr. Sonal Sinha

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuff Parade, Mumbai 400 005
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: electrosteel.ipo@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
SEBI Reg. No.: INM000003531
Contact Person: Mr. Murtuza Patrawala

Advisor to the Issue

Fortune Financial Services (India) Limited
K.K. Chambers, 2nd Floor
Sir P.T. Marg
Fort, Mumbai – 400 001
Tel: +91 22 2207 7931
Fax: +91 22 2207 2948
Email: dhshinde@ffsil.com

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

Legal Advisor to the Issue

Khaitan & Co
One Indiabulls Centre, 13th Floor
841 Senapati Bapat Marg
Elphinstone Road
Mumbai 400 013, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17 to 24,
Vittal Rao Nagar, Madhapur
Hyderabad - 500 081, Andhra Pradesh, India
Tel: + 91 40 2342 0815-28
Fax: + 91 40 2343 1551
E-mail: electro.ipo@karvy.com
Website: http://karisma.karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

Bankers to the Issue and Escrow Collection Banks

Axis Bank Limited
Shakespeare Sarani,
Kolkata 700 0071
Tel: +91 33 2282 9836/9837/2933
Fax: +91 33 22827611
Email: debashish.sarkar@axisbank.com, ratandeep.kar@axisbank.com
Website: www.axisbank.com
Contact Person: Debashish Sarkar, Ratandeep Kar
SEBI Registration Number: INBI00000017

HDFC Bank
iThink Techno Campus
O-3 Level, Next to Kanjurmarg Raiway Station
Kanjurmarg (East)
Mumbai 400 042
Tel: +91 22 30752928
Fax: +91 22 25799801
Email: Deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr Deepak Rane
SEBI Registration Number: INBI00000063

Standard Chartered Bank
270 D N Road
Fort, Mumbai 400 001
Tel: +91 22 22683955
Fax: +91 22 22096067
Email: joseph.george@sc.com
Website: www.standardchartered.co.in
Contact Person: Mr Joseph George
SEBI Registration Number: INBI00000885

State Bank of India
Cash Management Product Centre
31, Mahal Industrial Estate
Off Mahakali Caves Road
Andheri East
Mumbai-400093
Tel: +91 22 26814805
Fax: +91 22 26875060/61
Email: agmpi.cmp@sbi.co.in
Website: www.statebankofindia.com
Contact Person: Mr.Ejaz Hussain
SEBI Registration Number: INBI00000038

Syndicate Members

Edelweiss Securities Limited
2nd floor, MB Towers
Plot No. 5, Road No. 2
Banjara Hills
Hyderabad 500 034, India
Tel: +91 22 6747 1342
Fax: +91 22 6747 1347
E-mail: eil.ipo@edelcap.com
Website: www.edelcap.com
Contact Person: Mr. Prakash Boricha / Ms Pinki Dhodia
SEBI registration number: NSE: INB231193310
BSE: INB011193332

SBICAP Securities Limited
191, Maker Tower F, 19th Floor
Cuffe Parade
Mumbai 400 005
Tel: (91 22) 3047 8500
Fax: (91 22) 3046 8670
Email: complaints@sbicapsec.com
Website: www.sbicapsec.com
Contact Person: Ms. Archana Dedhia
SEBI Registration Nos: INB231052938

Bankers / Lenders to our Company

Allahabad Bank
Industrial Finance Branch
1st Floor, 17, Parliament Street
New Delhi – 110001
Tel: 011- 23342790
Fax: 011- 23342102
E-Mail: delifb@del.allahabadbank.co.in

Andhra Bank
Corporate Finance Branch
16th Floor, Earnest House
NCPA Marg, Nariman Point
Mumbai – 400 0 21
Tel: 022- 22884877
Fax: 022- 22885841
E-Mail: bmmum1128@andhrabank.co.in

Bank of India
5, BTM Sarani
Kolkata – 700 001
Tel: (033)- 2210 4257
Fax: (033)- 2242 7562
E-Mail: kolkatacbb@bankofindia.co.in

Bank of Baroda
Corporate Financial Service Branch
3, Walchand Hirachand Marg,
1st Floor, Ballard Pier
Mumbai – 400 0 01
Tel: 022- 226916 27
Fax: 022- 22610413
E-Mail: cfsbal@bankofbaroda.com

The Bank of Rajasthan Limited
Branch Office:
31, Chowringee Road
Kolkata Road-700 016
Tel: 033- 22659336
Fax: 033 – 22498482
E-Mail: crcalcutta@rajbank.com

Bank of Maharashtra
Branch Office:
Bandra East Branch
MHADA Building, Kalanagar
Bandra East,Mumbai 400 0 51
Tel: 022-265928 64
Fax: 022-26592573
E-Mail: bom164@mahabank.co.in

Canara Bank
Branch Office:
Corporate Service Branch
Ground Floor, Ansal Towers
38 Nehru Place
New –elhi - 110019
Tel: 011-26411518
Fax: 011-26416895
E-Mail: managerdelhi2624@canbank.co.in

Central Bank of India
Branch Office:
Corporate Finance Branch
M G Road, 1st Floor
Fort
Mumbai 400 0 23
Tel: 022- 22700946/7 /8
Fax: 022- 22650686/2262372
E-Mail: cfbcbi@rediffmail.com

Corporation Bank
Branch Office:
Large Corporate Branch
301/302, Eagles Flight
Suren Road, Andheri Kurla Road, Andheri East
Mumbai 400 0 93
Tel: 022-26830478 / 2448 / 9
Fax: 022-26842450
E-Mail: cb870@corpbank.co.in

Dena Bank
Branch Office:
Corporate Business Branch
C-10, G Block
Bandra Kurla Complex
Bandra (East)
Mumbai – 400 0 51
Tel: 022 26545011
Fax: 022 26545016
E-Mail: bankur@denabank.co.in

Housing & Urban Development Corporation Limited
Branch Office:
New CMC Bldg., 3rd Floor
15n, Lindsay Street
Kolkata – 700 087
Tel: 033- 2252 8615
Fax: 033- 2252 5511
E-Mail: kro@hudco.org

Indian Bank
Branch Office
G-41, Connaught Circus
New Delhi 110001
Tel: 011- 2371 2160
Fax: 011- 2371 8418
E-Mail: credit.newdelhi@indianbank.co.in

Indian Overseas Bank
Branch Office:
70, Golf Links
New Delhi 110 003
Tel: 011 2460 1621
Fax: 011 2463 4703
E-Mail: golffbr@delsco.iobnet.co.in

Punjab National Bank
Branch Office:
Large Corporate Branch,
A-9 Connaught Place
New Delhi 110001
Tel: 011- 2373 1876
Fax: 011- 2371 2518
E-Mail: vimleshkumar@pnb.co.in

IL&FS Financial Services Limited
The IL&FS Financial Centre, 3rd Foor
D-Quadrant, Plot C-22, Bandra Kurla Complex
Bandra East, Mumbai – 400 051.
Tel: +91 22 2659 3674
Fax: +91 22 2653 3093
Email: sanjay.gupta@ilfsindia.com

State Bank of India
Branch Office:
Corporate Accounts Group, Reliance House, Jawaharlal Nehru Road, Kolkata – 700 071
Tel: 033-22889153
Fax: 033-22887037
E-Mail: subir.das@sbi.co.in

State Bank of Mysore
Branch Office:
No. 3, 4 & 5
DDA Building, Nehru Place
New Delhi- 110019
Tel: 033- 4161 6747
Fax: 033- 2621 6893
E-Mail: sureshbkrao@yahoo.co.in

Life Insurance Corporation of India
Yogakshema, Jeevan Bima Marg,
Mumbai – 400 021
Tel: +91 22 2288 3270
Fax: +91 22 2281 0444
Email: p.venugopal@licindia.com

Syndicate Bank
Branch Office:
Camac Street Branch
26, Shakespeare Sarani
Kolkata- 700 017
Tel: 033-22903852

Oriental Bank of Commerce
Branch Office:
Overseas Branch
Lords, 7/1 Lord Sinha Road
Kolkata – 700 071
Tel: 033- 2282 5012
Fax: 033- 2282 5886
E-Mail: bm0544@obc.co.in

Punjab & Sind Bank
Branch Office:
Industrial Finance Branch
P-18/90, 1st Floor
Connaught Circus
New –elhi - 110 001
Tel: 011- 2334 6682
Fax: 011- 2334 6681
E-Mail: ifb@psb.co.in

State Bank of Hyderabad
Branch Office:
32 A, Brabourne Road
Kolkata 700 001
Tel: 033-22350155
Fax: 033- 22215738
E-Mail: sbhbrrd@cal.vsnl.net.in

State Bank of Indore
Branch Office:
M-47, Connaught Circus
New Delhi -110001
Tel: 011- 2341 5044
Fax: 011- 2341 4685
E-Mail: pandeyvijay@yahoo.co.in

State Bank of Patiala
Branch Office:
Commercial Branch
Chandralok Building,
2nd Floor, 36, Janpath
New Delhi -110 001
Tel: 011 -2373 0287
Fax: 011 -2335 4365
E-Mail: sbpcbnd@yahoo.co.in

State Bank of Travancore
Branch Office:
112-115, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021
Tel: 022-30287001-7013
Fax: 022-30287014/17
E-Mail: cfb@sbt.co.in

The Jammu & Kashmir Bank Limited
Branch Office:
A-17, Lajpat Nagar-IV
Ring Road, New Delhi-110024
Tel: 011-2644 2091
Fax: 011-2644 2097

Fax: 033-22879390
E-Mail: vsm_48@yahoo.com

E-Mail: lajpat@jkbmail.com

UCO Bank
Branch Address:
Corporate Flagship Branch
5 , Parliament Street
New Delhi-110001
Tel No: 011-2371 5904
Fax No: 011-2371 7022
E-Mail: bo.fccnewdelhi@ucobank.co.in

Union Bank of India
Branch Office:
Industrial Finance Branch
Union Bank Bhavan
239, Vidhan Bhavan Marg
Nariman Point
Mumbai 400 021
Tel: 022-22892012
Fax: 022-22855037
E-Mail: dsjathar@unionbankofindia.com

United Bank of India
Branch Office:
Old Court House Street Branch
11, Hemanta Basu Saranni
Kolkata-700001
Tel: 033- 22487536
Fax: 033- 2248 6570
E-Mail: bmoch@unitedbank.co.in

Vijaya Bank
Branch Office:
Industrial Finance Branch
New Excelsior Building,
2nd Floor Fort, Mumbai 400 001
Tel: 022-22079776/22064756
Fax: 022-22075994
E-Mail: mum.ifb5045@vijayabank.co.in

Auditors to our Company

B Chhawchharia & Co., Chartered Accountants
8A & 8B Satyam Towers,
3, Alipore Road,
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Inter Se Allocation of Responsibilities between the BRLMs

The following table sets out the inter-se allocation of responsibilities for various activities among Edelweiss, Enam and SBI CAPS, as BRLMs to the Issue:

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital Structuring with relative components and formalities such as composition of debt equity, type of instruments, etc.	All BRLMs	Edelweiss
2.	Drafting and design of the offer document, including memorandum containing salient features of the offer document. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI including finalisation of offer document filing.	All BRLMs	Edelweiss
3.	Drafting and approval of all statutory advertisement	All BRLMs	Edelweiss
4.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure etc.	All BRLMs	SBI
5.	Appointment of other intermediaries connected with the issue viz., Registrar's, Printers, Advertising Agency and Bankers to the Issue	All BRLMs	Enam
6.	Preparation of Road show presentation	All BRLMs	Enam

Sr. No.	Activity	Responsibility	Co-ordination
7.	International Institutional Marketing strategy * Finalise the list and division of investors for one to one meetings, in consultation with the Company, and * Finalizing the International road show schedule and investor meeting schedules - Asia - Europe - Rest of the World	All BRLMs	Enam
8.	Domestic institutions / banks / mutual funds marketing strategy * Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company. * Finalizing the list and division of investors for one to one meetings, and * Finalizing investor meeting schedules	All BRLMs	Edelweiss
9.	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc., (iii) collection centres, (Iv) brokers to the issue, and (v) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.	All BRLMs	Edelweiss
10.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.	All BRLMs	SBI
11.	Finalisation of Pricing, in consultation with the Company	All BRLMs	Edelweiss
12.	The post issue activities which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc.	All BRLMs	SBI

Credit Rating

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

IPO Grading

This Issue has been graded by CARE and has been assigned IPO Grade 3 indicating Average fundamentals through its letter dated May 24, 2010, further revalidated by the letter dated August 4, 2010 for a period of 2 months from August 4, 2010.

The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by CARE, furnishing the rationale for its grading is annexed to this Red Herring Prospectus and will be available for inspection at our Registered Office from 10:00 am to 4:00 p.m. on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date. Attention is drawn to the disclaimer appearing on in the Annexure to this Red Herring Prospectus.

Experts

Except the report of CARE in respect of the IPO grading of this Issue annexed herewith and Report of our Auditors on the audited financial information and Statement of Tax Benefits included in this Red Herring Prospectus, our Company has not obtained any expert opinions.

Trustee

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

Monitoring Agency

As this is an Issue for less than Rs. 5,000 million, the appointment of a Monitoring Agency as per Regulation 16 of the SEBI ICDR Regulations is not required. However, pursuant to Clause 49 of the Listing Agreement, we shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of our Company. Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue proceeds. Such statement shall be furnished to the Stock Exchanges along with the interim and / or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band which will be decided by our Company in consultation with the BRLMs and advertised at least two days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- The BRLMs;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;
- Registrar to the Issue;
- SCSB; and
- Escrow Collection Banks.

In accordance with Rule 19(2) (b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to QIBs, out of which 5% (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Our Company may consider allocation up to 30% of the QIB Portion to Anchor Investors as per the provisions of the SEBI ICDR Regulations. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will 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 accordance with the SEBI Regulations, QIBs bidding in the Net QIB Portion are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. Allocation to QIBs will be on a proportionate basis (except allocation to Anchor Investors). Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

We will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

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

Bidders can bid at any price within the price band. For instance, assume 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 Bidding Centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 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. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see "Issue Procedure - Who Can Bid?" on page 317 of this Red Herring Prospectus);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application F;

3. Ensure that you have mentioned your PAN in the Bid cum Application form and the ASBA form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction;

4. 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;

5. Bids by QIBs will have to be submitted to the BRLMs only; and

6. Bids by ASBA bidders shall be submitted to SCSB at Designated Branches.

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Bid/Issue Programme

BID/ISSUE OPENS ON	**TUESDAY, SEPTEMBER 21, 2010**
FOR QIB BIDDERS, BID/ISSUE CLOSES ON	**THURSDAY, SEPTEMBER 23, 2010**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS, BID/ISSUE CLOSES ON:	**FRIDAY, SEPTEMBER 24, 2010**

Our Company has allocated [•] Equity Shares to Anchor Investors at Rs. [•] per Equity Share in accordance with SEBI ICDR Regulations. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, **except that on the Bid Closing Date for QIBs, Bids shall be accepted only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until 4.00 p.m. On Bid Closing Date for Retail and Non Institutional Bidders, Bids shall be accepted only between 10 a.m and 3 p.m (Indian Standard Time) and uploaded until (i) 4.00 P.M in case of Bids by Non institutional Bidders; and (ii) until 5.00 p.m or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 3 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Member shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchanges.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Our Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the cap price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. The underwriting shall be to the extent of the Bids uploaded by the Underwriters. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated its 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 the RoC

Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (In Rs. Million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned amount is indicative of the total number of Equity Shares to be underwritten and would be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters is sufficient to enable them to discharge its underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

GREEN SHOE OPTION

We intend to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Issue in consultation with the Stabilising Agent to operate a price stabilisation mechanism in accordance with the SEBI ICDR Regulations. ECL, as the Green Shoe Lender, will lend the Equity Shares to the Stabilising Agent for the purpose of effectuating the Green Shoe Option.

We have appointed Edelweiss Capital Limited as the Stabilising Agent, for performance of the role of Stabilising Agent as envisaged in Regulation 45 of the SEBI ICDR Regulations, including price-stabilising post listing, if required. There is no obligation on the Stabilising Agent to conduct stabilising measures. If commenced, stabilisation will be conducted in accordance with applicable laws and regulations and such Stabilisation may be discontinued at any time and in any case will not continue for a period exceeding 30 days from the date when trading permission is given by the Stock Exchanges. The Stabilising Agent will borrow Equity Shares from Green Shoe Lender. The Equity Shares borrowed from Green Shoe Lender or purchased in the market for the purpose of price stabalisation will be in demat form only. The Equity Shares available for allocation under the Green Shoe Option will be available for allocation to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 60%, 10% and 30% respectively assuming full demand in each category. We have entered into a Stabilisation Agreement dated March 22, 2010 with the Green Shoe Lender and the Stabilising Agent. The Green Shoe Lender has agreed to lend up to 33,827,428 Equity Shares of our Company, which comprises 15% of the size of the Issue.

The terms of the Stabilisation Agreement provide that:

Stabilisation Period

"Stabilisation Period" shall mean the period commencing from the date we are given trading permission from the Stock Exchanges and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent.

Decision regarding Exercise of Green Shoe Option

(i) On the Pricing Date, the BRLMs, in consultation with us, the Green Shoe Lender and the Stabilising Agent, shall take a decision relating to the exercise of the Green Shoe Option.

(ii) In the event, it is decided that the Green Shoe Option shall be exercised, our Company in consultation with the Stabilising Agent, shall make over-allotment of Equity Shares as per the procedure detailed below.

(iii) Any additional funds received by our Company in case of further allotment pursuant to the exercise of the Green Shoe Option, will form a part of the Issue Proceeds. For details on the intended use of Issue Proceeds, please see the chapter titled "Objects of the Issue" on page 65 of this Red Herring Prospectus.

Procedure for Over Allotment and Stabilisation

(i) The allocation of the Over Allotment Shares shall be done in conjunction with the allocation of Issue so as to achieve pro-rata distribution.

(ii) The monies received from the applications for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account, which is a distinct account and separate from the Public Issue Account and shall be used only for the purpose of stabilisation of the post listing price of the Equity Shares.

(iii) Upon such allocation, the Stabilising Agent shall transfer the Over Allotment Shares from the GSO Demat Account to the respective depository accounts of successful Bidders.

(iv) For the purpose of purchasing the Equity Shares from the market, the Stabilising Agent shall use the funds lying to the credit of GSO Bank Account.

(v) The Stabilising Agent shall solely determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of Stabilisation of the post-listing price of the Equity Shares.

(vi) The Equity Shares purchased from the market by the Stabilising Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lender immediately on the expiry of the Stabilisation Period but in no event later than the expiry of two working days thereafter.

(vii) In the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilisation Period but before the transfer to the Green Shoe Lender is less than the Over Allotment Shares, upon being notified by the Stabilising Agent and the equivalent amount being remitted to us from the GSO Bank Account, we shall within four (4) days of the receipt of notice from the Stabilising Agent of the end of the Stabilisation Period allot new Equity Shares in dematerialized form in an amount equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares shall be returned by the Stabilising Agent to the Green Shoe Lender in final settlement of Equity Shares borrowed, within two (2) working days of them being credited into the GSO Demat Account, time being of essence in this behalf.

(viii) Upon the return of Equity Shares to the Green Shoe Lender pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilising Agent shall close the GSO Demat Account.

(ix) The Equity Shares returned to the Green Shoe Lender under this clause shall be subject to remaining lock-in-period, if any, as provided in the SEBI ICDR Regulations.

GSO Bank Account

The Stabilising Agent shall remit from the GSO Bank Account to our Company, an amount, in Indian Rupees, equal to the number of Equity Shares at Issue Price to be allotted by us to the GSO Demat Account. The amount left in this account, if any, after this remittance and deduction of expenses including depository, brokerage and transfer fees and net of taxes, if any, incurred by the Stabilising Agent in connection with the activities under the Stabilisation Agreement, shall be transferred to the Investor Protection Fund of the Stock Exchanges in equal parts. Upon the transfer of monies from the account, the Stabilising Agent will close the GSO Bank Account.

Reporting

During the Stabilisation Period, the Stabilising Agent will submit a report to the Stock Exchanges on a daily basis. The Stabilising Agent will also submit a final report to SEBI in the format prescribed in Schedule XII of the SEBI ICDR Regulations. This report will be signed by the Stabilising Agent and our Company and be accompanied by the depository statement for the GSO Demat Account for the Stabilisation Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilising Agent will, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Green Shoe Lender regarding confirmation of lock-in on the Equity Shares returned to the Green Shoe Lender in lieu of the Over Allotment Shares.

Rights and obligations of the Stabilising Agent

(i) Open a special bank account "ECL GSO Proceeds for ESL IPO" or GSO Bank Account and deposit the money received against the over-allotment in the GSO Bank Account.
(ii) Open a special account for securities "Electrosteel Steels Limited – GSO Shares Edelweiss Capital Limited" or GSO Demat Account and receive the Equity Shares lent by the Green Shoe Lender and allocate to applicants to the Issue and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.
(iii) Stabilize the market price only in the event of the market price falling below the Issue Price as per SEBI ICDR Regulations, including determining the price at which Equity Shares to be bought, timing etc.
(iv) On exercise of Green Shoe Option at the end of the Stabilisation Period, to request our Company to issue Equity Shares and to transfer funds from the GSO Bank Account to our Company within a period of five working days of close of the Stabilisation Period.

(v) On expiry of the Stabilisation Period, to return the Equity Shares to the Green Shoe Lender either through market purchases or through fresh issue of Equity Shares by us as part of Stabilising process.
(vi) To submit daily reports to the Stock Exchanges during the Stabilisation Period and to submit a final report to SEBI.
(vii) To maintain a register of its activities and retain the register for three years.
(viii) Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund of the Stock Exchanges.

Rights and obligations of the Green Shoe Lender

(i) The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Equity Shares lent shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances.

(ii) On receipt of a notice from the Stabilising Agent, to transfer the Equity Shares lent to the GSO Demat account.

(iii) The Green Shoe Lender will not recall or create any lien or encumbrance on the Equity Shares lent until the transfer of Equity Shares to the GSO Demat Account under the terms of the Stabilisation Agreement.

Rights and obligations of our Company

Our Company shall within four Business Days of the receipt of the notice from the Stabilising Agent (and in any case within 5 Business Days of the end of the Stabilising Period) and receipt of the Green Shoe shortfall amount, allot such number of Equity Shares that are equal to the Green Shoe shortfall in dematerialised form to the GSO Demat Account.

Fees and Expenses

Our Company shall pay to the Green Shoe Lender a fee of Re. 1 only plus applicable taxes for lending the Equity Shares to the Stabilising Agent.

Our Company will pay the Stabilising Agent a fee of Rs. 250,000 only plus applicable service tax for providing the Stabilising services.

The Stabilising Agent shall deduct from the GSO Bank Account the following expenses:

- Demat and transfer cost; and
- Brokerage / underwriting fee and selling commission, inclusive of service tax and securities transaction tax.

However, these expenses would be subject to availability of any proceeds in the GSO Bank Account and as per the SEBI ICDR Regulations in this regard.

Procedure for exercise of Green Shoe Option

The primary objective of the Green Shoe mechanism is the Stabilisation of the market price of Equity Shares after listing. After the Equity Shares are listed, in case the market price of the Equity Shares falls below the Issue Price, the Stabilisation Agent, at its sole and absolute discretion, may start purchasing Equity Shares from the market with the objective of Stabilisation of the market price of the Equity Shares. The Stabilising Agent, at its sole and absolute discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilisation Agent, at its sole and absolute discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of Equity Shares may not result in Stabilisation of market price.

Further, the Stabilisation Agent does not give any assurance that it would be able to maintain the market price at or above the Issue Price through Stabilisation activities.

The funds lying to the credit of GSO Bank Account would be utilised by the Stabilisation Agent to purchase the Equity Shares from the market and such Equity Shares would be credited to GSO Demat Account. The operations of GSO Demat Account and GSO Bank Account are explained in the paragraphs above.

Example of how the Green Shoe Option works (investors should note that the following description is solely for the purpose of illustration and is not specific to this Issue)*:*

As an example, assume a public issue of 100,000 equity shares at a price of Rs. 100 each where a green shoe option of 10% of the issue size is given:

Issue–size - 100,000 equity shares aggregating Rs. 10,000,000
Green–shoe - 10,000 equity shares aggregating Rs. 1,000,000

In this case, 10,000 equity shares corresponding to the green shoe option would be borrowed from a green shoe lender. The green shoe lender could be the promoter of a company or any shareholder who can lend such number of equity shares.

After the issue has closed and assuming bids have been received for 110,000 equity shares, the issuer company, in consultation with the book running lead managers, will allot a total of 110,000 equity shares aggregating Rs. 11,000,000 to successful applicants.

After the listing of the equity shares on the (selected) stock exchange(s) two situations may arise:

Market price of Equity Shares falls below the issue price of Rs. 100 during the stabilization period:

The stabilizing agent, at its sole discretion, shall determine the timing and quantity of any purchases of shares, and the price at which such shares are purchased in the market to stabilize the price. The stabilizing agent can purchase equity shares up to the total number of equity shares borrowed from the green shoe lender, which is the size of the green shoe option (i.e. 10,000 equity shares), as the stabilizing agent deems fit.

Assume the green shoe period were 30 days, during which time the stabilizing agent purchased 2,500 equity shares. After the stabilization period has ended the stabilizing agent will return the shares purchased in the market to the green shoe lender (2,500 equity shares) and the company will issue fresh shares to the green shoe account to cover the balance equity shares which have to be returned to the green shoe lender (10,000 – 2,500, or 7,500 shares). Therefore, the 10,000 equity shares which were borrowed from the green shoe lender will be duly returned to the green shoe lender.

In this case the total equity shares issued by the company will be 107,500 equity shares and the issue size will be Rs. 10,750,000.

Market price of equity shares rises above the issue price during the stabilization period:

In such a case the stabilizing agent will not need to stabilize the price and will not purchase any equity shares in the market. At the end of the stabilization period, the company will issue 10,000 fresh equity shares to the green shoe account which will be returned to the green shoe lender.

In this case the total equity shares issued by the company will be 110,000 equity shares and the issue size will be Rs. 11,000,000.

CAPITAL STRUCTURE

The share capital of the Company as at the date of filing this Red Herring Prospectus with SEBI is set forth below:

(Rs. in million, except share data)

		Aggregate Value at face value of Rs 10 each	Aggregate Value at Issue Price
A	**AUTHORISED CAPITAL**		
	2,300,000,000 Equity Shares	23,000.00	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	1,809,018,835 Equity Shares	18,090.19	
C	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
	225,516,188 Equity Shares	2,255.16	
D	**GREEN SHOE OPTION PURSUANT TO THE ISSUE**		
	Up to 33,827,428 Equity Shares	338.27	
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE ASSUMING GREEN SHOE OPTION IS NOT EXERCISED**		
	2,034,535,023 Equity Shares	20,345.35	
F	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE ASSUMING EXERCISE OF GREEN SHOE OPTION IS IN FULL**		
	2,068,362,451 Equity Shares	20,683.62	
G	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	107.44	
	After the Issue (without exercise of the Green Shoe Option)		[•]
	After the Issue (assuming exercise of Green Shoe Option in full)		[•]

Note *- The Company has allotted 87,441,860 Equity Shares to GPC Mauritius II LLC, and 55,813,952 Equity Shares to Franklin Templeton Private Equity Strategy - A/c PMS pursuant to the Pre-IPO Placement. For details of this agreement, please see "History and Certain Corporate Matters" on page 128 of the Red Herring Prospectus.*

The Issue and the Green Shoe Option have been authorised by the Board of Directors in their meeting on December 12, 2009 and by the shareholders of our Company at the shareholder's meeting held on January 12, 2010.

Changes in Authorised Share Capital

(1) The initial authorised share capital of Rs. 10 million divided into 1,000,000 Equity Shares was increased to Rs. 650 million divided into 65,000,000 Equity Shares pursuant to resolution of shareholders passed at the shareholder's meeting held on June 9, 2008.

(2) The authorized share capital of Rs. 650 million divided into 65,000,000 Equity Shares was increased to Rs. 2,160 million divided into 216,000,000 Equity Shares pursuant to resolution of shareholders passed at the shareholder's meeting held on December 4, 2008.

(3) The authorised share capital of Rs. 2,160 million divided into 216,000,000 Equity Shares was increased to Rs. 3,400 million divided into 340,000,000 Equity Shares pursuant to resolution of shareholders passed at the shareholder's meeting held on January 27, 2009.

(4) The authorised share capital of Rs. 3,400 million divided into 340,000,000 Equity Shares was increased to Rs. 7,950 million divided into 795,000,000 Equity Shares pursuant to resolution of shareholders passed at the shareholder's meeting held on April 23, 2009.

(5) The authorised share capital of Rs. 7950 million divided into 795,000,000 Equity Shares was increased to Rs. 12,000 million divided into 1,200,000,000 Equity Shares pursuant to resolution of shareholders passed at the shareholder's meeting held on June 22, 2009.

(6) The authorised share capital of Rs. 12,000 million divided into 1,200,000,000 Equity Shares was increased to Rs. 23,000 million divided into 2,300,000,000 Equity Shares pursuant to resolution of shareholders passed at the shareholder's meeting held on October 6, 2009.

Notes to Capital Structure

1. **Share Capital History of our Company**

a) Equity Share Capital

The following is the history of the equity share capital of our Company:

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Securities Premium (Rs.)
December 20, 2006	Original subscription to MOA	Cash	50,000	10	10	50,000	500,000	Nil
July 30, 2007	Further allotment to ECL	Cash	40,000	10	10	90,000	900,000	Nil
June 11, 2008	Further allotment to ECL and Stemcor Mesa	Cash	64,297,414	10	10	64,387,414	643,874,140	Nil
December 17, 2008	Further allotment to ECL and Stemcor Cast Iron	Cash	150,286,510	10	10	214,673,924	2,146,739,240	Nil
March 6, 2009	Further allotment to ECL, Stemcor Cast Iron, J.P. Financial, Renaissance Group, PGS Invest, Roundabout Finance and Starbridge	Cash	123,899,436	10	10	338,573,360	3,385,733,600	Nil

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Securities Premium (Rs.)
	Finance							
May 22, 2009	Further allotment to ECL, Stemcor Cast Iron, PGS Invest, Roundabout Finance and Starbridge Finance	Cash	455,889,725	10	10	794,463,085	7,944,630,850	Nil
July 25, 2009	Further allotment to ECL, Tara India Holdings, IL&FS Trust Company as Trustee to Tara India Fund III Domestic Trust, IL&FS Trust Company as Trustee to Tara India Fund III Trust, Stemcor Cast Iron, Roundabout Finance and Starbridge Finance	Cash	225,435,841	10	10	1,019,898,926	10,198,989,260	Nil
August 31, 2009	Further allotment to JP Financial	Cash	12,000,000	10	10	1,031,898,926	10,318,989,260	Nil
September 14, 2009	Further allotment to employees of our Company, family and friends of the individual promoters of ECL	Cash	15,000,000	10	10	1,046,898,926	10,468,989,260	
October 7, 2009	Further allotment to ECL	Cash	60,000,000	10	10	1,106,898,926	11,068,989,260	Nil

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Securities Premium (Rs.)
October 7, 2009	Further allotment to IL&FS Financial Services	Cash	25,000,000	10	10	1,131,898,926	11,318,989,260	Nil
November 25, 2009	Further allotment to IL&FS Financial Services	Cash	50,000,000	10	10	1,181,898,926	11,818,989,260	Nil
November 25, 2009	Further allotment to ECL, Stemcor Cast Iron, Roundabout Finance, Starbridge Finance, family and friends of the individual promoters of ECL	Cash	81,507,020	10	10	1,263,405,946	12,634,059,460	Nil
December 8, 2009	Further allotment to J.P. Financial Services and friends of the individual promoters of ECL	Cash	7,200,000	10	10	1,270,605,946	12,706,059,460	Nil
December 24, 2009	Further allotment to J.P. Financial Services and Stemcor Cast Iron	Cash	21,186,577	10	10	1,291,792,523	12,917,925,230	Nil
January 11, 2010	Further allotment to J.P. Financial Services, IFCI Limited and friends of the individual promoters of ECL	Cash	150,505,000	10	10	1,442,297,523	14,422,975,230	Nil
January	Further	Cash	187,600,000	10	10	1,629,897,523	16,298,975,230	Nil

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Cumulative No. of Equity Shares	Cumulative Share Capital (Rs.)	Cumulative Securities Premium (Rs.)
22, 2010	allotment to ECL and JP Financial							
January 22, 2010	Further allotment to friends of the individual promoters of ECL	Cash	16,720,000	10	10	1,646,617,523	16,466,175,230	Nil
February 6, 2010	Further allotment to Renaissance Asset Management and friends of the individual promoters of ECL	Cash	15,000,000	10	10	1,661,617,523	16,616,175,230	Nil
February 6, 2010	Further allotment to friends and relatives of the individual promoters of ECL	Cash	4,145,500	10	10	1,665,763,023	16,657,630,230	Nil
August 26, 2010	Further allotment to GPC Mauritius II LLC*	Cash	87,441,860	10	10.75	1,753,204,883	17,532,048,830	65,581,395
September 1, 2010	Further allotment to Franklin Templeton Private Equity Strategy – A/c PMS*	Cash	55,813,952	10	10.75	1,809,018,835	18,090,188,350	107,441,859

**Allotments made by way of Pre-IPO Placement of Equity Shares.*

b) Issue of Equity Shares for Consideration other than Cash

Our Company has not issued any Equity Shares for a consideration other than cash.

2. **Build-up of Promoter Shareholding***

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	% of pre-Issue paid-up capital	% of post-Issue paid up Capital (assuming Green Shoe option is not exercised)	% of post Issue paid up Capital (assuming Green Shoe option is exercised in full)	Lock – in (in years)
July 30, 2007	Allotment in accordance with the ECL Share Subscription Agreement	Cash	40,000	10	10	0.00	0.00	0.00	3
June 11, 2008	Allotment in accordance with the ECL Share Subscription Agreement	Cash	32,145,000	10	10	1.78	1.58	1.55	3
December 17, 2008	Allotment in accordance with the ECL Share Subscription Agreement	Cash	75,140,000	10	10	4.15	3.69	3.63	3
March 6, 2009	Allotment in accordance with the ECL Share Subscription Agreement	Cash	57,500,000	10	10	3.18	2.83	2.78	3
May 22, 2009	Allotment in accordance with the ECL Share Subscription Agreement	Cash	220,000,000	10	10	12.16	10.81	10.64	3
July 25, 2009	Allotment in accordance with the ECL Share Subscription Agreement	Cash	55,175,000	10	10	3.05	2.71	2.67	Part for 3 years and balance for 1 year
October 7, 2009	Allotment in accordance with the ECL Share Subscription Agreement	Cash	60,000,000	10	10	3.32	2.95	2.90	1
November 25, 2009	Allotment in accordance with the ECL Share Subscription Agreement	Cash	15,150,000	10	10	0.84	0.74	0.73	1
January	Allotment in	Cash	184,850,000	10	10	10.22	9.09	8.94	1

Date of Allotment and when made fully paid up	Nature of Allotment	Nature of consideration	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	% of pre-Issue paid-up capital	% of post-Issue paid up Capital (assuming Green Shoe option is not exercised)	% of post Issue paid up Capital (assuming Green Shoe option is exercised in full)	Lock – in (in years)
22, 2010	accordance with the ECL Share Subscription Agreement								
Total			**700,000,000**			**38.70**	**34.41**	**33.84**	

*Earlier 500,000,000 Equity Shares held by ECL which is 27.64% of our pre-Issue capital had been pledged with our Lenders as collateral for the Project. Our Company had received a letter from State Bank of India, the lead banker acting on behalf of the consortium of lenders as the facility agent ("SBI") dated March 22, 2010 wherein it had agreed to release the pledge on the above shares subject to our Company providing adequate alternate security acceptable to lenders. In view of foregoing, our Company had undertaken vide its letter dated March 22, 2010 to provide adequate alternate security as acceptable to lenders. In light of the foregoing condition, ECL had executed a Deed of Guarantee dated August 21, 2010 in favour of the lenders for 418,000,000 Equity Shares as alternate security for the value of Equity Shares to be released from pledge. Subsequently, ECL and our Company have entered into an Agreement to Pledge dated August 21, 2010 with SBI, senior lenders & subordinate lenders (represented by SBI) and IL&FS Trustee Company (acting as the security agent) for the release of 418,000,000 Equity Shares out of the 500,000,000 Equity Shares pledged with ILS&FS Trust Company Limited and re-pledge the Equity Shares within two months of closure of the Issue. Subsequently, SBI *vide* its letter dated August 21, 2010 authorised IL&FS Trust Company Limited to release the pledge over 418,000,000 Equity Shares held by ECL. IL&FS Trust Company Limited *vide* its letter dated August 31, 2010 has released the pledge shares held by them.

3. **Promoter's Contribution and Lock-in**

Pursuant to Regulation 32 of the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue equity share capital of our Company shall be locked in by the Promoter as minimum Promoter's contribution. Such lock-in shall commence from the date of Allotment in the Issue and shall continue for a period of three years from the date of Allotment in the Issue or from the first date of commencement of commercial production, whichever is later. Further, our Company has not been formed by the conversion of a partnership firm into a company.

Further in compliance with Regulation 33 of the SEBI ICDR Regulations the Equity Shares proposed to be included as part of the minimum Promoter's Contribution:

(a) have not been issued out of revaluation reserves or capitalization of intangible assets and have not been issued against shares, which are otherwise ineligible for Promoter's Contribution; or
(b) have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserve upervisioalised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's Contribution; or
(c) does not consist of Equity Shares for which specific written consent has not been obtained from our Promoter for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.
(d) have been acquired by the Promoter one year prior to the shares being offered in the Issue; or
(e) have been acquired by ECL during the preceding one year prior to the shares being offered in the Issue being 242,082,005 assuming GSO not excercised and 248,847,490 assuming GSO excercised in full.
(f) ECL will pay to our Company the difference between the maximum price (cap of the price band) and the price at which these securities have been acquired by ECL at least one day prior to the Bid/Issue Opening Date. This amount shall be kept in an Escrow Account with the Escrow Collection Bank(s). In case of upward revision of the Price Band, the difference will be brought in by ECL immediately on the day of revision. However, in case the issue price is less than the

maximum price (cap of the price band) then ECL shall be returned the differential amount brought by it.

(g) has not been pledged with creditors or lenders (see note below)

Note:

Further, ECL had pledged 500,000,000 Equity Shares, i.e. 71.43% of ECL's shareholding with our lenders, part of which had been considered for computation of minimum Promoters contribution. The loans that were taken by our Company for the Project and one of the conditions of sanction of the loan was that shares held by ECL would be pledged as security. The certificate from the independent auditors Mahendra Thakur & Co., Chartered Accountants (Membership No. 056085) dated September 4, 2010 confirmed that our Company has taken disbursement of Rs. 24,416.64 million till July 31, 2010 and the same has been utilized for implementation of 2.2 MTPA Integrated Steel & Ductile Iron Spun Pipes Project in the district of Bokaro, Jharkhand.

In order to comply with Regulation 33 of the SEBI ICDR Regulations, our Company had requested State Bank of India ("SBI") to release the shares that had been pledged as security created by ECL.

Subsequently, our Company received a letter from State Bank of India dated March 22, 2010 wherein it has agreed to release the pledge on the above shares subject to our Company providing adequate alternate security acceptable to lenders subject to the condition that the Equity Shares shall be re-pledged within two months from the closure of the Issue. In view of the foregoing, our Company agreed vide its letter dated March 22, 2010 to provide adequate alternate security as acceptable to lenders. No additional terms and conditions were stipulated by the lender(s) for allowing temporary release of pledge.

In light of the foregoing condition, ECL agreed to and consequently executed a Deed of Guarantee dated August 21, 2010 ("Corporate Guarantee") in favour of senior lenders and subordinate lenders (as defined therein) for 418,000,000 Equity Shares as alternate security for the value of Equity Shares to be released from pledge. The Corporate Guarantee provides that in event of any default made by our Company in payment of the principal sum to lenders, ECL shall forthwith on demand pay to the lenders, Rs. 4,180,000,000 together with interest, costs and charges due thereto by payment of the said amount to the lenders. The Guarantee also provides that ECL will be released from its liability under the Guarantee on re-pledge of the said 418,000,000 Equity Shares of the Company held by ECL on completion of the initial public offering of the Company and within the time period mentioned in the Agreement to Pledge dated August 21, 2010.

SBI, IL&FS Trust Company Limited (as security agent), Senior Lenders & Subordinate Lenders (represented by SBI) ECL and our Company have also entered into an Agreement to Pledge dated August 21, 2010 ("Agreement to Pledge") for release 418,000,000 Equity Shares, to enable our Company to fulfil the requirements of the SEBI ICDR Regulations with regard to the lock-in of the promoter shares, pledged with ILS&FS Trust Company Limited and re-pledge the Equity Shares within two months of closure of the Issue. ECL has undertaken that throughout the continuance of the Agreement to Pledge, it shall:

(i) not create or attempt or agree to create or permit to arise or exit any encumbrance or lien over the pledged shares or otherwise sell, assign, transfer deal with or dispose of in any manner all or any part of the Pledge Shares;

(ii) remain the sole legal and beneficial owner at all times of the pledge shares except on a sale by the Pledgee of the Pledge Shares etc.

Upon the completion of the two month period and the re-pledge of the pledge shares, the Agreement to Pledge shall come to an end and the original pledge shall continue subject to the terms and conditions stipulated under the Pledge Agreement dated October 19, 2009.

In terms of the Agreement to Pledge, lenders agreed to release 418,000,000 equity shares pledged with IL&FS Trust Company Limited and on request of SBI (as the facility agent) the Company has provided a letter indemnity dated August 21, 2010 to SBI (as the facility agent) to indemnify them against any claim, loss or damage which may be brought or for which SBI may become liable under or in respect of the release of pledged shares on behalf of the subordinate lenders.

SBI vide its letter dated August 21, 2010 authorised IL&FS Trust Company Limited to release the pledge over 418,000,000 Equity Shares held by ECL. IL&FS Trust Company Limited vide its letter dated August 31, 2010 has released the pledge shares held by them.

a) Details of the Equity Shares forming part of Promoter's contribution, which shall be locked in for three years, are as follows:

Date of Transfer/Allotment	Nature of Allotment	Number of Shares locked in (assuming GSO not exercised)	Number of Shares locked in (assuming GSO exercised in full)	Face Value (Rs.)	Issue/Acquisition Price per Equity Share (Rs.)	% of post-Issue paid-up capital (assuming Green Show Option is not exercised)	% of post-Issue paid up capital (assuming Green Shoe Option exercised in full)
July 30, 2007	Allotment in accordance with the ECL Share Subscription Agreement	40,000	40,000	10	10	0.00*	0.00*
June 11, 2008	Allotment in accordance with the ECL Share Subscription Agreement	32,145,000	32,145,000	10	10	1.58	1.55
December 17, 2008	Allotment in accordance with the ECL Share Subscription Agreement	75,140,000	75,140,000	10	10	3.69	3.63
March 6, 2009	Allotment in accordance with the ECL Share Subscription Agreement	57,500,000	57,500,000	10	10	2.83	2.78
May 22, 2009	Allotment in accordance with the ECL Share Subscription Agreement	220,000,000	220,000,000	10	10	10.81	10.64
July 25, 2009	Allotment in accordance with the ECL Share Subscription Agreement	22,082,005	28,847,490	10	10	1.09	1.39
TOTAL		**406,907,005**	**413,672,490**	**10**	**10**	**20.00**	**20.00**

* Negligible

Promoters' contribution has been brought into the extent of not less than the specified minimum lot and from persons defined as promoters under SEBI ICDR Regulations. Further, ECL will pay to our Company the difference between the Issue Price and the price at which these securities have been acquired by ECL at least one day prior to the Bid/Issue Opening Date for shares which have been acquired by during the preceding one year prior to the shares being offered in the Issue being 242,082,005 assuming GSO not excercised and 248,847,490 assuming GSO excercised in full.

Our Company has obtained specific written consent dated March 22, 2010 from the Promoter for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, the Promoter has given an undertaking *vide* letter dated March 22, 2010 to the effect that it shall not sell/transfer/dispose of in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of filing the Red Herring Prospectus till the date of commencement of lock-in as per the SEBI ICDR Regulations.

In terms of Regulation 35, Equity Shares held by ECL and other shareholders shall not be transferrable from the date of Allotment of the Issue. The certificate of Equity Shares which will be subject to the lock-in requirements of the SEBI ICDR Regulations, shall contain the inscription 'not transferable' and in case of dematerialized shares, our Company shall ensure that the non-transferability of the shares is recorded by the depository.

b) **Details of pre-Issue Equity Share capital locked-in for one year:**

In terms of Regulation 37 of the SEBI ICDR Regulations, in addition to the lock-in of 20% of the post-Issue shareholding of the Promoter for three years, as specified above, the entire pre-Issue share capital of our Company, except the shares exempted under the SEBI ICDR Regulations, and the Equity Shares issued by our Company pursuant to the exercise of the Green Shoe Option, shall be locked-in for a period of one year from the date of Allotment in the Issue. If the Green Shoe Option is not exercised, 1,402,111,830 Equity Shares will be locked-in for a period of one year from the date of allotment of the Equity Shares in this Issue. If the Green Shoe Option is exercised in full, 1,395,346,345 Equity Shares will be locked-in for a period of one year from the date of allotment of the Equity Shares in this Issue.

In the event of any over allotment of Equity Shares pursuant to Green Shoe Option, the Equity Shares held by the Green Shoe Lender, which are lent to the Stabilizing Agent, shall be exempt from the one year lock-in requirement, for the period between the date when the Equity Shares are lent to the Stabilizing Agent to the date when they are returned to the Green Shoe Lender in accordance with SEBI ICDR Regulations, as the case may be. If the Equity Shares are returned to the Green Shoe Lender in accordance with SEBI ICDR Regulations, such Equity Shares shall be subject to a lock in of remaining period as provided in accordance with SEBI ICDR Regulations.

Franklin Templeton Asset Management (India) Private Limited ("FTAMIL"), on behalf Franklin Templeton Private Equity Strategy – A/c PMS entered into a Share Subscription and Shareholders Agreement with our Company, in order to formalize their investment into our Company as a part of the Pre-IPO Placement of Equity Shares. The shares subscribed to by FTAMIL would be subject to lock-in requirements in accordance with the SEBI ICDR Regulations. Given the same, FTAMIL sought an approval from SEBI, and SEBI vide its letter dated September 8, 2010 has instructed FTAMIL to intimate to the clients of Franklin Templeton Private Equity Strategy – A/c PMS regarding the lock-in requirements with regards to the Equity Shares of our Company and also about the requirement of segregation of client accounts as provided under Regulation 16(8) of SEBI (Portfolio Managers) Regulations 1993. Further SEBI has asked to segregate the Equity Shares of our Company in the respective client accounts not later than 5 days from the expiry of lock-in period as provided under Regulation 37 and Regulation 40 of SEBI ICDR Regulations. For further details of the subscription by FTAMIL into our Company, please refer to the chapter entitled "History and Certain Corporate Matters" beginning on page 128 of this Red Herring Prospectus.

In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoter can be pledged only with scheduled commercial banks or public financial institutions as collateral security for any loans granted by such banks or financial institutions, provided that the pledge of shares is one of the conditions under which the loan is sanctioned. We have been sanctioned a loan of Rs 54,470 million for setting up the Project which forms a part of the Objects of the Issue. The Equity Shares which were pledged by ECL formed part of the terms of sanction of the loan. Hence our Company is in compliance with Regulation 49 of the SEBI IBDR Regulations.

Further, Equity Shares locked in as minimum Promoters' contribution may be pledged only in respect of a loan which has been granted for the purpose of financing one or more of the objects of the Issue. In terms of the SEBI ICDR Regulations, the Equity Shares held by persons other than Promoters prior to the Issue which are locked-in for a period of one year as per Regulation 37 of SEBI ICDR Regulations may be transferred to any other person holding the Equity Shares which are locked in, subject to the continuation of the lock-in in the hands of the transferees for the remaining period and in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, in terms of Regulation 40 of SEBI ICDR Regulations, the Equity Shares held by the Promoter may be transferred to and among the Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable and such transferee shall not be eligible to transfer equity shares till the lock-in period stipulated in the SEBI ICDR Regulations has expired.

c) **Lock-in of Shares Allotted to Anchor Investors**

In terms of the SEBI ICDR Regulations, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

4. **Shareholding Pattern of our Company**

(i) The table below presents our shareholding pattern before the proposed Issue:

Category Code	Category of shareholder	No. of shareh olders	Total numbers of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentag e of (A+B)	As a percentage of (A+B+C)	Number of shares	As a Percentage
(I)	**(II))**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX) =(VIII)/(IV)* 100**
(A)	Shareholding of Promoter and Promoter Group							
1)	Indian							
(a)	Individuals/Hindu Undivided Family							
(b)	Bodies Corporate	2	700,000,000	200,000,000	38.6950	38.6950	82,000,000	11.7143
	SUB TOTAL (A)(1)	2	700,000,000	200,000,000	38.6950	38.6950	82,000,000	11.7143
2)	Foreign							
	Total Shareholding of Promoter and Promoter Group (A)	2	700,000,000	200,000,000	38.6950	38.6950	82,000,000	11.7143
(B)	Public shareholding							
1)	Institutions							
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-
(b)	Financial Institutions/Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government	-	-	-	-	-	-	-
	Venture Capital Funds	2	15,305,000	15,305,000	0.8460	0.8460	-	-
	Insurance Companies	-	-	-	-	-	-	-
(d)	Foreign Institutional Investors	2	96,605,446	-	5.3402	5.3402	-	-
	SUB TOTAL (B) (1)	4	111,910,446	15,305,000	6.1863	6.1863	-	-
2)	Non-Institutions							
(a)	Bodies Corporate	375	325,844,652	325,844,652	18.0122	18.0122	-	-
(b)	Individuals -						-	-
	i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	2510	11,355,850	11,013,600	0.627	0.627	-	-
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,020	61,068,950	60,883,950	3.375	3.375	-	-
(c)	Others						-	-
	Non-Resident individuals	6	505,000	505,000	0.0279	0.0279	-	-

Category Code	Category of shareholder	No. of shareholders	Total numbers of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a Percentage
(I)	(II))	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) =(VIII)/(IV)* 100
	Foreign Companies	4	598,333,937	523,046,506	33.0751	33.0751	-	-
	SUB TOTAL B(2):	3,915	997,108,389	921,293,708	55.1188	55.1188	-	-
	Total Public Shareholding (B)	3,919	1,109,018,835	936,598,708	61.3050	61.3050	-	-
	TOTAL (A)+(B)	3,921	1,809,018,835	1,136,598,708	100.00	100.00	82,000,000	4.5328
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	0.00	0.00	-	-
	GRAND TOTAL (A)+(B)+(C)	**3,921**	**1,809,018,835**	**1,136,598,708**	**100.00**	**100.00**	**82,000,000**	**4.5328**

Shareholding of the Promoter and Promoter Group:

S. No	Name of Shareholder (II)	Total Shares Held				
		Number (III)	As a % of grand total (A) +(B) + (C) (IV) / Shares Pledged or otherwise encumbered	Number (V)	As a percentage (VI=(V)/(III))	As a % of the grand total (A)+(B)+(C) of sub-clause (I)(a)(VII)
	Bodies Corporate					
1.	Electrosteel Castings Limited	700,000,000	38.6950	82,000,000	11.7143	4.5328
	Total	**700,000,000**	**38.6950**	**82,000,000**	**11.7143**	**4.5328**

5. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

a) As of the date of this Red Herring Prospectus*:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage %
1.	Electrosteel Castings Limited	700,000,000	38.70
2.	Stemcor Cast Iron Investments Limited	400,909,646	22.16
3.	IFCI Ltd	100,000,000	5.53
4.	GPC Mauritius II LLC	87,441,860	4.83
5.	PGS Invest Limited	75,287,431	4.16
6.	IL&FS Financial Services Limited	75,000,000	4.15
7.	Franklin Templeton Private Equity Strategy – A/c PMS	55,813,952	3.09
8.	Starbridge Finance Limited	48,352,720	2.67
9.	Roundabout Finance Limited	48,252,726	2.67
10.	Tara India Holdings A Limited	34,695,000	1.92

** As per latest benpos dated September 9, 2010*

b) As of ten days prior to the date of this Red Herring Prospectus*:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage %
1.	Electrosteel Castings Limited	700,000,000	38.70
2.	Stemcor Cast Iron Investments Limited	400,909,646	22.16
3.	IFCI Ltd	100,000,000	5.53
4.	GPC Mauritius II LLC	87,441,860	4.83
5.	PGS Invest Limited	75,287,431	4.16
6.	IL&FS Financial Services Limited	75,000,000	4.15
7.	Franklin Templeton Private Equity Strategy – A/c PMS	55,813,952	3.09
8.	Starbridge Finance Limited	48,352,720	2.67
9.	Roundabout Finance Limited	48,252,726	2.67
10.	Tara India Holdings A Limited	34,695,000	1.92

** As per latest benpos dated September 3, 2010*

c) Two years prior to the date of this Red Herring Prospectus*

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage %
1.	Electrosteel Castings Limited	32,185,000	49.99
2.	Stemcore Cast Iron Investment Limited	32152414	49.94
3.	Mr. Umang Kejriwal	17,000	0.03
4.	Mr. Mayank Kejriwal	16,000	0.02
5.	Mr. Uddhav Kejriwal	16,000	0.02
6.	Mr. N.C. Bahl	250	0.00
7.	Mr. Ashutosh Agarwal	250	0.00
8.	Mr. M.K. Jalan	250	0.00
9.	Mr. H.K. Modi	250	0.00

**As on September 3, 2008*

6. Our Company has not undergone any scheme of merger or amalgamation.

7. Our Company does not have any Employee Stock Option Plans.

8. Our Company, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.

9. Our Company, the Directors, our Promoter or the Promoter Group shall not make any, direct or indirect, payments, discounts, commissions or allowances under this Issue, except as disclosed in this Red Herring Prospectus.

10. 500,000,000 Equity Shares held by ECL are pledged with the Lenders, out of which 418,000,000 Equity Shares have been released to form part of the minimum promoter's contribution.

11. For details of shareholding of our Directors and Key Managerial Personnel, please see the chapter titled "Our Management" on page 142 of this Red Herring Prospectus.

12. The Promoter, Promoter Group, Directors of our Company and their relatives, directors of our Promoter have not undertaken any transactions of Equity Shares during a period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI except as follows:

Directors of ESL

Sl. No.	Name of Transferor / Issuer	No. of shares transferred / allotted	Rate	Name of Transferee / Allottee	Date of Transaction
1.	Electrosteel Steels Limited	500,000	10.00	Umang Kejriwal	14.09.2009
2.	Nutshell Holdings Private Limited	100,000	10.00	Nigam Chander Bahl*	24.09.2009
3.	Nutshell Holdings Private Limited	50,000	10.00	Naresh Pachisia	24.09.2009
	Total	**650,000**			

**On August 11, 2010, 1,000,000 Equity Shares were purchased by Mr. Nigam Chandra Bahl from Mangalam Equity Management Private Limited at the rate of Rs 10.50 per share*

Relatives of Directors of ESL

Sl. No.	Name of Transferor / Issuer	No. of shares transferred / allotted	Rate	Name of Transferee / Allottee	Date of Transaction
1.	Electrosteel Steels Limited	500,000	10.00	Mayank Kejriwal	14.09.2009

Directors of ECL

Sl. No.	Name of Transferor / Issuer	No. of shares transferred / allotted	Rate	Name of Transferee / Allottee	Date of Transaction
1.	Electrosteel Steels Limited	500,000	10.00	Umang Kejriwal	14.09.2009
2.	Electrosteel Steels Limited	500,000	10.00	Mayank Kejriwal	14.09.2009
3.	Electrosteel Steels Limited	10,000	10.00	Mahedra Kumar Jalan	14.09.2009
4.	Electrosteel Steels Limited	50,000	10.00	Vyas Mitre Ralli	14.09.2009
	Total	**10,60,000**			

13. As per Regulation 45 of the SEBI Regulations, we may avail of the Green Shoe Option for stabalising the post-listing price of the Equity Shares. We have appointed Edelweiss as the Stabilising Agent. The Green Shoe Option consists of an option to over-allot up to 33,827,428 Equity Shares at the Issue Price, aggregating upto Rs. [•] million, representing up to 15% of the Issue, exercisable during the stabalisation period

Maximum number of Equity Shares	33,827,428 Equity Shares
The maximum increase in our Equity Share capital if we are required to utilise the full overallotment in the Issue	33,827,428 Equity Shares
Green Shoe Option Portion	Upto 15% of the Issue
Maximum number of Equity Shares that may be borrowed	33,827,428Equity Shares
Pre-Issue holding of the Green Shoe Lender	700,000,000 Equity Shares representing 38.70% of the pre-Issue paid up share capital of our Company
Stabilisation Period	The period commencing from the date of obtaining trading permission from the BSE and the NSE for the Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.
Rights and obligations of the Stabilising Agent	• Open a special bank account under the

	name "ECL GSO Proceeds for ESL IPO" or GSO Bank Account and deposit the money received against the overallotment in the GSO Bank Account. • Open a special account for securities under the name "Electrosteel Steels Limited – GSO Shares Edelweiss Capital Limited" or GSO Demat Account and credit the Equity Shares purchased by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account. • As per SEBI Regulations, stabilise the market price of the Equity Shares only in the event the market price falls below the Issue Price, including determining the price and timing of purchases of the Equity Shares. • To submit daily reports to the Stock Exchanges during the Stabilisation Period and a final report to SEBI. • On expiry of the Stabilisation Period, to return Equity Shares lying to the credit of the GSO Demat Account to the Green Shoe Lender. • On expiry of the Stabilisation Period, to request us to issue fresh Equity Shares (equal to the difference between the Equity Shares lying to the credit of the GSO Demat Account and the Over Allotment Shares) and to transfer funds from the GSO Bank Account to us for such fresh issue of Equity Shares, within a period of three working days of the close of the Stabilisation Period. • To maintain a register of its activities and retain such register for three years. Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund.
Our rights and obligations	• On expiry of the Stabilisation Period, issue Equity Shares to the extent of the Over Allotment Shares that have not been purchased from the market by the Stabilising Agent. • If no Equity Shares are purchased, then to issue the Equity Shares to the entire extent of the Over Allotment Shares.
Rights and obligations of the Green Shoe Lender	• The Green Shoe Lender undertakes to execute and deliver all necessary documents and give all necessary instructions to procure that all the rights,

	title and interest in the Loaned Shares shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances. • Upon instructions from the Stabilising Agent, on or prior to the Pricing Date, transfer the Loaned Shares to the GSO Demat account.

14. Neither the BRLMs nor their associates hold any Equity Shares of our Company.

15. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

16. There will be no further issue of Equity Shares, 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 the Red Herring Prospectus with SEBI until the Equity Shares have been listed.

17. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

18. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. Our Company has not raised any bridge loan against the Issue Proceeds.

20. Our Company has not issued any Equity Shares out of revaluation reserves. Our Company has not issued any Equity Shares for consideration other than cash.

21. As per the RBI regulations, OCBs are not allowed to participate in the Issue.

22. In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post-issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated on a proportionate basis to QIBs, at least 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 30% of the Issue 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. From the existing QIB Portion, 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

23. Under-subscription, if any, in any category, except the QIB Portion, 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.

24. Our Promoters and members of our Promoter Group will not participate in the Issue.

25. All Equity Shares are fully paid up and there are no partly paid-up shares.

26. Our Company has 3921 members as on date of this Red Herring Prospectus.

27. There are restrictive covenants in the agreements entered into by our Company with certain lenders for short-term and long-term borrowing. For further details, see the chapter titled "Financial Indebtedness" on page 211 of this Red Herring Prospectus.

28. Our Company has not made any public issue since its incorporation.

29. There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Red Herring Prospectus.

30. An over-subscription to the extent of 10% of the net offer to public, subject to permissible limit, can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.

OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Issue after deducting underwriting and management fees, selling commissions and other expenses associated with the issue ('Net Proceeds') to meet the following objects:

- To part finance the construction of Integrated Steel and D.I. pipe plant having a capacity of 2.2 MTPA in Jharkhand, India;
- Margin money towards Bank Guarantees;
- General Corporate Purposes; and
- Create a public market for equity shares by listing securities of our Company on Stock Exchanges.

The main objects clause set out in our Memorandum of Association enables us to undertake the existing activities and the activities for which the funds are being raised by us, through the Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

The details of the proceeds of the Issue are summarized in the table below:

Particulars	Rs. in million
Gross proceeds of the Issue #	[●]
Issue related expenses*	[●]
Net proceeds of the Issue*	[●]

** To be finalized upon determination of Issue Price.*
 # Any additional funds received by us pursuant to the exercise of the Green Shoe Option and consequent overallotment of Equity Shares, will form a part of the gross proceeds of the Issue.

Utilization of the Net Proceeds and proceeds from the Pre-IPO Placement

The intended use of Net proceeds of the Issue and proceeds from the Pre-IPO Placement is summarized in the table below:

Intended Use	Rs. in million
To part finance the construction of the integrated steel and DI pipe plant having a capacity of 2.2 MTPA in Jharkhand, India	2,492.37
Margin money towards Bank Guarantees	220.00
General Corporate Purposes#	[●]
Total	[●]

 # Amount for general corporate purposes will be determined upon finalization of the Issue Price.

Means of Finance

(Rs. in million)

Project	Total estimated Expenditure	Amount financed by Equity other than current issue and Pre-IPO Placement	Amount financed/ proposed to be financed from secured loans	Balance amount	Amount proposed to be financed from Net proceeds and Pre-IPO Placement # (See Note 1 below)
Part finance the Integrated Steel and DI pipe plant of capacity 2.2 MTPA	73,620.0	16,657.63	54,470.00	2,492.37	2,492.37
Margin money towards Bank Guarantees	220.00	-	-	220.00	220.00
General Corporate Purpose	[•]	-	-	[•]	[•]
Total	**[●]**	**16,657.63**	**54,470.00**	**[•]**	**[•]**

 # Note 1: Our Company has made an allotment of 143,255,812 equity shares through Pre-IPO Placement amounting to Rs. 1,540 million. Hence this Public Issue will now comprise of 225,516,188 Equity Shares at Issue Price of Rs. [●].

The fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution or any other independent agency. However, the lenders have sanctioned the loan based on their own internal assessment of the Project. Further, the project report as prepared by us has been reviewed by M.N. Dastur & Company (P) Ltd., a design and consultancy firm which specializes in project planning and appraisal; economic evaluation; design and detailed engineering, procurement assistance services, project management and supervision of construction and erection amongst other things. As per the review report of M.N. Dastur & Company (P) Ltd. dated October 3, 2008, the capital cost and the financial parameters of the project has been realistically assessed in our project report.

The fund requirements are based on current conditions and are subject to change on account of changes in external circumstances or costs or in our financial situation, business or strategy. In the event of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. If surplus funds are unavailable, the required financing will be done through debt.

Funding Arrangement

The total funds required for our project and margin money towards Bank Guarantees is Rs.73,840.00 million. 75% of the stated means of finance, excluding funds to be raised through the Issue have been arranged as follows:

Sr. No	Particulars	Rs in million
1.	Aggregate funds required for the objects of the issue	73,840.00
2.	Funding through the proceeds of the Issue and Pre- IPO placement for part financing the project and margin money towards Bank Guarantees	2,712.37
3.	Funds required excluding the Issue proceeds and Pre- IPO Placement	71,127.63
4.	75% of the funds required excluding the Issue proceeds and Pre- IPO	53,345.72
Arrangements regarding 75% of the funds required excluding the Issue proceeds and Pre-IPO Placement		
1.	Funded through existing equity	16,657.63
2.	Funded through Common Loan Agreement dated August 20, 2009	54,470.00
	Grand Total	**71,127.63**

In view of the above, we confirm that we have complied with the SEBI ICDR Regulations which requires our Company to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised though the Issue.

The table given below gives the details of the Common Loan Agreement dated June 29, 2007, as amended by the Common Loan Agreement dated February 19, 2008 and further amended by Amended and Restated Common Loan Agreement dated August 20, 2009:

(Rs. in million)

Sr. No	Name of the Banks / Financial Institutions	Term Loan Sanctioned			Amount disbursed as on July 31 , 2010
		Senior Debt	Sub-ordinate Debt	Total	
1	Allahabad Bank	1,470.00	600.00	2,070.00	933.60
2	Andhra Bank	940.00	-	940.00	159.40
3	Bank of Baroda	1,410.00	-	1,410.00	239.00
4	Bank of India	1,470.00	-	1,470.00	778.50
5	Bank of Maharashtra	970.00	-	970.00	372.80
6	Bank of Rajasthan	490.00	-	490.00	291.00
7	Canara Bank	2,540.00	430.00	2,970.00	1,281.80
8	Central Bank of India	970.00	-	970.00	370.40
9	Corporation Bank	1,310.00	130.00	1,440.00	436.00
10	Dena Bank	760.00	130.00	890.00	285.10
11	Housing & Urban Development Corporation Ltd.	2,950.00	-	2,950.00	918.30

Sr. No	Name of the Banks / Financial Institutions	Term Loan Sanctioned			Amount disbursed as on July 31 , 2010
		Senior Debt	Sub-ordinate Debt	Total	
12	Sub Debt – Under SMCF Facility	-	1,660.00	1,660.00	381.90
13	Indian Bank	1,400.00	-	1,400.00	826.20
14	Indian Overseas Bank	2,300.00	430.00	2,730.00	961.40
15	Jammu & Kashmir Bank	500.00	-	500.00	364.50
16	Life Insurance Corporation of India Ltd.	1,720.00	-	1,720.00	612.10
17	Oriental Bank of Commerce	2,200.00	-	2,200.00	1,187.40
18	Punjab and Sind Bank	1,000.00	-	1,000.00	832.70
19	Punjab National Bank	4,380.00	430.00	4,810.00	1539.20
20	State Bank of Hyderabad	970.00	210.00	1,180.00	340.70
21	State Bank of India (including erstwhile State Bank of Saurashtra)	5,020.00	720.00	5,740.00	3,603.90
22	State Bank of Indore	720.00	-	720.00	479.50
23	State Bank of Mysore	780.00	170.00	950.00	547.10
24	State Bank of Patiala	790.00	210.00	1,000.00	907.84
25	State Bank of Travancore	500.00	-	500.00	289.60
26	Syndicate Bank	1,200.00	260.00	1,460.00	899.40
27	UCO Bank	3,690.00	430.00	4,120.00	1,357.30
28	Union Bank of India	1,930.00	-	1,930.00	367.40
29	United Bank of India	2,250.00	430.00	2,680.00	1,864.50
30	Vijaya Bank	1,300.00	300.00	1,600.00	988.10
	Total	**47,930.00**	**6,540.00**	**54,470.00**	**24,416.64**

For further details on the various terms and conditions, sanction letters from different banks please refer to chapter tilted "Financial Indebtedness" appearing on page 211 of this Red Herring Prospectus. To reduce the interest burden, we are in discussions with our bankers for converting part of our undrawn rupee term loan into foreign currency loan.

Our proposed plant configuration:

The breakup of the 2.2 MTPA capacity of our proposed plant is as under:

Product	Capacity (MTPA)
Wire Rods	0.50
TMT Bars	0.70
DI Pipe	0.33
Commercial Billets	0.27
Pig Iron	0.40
Total	**2.20**

I Details of Cost of Project

The break down of the project cost is as detailed below:

Sr. No.	Particulars	Rs. in million
a)	Land and Site Development	2,167.20
b)	Buildings	644.50
c)	Plant and Machinery	56,383.97
d)	Design, Engineering and Project Management Services	2,306.78
e)	Preliminary and Pre-operative Expenses	2,115.90

Sr. No.	Particulars	Rs. in million
f)	Contingency	1,320.00
g)	Interest During Construction	6,980.00
h)	Margin Money for Working Capital	1,701.65
	Grand Total	**73,620.00**

Note: The lenders sub-committee in its meeting held on January, 19 2010, agreed to our proposal of increasing the contingency amount by Rs. 1,000 million to Rs. 1,320 million and this increase would be funded through equity only

a) **Land and Site development**

The total estimated cost for land and site development is Rs. 2,167.20 million; the break up is given below:

Particulars	Rs. in million
Land	599.20
Land & Site Development	1,568.00
Total	**2,167.20**

Land

The land requirement for the proposed project has been estimated around 600 acres. Another 250-300 acres of land would be required for construction of storage space for materials. However, we have acquired about 1,804.70 acres of land in Bokaro district of Jharkhand taking into account the scope for future expansion. We are also in various stages of negotiations with different parties for acquiring further land / properties for which we have earmarked approximately Rs. 80 million.

We have acquired/ purchased land admeasuring 1,804.70 acres in Bokaro district of Jharkhand, the details of which are as below:

Location of land and address*	Land area (Acres)	Total cost (in Rs. Mn) (including advance)	Date of agreement
Asanshol	136.56	33.39	Agreement dates vary over a period of three years.
Babugram (including adjoining villages)	106.01	27.41	
Batbinor	12.92	3.74	
Bhagaband	506.83	182.64	
Buribinor	26.96	7.78	
Chandaha	10.98	3.48	
Devgram	35.45	9.64	
Jogidih	27.57	4.65	
Mahal	38.94	10.33	
Parbatpur	34.30	10.51	
Siyaljori	698.42	161.60	
Tetulia	79.04	16.50	
Upparbandha	47.29	11.31	
Sabra	4.54	3.13	
Sivbabudih	0.24	1.12	
Bangagaria	24.60	7.24	
Dhandavar	14.05	6.57	

Location of land and address*	Land area (Acres)	Total cost (in Rs. Mn) (including advance)	Date of agreement
Total	**1804.70#**	**501.04**	
Other Expenses		18.04	
Grand Total		**519.08**	

** The above mentioned lands have been purchased by us from various vendors, including ECL and have been registered in our name*
 # Out of 1804.70 acres, 1717.88 acres have been mortgaged by us as on July 31, 2010

As on July 31, 2010, the list of top ten entities from whom land has been purchased is given below:

Name of the Vendor	Area in Acres	Cost of Acquisition (in Rs. Millions)	Relationship
Electrosteel Castings Ltd.	210.82	54.90	Promoter
Ashok Kumar Mahatha	124.04	41.52	No Relation
Baldev Mahatha	103.72	34.99	No Relation
Vijay Kumar	97.00	15.43	No Relation
Vipan Mahato	66.40	18.04	No Relation
Sristidhar Mahatha	43.52	13.09	No Relation
Tulsi Mahatha	29.76	10.67	No Relation
Jagdish Mahatha	29.65	8.65	No Relation
Sugiyadevi	24.63	5.02	No Relation
Sushil Kumar	20.70	3.65	No Relation

Land & Site Development

The land and site development process would include improvements such as excavating, cutting, filling, grading, paving, soil testing, levelling and making it symmetrical with a view to make it desirable for manufacturing facilities. Primarily the process would aim at improving raw land to make it desirable for manufacturing facilities. The process also includes planning, acquisition of government permits, subdivision, construction of access roads, landscaping, and drainage.

We have issued various work orders towards land and site development, details of which are given below:

Work Order No	Date	Party Name	Rs. Million
WO/000015/08-09	12/7/2008	AMR Constructions Limited	138.50
WO/000024/07-08	1/3/2008	Ceetech Commercials	50.00
WO/000032/07-08	19/3/2008	Electrosteel Castings Limited* (Revised - earlier contract value of Rs. 790 Million)	513.71
WO/000172/08-09	27/3/2009	Premier Infra Development Corporation	34.88
WO/000173/08-09	27/3/2009	Premier Infra Development Corporation	58.13
WO/000174/08-09	27/3/2009	Premier Infra Development Corporation	120.73
WO/000212/09-10	4/6/2009	AMR Constructions Limited	125.27
WO/000213/09-10	4/6/2009	AMR Constructions Limited	107.59
WO/000266/09-10	15/6/2009	Coronation Infrastructure Ltd.	21.00
WO/000267/09-10	15/6/2009	Coronation Infrastructure Ltd.	23.00
WO/000328/09-10	28/4/2009	Coronation Infrastructure Ltd.	54.56
		Others	320.63
			1,568.00

b) **Buildings**

The total estimated cost for Buildings (including boundary wall) for construction of administrative building, plant medical unit, safety & environment office, central fire station, warehouses, etc., amounts to Rs. 644.50 million; the break up is given below:

Particulars	Rs. in million
Buildings	494.50
Boundary Wall	150.00
	644.50

Orders for construction of building and boundary wall as mentioned above has already been given to various local vendors.

c) **Plant and Machinery**

We are in various stages of acquiring different types of plant & machineries from both within and outside India. A detailed break-up of our plant and machinery along with its configuration is given below:

Sr. No.	Name of Machinery	Configuration
1	Blast Furnace	2 x 1050 m^3 & 1 x 350 m^3
2	DI Pipe	330,000 TPA
3	Coke Oven Plant	1-H & 1-V coke oven 0.50 MTPA each
4	Pellet Plant	1.2 MTPA
5	Sinter Plant	2 x 105 m2
6	Wire Rod Mill	0.5 MTPA
7	Lime Plant	800 TPD
8	Dolomite Plant	150 TPD
9	Oxygen Plant	24,000 nm3/hr
10	Steel Melt Shop	Capacity 1.57 MTPA (BOF 2* 60 t and provision of Ladle Furnace 1* 65 t and Billet casters (2* 5 strand, 150 mm. sq. billets)
11	Rebar Mill	0.7 MTPA
12	CPP	2 x 60 MW
13	Auxillary systems	
14	Material Handling system	

The detailed break-up of cost of the Plant and Machinery and erection thereof is given below:

Sr. No.	Particulars	Rs. in million
1	Plant and Machinery	30,351.55
2	Erection materials and related construction thereof	15,747.02
3	Other plant & machinery and incidental expenses	10,285.40
4	**Grand Total**	**56,383.97**

Note: Out of the total of Rs. 56,383.97 million mentioned above, an amount of Rs. 33,107.73 million has already been incurred as on July 31, 2010. For further details, please refer to page no 79-80 of this Red Herring Prospectus.

A) Plant & Machinery

Sr. No.	*Name / Configuration of Machinery*	*Name of the Vendor*	*Date of PO/ Agreement*	*Expected date of completion of delivery*	*Indigenous or Imported*	*Total Agreement value*		
						Euro (Mn)	**US $ (Mn)**	**Rs. equivalent amount (Mn)**
Machinery Ordered								

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Agreement	Expected date of completion of delivery	Indigenous or Imported	Total Agreement value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
1	Raw Material Handling System, 2X105 sq.m Sinter Plant, 0.5 MTPA Horizontal Coke Oven, 2X1050 cum BF, Bar Mill and Wire Rod Mill (with out finishing mill) Lime plant, Pellet Plant, Oxygen Plant, and all auxillary and services facilities for all units of the project	Stemcor MESA DMCC	12-Oct-07	September 2010	Imported	-	387.50	18,183.69
2	Steel Melting Shop, Power & Blowing Station, Captive Power Plant, Waste Heat Boiler, Blower Station, Power Plant, Converter, Continuous Casting Machine	SDM*	3-Dec-08	September 2010	Imported	-	134.00	6,388.61
3	Blast Furnace 350m3	SDM*	18-Sep-08	August 2010	Imported	-	24.00	1,134.61
4	Dolomite Plant	SDM*	12-Jan-08	September 2010	Imported	-	4.61	207.39
5	Vertical Coke Oven	SDM*	18-Sep-08	September 2010	Imported	-	27.28	1,255.35
6	Wire Rod Mill (WRM)	Morgan Construction Company, USA	8-Mar-08	September 2010	Imported	-	10.81	499.34
7	WRM Supply	Morgan Construction Company India Private Limited	8-Mar-08	September 2010	Indigenous	-	-	39.61
8	WRM Finishing Equipment	Morgan Construction Company India Private Limited	8-Mar-08	September 2010	Indigenous	-	-	130.00
9	WRM Motors	ABB Ltd	15-Oct-08	September 2010	Indigenous	-	-	184.20
10	DI Pipe Plan– SPM - 2nos, Ann Fce - 1no, Testing–line - 2nos	SDM*	1-Sep-09	September 2010	Imported	-	4.93	230.93
11	DI Pipe Plant –(SPM - 2nos, CML – 2nos, Bit–line - 2nos)	SDM*	2-Sep-09	September 2010	Imported	-	4.94	231.62
12	DI Pipe Plant (Converter, Peening & grinding m/c, –N600 - DN1200 CML buffing machine)	CAAMS##	20-Oct-09	September 2010	Imported	-	1.02	47.94
13	DI Pipe Plant Mixer with Refractory	HPWY – Beijing	2-Sep-09	September 2010	Imported	-	0.47	22.23

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Agreement	Expected date of completion of delivery	Indigenous or Imported	Total Agreement value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
		Huipeng Ltd+						
14	DI Pipe Plant Core shooter –N600 - DN1200 with Spare	Jinan Linqing Foundry Tecnique Company Limited	27-Oct-09	September 2010	Imported	-	0.27	12.59
15	DI Pipe Plan– SPM - 1no– CML - 1no	SDM*	28-Oct-09	September 2010	Imported	-	1.43	67.04
16	DI Pipe Plant Testing line DN600 – DN1200	SDM*	28-Oct-09	September 2010	Imported	-	1.18	55.19
17	DI Pipe Plant (Core shooter–DN80 - DN800)	Fritz Hansberg S.P.A	15-Oct-09	September 2010	Imported	0.82	-	55.27
18	DI Pipe Plant Induction Furnace	Inductotherm India Private Limited	28-Aug-09	September 2010	Indigenous	-	-	58.90
19	Preparation of technical documents for inviting bids and finalisation construction contracts with construction agencies.	SDM*	16-Apr-08	Completed	Imported	-	5.00	249.65
20	DI Pipe Plan– SPM - 2nos, An– Fce - 1no, Testing–line - 2nos	SDM*	2-Jun-10	September 2010	Imported		0.79	37.20
21	DI Pipe Plant –(SPM - 2nos– CML - 2nos, Bit–line - 2nos)	SDM*	2-Jun-10	September 2010	Imported		0.70	32.92
22	DI Pipe Plan– SPM - 1no– CML - 1no	SDM*	2-Jun-10	September 2010	Imported		0.73	34.25
23	DI Pipe PlantTesting line –N600 - DN1200	SDM*	2-Jun-10	September 2010	Imported		0.10	4.85
24	DI Pipe Plant (dedusting system)	HPWY – Beijing Huipeng Ltd+	6-Mar-10	September 2010	Imported		0.17	8.18
25	DI Pipe Plant (sulphurisation, electric cart etc)	CAAMS##	6-Mar-10	September 2010	Imported		0.30	13.85
26	DI Pipe Plant (Spare for internal cement grinding)	CAAMS##	22-May-10	September 2010	Imported		0.24	11.15
27	DI Pipe Plant	HPWY – Beijing Huipeng Ltd+	22-May-10	September 2010	Imported		0.70	33.00
28	DI Pipe Plant (spare for core shooter)	Fritze Hansberg	20-Apr-10	September 2010	Imported	0.050		3.42
29	DI Pipe Plant (core Box)	Delco	12-Dec-09	September 2010	Indigenous			7.10
30	DI Pipe Plant (Crane)	WMI Cranes Ltd	8-Jan-10	September 2010	Indigenous			5.90
31	DI Pipe Plant	WMI Cranes	9-Jan-10	September	Indigenous			

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Agreement	Expected date of completion of delivery	Indigenous or Imported	Total Agreement value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
	(Crane)	Ltd		2010				3.35
32	DI Pipe Plant (Coating tank, tool charging, de fining etc)	Maa Tara Engineering Concern		September 2010	Indigenous			1.28
33	DI Pipe Plant (Sand Dryer & cooling system 2 x 6tph Cap)	Wesman Engineering Co. Pvt. Ltd.	6-Mar-10	September 2010	Indigenous			8.50
34	DI Pipe Plant (Engineering, Manufacturing, Testing & Supply of Quartz infrared heating system complete unit.)	Litel Infrared Systems Pvt. Ltd.	19-Mar-10	September 2010	Indigenous			3.05
35	DI Pipe Plant (Engineering, Manufacturing, Testing & Supply of De-dusting system for Sand Drier.)	Jagat Bandhu Industries Equipment	15-Mar-10	September 2010	Indigenous			1.50
36	DI Pipe Plant (Spectrometer, Spray gun etc)	Miscellaneou s	Various Dates	September 2010	Imported			14.46
37	DI Pipe Plant (Air Compressors and receivers)	Atlas Copco India Ld.		September 2010	Indigenous			17.50
38	DI Pipe Plant (De dusting System for Zinc Coating)	Rathi Industries		September 2010	Indigenous			16.50
39	Spares	SDM*	10- Jan-10	August 2010	Imported	-	20.00	925.15
Machinery yet to be Ordered								
40	DI Pipe Plant (miscellaneous items)[@]				Indigenous / Imported	-	-	114.28
	Total					**0.87**	**631.17**	**30,351.55**

** SDM stands for Shandong Province Metallurgical Engineering Co. Ltd*
[##] CAAMS stands for Chinese Academy of Agricultural Mechanization Sciences
[@] Management Estimates
[+-]HPWY -Beijing Huipeng Ltd stands for Beijing Huipeng Weiye Industry and International Trade Company Limited

B) Erection materials and related construction thereof

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Agreement	Expected date of completion of assignment	Indigenous or Imported	Total Agreement value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
1	Blast furnace 1050 m3, Sinter plant 105 m2, Raw Material Yard, Pellet plant 1.2 MTPA, Blast	CFMCC**	19-Jun-08	September 2010	Imported	33.92	-	2,258.55

Sr. No.	*Name / Configuration of Machinery*	*Name of the Vendor*	*Date of PO/ Agreement*	*Expected date of completion of assignment*	*Indigenous or Imported*	*Total Agreement value*		
						Euro (Mn)	**US $ (Mn)**	**Rs. equivalent amount (Mn)**
	furnace 350 m3							
2	2x60T BOF & Caster, Wire rod mill 0.5 MTPA, Bar mill 0.7 MTPA	CFMCC**	19-Jun-08	September 2010	Imported	25.30	-	1,682.32
3	Auxillary Unit	CFMCC**	25-Jul-08	September 2010	Imported	13.49	-	882.39
4	Horizontal coke oven , Vertical coke oven, Coal preparation unit, Oxygen generating plant, DI pipe plant, Lime plant, Dolomite plant	23rd MCC#	1-Jul-08	September 2010	Imported	10.07	-	662.90
5	Exhaust Heat Boiler, Fan Station, Power Plant	23rd MCC#	28-Jul-08	September 2010	Imported	4.95	-	331.32
6	Horizontal coke oven, Vertical coke oven, Coal preparation unit, Oxygen generating plant, DI pipe plant, Lime plant, Dolomite plant	23 MCC India++	1-Jul-08	September 2010	Indigenous	-	-	2,555.68
7	Exhaust Heat Boiler & Fan Station, Power Plant, Dormitory	23 MCC India++	28-Jul-08	September 2010	Indigenous	-	-	1,358.20
8	Blast furnace 1050 m3, Sinter plant 105 m2, Raw Material Yard, Pellet plant 1.2 MTPA, Blast furnace 350 m3	CFMCC India^	19-Jun-08	September 2010	Indigenous	-	-	2,791.05
9	2x60T BOF & Caster, Wire	CFMCC India^	19-Jun-08	September 2010	Indigenous	-	-	1,837.04

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Date of PO/ Agreement	Expected date of completion of assignment	Indigenous or Imported	Total Agreement value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
	rod mill 0.5 MTPA, Bar mill 0.7 MTPA							
10	Auxillary systems	CFMCC India^	25-Jul-08	September 2010	Indigenous	-	-	1,387.57
	Total					**87.72**	**-**	**15,747.02**

** CFMCC stands for China First Metallurgical Construction Corporation Limited
^ CFMCC India stands for China First Metallurgical Construction India Private Limited
# 23 rd MCC stands for Ershisanye Construction Group Company Limited
++ 23 rd MCC India stands for Ershisanye Construction Group India Private Limited

C) Other plant & machinery and incidental expenses

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Expected date of delivery	Date of PO/ Agreement	Indigenous or Imported	Total value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
1	Power S–stem - Supply and construction of transmission line from plant to substation of DVC at Dhanbad	Gammon India, Associated Transrail Structures Ltd	September 2010	Various dates	Indigenous	-	-	421.05
		Various Parties	September 2010	Various dates	Indigenous	-	-	26.92
		Yet to Order	September 2010		Indigenous	-	-	161.13
2	Water system- Supply of material and execution of water supply system including intake pump house, channel, pumping machinery. Etc.	Electrosteel Castings Ltd.	September 2010	Various dates	Indigenous	-	-	843.41
		Yet to Order	September 2010		Indigenous	-	-	62.30
3	Free issues & other miscellaneous items includes cement, sand, aggregates, steel etc.	Shri Badrinarain Alloys And Steels Limited	September 2010	Various dates	Indigenous	-	-	1659.98
		OCL India Limited	September 2010	Various dates	Indigenous	-	-	885.09

Sr. No.	Name / Configuration of Machinery	Name of the Vendor	Expected date of delivery	Date of PO/ Agreement	Indigenous or Imported	Total value		
						Euro (Mn)	US $ (Mn)	Rs. equivalent amount (Mn)
		Sunderam Abasan Private Limited	September 2010	Various dates	Indigenous	-	-	511.27
		Bhutnath Abasan Private Ltd	September 2010	Various dates	Indigenous	-	-	252.63
		BIC Foundry Pvt. Ltd.	September 2010	Various dates	Indigenous	-	-	222.52
		Yet to Order	September 2010		Indigenous			92.01
4	Railway siding		Oct-10	-	Indigenous	-	-	898.00
5	Transport Vehicle		Oct-10	-	Indigenous	-	-	23.50
6	IT& Security	-	Oct-10	-	Indigenous	-	-	114.30
7	Taxes, Custom / Ex duties	-	-	-	Indigenous	-	-	2,021.29
8	Freight, Insurance, local transport, etc	-	-	-	Indigenous	-	-	2,090.00
	Total					-	-	**10,285.40**

Notes:

a) In case of Plant and Machinery procured from outside India, the total agreement value is the summation of amount in rupees paid till July 31, 2010 and rupee equivalent of the balance amount.
b) It is assumed that 1 USD = Rs. 47.00
c) It is assumed that 1 EURO = Rs. 68.50
d) We don't propose to buy any second hand machinery from the issue proceeds

d) **Design, Engineering & Project Management Services**

Sr. No.	Nature of Service	Name of the Vendor	Expected Completion Date	Date of Agreement	Total agreement value (USD Million)	Total agreement value (Rs. in million)
1	Design service for Stockyard facilities, coal storage, coal/coke handling and blending Coke - Sinter facilities, BF facilities, converters, 4 strand cont. casting m/cs, wire rods, bars, lime stone rotary kiln, vertical dolomite kiln, Oxygen generator	Stemcor MESA DMCC	August 2010	12-Feb-07	22.00	913.34

Sr. No.	Nature of Service	Name of the Vendor	Expected Completion Date	Date of Agreement	Total agreement value (USD Million)	Total agreement value (Rs. in million)
2	Design service for : 1) Coke oven of 0.8 MTPA incl. facilities 2) Pellet plant of 0.6 MTPA incl. Auxiliary 3) Captive power plant	Stemcor MESA DMCC	August 2010	6-Sep-07	15.00	608.30
3	Design service for: 1) Stockyard facilities, coal storage, coal/coke handling and blending Coke - Coke oven plants, Sinter plants, BFs (1050+350m3), converter & 5 strand continuous casting m/cs, Wire Rod Mill, Bar Mill, lime stone rotary kiln, vertical	Stemcor MESA DMCC	August 2010	2-May-08	10.00	428.90
5	Service contract for undertaking Project Management, construction, supervision, integrated commissioning & demonstration of performance guarantees	SDM*	August 2010	28-Sep-08	7.56	355.32
6	Contract for service of supervision of erection and commissioning for the 160 T – ixer - DI Pipe Plant	HPWY - Beijing Huipeng Ltd+	August 2010	05-April-09	0.02	0.92
		TOTAL				**2,306.78**

The total agreement value is the summation of amount in rupees paid till July 31, 2010 and rupee equivalent of the balance amount. (1 USD = Rs. 470)
** SDM stands for Shandong Province Metallurgical Engineering Co. Ltd*
+–HPWY - Beijing Huipeng Ltd stands for Beijing Huipeng Weiye Industry and International Trade Company Limited

e) **Preliminary and Pre-operative Expenses**

Preliminary and Pre-operative expenses of Rs. 2,115.90 million mainly comprises of the startup expenses. This amount also includes the likely expenses for loan syndication fees, capital raising expenses and up-front/ appraisal fee required for debt/capital.

f) **Contingency**

Contingency of Rs 1,320 million has been provided by us. We had earlier provided for Rs. 320 million as contingency reserve however to meet any unforeseen requirement for the project, we have increased the contingency amount by further Rs.1,000 million

g) **Interest During Construction**:

Interest on borrowings during construction has been calculated considering the construction schedule starting from July 1, 2007, the project loan of Rs 54,470.00 million is proposed to be drawn in various trances. Considering the above schedule, interest during construction on term loans is worked out at Rs. 6,980 million.

h) **Margin Money for Working Capital**

The total working capital requirement in the first year of operation is assumed to Rs. 8,508.25 million. Hence the margin money (25%) for working capital requirement assumed at 80% capacity utilization amounts to Rs. 1,701.65 million.

Particulars	Rs. in million
Raw Material	1,429.68
Finished Goods	2,340.32
Receivables	6,106.08
	9,876.08
Less:	
Sundry creditors for raw materials	1,164.99
Creditors for Expenses	143.20
Consumables & Refractories	59.65
	1,367.84
Total projected working capital (WC)	**8,508.25**
Margin Money @25% of the projected WC in 1st year of operations @80% Capacity utilization	**1,701.65**

II Margin money towards Bank Guarantees (BG)

We are required to give Bank Guarantees in favour of Customs, Sales Tax, Water, Power, Railways and other statutory authorities in relation to Project. Accordingly, we have been sanctioned Bank Guarantee limit of Rs. 2,200 million by the State Bank of India *vide* their sanction letter dated March 2, 2009.

As per the terms & conditions of the said sanction letter against the Bank Guarantee of Rs. 2,200 million, we are required to bring 10% (i.e. Rs. 220 million.) as margin money which we propose to fund through the issue proceeds. Subsequently, SBI *vide* its letter dated May 17, 2010 has extended its Bank Guarantee (as clean) of Rs. 2,200 million at margin of 20%. We intend to recover the 10% additional margin from the general corporate purpose.

Issue Expenses

The expenses for this Issue include lead management fees, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar fees, depository charges and listing fees to the Stock Exchanges, among others. The total expenses for this Issue are estimated to be approximately Rs. [●] million as per the following break up:

Activity	Expense* (Rs. in million)	Expense* (% of total expenses)	Expense* (% of Issue Size)
Lead Merchant Bankers	[●]	[●]	[●]
Registrars to the issue	[●]	[●]	[●]
Advisor to the Issue	[●]	[●]	[●]
Bankers to issues	[●]	[●]	[●]
Underwriting commission, brokerage and selling commission	[●]	[●]	[●]
Printing and Stationery	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fee for IPO grading	[●]	[●]	[●]
Others (Listing fee, Legal counsel fees)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* To be completed on finalisation of issue price

Schedule of implementation

Sr. No.	Particulars	Date of commencement	Completion date	Status
a)	Basic / Detail Engineering	April 2007	March 2008/ March 2010	Completed
b)	Site Preparation including leveling	April 2007	September'09	Completed
c)	Preparation of TS/ Tendering and Placement of order of major Plant & Equipment	April 2007	April '08	Completed
d)	Preparation of TS/ Tendering and Placement of order for auxiliary facilities	April 2007	June'08	Completed
e)	Civil Works	July 2007	September '10	Civil foundation work almost completed
f)	Structural works including fabrication and erection	October 2007	September '10	Structural work commenced and expected to be completed by September '10
g)	Delivery of Equipment	April 2008	September '10	Approx 62% Equipment delivery received, and remaining expected to be completed by September '10.
h)	Erection of Equipment	April 2008	July– September'10	Erection commenced parallely to be completed by September'10
i)	Trial Run/ Testing/ Commissioning	September '10	September '10	To commence from September 2010 and units will be commissioned in sequence.
j)	Commencement of commercial operations		October '10	Commercial production will start from October '10

Funds Deployed by our Company

As certified by M/s. B. Chhawachharia & Co, Chartered Accountants, the statutory auditor of our Company vide their certificate dated September 4, 2010 our Company has incurred the following expenditure on the project till July 31, 2010

Deployment of Funds	Rs. in Million
Land & Site Development (including advances and net of liabilities)	1,922.42
Buildings (including advances)	641.94
Plant & Machinery (including advances and net of liabilities)	33,107.73
Designs, Engineering & Project Management Services	1,804.94
Preliminary & Pre-operative expenses	1,931.44
Interest during Construction Period (net)	3,716.46
Contingency	Nil

Deployment of Funds	Rs. in Million
Margin Money for Working Capital	Nil
Margin Money towards Bank Guarantees	132.35
Total	**43,257.28**

The aforesaid amounts have been financed from a combination of equity contribution received and borrowings from Banks/Financial Institutions.

Proposed Deployment of Funds

(Rs. in million)

Sr. No	Activities	Already deployed upto July 31, 2010	August 2010 to March 2011	Total
a)	Land and Site Development	1,922.42	244.78	2,167.20
b)	Buildings	641.94	2.56	644.50
c)	Plant and Machinery	33,107.73	23,276.24	56,383.97
d)	Design, Engineering and Project Management Services	1,804.94	501.84	2,306.78
e)	Preliminary and Pre-operative Expenses	1,931.44	184.46	2,115.90
f)	Contingency	-	1,320.00	1,320.00
g)	Interest During Construction	3,716.46	3,263.54	6,980.00
h)	Margin Money for Working Capital	-	1,701.65	1,701.65
i)	General Corporate Purpose		[●]	[●]
j)	Margin Money towards Bank Guarantees	132.35	87.65	220.00
k)	Issue Expense			[●]
	Total		[●]	[●]

The Net proceeds are currently expected to be deployed in the project in accordance with the following schedule

(Rs. in million)

Fiscal Year	Amount proposed to be financed from Net Proceeds
For FY 2010 – 2011	[●]
For FY 2011 – 2012	[●]

Manpower

For details of our employees, please refer chapter titled "Our Business" on page 105 of this Red Herring Prospectus

Government and Environmental Clearances

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned in the chapter titled "Government Approvals" on page 293 of this Red Herring Prospectus, no further approvals are required for carrying on our present business

General Corporate Purposes

We intend to deploy Rs. [•] million for General Corporate Purposes, including but not restricted to, additional margin money towards bank guarantees, meeting working capital requirements, fund project cost overruns (if any), strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies, investments, advances and deposits, which our Company in the ordinary course of business may face, or any other purposes as approved by our Board. Further any additional funds received by our Company pursuant to the exercise of the

Green Shoe Option and consequent overallotment of Equity Shares, will be utilised towards general corporate purposes.

Interim Use of Net Proceeds

We, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Net Proceeds will be determined by us based upon the development of the project. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest/dividend bearing liquid instruments including deposits and advances, investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

Monitoring of Utilisation of Funds

We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing.

Pursuant to Clause 49 of the Listing Agreement, we shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of our Company. Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue proceeds. Such statement shall be furnished to the Stock Exchanges along with the interim and / or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter Group or our group companies or key managerial personnel, except in the normal course of our business.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, conditions of RBI approval, the terms of this Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("**CAN**") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on December 12, 2009 subject to a approval of the shareholders through a Special Resolution to be passed pursuant to section 81(1A) of the Companies Act. The shareholders have, at the shareholder's meeting of our Company held on January 12, 2010, approved the Issue.

Our Company has obtained in-principle listing approvals dated May 19, 2010 and June 24, 2010 from the BSE and the NSE, respectively. Our Company has also obtained all necessary contractual approvals required for the Issue.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank pari passu in all respects with the other existing shares of our Company including in respect of the rights to receive dividends. The Allottees in receipt of the Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details please see "Main Provisions of the Articles of Association" on page 359 of this Red Herring Prospectus.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price of Rs. [•] per share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws. The Issue Price is [•] times the face value of the Equity Shares. The Anchor Investor Issue Price is Rs. [•] per Equity Share.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters 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 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

For further details please refer to the chapter titled "Terms of the Issue" on page 309 of this Red Herring Prospectus.

BASIS FOR ISSUE PRICE

The price band for the Issue shall be decided by our Company in consultation with the BRLMs at least two days prior to the bid/issue opening date. The Issue Price of Rs. [●] has been determined by us in consultation with the BRLMs on the basis of the demand from the investors for the offered Equity Shares through the Book Building Process. The face value of Equity Shares is Rs.10 and the Issue Price is [●] times the face value.

Qualitative Factors:

1. *Well experienced Promoter*
2. *Integrated operations including captive power plants and railway sidings*
3. *Raw material linkages for iron ore and coking coal*
4. *Locational Advantages*
5. *Tie-up with Stemcor MESA DMCC*
6. *Low Cost of Production*
7. *Experienced management team with a proven track record*
8. *Complimentary product mix*

Quantitative Factors

Information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP.

1. **Adjusted Weighted Average Earnings Per Share (EPS)**

	Particulars	EPS	Weight
a)	Period ended March 31, 2008	NA	1
b)	Year ended March 31, 2009	NA	2
c)	Year ended March 31, 2010	NA	3
c)	Period ended June 30, 2010	NA	
d)	**Weighted Average EPS**	**NA**	

Our Company is in the construction phase of its project and not yet commenced its revenue operations. As per AS 20, 'Earning per Share', since there are no earnings, as a result EPS cannot be computed

2. **Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●] per Equity Share of Rs. 10 each**

(a) Based on the financial statements for period ended March 31, 2009 and year ended March 31, 2010 and three months period ended June 30, 2010, the weighted average EPS is not available.
(b) P/E based on profits after taxes, as restated, for the year ended March 31, 2010 is not available.
(c) Our company has not commenced any commercial activities; hence, there are no earnings as a result P/E cannot be computed.
(d) P/E of the Industry*:

Highest – 55.3
Lowest – 5.4
Average (Composite) – 10.80

*Source: Capital Markets Volume XXV/11 July 26 - Aug 08, 2010, Industry classification: Steel – Large

Accounting Ratios of some of companies in the same Industry group:

Particulars	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)
Tata Steel Limited	47.9	10.7	14.2	416.6
Steel Authority of India Limited	16.4	12.1	24.2	80.7
Uttam Galva Limited	8.4	13.3	13.1	73.4

Usha Martin Limited	2.9	27.4	7.3	49.2
Electrosteel Integrated Limited	NA	NA	NA	10.0

Note: The EPS, RONW and NAV figures are based on the latest audited results for the year ended March 31, 2010 and P/E is based on trailing twelve months (TTM) and Market data.
Source: Capital Markets Volume XXV/11 July 26 - Aug 08, 2010, Industry classification: Steel – Large

3. **Return on Net Worth**

		RONW (%)	Weight
a)	Year ended March 31, 2008	NA	1
b)	Year ended March 31, 2009	NA	2
c)	Year ended March 31, 2010	NA	3
c)	For period ended June 30, 2010	NA	
d)	**Weighted Average**	**NA**	

The Company is in the construction phase of its Project and has not yet commenced its revenue operations. Hence, as per Indian GAAP ("Generally Accepted Accounting Principles") there are no earnings; as a result Return on Net Worth cannot be computed

Minimum return on total net worth needed after the Issue to maintain pre-Issue EPS – *Not Applicable*

4. **Net Asset Value**

Particulars	NAV^ (Rs. Per Equity Share)
a) As at March 31, 2010	10.00
b) As at June 30, 2010*	10.00
c) After Issue #	[●]
d) Issue Price #	[●]

* *Our Company has allotted 143,255,812 equity shares after June 30, 2010. For further details, please refer chapter titled "Capital Structure" on page no.48 of this Red Herring Prospectus*
# *Will be determined on completion of the book building process*
^ *Net Asset Value per Equity Share represents networth as restated divided by the number of Equity Shares outstanding at the end of the period.*

5. The face value of our Equity Shares is Rs. 10 each and the Issue Price is [●] times of the face value of our Equity Shares.

6. The BRLMs believes that the Issue Price of Rs. [●] per Equity Share is justified in view of the above qualitative and quantitative parameters. Specific attention of the investors is invited to the chapters titled "Risk Factors", "Our Business" and "Financial Statements" beginning on pages 1, 105 and 171 respectively of this Red Herring Prospectus respectively. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

7. The Issue Price of Rs. [●] has been determined by us in consultation with BRLMs and on the basis of the demand from the investors for the Equity Shares through the Book Building Process and is justified on the basis of the above accounting ratios.

STATEMENT OF TAX BENEFITS

The Board of Directors,
Electrosteel Steels Limited
801, Uma Shanti Apartments
Kanke Road
Ranchi – 834 008

Dear Sirs,

We hereby report that the enclosed annexure states the possible direct tax benefits available to Electrosteel Steels Limited (the "Company") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 ("the Act").

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For B Chhawchharia & Co.
Firm Registration No.: 305123E
Chartered Accountants

Vikram Dhanania
Partner
Membership No.060568

Place: Kolkata
Date: September 4, 2010

Statement of Possible Direct Tax Benefits available to Electrosteel Steels Limited and its Shareholders

The following is based on the provisions of Indian tax laws as of the date hereof, which are subject to change, possibly on a retrospective basis.

For these purposes, "Non-Resident" means a person who is not a resident in India. For purposes of the Act, an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

(a) a period or periods amounting to 182 days or more; or
(b) a period or periods amounting to 60 days or more and within the four preceding years he/she has been in India for a period or periods amounting to 365 days or more; or
(c) in the case of a citizen of India who leaves India as a member of the crew of an Indian ship or for the purposes of employment outside India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days"; or
(d) in the case of a citizen of India or a person of Indian origin living abroad who visits India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days".

A 'company' is resident in India if it is formed and incorporated in accordance with the Companies Act, 1956 and has its registered office in India or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

A 'foreign company' means a company which is not an Indian company, or any other company which, in respect of its income liable to tax under the Act, has not made the prescribed arrangements for the declaration and payment, within India, of the dividends (including dividends on preference shares) payable out of such income;

I. Tax Benefits available to the Company

A. Special tax benefits to the company

There are no special tax benefits available to the Company.

B. General tax benefits to the company

1. In accordance with section 10(34), dividend income (referred to in Section 115-O) will be exempt from tax.

2. The depreciation rates prescribed in the Act to be charged in accordance with the written down value method in respect of Plant and Machinery is 15%, Motor Cars 15% and Furniture and Fittings 10%. A company is entitled to claim additional depreciation @ 20% on new Plant & Machinery installed for manufacturing activities during a relevant year subject to conditions prescribed in section 32(1)(iia) of the Act.

3. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA ie to the extent of difference between the tax payable as per the normal provisions of the Act and tax paid under section 115JB of the Act for that assessment year.

4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income during the same year and the remaining loss after set-off can be carried forward for set-off – against business income of the next eight Assessment Years.

5. As per section 71 read with section 74 of the Act, short term capital loss arising during a year can be set-off against short term or long term capital gains. The balance loss, if any, will be carried forward upto 8 assessment years and eligible for set-off against capital gains arising in those years. Long term capital loss during a year can be set-off only against long term capital gains. The balance loss, if any, can be carried forward upto 8 assessment years and eligible for set-off against long term capital gains arising in those years

6. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward for set-off with the income of future years.

7. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

8. Income received in respect of the units of mutual fund (other than income arising from transfer of such units) specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of the IT Act.

9. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

   (a) 20 per cent (plus applicable surcharge and cess) of the capital gains as computed after indexation of the cost; or

   (b) 10 per cent (plus applicable surcharge and cess) of the capital gains as computed without indexation.

10. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15% (plus applicable surcharge and cess) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

11. If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act, in the hands of the company.

12. The tax rate is 30%. The surcharge on Income tax is 7.5%, only if the total income exceeds Rs. 10 million. Education cess is 2% and Higher Secondary cess is 1%.

II. Tax Benefits available to equity share holders

i) Special tax benefits to the equity shareholders

There are no special tax benefits available to the equity share holders.

ii) General tax benefits to the equity shareholders

A. Resident share holders

1. **Dividend**

1.1 Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the resident shareholders, as per section 10 (34) of the Act.

2. **Capital Gain**

2.1 **Long Term Capital Gain**

Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax in the hands of resident share holders. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

2.3 Under section 112 of the Act, if securities transaction tax is not charged on transfer of long term capital asset being a listed equity share in a company, then the same are subject to tax at the rate of 10% (plus applicable surcharge and cess) of capital gains calculated without indexation of the cost of acquisition or 20% (plus applicable surcharge and cess) of the capital gains calculated after indexation of the cost of acquisition whichever is more beneficial to the assessee. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the share from the sale consideration.

2.4 In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax (i.e. Rs. 160,000 in case of all individuals, to Rs. 190,000 in case of women and to Rs.240,000 in case of senior citizens), the long term capital gains shall be reduced to that extent and only the balance long term capital gains will be subject to the flat rate of taxation in accordance with section 112(1) and the proviso to sub-section (1) of section 112 of the Act.

2.5 Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:

i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

2.6 Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset will be exempt from capital gain 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 or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

Short Term Capital Gain

2.7 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

2.8 Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of resident share holders.

2.9 If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the Act as may be prescribed in each year's Finance Act, in the hands of resident share holders.

2.10 As per the provision of section 71, loss under the head “Capital Gains” cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be set-off against short term capital gain.

3. Business Income

3.1 In case the resident shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

3.2 Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head “Profits and gains of business or profession” then securities transaction tax paid on such transactions will be allowed as deduction from income under the head “Profits and gains of business or profession” under clause (xv) to subsection (1) of section 36 of the Act.

4. Withholding Tax

4.1 Income tax is deductible at source as per the provisions of section 194 of the Act on dividend other than dividend referred to in section 115-O, payable to resident share holders at the rates as may be prescribed in each year's Finance Act.

4.2 Income tax is not deductible at source on capital gain and business income on transfer of shares, payable to resident share holders as per the provisions of the Act.

B. Non-Resident /Foreign Company Shareholders (Other than Foreign Institutional Investors and Non- Resident Indian)

1. **Dividend**

1.1 Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the non-resident / Foreign Company shareholders, as per section 10 (34) of the Act.

1.2 As per section 115A of the Act, dividend income other than dividend income referred to in section 115-O of the Act, received by non-resident shareholders/Foreign Company would be subject to tax at the rate of 20% (plus applicable surcharge and cess).

2. **Capital Gain**

Long Term Capital Gain

2.1 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 Under section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax, in the hands of the non-resident / Foreign Company shareholders. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

2.3 As per first proviso to Section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per Section 112 of the Act, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 10%(plus applicable surcharge and cess). *However revenue authorities can litigate that the applicable tax rate is 20% (plus applicable surcharge and cess).*

2.4 Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:

(i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

2.5 Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of long term capital asset will be exempt from capital gain 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 or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt. If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

Short Term Capital Gain

2.6 Under section 2 (29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

2.7 Under section 111A of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess) in the hands of the non-resident / Foreign Company shareholders.

2.8 If securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company, the same would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act as may be prescribed in each year's Finance Act, in the hands of the non-resident / Foreign Company shareholders.

2.9 As per the provision of section 71, loss under the head “Capital Gains” cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be set-off against short term capital gain.

3. Business Income

3.1 In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the Act.

3.2 Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head "Profits and gains of business or profession" then securities transaction tax paid on such transactions will be allowed as deduction from income under the head "Profits and gains of business or profession" under clause (xv) to subsection (1) of section 36 of the Act.

4. Withholding tax

4.1 As per the provisions of section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), capital gain, business income payable to non-resident/ Foreign Company shareholders, may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty and the Act. Accordingly income tax may have to be deducted at source in the case of a non-resident/ Foreign Company shareholders at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

5. General

5.1 As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

C. Foreign Institutional Investors (FII)

1. Dividend

1.1 Dividend income referred to in section 115-O of the Act, is exempt from tax in the hands of the FII, as per section 10 (34) of the Act.

1.2 As per section 115AD of the Act, dividend income other than dividend income referred to in section 115-O of the Act, in respect of equity shares received by FII would be subject to tax at 20% (plus applicable surcharge and cess).

2. Capital Gain

Long Term Capital Gain

2.1 As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2.2 As per section 10(38) of the Act, any capital gain arising from the transfer of a long term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), would not be liable to tax in the hands of the FII. However the income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB of the Act.

2.3 As per section 115AD of the Act, if securities transaction tax is not charged on transfer of long term capital asset being an equity share in a company, the capital gains are taxed at the rate of 10% (plus applicable surcharge and cess). Cost Indexation benefit and foreign currency fluctuation benefit as per proviso to section 48 of the Act will not be available in such a case.

2.4 Under section 54EC of the Act, capital gains arising on the transfer of long term capital asset will be exempt from capital gains tax to the extent such capital gains are invested within a period of 6 months after the date of such transfer, subject to maximum limit of Rs.5.00 million during any financial year, minimum for a period of 3 years in bonds issued by the following:

(i) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988 and

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

However, if the assessee transfers or converts the above amounts invested into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the investment made earlier is transferred or converted into money.

Short Term Capital Gain

2.5 As per section 2(29A) of the Act, read with section 2 (42A) of the Act, equity share in a company is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

2.6 As per section 111A read with section 115AD of the Act, any capital gain arising from the transfer of a short term capital asset being an equity share in a company and such transaction is chargeable to securities transaction tax (including equity shares Offered for Sale under this issue which is subject to securities transaction tax at the time of sale), are taxed at the rate of 15% (plus applicable surcharge and cess).

2.7 As per section 115AD of the Act, if securities transaction tax is not charged on transfer of short term capital asset being an equity share in a company then it would be taxed at the rate of 30% (plus applicable surcharge and cess).

2.8 As per the provision of section 71, loss under the head “Capital Gains” cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. However, long term capital loss cannot be set-off against short term capital gain.

3. Business Income

3.1 In case the non-resident / Foreign Company shareholders are engaged in business of trading in shares, the income on transfer of shares would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

3.2 Where the income arising from taxable securities transactions entered into in the course of business and such taxable securities transactions are included in the income computed under the head “Profits and gains of business or profession” then securities transaction tax paid on such transactions will be allowed as deduction from income under the head “Profits and gains of business or profession” under clause (xv) to subsection (1) of section 36 of the Income Tax Act, 1961.

4. Withholding tax

4.1 As per section 196D of the Act read with section 195 of the Act, any income by way of dividend (other than dividend referred to in section 115-O of the Act), business income payable to FII, may be liable to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a FII shareholder at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

4.2 As per section 196D of the Act, income by way of capital gain payable to FII, is not liable to with-holding tax.

5. General

5.1 As per the provisions of section 90 of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

D. Non-Resident Indian Shareholders

1. General

1.1 Certain non-resident individual shareholders being a citizen of India or person of Indian origin (NRI) has an option to be governed by the provisions of Chapter XII-A of the Act.

1.2 As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

2. Dividend

2.1 As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, dividend income other than dividend income referred to in section 115-O of the Act, received by NRI would be subject to tax at 20% plus applicable surcharge and cess.

3. Capital Gain

3.1 As per section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by the NRI, capital gains arising to the NRI 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 the flat rate of 10% (without indexation benefit but with protection against foreign exchange fluctuation) plus applicable surcharge and cess.

3.2 Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to the NRI 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 invested in specified assets or specified savings certificates within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. 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.

3.3 Under provisions of section 115G of the Act it shall not be necessary for the NRI 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 has been deducted there-from.

3.4 Under section 115-I of the Act, the NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing 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.

E. Mutual Funds

1. General

1.1 In accordance with section 10(23D) of the Act, any income of:

(i) a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder;

(ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf;

will be exempt from income tax.

III. Tax Benefits available to the shareholders under the Wealth-Tax Act, 1957

The Securities will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of Securities held.

SECTION IV: ABOUT THE ISSUER

INDUSTRY OVERVIEW

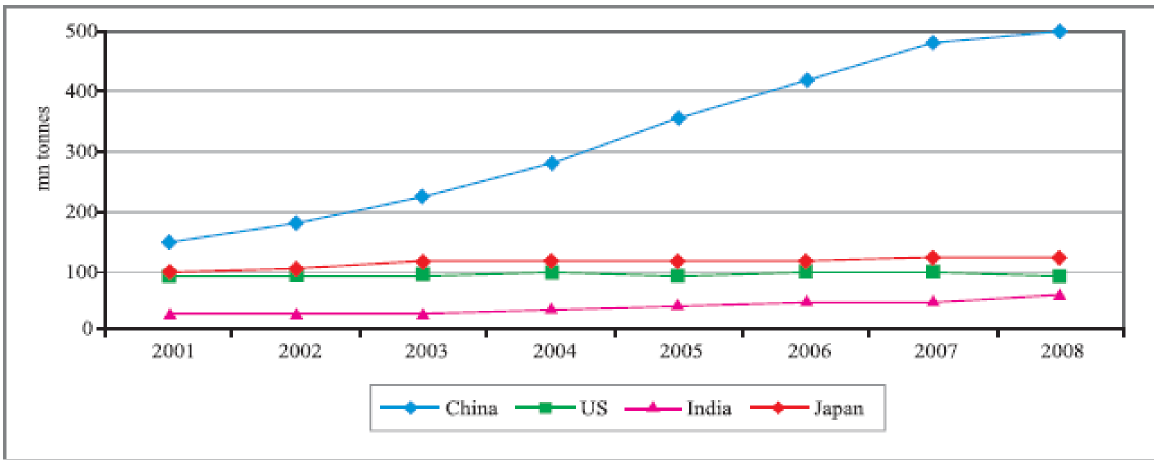
The information in this section has not been independently verified by us, the Book Running Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Unless otherwise indicated, all financial and statistical data relating to the steel industry in the following discussion is derived from CARE Report on Indian Steel Industry – March 2009, CARE Monthly Steel Sector Update – January 2010 and May 2010 and CARE Report on Indian Pipe Industry – Annual Review March 2010. Please note that some data may have been reclassified for the purpose of presentation herein, and some data are estimates and predictions and should accordingly be treated with appropriate caution.

Overview of the Global Steel Industry

World's crude steel production reached a level of 1,220 mn tonnes in CY 2009. The BRIC Countries, i.e. Brazil, Russia, India and China accounted for the majority at 58%, especially the share of China increased from 37.7 % in CY 2008 to 46.6% in CY 2009. India's contribution in the global crude steel production also increased marginally from 4.2% to 4.6% during the same period. Crude steel production in India increased to 56.6 mn tonnes in CY 2009, retaining the position as the fifth-largest crude steel producer in the world. While the other top crude steel producing countries like Japan, Russia and US registered a negative growth of 26%, 13% and 36%, respectively.

For the period January 2010 to June 2010, the world's crude steel Production was 706 mn tonnes as compared to 553 mn tonnes for the same period in the previous year. The world crude steel production has grown from 850 mn tonnes in CY 2001 to 1,220 mn tonnes in CY 2009. During the period CY 2001-2007, finished steel consumption has increased from 777 mn tonnes to 1,209 mn tonnes registering a CAGR of 7.6%. Growth in crude steel production was mainly driven by emerging countries such as China and India which registered a CAGR of 18.7% and 10.6%, respectively, during the period CY 2001-2008. On the contrary, developed countries such as the US and Japan have shown a much lower growth in crude steel production at a CAGR of 0.2% and 2.1%, respectively, during the same period.

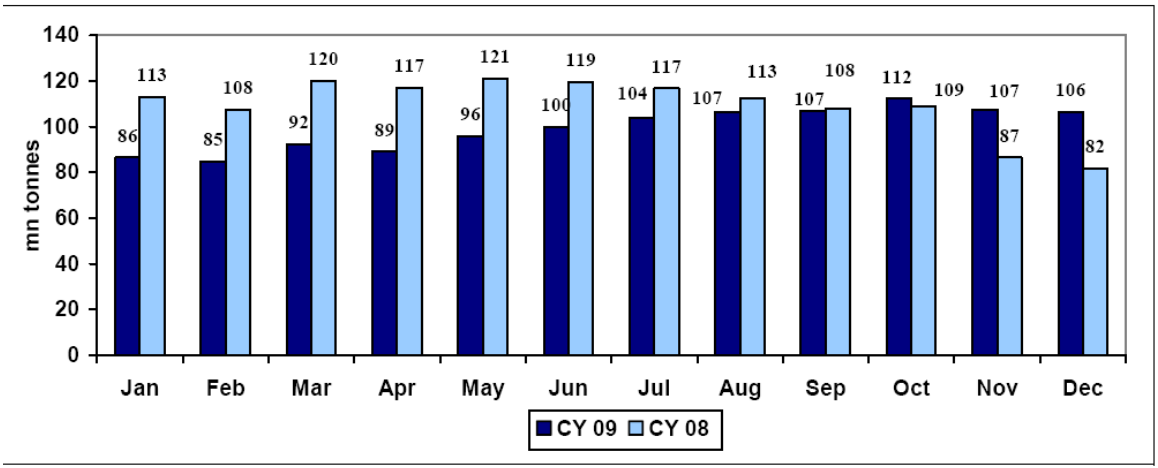
Countrywise Trends of Crude Steel Production



Source: CARE Report on Indian Steel Industry – March 2009 (Data from IISI)

In CY 2009, total world crude steel production reached a level of 1,220 mn tonnes, a decline in growth by 8.2% over the previous year due to the downturn in the economy. The world economy is showing signs of revival as the world's crude steel production for the period January 2010 to June 2010 was 706 mn tonnes as compared to

553 mn tonnes for the same period in the previous year. (*Source: CARE Monthly Steel Sector Update – January 2010*) *Global Crude Steel Production)*



Source: International Iron & Steel Institute (IISI)

Source: CARE Monthly Steel Sector Update – January 2010 (Data from IISI)

Indian Steel Industry

Overview

The Indian Steel industry has witnessed an unprecedented growth in the past seven years. In the global arena also, India has been able to create a mark for itself. India accounted for about 4.6% of the global crude steel production in CY 2009 and has graduated to the position of the fifth-largest producer of crude steel in the world in CY 2009 from the ninth position in CY 2004.

Evolution

The Indian steel sector was the first core sector to be completely freed from the licensing regime and pricing and distribution controls. This was done primarily because of the inherent strengths and capabilities demonstrated by the Indian iron and steel industry. The economic reforms and the consequent liberalization of the iron and steel sector which started in the early 1990s resulted in substantial growth in the steel industry and green field steel plants were set up in the private sector.

The industry has undergone various regulatory developments and reforms in the last two decades, including, among others:

- Since 1991, the steel industry has been removed from the list of industries reserved for the public sector and exempted from the provisions of compulsory licensing under the Industries (Development and Regulation) Act, 1951;
- Since 2002, the steel industry has been deregulated from pricing and distribution control and included in the list of "high priority" industries;
- The import for steel has moved gradually from a controlled regime to a liberalized one, by way of exempting steel imports from licensing, canalization and lowering of import duty levels. Export of steel has also been freely permissible;
- Measures have been taken to reduce duties imposed on raw materials for steel production, which help lower capital costs and production costs of steel plants. Additionally, there are no export duties on steel items;
- Since April 1994, the Government has discontinued the levy on account of the Steel Development Fund; and
- The National Steel Policy, 2005, sought to support the development of risk-hedging instruments to protect against price volatility in the steel market, to strengthen existing training and research and development facilities, to institute mechanisms for import surveillance and to monitor export subsidies in other countries.
  (*Source: Outcome Budget of Ministry of Steel, Government of India 2009 – 2010 Report; Ministry of Steel, Government of India website: www.steel.gov.in*)

Industry Structure

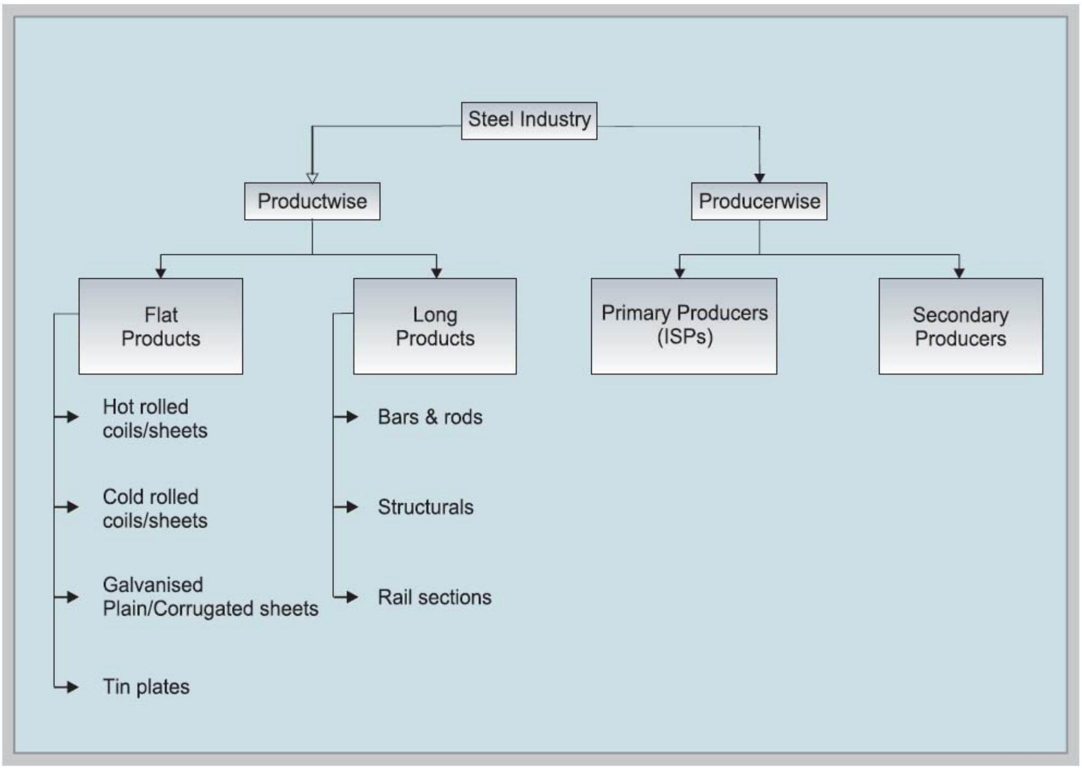
The Indian steel industry is broadly divided into two distinct producer groups: Primary steel producers also known as Integrated Steel Producers (ISPs) and Secondary steel producers.

ISPs include large steel producers with high levels of backward integration and having capacities over 1 mn tonne. ISPs have facilities right from the iron ore (raw material) mining stage to the finished steel production stage.

Secondary producers essentially have mini steel plants with capacities below 1 mn tonne. This category mainly employs Electric Arc Furnace (EAF) or Induction Furnace (IF) route, which use scrap and sponge iron or a mix of both as raw materials to produce steel. This group also consists of processors and re-rollers of steel products. Secondary producers primarily manufacture long products and the route adopted by them is highly energy intensive. Generally, these units have their own captive power plant but they also have to depend on grid power.

Although, there are over 3,500 varieties of regular and special steel available, steel products can be broadly classified into two basic types according to their shape viz. flats and longs. All finished steel products are made from semi-finished steel that comes in the form of slabs, billets and blooms.

Classification of Steel Industry

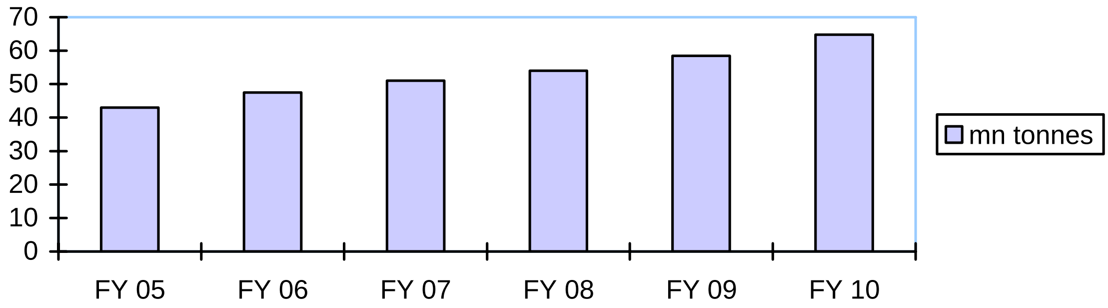


(Source: CARE Research)

Steel Production

Crude steel production in the country rose from 27.9 mn tonnes in FY 02 to 64.8 mn tonnes in FY 10, registering a CAGR of 10.8%. During the period April-March in FY 09, crude steel production was 58.5 mn tonnes. (*Source: CARE Monthly Steel Sector Update – May 2010*)

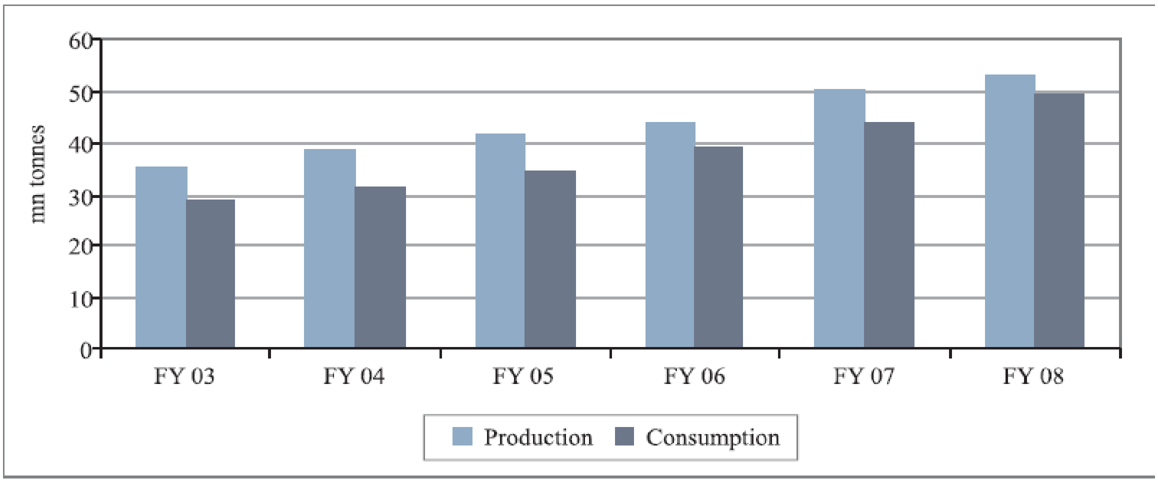
Crude Steel Production Trend



(*Source: CARE Monthly Steel Sector Update – May 2010*)

India's finished steel production has increased from 35.4 mn tonnes in FY 03 to 52.8 mn tonnes in FY 08, registering a CAGR of 8.3%. During the same period, finished steel consumption has grown at an incremental CAGR of 11.2%. Demand of steel in the country has been growing at a multiplication factor of approximate 1.2x-1.3x of the growth rate of the economy.

Domestic finished steel scenario



(Source: CARE Report on Indian Steel Industry – March 2009 (Data from Joint Plant Committee (JPC))

Category-wise Finished Steel Production

('000 Tonnes)

	FY 08	FY 07	FY 06	FY 05	FY 04
Long steel products					
Bars/rods	2,019	18,811	16,636	15,347	14,356
Structurals	5,042	4,884	4,484	4,008	3,994
Rail-related material	1,086	1,038	1,013	1,007	929
Total long steel (1)	**26,318**	**24,733**	**22,133**	**20,362**	**19,229**
Flat steel products					
HR coils/Strips/Skelps/Plates/Sheets	15,698	15,226	13,098	12,900	11,795
CR coils/strips/sheets/TMBP	4,787	4,331	3,989	3,499	3,569
GP/GC sheets	4,359	4,391	3,782	3,672	3,130
Elect. Sheets	160	143	148	121	139
Tin plates/Tin free plates	185	174	182	176	165
Pipes	1,255	1,198	1,058	588	557
Total flat steel (2)	**26,444**	**25,463**	**22,257**	**20,956**	**19,355**
Total finished steel (1+2)	**52,762**	**50,196**	**44,390**	**41,318**	**38,584**

(Source: CARE Report on Indian Steel Industry – March 2009 (Data from Joint Plant Committee (JPC))

Sponge Iron

India is a leading producer of sponge iron with a host of coal based units, located in the mineral-rich states of the country. Over the years, the coal based route has emerged as a key contributor to overall production; its share has increased from 60% in 2003-04 to 75% in 2008-09. Capacity in sponge iron making has also increased over the years and currently stands at 31 million tonnes. However, the production of sponge iron witnessed a dip of 1.7% for the year 2009-10 as compared to 2008-09. (*Source: CARE Report on Indian Steel Industry –Updates May 2010 (Data from Joint Plant Committee (JPC)).*

The table below shows the production of sponge iron in the country in the last five years, indicating the break-up of the share of coal and gas based route of production:

Production of sponge iron ('000 tonnes)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09*
Coal based	5901	7897	10280	13080	14531	15520
Gas based	3976	4640	4545	5265	5845	5280
Total	**9877**	**12357**	**14825**	**18345**	**20376**	**20800**

*Source: CARE Report on Indian Steel Industry – March 2009 (Data from Joint Plant Committee (JPC)); *provisional*

Pig Iron

India is also an important producer of pig iron. Post-liberalization, with setting up several units in the private sector, not only imports have drastically reduced but also India has turned out to be a net exporter of pig iron. The private sector accounts for nearly 87% of total production for sale of pig iron in the country. The domestic availability situation of pig iron is given in the table below:

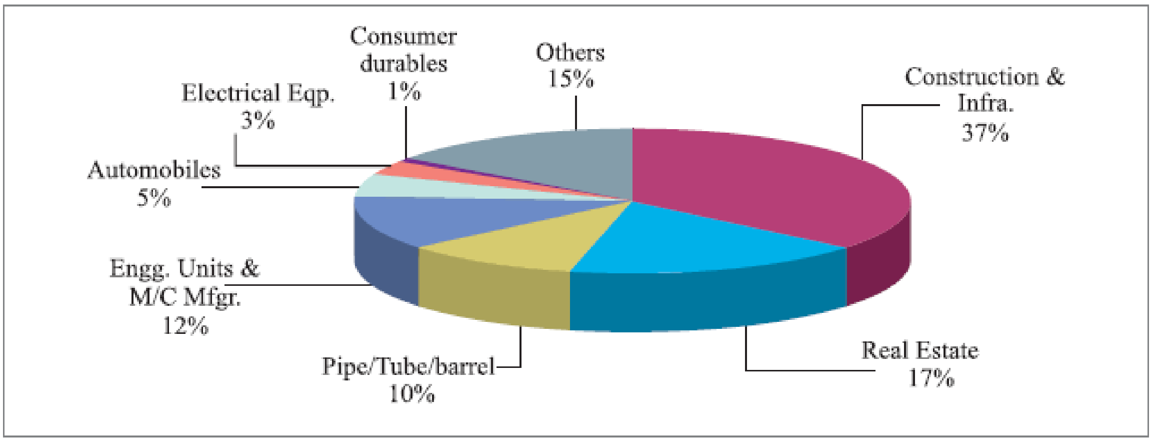
Pig iron domestic availability scenario						('000 tonnes)
Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09*
Production for sale	3764	3228	4690	4953	5284	5285
Import	2	8	3	3	11	8
Export	518	393	440	707	560	350
Consumption	3263	2791	4136	4336	4621	4909

*Source: CARE Report on Indian Steel Industry – March 2009 (Data from Joint Plant Committee (JPC)); *provisional*

Demand Drivers

Steel is an essential commodity and is used as raw material in different industries driving the nation's economy. Steel finds applications in industries such as construction, real estate, automobiles, power & energy, oil & gas, railways, shipbuilding, industrial machineries & equipment, consumer durables and agricultural equipment.

Sectorwise Proportion of Finished Steel Consumption in FY 08



(Source: CARE Report on Indian Steel Industry – March 2009 (Data from Steel Scenario)

Construction sector in the country is the largest consumer of steel. Construction industry includes housing, industrial construction and also infrastructure. Infrastructure sector includes various subsectors like roads, ports, aviation and power etc. which consume different varieties of steel products. In FY 08, construction sector consumed about 52% of the total finished steel. Construction sector mainly consumes long steel products like structurals, bars/rods and also galvanised products. Automobile industry predominantly consumes flat products i.e. Hot Rolled (HR) and Cold Rolled (CR) steel products. Demand for flat steel products in the country has increased with the growth in general engineering industry, pipe & tube industry and automobile industry. Other major steel consuming sectors are consumer durables sector and electrical equipment sector. The following table shows the consumption of various finished steel products:

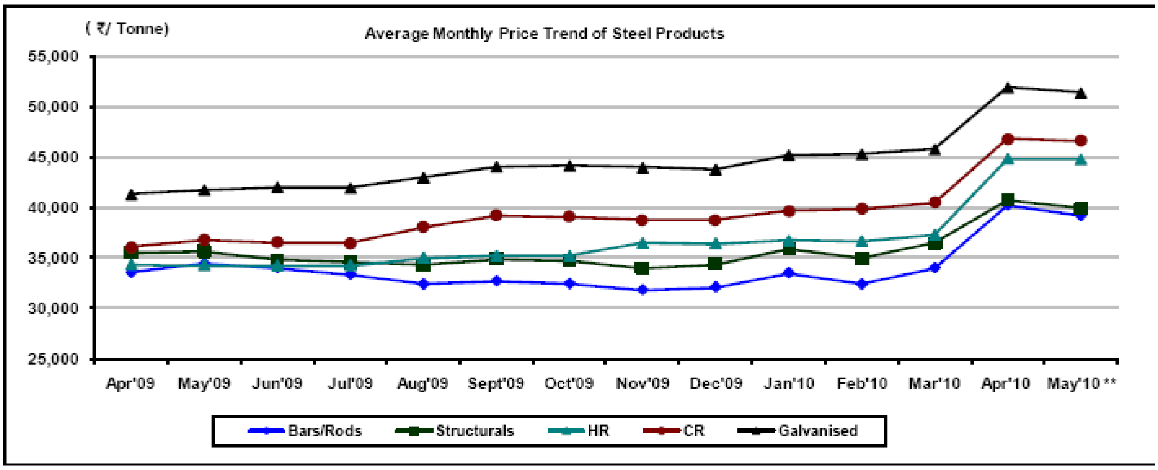
Category-wise Finished Steel Consumption

Category (in '000 tonnes)	FY10	FY09	Y-o-Y (%)
Flats			
HR coils/sheets	18,995	17,754	7.0
CR coils/sheets	6,156	4,999	23.1
GP/GC coils/sheets	3,358	3,018	11.3
Sub total	**28,509**	**25,771**	**10.6**
Longs			
Bars/rods	22,621	20,552	10.1
Structural	5,241	5,333	-1.7
Rails	1,030	1,191	-13.5
Sub total	**28,892**	**27,076**	**6.7**
Others	1,985	2,035	-2.5
Total finished steel	**59,386**	**54,882**	**8.2**

Source: JPC

Source: CARE Report on Indian Steel Industry –Updates May 2010 (Data from Joint Plant Committee (JPC))

Price Outlook of Steel Products:



(Source: CARE Report on Indian Steel Industry –Updates July 2010 (Data from Joint Plant Committee (JPC))

(i) In the month of April 2010, steel manufacturers had increased the prices of various steel products in the range of about Rs.2,500-Rs.3,000 per tonne. However, the prices provided by JPC showed a much higher increase by about Rs. 6,000 – Rs.7,000 per tonne across steel products.

(ii) In May 2010, prices of both long and flat products have shown a slight decline on m-o-m basis.

(iii) According to CARE Research, at the end May 2010, HR steel prices were in the range of Rs. 37,000-38,000 per tonne, Cold-Rolled (CR) prices were Rs. 41,000- Rs.42,000 per tonne, galvanised were Rs.45,000- Rs.46,000 per tonne and long products were in the range of Rs.36,000- Rs.37,000 per tonne.

Indian Pipe Industry

The Indian Pipe Industry with presence across all categories of pipes viz, Steel pipes, Cement pipes and Polyvinyl Chloride (PVC) pipes is among the top three manufacturing hubs, after Japan and Europe. India is also becoming a major export hub to countries like USA, Europe and the Middle East. About 50-60% of the order book for the key players relates to export orders.

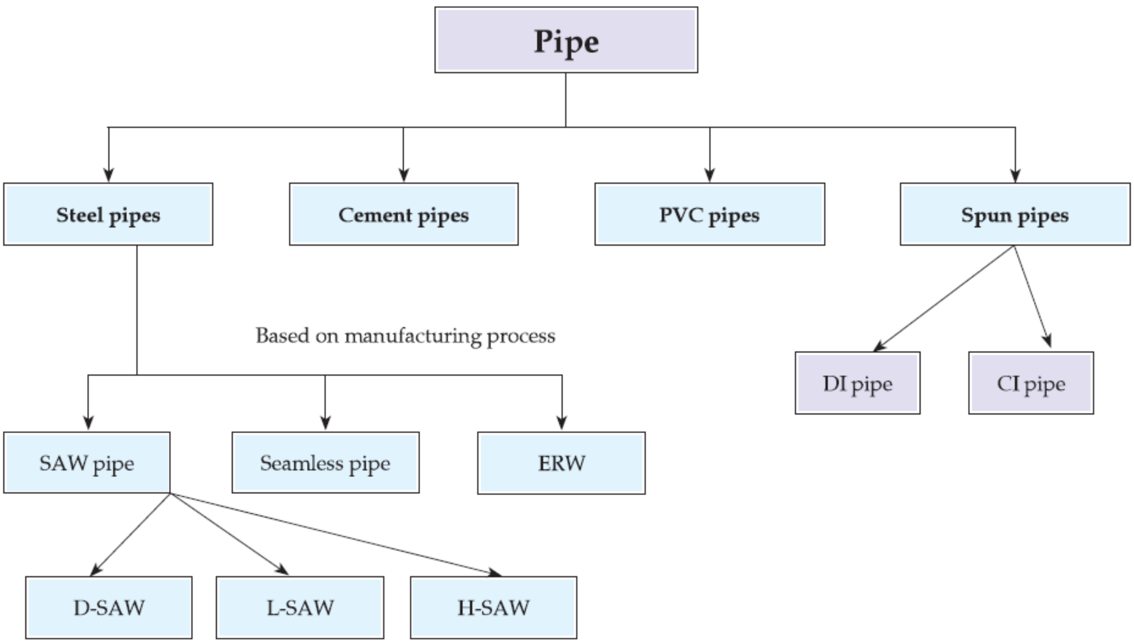
Pipes are essential for transporting fluids like oil, water, etc. and gases across the country. Pipe transportation is an economical mode of transport compared to the traditional modes of rail, road and sea transport. This mode of transportation also helps in saving scarce natural energy resources and the time taken for transportation. However, pipe networks need to be guarded from any kind of damage.

Despite the above advantages, India with its large geographical area has very low pipe penetration levels at 32% compared to the global average of 79% in oil & gas transport. The pipeline network of India for oil & gas transport stood at 17,576 kms as on April 2009. Sanitation levels are also lower at 33% compared to 91% in Sri Lanka and 100% in France. Of 143 mn hectares of cultivable land in India, only 40% of it is irrigated. The lower penetration levels offer a huge scope for the Indian pipe companies. (*Source: CARE Report on Indian Pipe Industry – Annual Review March 2010*)

Pipes can be broadly classified into:

- Steel Pipes – widely used and find application in critical areas of oil & gas transport, water transport, heavy industries, cold storage etc due to their toughness and durability properties.
- Cement Pipes – used in irrigation systems, sewage, water supply etc.
- PVC Pipes – widely used in irrigation and water supply systems.
- Spun Pipes – widely used in water transportation, sanitation and housing.

Classification of Pipes



(*Source: CARE Report on Indian Pipe Industry – Annual Review March 2010*)

Ductile Iron (DI) Pipes

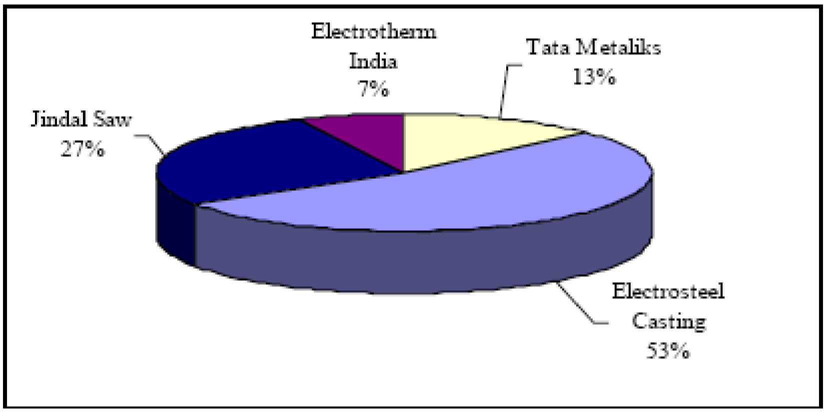
The DI pipes were first introduced in 1955, which has since been recognized as the industry standard for modern water and wastewater systems. DI pipes are preferred over CI pipes on account of being lighter, stronger, more durable and cost efficient these being corrosion resistant, ductile, etc. The DI pipes also have higher water carrying capacity. The DI pipes can also be laid out much faster and are virtually maintenance free.

Internationally, DI pipes have increasingly replaced CI pipes and mild steel pipes in most applications, including water and sewage transportation and management. This is primarily due to the qualitative and structural benefits provided by DI pipes in comparison to CI pipes and mild steel pipes such as superior tensile strength, yield strength, greater impact resistance, corrosion resistance and ductility. In addition, DI pipes require less support and provide greater flow area as compared to pipes made from other materials. DI pipes have a lower life cycle cost. In difficult terrain, these can be a better choice than Polyvinyl chloride concrete, polyethylene and steel pipes.

Ductile Iron Pipes in India

Ductile Iron pipes have a current demand of 800,000 tonnes p.a. in India out of which only 500,000 tonnes p.a. is produced locally. Most of the pipes are consumed primarily by State and the Central government projects for distributing drinking water. There are few major players in the manufacture of ductile iron pipes in India and their market share has been presented below:

DI pipes: Major players and Market share



Source: Industry and CARE Research

(*Source: CARE Report on Indian Pipe Industry – Annual Review March 2010*)

Given the advantage of Ductile Iron pipes over other steel pipes we can expect a significant demand from the replacement market as well as newer installations. There is growing accountability of the Government to supply safer and hygienic drinking water to the rural poor from the source to the end-user and backed by adequate sanitation. Given the low penetration of water supply in the country and poor sewage infrastructure we now expect DI pipes demand to get a boost from the central and state Government's increasing willingness to raise budgetary allocation towards water and sewerage. Also, several multi-lateral global institutions like the Asian Development Bank and World Bank are now recognizing increasing need of network for water distribution in India and there are proposals to increase water tariffs and funding through Special Purpose Vehicles. According to industry sources, demand for DI pipes is expected to grow at a CAGR of 15% for the next couple of years. (*Source: CARE Report on Indian Pipe Industry – Annual Review March 2010*)

Raw materials

The primary raw materials utilised in the production of DI pipes are iron ore and low ash content coal. The price of iron ore generally follows the price trend of, and varies with market conditions for, the demand for steel. Recently there has been an upturn in the steel industry, leading to a sudden and sharp increase in iron ore prices in India

Demand drivers for DI pipes

The following factors would drive the demand for DI pipes:

1. Thrust of the government to provide drinking water and sanitation to 100% of the population and make funds available to achieve it.
2. The need to conserve water and reduce leakage. The need to focus on life cycle cost rather than initial cost; and to consider inconvenience to public in replacement of pipes.
3. The over reliance on ground water for rural water supply has resulted in twin problem of sustainability and water quality and suggested a shift to surface water source for tackling this issue. This will result in substantial increase in requirement of pipes.

4. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) is making a large investment in water sector but has limited coverage of only 63 cities with a population of over one lakh (*Source: JNNURM report by National Institute of Urban Affairs*)

The involvement of international and multilateral development finance institutions in funding and developing a comprehensive water transportation infrastructure in India, together with the successful implementation of water storage and distribution projects in certain parts of south India, has resulted in an increased demand for DI pipes and is expected to drive the demand in the future.

OUR BUSINESS

Overview

We are promoted by ECL to setup a 2.2 MTPA Integrated Steel and Ductile Iron Spun Pipes project in Jharkhand, India. Pursuant to our group's strategy of focusing on identification of opportunities for backward integration, new DI pipe capacity as well as investment in steel sector, ECL has obtained mining blocks of iron ore and coking coal in the state of Jharkhand and has set up ESL for implementing the integrated steel and DI pipe plant.

ECL, our Promoter, is in the business of manufacturing Cast Iron pipes for over four decades and Ductile Iron Spun Pipes since the last 15 years. For the fiscal year 2010, ECL recorded consolidated net sales of Rs. 15,807.75 million. ECL has four manufacturing facilities, two located at Khardah and Haldia, both in the State of West Bengal, one at Elavur in the State of Tamil Nadu and one Coal washery plant at Parbatpur in the State of Jharkhand.

We are setting up the proposed plant near Siyaljori village in Bokaro District of Jharkhand. The proposed plant will be based on Blast Furnace (BF) - Basic Oxygen Furnace (BOF) - Billet Caster and Hot Rolling Route and will produce 1.2 MTPA of long steel products, comprising 0.5 MTPA of 5.5-12.0 mm diameter wire rods in coil form and 0.7 MTPA of reinforcement bars in straight lengths and bundled in the range of 8-32 mm and plain rounds upto 60mm diameter. The plant will have a 0.33 MTPA DI pipe production facility in the same complex and will be provided with hot metal from the Blast Furnaces. The plant will also have production facilities for 0.27 MTPA of Commercial Billets and 0.40 MTPA of Pig Iron.

Our Company has acquired approximately 1,804.70 acres of land for the proposed plant, taking into account the scope for future expansion. The area of land for the proposed plant is approximately 600 acres with another 200-300 acres of land that would be required for construction of storage space for materials.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Well experienced promoter

The proposed project has strong Sponsorship. ECL is in the business of manufacturing CI Spun Pipes for over four decades and D.I. Pipes since the last 15 years. For the fiscal year 2009, ECL recorded consolidated net sales of Rs. 15,807.75 million. ECL has four manufacturing facilities of which two are located at Khardah and Haldia, both in the State of West Bengal, one at Elavur in the State of Tamil Nadu and a Coal washery plant at Parbatpur in the State of Jharkhand. The plant in Khardah has an installed capacity of 0.27 MTPA for manufacturing DI pipes while their Haldia plant has an installed capacity of 0.30 MTPA for production of coke and 0.06 MTPA for producing sponge iron. ECL has its third plant in Elavur, Tamil Nadu having an installed capacity of 0.09 MTPA for manufacturing steel castings and CI pipes. During the year FY10, ECL's DI plant, CI plant and Sponge Iron Plant operated at 84.09%, 45.17% and 52.12% of its capacity respectively.

Integrated operations including captive power plants and railway sidings

We were set up as a part of backward integration strategy by our promoter namely ECL which is in the manufacturing of DI and CI spun pipes. Our proposed Project which is located at Siyaljori village in Bokaro District of Jharkhand shall span the entire value chain, will be based on Blast Furnace (BF) - Basic Oxygen Furnace (BOF) - Billet Caster and Hot Rolling Route and will produce wire rods, TMT Bars, DI pipes, commercial billets and Pig Iron. In addition, our facilities will have access to power from our captive power plants and to owned infrastructure, such as railway sidings. With respect to raw materials which are a key ingredient in the manufacturing of steel, we have long term supply arrangements with ECL for the supply of iron ore and 30% of our coking coal requirement, which should result in not only assured source of raw materials but also in significant cost saving for us.

Raw material linkages for iron ore and coking coal

Iron ore and coking coal are critical inputs for success of an integrated steel project. The project envisages part of captive power, which will be based on gas recovery from the coke oven, BF-BOF processes or from coal. As per the agreement dated July 21, 2008, ECL has agreed to supply iron ore and coking coal to our Company on a cost plus twenty percent basis for a period of 20 years from the date of commencement of commercial production. Procurement of these raw materials from ECL shall enable us to reduce our operating costs, ensure a steady supply of coal and iron ore. This would also insulate our Company from demand – supply volatility in the market, to a significant extent. Also, procurement of coal and iron ore from the same mine will ensure that the raw material is of consistent quality thereby reducing the lead time in adjusting our blast furnace.

Locational Advantages

India is one of the lowest cost regions in the world for steel production due to the availability of raw materials and a skilled workforce with a relatively low cost of labour. Our integrated steel plant located near village Siyaljori in Bokaro District of Jharkhand is around 22 kms from Bokaro city, giving access to all modern amenities and offers us a significant competitive edge through this strategic location. This belt has a supply of low-cost manpower pool and also key raw materials, such as Dolomite, Quartzite, Ferro alloys and additives, thereby reducing transportation and procurement costs. We are also planning to have our own private railway siding located at the plant, which further reduces our logistics cost. The plant is also closely connected with railways and highway roads. Our plant is located approximately 18 kms from the state highway and the nearest railway station is at Talgheria which is about 6 km from our plant. Our coking coal and iron ore requirement will be met from the mines located at Parbatpur, which is at a distance of 6 km from our plant and Kodolibad, which is at a distance of 230 km from our plant, respectively are owned by ECL. The unit's power requirements, other than our captive power plant, will be fulfilled by Damodar Valley Corporation (DVC) from their substation near Dhanbad, which is located at a distance of about 52 km from the plant. The plant's water requirement is sourced through a dedicated pipeline from the Damodar river located about 8 km from our plant.

Tie-up with Stemcor MESA DMCC

We have entered into a tie-up with Stemcor MESA DMCC ("Stemcor"), which is an international player and has been in the business of international trade and marketing of steel for over 5 decades. We have executed contractual arrangements with Stemcor, including a Shareholder's Subscription Agreement, an Off-Shore Supply Contract, Design Supply Contract, encompassing equity investment, supply of major equipments, and supervision of project implementation. In addition to these agreements, we have also entered into a Delivery and Marketing Agreement for international marketing of our products. As per this agreement, Stemcor will buy DI pipes, and long steel products consisting of billets, beam blanks, bars, rods, square and/ or structural steel produced by us for a period of three years from the date of commercial production in a series of regular consignments at prices reflecting market prices to be agreed and in accordance with the terms of the agreement. We believe that the participation of Stemcor in various aspects our project will help us access their expertise and experience and also enhance the profile of the project significantly.

Low Cost of Production

As per the agreement dated July 21, 2008, ECL has agreed to supply iron ore and 30% of our coking coal requirement on a cost plus twenty percent for a period of 20 years from the date of commencement of commercial production. We believe that the assured availability of iron ore and coking coal from mines allocated to ECL will ensure that we will be able to reduce our operating costs and ensure a steady supply of coal and iron ore, at a lower cost. The major capital equipment for the plant is based on Chinese technology which provides higher productivity with lower costs. We believe that these factors will result in strong project economics and help us to become one of the lowest cost producers of steel. Besides this, our locational advantage also enables us to enjoy lower costs.

Experienced management team with a proven track record

Our operations are led by an experienced senior management group who we believe have the professional expertise and vision to set up and consolidate our position as an integrated special steel manufacturing company. We consider our employees as our principal competitive advantage. Our Company has a total of 478 employees on its pay rolls as of July 31, 2010. Our Company's senior management includes highly qualified people with extensive experience industry experience with commercial, engineering or technical background. Our directors command good experience in the steel industry. For further details, please refer to chapter titled "Our Management" on page no. 142 of this Red Herring Prospectus.

Complimentary product mix

As an integrated steel manufacturer, we believe that our operations shall be sufficiently flexible to enable us to alter our product mix and position in order to minimize any adverse effect on our business in the highly cyclical steel industry, as prices and gross margins for each product in our production line vary and fluctuate. For e.g. Our Iron-making plant output can be segregated and may be sold or may be provided as input for the steel-making plant and DI pipe plant. Billets can also be sold as well as used as input for wire rod mill and rebar mill of the manufacturing plant. We believe that our ability to change the product mix as and when required will give us the flexibility to serve a wide spectrum of clients, across various sectors.

Our Strategy

Enhance and leverage the Electrosteel brand and the group resources

We are promoted by ECL, hence one of our key strengths is our affiliation and relationship with the Electrosteel group and the brand equity generated from the "Electrosteel" brand name. ECL, our Promoter is in the business of manufacturing CI spun pipes for over four decades and Ductile Iron Spun Pipes since the last 15 years. Over the years, we believe that our customers perceive the Electrosteel brand to be that of a quality provider of products and services. We intend to leverage the brand equity that we enjoy as a result of our relationship with the ECL to expand our business.

To use ECL's and Stemcor's marketing reach

ECL, our promoter, is in the business of production, marketing and sale of DI Pipes since the last few decades and has an established marketing network and clientele in India and abroad. This would be leveraged for the purpose of marketing our products throughout the country. Besides we have entered into a Delivery and Marketing agreement with Stemcor MESA DMCC by virtue of which our company will sell and deliver to Stemcor and Stemcor will buy steel of the type and quality mutually agreed by both parties in a series of regular monthly consignment at a price reflecting market prices for a period of three years from the date of the commercial production. This will enable us to successfully gain entry into the export markets.

Attract, train and retain qualified personnel

We believe that maintaining quality, minimising costs, ensuring timely delivery and completion of our proposed project depend largely upon the technical skill and workmanship of our employees and adoption of latest technology. As competition for qualified personnel increases, we intend to improve our competitiveness by increasing our focus on training our staff and honing their skills.

We continuously train our workforce to enhance their knowledge and equip them with the latest skill sets. Further, we have undertaken certain motivational programs for our employees, such as, the reward-recognition-respect program.

Our proposed Project

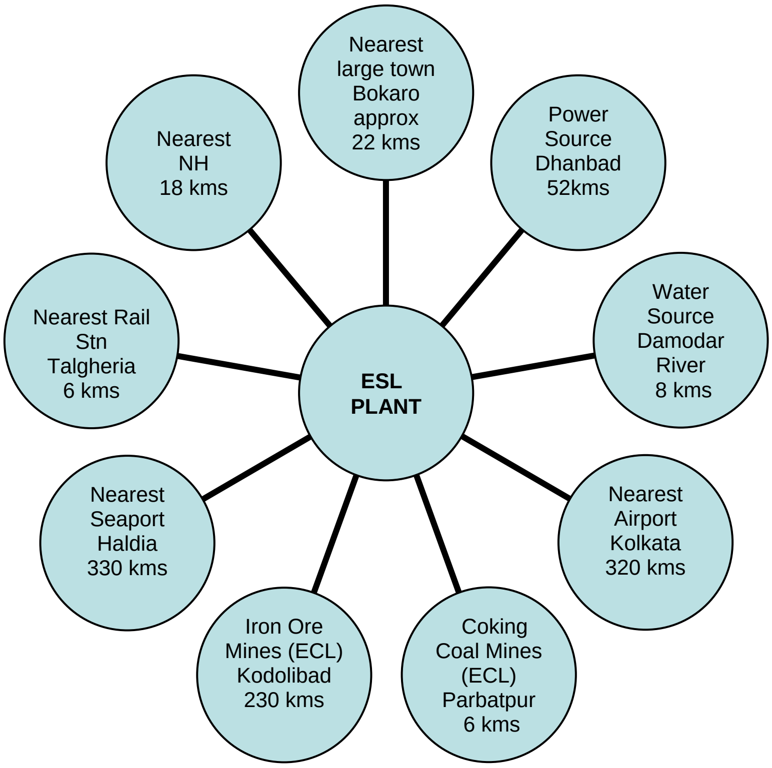
Capacity:

The Project was originally conceptualized as a 1.3 MTPA integrated steel and D.I. pipe plant. However, considering the high growth phase of the Indian economy and the benefit of economies of scale, resulting in a lower increase in capital expenditure as opposed to the costs of setting up a new 2.2 MTPA plant, we decided to set up a 2.2 MTPA integrated steel and D.I. pipe plant at Siyaljori in Bokaro District of Jharkhand. The break up of the capacity for the proposed plant is as under:

Product	Capacity (MTPA)
Wire Rods	0.50
TMT Bars	0.70
DI Pipe	0.33
Commercial Billets	0.27
Pig Iron	0.40
Total	**2.20**

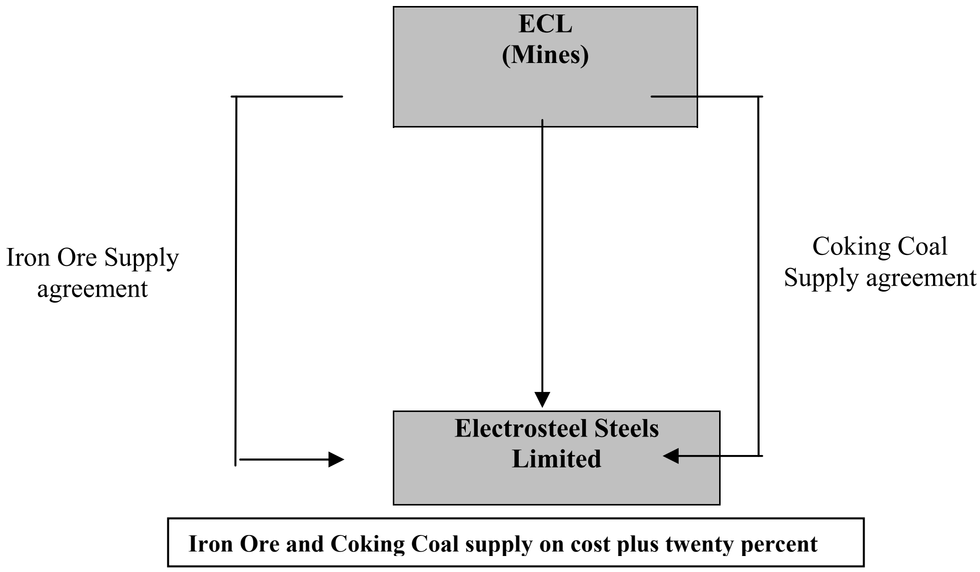
Location:

Our plant is strategically located and is around 22 kms from Bokaro city, giving access to all modern amenities and offers us a significant competitive edge through this strategic location. This belt has a supply of low-cost manpower pool and also key raw materials, such as Dolomite, Quartzite, Ferro alloys and additives, thereby reducing transportation and procurement costs. The following diagram highlights the key linkages to the project site:



Raw material:

The project implementation structure is presented in the chart below:



Our proposed plant will be based on Blast Furnace (BF) - Basic Oxygen Furnace (BOF) – Continuous Caster (CC) – hot rolling route for production of finished steel. The plant will also have heat recovery type coke ovens for production of coke required for the blast furnaces. There will be a pellet plant also to increase the quantity of prepared burden for the blast furnaces. We have considered using hot metal and scrap instead of hot metal and DRI for both BOF steel making and DI pipe making. Three primary installations in an integrated steel plant are the blast furnace, the steel furnaces and the rolling mills. Blast furnaces have been used for a long time to produce pig iron, a crucial step in the steel production process. Converters are used to produce steel from the iron and the rolling mills to shape the steel into sheets, slabs, or bars. The process route proposed is a well tried and proven method of steel making.

Some of the key raw materials required in the production of steel and our arrangements for the same are as under:

A) Iron Ore

Iron Ore will be sourced from ECL's captive mine on a cost plus basis. ECL has been allocated an iron ore deposit spread over an area of 192.5 hectares in the Kodolibad Reserve Forest. Proposal for the forest diversion is with Ministry of Environment and Forest for grant of clearance. On receipt of the final clearance, mining lease agreement should be executed in favour of ECL.

The Kodolibad deposits are located in West Singhbhum district of Jharkhand and have the following favourable features:

- The mine is located to south of the known Chiria Iron Ore Mine.
- The mine is approximately at a distance of 12 km from Chotanagra village, 42 km from Barbil, 38 km from Bolani railway siding and 38 km from Barajamda Railway siding.
- The mines are located approximately 230 km from the steel plant.

B) Coking Coal

Captive sources

Our Company's requirement of coking coal is proposed to be primarily met from a mix of ECL's coking coal mine in Parbatpur (30%) and other sources (70%). The coking coal would be transferred to our Company from the captive mine on a cost plus basis for which our Company has entered into an agreement dated July 21, 2009.

ECL's application for allocation of a coking coal mine block at Parbatpur in the State of Jharkhand was approved by the Ministry of Coal in July 2005.

The Parbatpur coal block is located in the central part of the virgin Parbatpur coal block in Jharkhand and is located in the southern side of Damodar River, covering an area of about 8.8 sq. kms. The block comprises about 231.2 mn MT of geological reserves and is hosted with coal seams of variable thicknesses; the major medium and thick seams being seam nos. XV to XVIII. The average ash content in raw coal varies between 13% and 23%. ECL is contemplating to process the raw coal as raised from underground mines in a captive washery.

The current status of development of the Iron Ore and Coking Coal mines of ECL is shown in the table below:

Permit	Approving Authority	Coking Coal	Iron Ore
Mine Allocation	Ministry of Coal	Received	Received
Approval of Mining Plan	Ministry of Coal	Received	Received
SPCB Clearance	JSPCB	Received	NOC Received
Environmental Clearance	MoEF	Received	Received, but applicable once forest clearance is received
Railway Transport Clearance	Railway Board	Received	To be received along with forest clearance
Forest Clearance	MoEF	Not Applicable	Forest Diversion Proposal already submitted.
Signing of Mining Lease	State Govt of Jharkhand	Received	Will be applied for after Forest Clearance is received.

Other Sources

Our balance (70%) coking coal requirement would be procured by our Company from domestic / overseas market. We would explore short /medium term contracts with such vendors for assured supply, depending on the prevailing market conditions.

C) Limestone

Low silica, dense and hard SMS grade limestone, as required for the lime calcining plant, is available at the Jaisalmer area in Rajasthan. The silica content of this SMS grade limestone generally varies between 1.1 to 1.2 per cent. However, considering the uncertain availability and long transport haulage from Rajasthan to the proposed steel plant site, it has been envisaged to import the entire requirement of SMS grade limestone from countries like Dubai, Thailand etc.

D) Dolomite

The quantity of dolomite required for consumption in the sinter plant can be procured from Birmitrapur region.

E) Quartzite (Silica)

The quantity of quartzite required for use in the blast furnace is proposed to be procured from local sources.

F) Ferro – Alloys and Additives

The major ferro-alloys and additives required for production of steel grades envisaged in the proposed plant are ferromanganese, ferro-silicon, aluminium, bitumen, fluorspar etc. All the above ferro-alloys and additives are available from indigenous sources.

MANUFACTURING PROCESS AND TECHNOLOGY

I. Steel Manufacturing Process

There are essentially two methods of producing steel: the Blast Furnace and Basic Oxygen Furnace process (BF/BOF) and the Electric Arc Furnace method (EAF). About 60% of steel produced globally is made by the BF/BOF method.

The blast furnace is a large, steel shaft, into which layers of iron ore, coking coal and limestone are continuously charged. These inputs are smelted for around 6-12 hours to produce hot metal and liquid slag (a waste product consisting of calcium oxide and impurities from the iron ore and coke, principally silica and alumina). These products are drained from the bottom of the furnace at regular intervals.

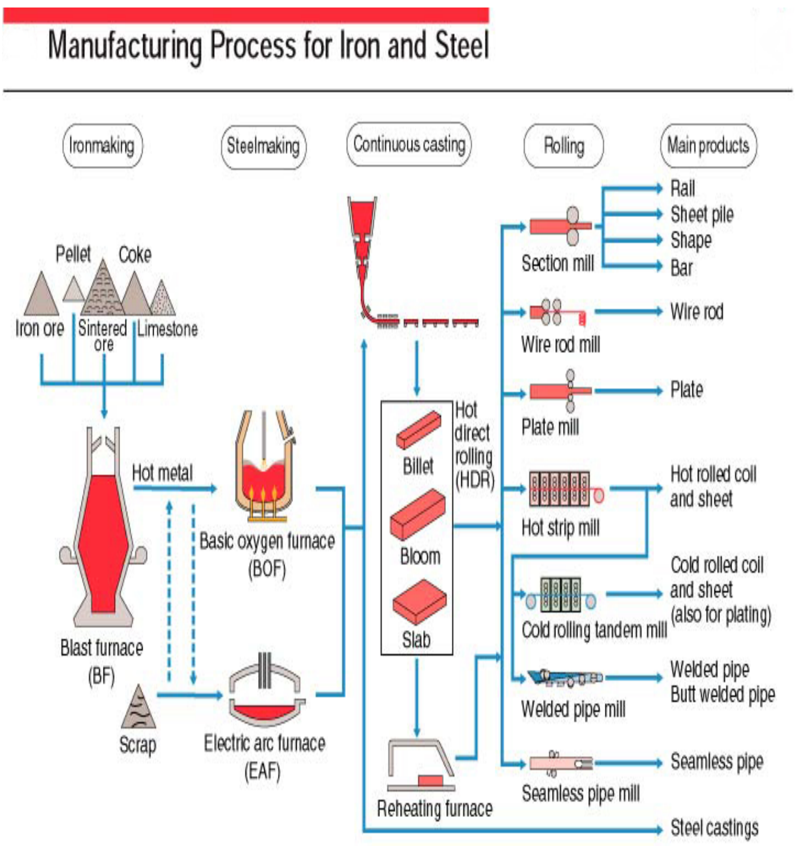
Once the hot metal has been poured out of the bottom of the blast furnace, it is either cast into blocks of 9-15 kgs called ‘pigs’, or moved immediately to a co-located BOF where it is poured in as a hot liquid. This iron, either in cast or molten form, is referred to as ‘pig iron’.

The iron that emerges from the blast furnace still has a high carbon content, typically 4-5%, which makes it too brittle for most engineering applications, and so excess carbon is later burnt off in the BOF.

The various steps involved in production of billets/ rebars/ wire rods through the BF-BOF route are as follows:

1. Production of coke through heat recovery type coke oven battery.
2. Production of agglomerated burden (i.e. sinter) as a feedstock for blast furnace.
3. Production of hot metal through blast furnace, which will be subsequently converted to liquid steel.
4. Production of liquid steel for casting into billets through basic oxygen furnaces.
5. Casting of liquid steel into billets of desired sizes for feedstock of mills through billet casters.
6. Production of wire rods & bars from billets by rolling in a suitable wire rod mill and a bar mill.

The typical flow of manufacturing process is depicted in the following chart:



1. Coke Oven Plant

Coking coals are the coals which when heated in the absence of air, first melt, go in the plastic state, swell and resolidify to produce a solid coherent mass called coke. When coking coal is heated in absence of air, a series of physical and chemical changes take place with the evolution of gases and vapours, and the solid residue left behind is called coke.

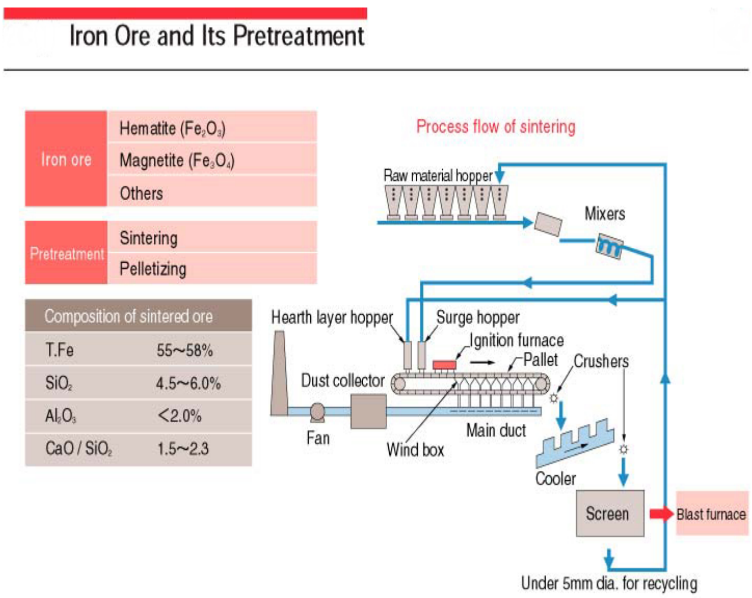
Conventional coke making is done in a coke oven battery of ovens sandwiched between heating walls. They are carbonized at a temperature around 1000^{o}C-1100^{o} C upto a certain degree of devolatization to produce metallurgical coke of desired mechanical and thermo-chemical properties.

Metallurgical coke is one of the prime requirements for production of hot metal through blast furnace route. The coke not only supplies heat to the blast furnace for smelting purpose but also acts as a reducing agent inside the furnace for reduction of iron oxides to metallic iron. Both active hot carbon of coke as well as reducing gas generated in the furnace by burning of coke take part in reduction reaction.

A number of technologies have been developed for reduction of coke requirement in blast furnaces. Technology like, injection of auxiliary fuels like non-coking coal/ tar/ natural gas /oil through tuyeres is worth mentioning. However, operation of blast furnace without coke is yet to be established as only partial replacement of coke by auxiliary fuels has been established. Hence, coke remains a key requirement for the BF based technologies.

2. Sintering

Sintering is a technology for agglomeration of iron ore fines into useful Blast Furnace burden material. Advantages in use of agglomerated burden in the blast furnace are well established and almost all the high productive blast furnaces world-wide use agglomerated burden for most efficient furnace operation.



3. Blast Furnace

In the blast furnace process, hot metal is produced from iron oxide burden using coke both as a reductant and fuel. The blast furnace is a vertical counter-current heat exchanger as well as a chemical reactor in which burden material charged from the top, descend downward and the gases generated at the tuyere level ascend upward.

The inside profile of the furnace from top to bottom is termed furnace throat, shaft, belly, bosh and hearth. The throat is the top part of the furnace and includes the installation necessary for charging coke and burden materials and drawing off the top gases. The top gas containing the flue dust is routed from the furnace top to the gas purifiers and then to the consumption zones. The profile of the furnace widens in the shaft that follows. The widening of the furnace chamber from top to bottom is necessary to avoid hanging and scaffolding of the burden in the blast furnace when they expand during heating. The height of the shaft is about 3/5 of the total height of the furnace. The shaft is followed by the belly, in the bosh below, the profile again narrows, as this is the part of the furnace where the stock column starts to melt and volume of the furnace can be reduced. The hearth is the lower cylindrical part of the furnace where the fluid slag and the hot metal accumulate. Arranged in the upper part of the hearth are water-cooled tuyeres made of copper. The hot air for combustion is injected through these into the blast furnace. Hot metal is tapped through the tap hole, which is opened by power driven drills into a train of ladles kept below the runner of the cast house. Slag comes along with the metal and is skimmed off with the help of skimmer plate towards slag runner and is collected in slag thimbles. The tap hole is tightly sealed with a mud gun after the tapping process is complete.

Raw materials (ore, sinter, coke) are screened before being charged into the blast furnace through conveyors or skip. Air for combustion in the blast furnace is blown from turbo blowers which are preheated in hot blast stoves to temperatures around 1300^{o} C, which is then blown through tuyere into the blast furnace. Each blast furnace is equipped with two or more stoves which operate alternatively. Preheating of air helps in reducing fuel consumption in the furnace.

Reaction

The following process is followed from the top to the bottom of the furnace:

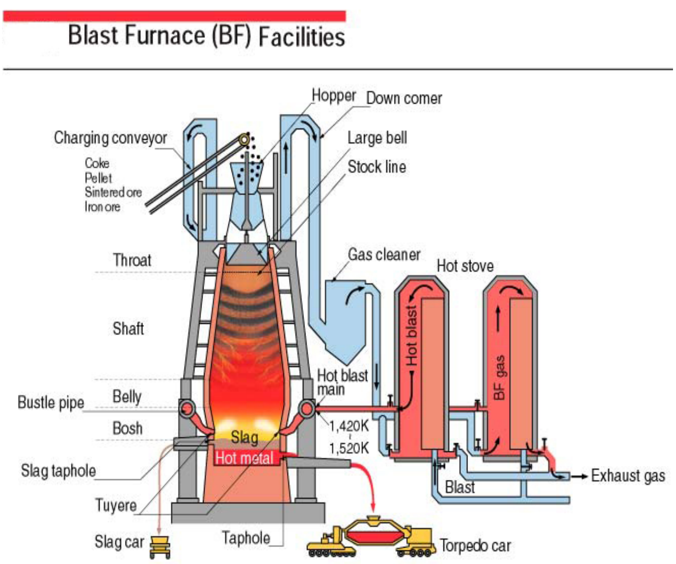
- Drying, preheating, ejection of hydrate water
- Indirect reduction
- Direct reduction
- Melting

In the shaft, third from the top, gas delivers its heat so that the charging materials are preheated and dried. When a temperature of 400^{o}C to 500^{o}C is reached, the water which was fixed with the burden is ejected. Indirect reduction by carbon monoxide occurs below 1000^{o}C. At temperatures above 1000^{o}C, iron oxide which is not yet reduced into iron is directly reduced. After melting, the reduction process is completed as hot metal flows through layers of coke.

Hot metal produced from the blast furnace is transported to the steel melting shop using torpedo ladles. In case of difficulty in taking off hot metal to SMS, the hot metal ladles can be diverted to pig casting machine for the production of pig iron.

The blast furnace process has been perfected over many years. From the primitive ones of small capacity, the blast furnaces have now reached giant sizes. The individual size of blast furnace depends as per size of the plant, quality of iron ore and coal and coking coal availability.

Large blast furnaces need stringent quality of raw materials like coking coal, iron ore, etc. for its efficient operation. To satisfy the changing need of BF technology, many developments have taken place in the field of furnace design, operating practices, agglomeration and coke making. Although efforts have been made to replace coke in blast furnace, no substitute reductant has been found except partial replacement by alternative fuel like natural gas, tar, furnace oil and non-coking coal. Injection of non-coking coal up to 250 kg per tonne of hot metal with oxygen enrichment is use in very large blast furnaces these days.



4. Basic Oxygen Furnace

The basic oxygen process is the most common process for producing steel. The basic oxygen furnace (LD convertor) is a pear shaped vessel lined inside with refractory bricks. The vessel lining consists of tar bonded dolomite /magnesia carbon bricks or other refractories. The vessel can be rotated 360 degree on its axis. Oxygen is blown into the vessel with the help of water cooled lance.

The 'heat' begins with the addition of scrap into the slightly tilted convertor; hot metal is then added after straightening the convertor, oxygen is blown into the bath through the lance. The necessary fluxes are added during blowing. Flux addition is done automatically and precisely through bunkers situated above the convertors. A sample is taken after blowing for 16-18 minutes and temperature is measured using a thermocouple. The steel is tapped by tilting the convertor to the tapping side and alloying elements are added via chutes while metal is being tapped. The convertor is tilted to the charging side in order to remove the floating slag.

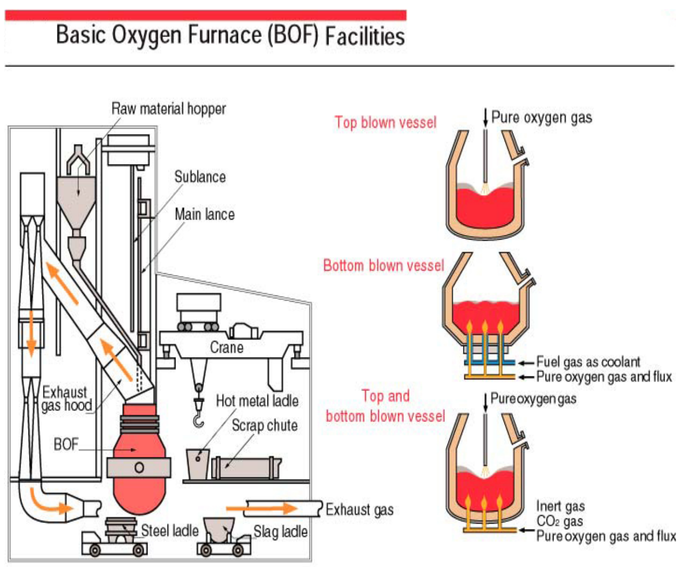
Reaction

During blowing operation, oxygen oxidises iron into iron oxide and carbon into carbon monoxide. The iron oxide immediately transfers the oxygen to the tramp elements. The center of the reaction has temperatures of around 2000^{o}-2500^{o} C .The development of carbon monoxide during refining process promotes agitation within the molten bath. The reaction of the tramp elements with the oxygen and the iron oxide developed in the center of reaction leads to formation of reactive slag. As blowing continues, there is a continuous decrease of carbon, phosphorous, manganese and silicon within the melt. Phosphorous is removed by inducing early slag formation by adding powder lime with oxygen. The refining process is completed when the desired carbon content is attained.

Various other blowing processes in practice are:

Oxygen bottom blowing process: In this process, pure oxygen is blown into the bath from below through a cooled nozzle. It results in a lower tap time and greater output due to more intensive mixture.

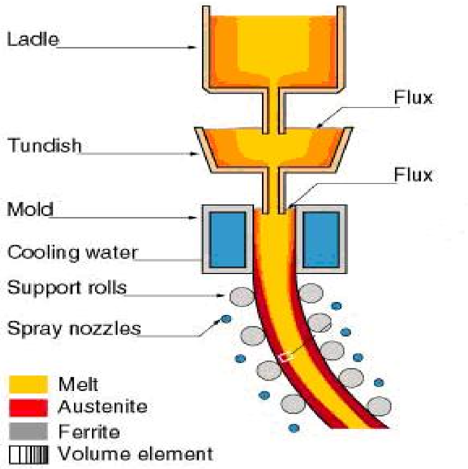
Combined blowing process: Combined blowing process consists of oxygen blowing from top and oxygen blowing from bottom or inert gas (nitrogen or Argon) bottom stirring. The advantages over the above processes are - acceleration of blowing cycle by 25 %; higher yield; less slag; improved convertor lining life; increased accuracy in achieving specific composition; and reduced splashing. The steel produced in the basic oxygen furnace is sent to continuous casting or for ingot teeming.



5. Continuous Casting

The main advantages of steel processing through CC route are higher yield, lower energy consumption, elimination of primary mills.

During continuous casting, the liquid steel passes from the pouring ladle, with the exclusion of air, via a tundish with an adjustable discharge device into the short, water-cooled copper mould. The shape of the mould defines the shape of the steel. Before casting, the bottom of the mould is sealed with a so-called dummy bar. As soon as the bath reaches its intended steel level, the mould starts to oscillate vertically in order to prevent the strand adhering to its walls. The red-hot strand, solidified at the surface zones, is drawn from the mould, first with the aid of a dummy bar, and later by driving rolls. Because of its liquid core, the strand must be carefully sprayed and cooled down with water. Rolls on all sides must also support it until it has completely solidified. This prevents the still thin rim zone from disintegrating.



6. Rolling

The continuous cast billets are to be rolled into rods/rounds in rolling mills. The technology, equipment and mill configurations for rolling wire rods and rebars are well established and standardized.

A general description of the rebar mill is given below:

Billets will be received in the billet storage aisle of the mill. The charging equipment, consisting of a billet charging grid, cradle for reject billets and a charging roller table, will charge the billets into the reheating furnace by internal rollers located on the furnace charging side. The furnace selected is of walking beam type reheating furnace. Heated billets discharged from the furnace will be continuously rolled in the mill. The mill configuration will comprise multi-stand roughing train, multi-stand intermediate train and finishing blocks. The roughing and intermediate mill stands are of housing less design with symmetrical roll parting arrangement. The stands will be provided with multi-groove rolls with arrangement for quick groove changing. Loopers will be provided between the stands, wherever required, to ensure tension-free rolling.

The finishing blocks will have tungsten carbide roll rings for increased roll life and close dimensional tolerances of the rebars. Crop and cobble shears will be provided before the intermediate train and before each finishing block for cropping the front ends of the process section and for cutting the rolled stock into multiple pieces in case of cobbles in the mill.

The finish rolled strands of rebars will pass through separate in-line water cooling sections. Suitable cooling nozzles with necessary controls will be provided for rapid quenching of the rebars as required. Subsequently the rebars will be self-tempered to obtain the desired mechanical properties. The finished rebars will be cut to cooling-bed lengths by dividing shears located downstream of the water cooling lines. A set of high-speed entry equipments with braking devices will ensure deceleration of the bars and their feeding to a cooling bed. The rake-type cooling bed will receive the finished bars will cool and align them and will form bar layers which will then be conveyed to the cold shear area.

Batches of finished length rebars will be conveyed to automatic bar bundling stations which will count and sort the rebars and form bundles. The bundles will be strapped, weighed on-line, tagged for identification and delivered to collecting stations. From the collecting grids, the bundles will be removed by EOT cranes to the product storage area for storage and subsequent despatch.

II. DI Pipes manufacturing process

The manufacturing process comprises the following sub-processes: metal extraction, liquid metal refining and treatment, casting, heat treatment, grinding, inspection and coating. A short summary of each of these phases is provided below:

Metal extraction: Iron ore and coke are charged into a blast furnace ("BF") to smelt and extract the liquid iron which is the base material for the production of DI spun pipes and DI fittings. Any liquid metal which is in excess of plant capacity and cannot be utilised immediately is cast into pig iron for later use or sale.

Liquid metal refining and treatment: The liquid iron from the BF is transferred to the induction furnaces where the temperature and composition of the molten metal is adjusted. Then the metal of required composition and temperature is poured into a converter and added to a measured quantity of magnesium. The magnesium burns in the molten iron and the flake form graphite contained in the molten iron is changed to modular form.

Casting: The liquid metal is then cast into pipes of various diameters by centrifugal casting machines or fittings of various shapes and specifications by casting in moulds.

Heat treatment: The spun cast pipes are heat treated in an annealing furnace to develop the required metallurgical and mechanical properties, hardness, corrosion resistance etc.

Grinding: The inside surface of the spun cast pipes is subjected to grinding to remove impurities and to clean the inner surface.

Inspection: The cast pipes and fittings are subjected to stringent quality testing including hydrostatic leak-proof testing and dimensional checks for any non-conformity to the prescribed standards. Any pipes or fittings that fail the quality tests are rejected and melted for reuse.

Coating: The pipes and fittings are externally coated with a thin zinc metal layer to increase corrosion resistance. The pipes are also internally lined with spun cast cement mortar to improve surface smoothness, to decrease friction on throughflow, and corrosion resistance. A bitumen coating is then applied to the external surface of the zinc coated pipes to impart high corrosion resistance. Finally, if required, the pipes may be coated with a layer of polyurethrane or epoxy coating.

UTILITIES

(i) Power:

The major power consumers for the proposed plant are sinter plant, coke oven, blast furnace (BF), ladle furnace, air separation plant, ductile iron pipe plant, wire rod mill, rebar mill, and utilities & auxiliary facilities. The electrical load of the ductile iron pipe plant, wire rod mill, and the rebar mill are fluctuating in nature, whereas the other loads of the plant are steady. In order to compensate for the fluctuating consumers, reactive power compensation equipment with power factor improvement capacitor banks arranged in harmonic filter circuits will be provided. The plant overall power factor will be maintained in the range of 0.9. (i.e. 90%)

Based on the norms set out by M N Dastur & Company in the Feasibilty Report for the original configuration of a 1.3 MT plant, we estimate that the annual energy requirement of the proposed plant (i.e. 2.2 MTPA) will be around 189 MW.

Waste heat from the Coke Ovens, Thermal Coal and Blast furnace & LD converter gases, as available after meeting the plant demand, would be utilized in order to meet partial power requirement of the plant, by installation of suitable power generation facilities. Therefore, of ESL's total power requirement of 189 MW, about 108 MW would be sourced from the installation of 2x60 MW captive power generation facilities. In this regard, we have entered into an agreement with 23rd MCC (Ershisanye Construction Group Company Limited) dated July 28, 2008 for amongst others erection and construction of power plant.

The balance requirement of 81 MW will be met from Damodar Valley Corporation (DVC) from their new 220 KV substation near Dhanbad. The route survey shows requirement of about 55 km of transmission line to reach the site and EIL has already taken steps towards installation of the input power line to site. We have already received approval from DVC for allotment of power.

(ii) Water:

Water is primarily required in the steel plant for equipment cooling. In addition, it is used for process use, for collecting and conveying of scales, control of dust and debris, for drinking and sanitation, for fire-fighting and for other miscellaneous purposes.

It is estimated that the make-up water requirement for the proposed plant shall be 22 MGD and the same will be drawn from the river at the intake pump house. The source of raw water for the plant is the River Damodar, which flows to the north of the proposed plant site.

The intake pumphouse will be located on the river bed, at a position assumed to be 50 m from the nearest bank and bed depth 20 m below HFL and shall house vertical turbine pumpsets for pumping the river water to the plant. The pumphouse, located about 8 km from the plant site, will be adequately sized to accommodate one additional pumpset to cater to the requirement of future expansion.

(iii) Gases:

Oxygen, Nitrogen and Argon System

Oxygen is required for blast furnace enrichment, lancing in LD converters and other general purpose welding and cutting operations. Nitrogen/argon is required for inert gas stirring in LD converters and ladle furnace. Nitrogen will also be required for purging. The requirements of oxygen, nitrogen and argon are as follows:

Oxygen	**Requirement (N cu m/hr)**
Lancing in converter and LF	14,000
BF enrichment	9,210
Miscellaneous	790
Total	**24,000**

Capacity Utilisation:

The table below sets forth the projected utilisation of our proposed plant

(Unit: Tonnes)

Year ended March 31st	**2011***	**2012**	**2013**	**2014**
Capacity Utilization	**20.0%**	**82.5%**	**92.5%**	**100%**
Production – Steel & Steel products	442,000	1,551,000	1,739,000	1,880,000
Production – D.I. Pipes	-	272,250	305,250	330,000

** For six months period from the start of commercial production, i.e October, 2010*

ENVIRONMENTAL MANAGEMENT

The proposed Project would be based on the conventional process route of iron and steel making, that is, heat recovery type coke ovens, sintering, BF- BOF. This type of process route emits particulate dusts, volatile organic chemicals (VOCs), oxides of sulphur and nitrogen and carbon dioxide to the air environment, which will have hazardous effects on the environment.

This vital aspect, therefore, has been taken into account while planning the plant & equipment and adequate measures have been proposed to render the pollutants harmless as per the stipulations of statutory norms without affecting plant productivity.

(a) Air pollution control (APC) measures

(i) Raw materials handling section

To control the fugitive dust emissions within the open workzone, water sprinkling system has been envisaged to contain the dust. In the closed zone raw material handling areas, Dry Fogging (DF) system has been envisaged.

(ii) Coke ovens

Heat recovery type coke oven battery works under negative pressure. The point source emission that is from combustion stacks does not require any particulate dust control measures. The sensible heat of the hot oven gas will be utilized in raising steam for running turbo generator to produce electric power. The oven gas after extraction of heat will be vented into the atmosphere through tall stack of appropriate height. For handling fugitive emission in the closed working zones like conveyor transfer towers, crushing and screening house etc a DF system would be adopted. For coke cooling, wet quenching system has been envisaged.

(iii) Sinter plant

In the sinter plant, the conventional air pollution systems like DE systems of sinter stock house based on ESP and flue gas cleaning by ESP would be considered.

(iv) Blast furnace units

Besides, BF gas cleaning which is a process requirement, there would be APC measures for the stock house and cast house area. For cast house there would be a fume extraction system, fitted with ESP to arrest the particulate matter before it is vented through a stack. For arresting the stock house fugitive dust there would be provision of dust extraction system complete with DE hoods, ducts, stack and all accessories. The BF top gas would be recovered for Plant fuel use after the same is cleaned by passing through the gas cleaning system.

(v) Steel melts shop (BOF/LD shop)

Besides LD gas cleaning which is basically a process requirement, the added pollution control measures envisaged for the proposed LD shop would be secondary emission control device based on ESP so as to keep the workzone clean.

(vi) Continuous casting of billets

The principal air pollution control system would be the Fume Extraction (FE) system to collect the hot fumes generated during the cooling of billets/blooms.

(vii) Mills

Low Nox burners would be provided in reheating furnaces of the mills shop for combustion of BF gas with very low H2S content. The flue gas, which is fairly clean, would be vented through a stack of adequate height.

(viii) Power plant

Combustion of plant by-product fuel gas (BF and LD gases) would generate flue gas containing $S0_2$, NO_X and $C0_2$. The flue gas would be vented into the atmosphere through a tall stack.

(b) Noise pollution abatement

The workzone noise would be mostly fluid noise from the rotary equipment and machinery like fans, blowers, compressors and pumps. The noise levels in some of the machine is as high as 100 dB(A). These machines would be housed in a separate enclosure so that the Work zone noise level remains within the allowable limits. As the operator would be stationed in a control room, there is minimum chance of exposure to high noise levels.

(c) Water pollution control (WPC) measures

To minimise pollution of receiving body of wastewater, the proposed project envisages two approaches, namely, (i) to enhance the wastewater recycling to the extent practicable so as to conserve make up water and (ii) to aim at total recycling of process effluent.

(d) Wastewater generation, treatment and disposal

The types of process effluent streams that would generate from the new steel plant complex can be grouped under three broad categories, namely, (i) Type-I effluent stream containing mostly suspended solids (SS), oil and grease (O&G), (ii) Type-II effluent stream CT blow down and (iii) Type-III effluent stream of plant sanitary wastewater.

For Type-I effluent streams, mostly physico-chemical treatment schemes like oil separation, settling, clarification, pH adjustment etc, would be employed. Type-II effluent, CT blow downs would be taken to the treated effluent storage reservoir for conservation and recycling purpose. The Type-III effluent, which is plant sanitary waste water would be separately treated in a sewage treatment plant before the same is also routed to the treated effluent storage reservoir.

(e) Solid wastes generation and disposal

There would be a number of solid by-products like nut coke, breeze, flue dust, slag, sludge etc, which are produced in an integrated steel plant having coke oven BF-BOF process route. Many of these solid by-products would be reused within the plant, some would be used by outside agencies and the balance muck and debris will be dumped inside the plant at a designated place

(f) Organisation structure for implementing EMS

One of the objectives and targets of a sound corporate environmental management system (EMS) is adoption of ISO-14001 for the new Plant. Soon after the operational stage, an Environmental Management Department would be created with a team of technically qualified personnel under the supervision of a Departmental Head. The Head would be directly reporting to the Chief of the Works. This department would be looking after the day to day affairs of plant safety, workers health and environment. This new team in due course of time would also adopt ISO-14001 for the proposed plant. This would help the plant authorities in finding out new avenues for reducing plant wastes generation, water conservation and also to improve upon energy efficiency of production on a continual basis.

(g) Environmental monitoring

During designing and engineering of the plant, the principal pollution sources like coke oven, sinter plant, blast furnace and LD shop stacks would be provided with monitoring ports for facilitating routine monitoring of pollutants like SP, SO_2 and NO_x at the operational stage. Along with monitoring of stacks, the treated wastewater would also be routinely monitored before any discharge. The Environment Department would be responsible for carrying out this routine study.

MARKETING STRATEGY

ECL is in the business of production, marketing and sales of CI pipes for the last four decades and DI Pipes since the last 15 years and has an established marketing network and clientele in India and abroad. This would be leveraged for the purpose of marketing by our company.

The marketing plan would be dynamic in nature and would be reviewed periodically, so as to finalize closer to the production phase. The outline of the marketing plan is furnished below:

(i) Pre-Production Plan

(i) Market study to identify potential major consumers through an established Market Research Group

(ii) Advertisements through print and Electronic Media, hoardings in large cities/ prominent places – such as, airports, railway stations etc

(iii) Conducting seminars and conferences of the designers utilizing the products, stockists and dealers, consumers etc

The above will make the market aware of our products being launched.

We plan to market our products in India and abroad. The marketing plan is summarized below

(a) Marketing Plan in India

The Construction Steel items, i.e. the wire rods and rebars are consumed throughout the country, with the quantity depending upon construction activities being taken up in that area. It is always beneficial for the customer to procure from local producers to save on transportation costs and this is also helpful to the producer due to lower cycle time. In view of above, we have carefully analyzed the probable region wise consumption pattern that may emerge when the plant will be in operation.

The products envisaged by us, will generally cater to the three major construction sectors like infrastructure, industrial construction and housing & commercial construction. We expect that the eastern part of India is expected to match with the pace of development in other zones of the country. Hence, major growth in construction sector is expected in eastern zone

Considering the above construction scenario, to begin with, we have initiated our marketing plan based on the following zone-wise consumption pattern:

(i) East Zone

50-55% of the products are planned to be sold in the East Zone, considering that majority of the new Power Plants, Steel plants, Roads, Railways developments etc., will concentrate around Bihar, West Bengal, Jharkhand, Orissa and North-Eastern States. Considering the above, we plan to develop its distribution / stockist / dealer network with Kolkata, Bhubaneswar, Patna and Ranchi as the nodal cities.

(ii) West Zone

10% of the products are planned to be sold in the West Zone, which has been leader in industrial development. The Construction sector growth during next l0-15 years in the Western Sector is expected to be in the areas of Petro-chemical industry, port, roads and housing. This market is presently serviced by all major players. We will have a freight disadvantage in this zone. However, in order to have a pan-India presence, a niche market is planned to be developed, with Mumbai as the nodal city.

(iii) North Zone

15% of the products are planned to be sold in the North Zone of the country considering that North Zone is a close follower of the West Zone in developmental activities and we believe that we will enjoy freight advantage over other big players. To develop this market, Kanpur, Allahabad, Lucknow and Delhi have been considered as the nodal cities.

(iv) South & Central Zones

A token marketing of 5% of products has been envisaged in the South & Central Zones at this stage considering the existing presence of Bhilai Steel Plant and RINL respectively for servicing the markets of the Central and South Zones and comparative disadvantage of freight for us. For the Central Zone - Bhopal and South Zone – Vijaywada, have been considered as the nodal cities for market development.

The above marketing plan will be reviewed periodically and refined into the best possible strategy to position our Company’s products as ‘Premium’, matching the reputation of the Group.

(f) Plan for Export

We intend to market about 20% of its products in foreign market. To achieve this target, we have entered into an agreement with Stemcor MESA DMCC, an international steel distributor of repute, who will be solely responsible for locating foreign customers and sale of the products

Plant and Machinery

For details, please refer to chapter titled "Objects of the Issue" on page no. 65 of this draft red herring prospectus.

Employees

We have 478 employees as of July 31, 2010. In addition to our whole time employees, we also use the services of contract labour for production activities which have been in the range of approximately 3,300 to 3,500 on any given day depending on the construction at the plant site.

Intellectual Property

We use the Electrosteel Trademark and Electrosteel Logo for the purpose of our business and our products. ECL is registered owner of the Electrosteel Trademark and Electrosteel Logo. Presently ECL has granted us an unconditional, royalty free, perpetual, and non-assignable, non-sub licensable, non-transferable and non-exclusive license to use the Electrosteel Trade Mark and Electrosteel Logo pursuant to the Letter Agreement with ECL dated January 11, 2010 until July 6, 2019.

Insurance

We are covered by a comprehensive insurance policy for our Project as described below:

Marine cargo and delay policy for all loss or damage to the subject-matter, except loss, damage or expense attributable to delay, insolvency, war or use of weapons, strikes or financial defaults of our Company, willful misconduct of our Company, insufficiency of unsuitability or packing or preparation of the subject-matter, inherent vice or nature of the subject-matter, unfitness of aircraft conveyance container or lift van for the safe carriage of the insured goods or ordinary leakage, ordinary loss in weight or volume, or wear and tear of the subject-matter.

The Erection All Risks and Advanced Loss of Profit Policy covers project works, third party liability and advance loss of profit except war, acts for overthrowing the Government, terrorism and sabotage, act of default committed by our Company, weapon of war, radiation or contamination by nuclear fuel or waste and cessation of work valid from March 27, 2009 to December 31, 2010 by New India Assurance Company Limited.

In addition to the above, we also maintain a group mediclaim and insurance policy for our employees.

Property

We own and lease certain properties for corporate operations and project development activities. The brief details of some of the material properties owned/ leased by us for our corporate purposes are set out below:

Description	Owned/Leased
Registered Office situated at 801, Uma Shanti Apartments, Kanke Road, Ranchi – 834 008, Jharkhand, India Area: 1600 square feet (approx.)	Leased
Corporate Office situated at G.K. Tower, 19, Camac Street, Kolkata- 700 017, West Bengal, India Area: 10,678 square feet	Leased
Bokaro District	Owned*

Description	Owned/Leased
Area: 1,804.70acres	

*Please refer to section titled "Outstanding Litigation and Material Disclosures" with respect to litigation proceedings initiated by and against our Company with respect to a portion of our property located at Bokaro District

Competition

We will face significant competition from existing players and potential entrants in the Indian steel and DI pipes industry. In foreign markets, where we are new entrant; we will face competition from internationally established players. Further, we will face significant competition mainly from large vertically integrated and diversified companies in Steel and D.I. pipe industry. Some of our Indian and International competitors are larger than us and have greater financial resources.

REGULATIONS AND POLICIES

The following is a summary of certain relevant regulations and policies that are currently applicable to the business carried on by us. The information detailed in this section has been obtained from publications available in the public domain. The regulations and policies set out below are not exhaustive and are only intended to give general information to investors and are neither designed nor intended to be a substitute for professional advice.

Foreign Investment Regulations

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.

At present, investments in companies manufacturing iron and steel fall under the RBI automatic approval route for Foreign Direct Investment up to 100%.

National Steel Policy, 2005

The National Steel Policy, 2005 (hereinafter referred to as the "Policy") lays down a broad policy framework for India's steel industry, and aspires for 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 focuses on achieving global competitiveness not only in terms of cost, quality and product-mix, but also in terms of global benchmarks of efficiency and productivity.

The 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 has been issued by the Central Government under this Act.

Indian Boilers Act, 1923

The Indian Boilers Act, 1923, as amended and the rules made thereunder, i.e., the Indian Boiler Regulations, 1950, as amended, cover various aspects of material and equipments utilized in the manufacture of boilers for use in India and the registration, operation and repair of boilers in India.

Fiscal Regulations

Foreign Trade Policy

Under the Foreign Trade (Development and Regulation) Act, 1992, the Central Government is empowered to periodically formulate the Export Import Policy ("EXIM Policy") and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The iron and steel industry has been extended various schemes for promotion of export of finished goods and import of inputs. Duty Entitlement Pass Book (DEPB) Scheme has been extended up to December 31, 2010.

The Duty exemption Scheme enables duty free imports of inputs required for production of export products by obtaining Advance license (AL)

The Duty Remission Scheme enables post export replenishment/ remission of duty on inputs used in the export product. This scheme consists of Duty Free Remission Certificate (DFRC) and Duty Entitlement Pass Book (DEPB)

While DFRC enables duty free replenishment of inputs used for manufacturing of export products, under DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods except Capital Goods, without duty. The current DEPB rates for saleable products to be manufactured by us are ranging from 2% to 6%.

The imports of inputs under AL and DFRC for the products exported by our company are subject to Input and Output norms as prescribed in EXIM Policy.

EPCG Scheme allows imports of capital goods at 0% duty subject to export obligation which is linked to the amount of duty saved at the time of import of such capital Goods as per the provisions of EXIM Policy.

Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which the said duty is sought to be imposed is contained in the Central Excise Tariff Act. However, the Government has the power to exempt certain specified goods from excise duty, by notification. Steel products are classified under Chapter 72 of the Central Excise Tariff Act and presently attract an ad-valorem excise duty at the rate of 8% and also an Education Cess of 2% over the duty element.

Customs Regulations

All imports in the country are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from excise duty, by notification. The customs duty on iron and steel items falling under Chapter 72 of the Custom Tariff Act, 1975 has been reduced sharply during the last five years. The current custom duty on non-alloy steel is 5%. The peak rate of custom duty on iron and steel items falling under Chapter 72 items was brought down from 20% to 10% *vide* Sr. No. 330 of notification No 21 of 2007.

Labour Legislation

As part of our business, we are required to comply from time to time with certain laws in relation to the employment of labour. A brief description of certain labour legislations which are applicable to our operations is set forth below:

Factories Act, 1948

The Factories Act, 1948, as amended (the "Factories Act"), defines a 'factory' to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended, provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to Rs.500 or both.

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended (the "Bonus Act"), an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948, as amended (the "ESI Act"), provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the "CLRA"), requires establishments that employ, or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour. The CLRA requires the principal employer of an establishment to which it applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be imposed for contravention of the provisions of the CLRA.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended, provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. Liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. The entitlement to gratuity in the event of death or disablement is not contingent upon an employee having completed five years of continuous service.

Environmental Legislation

We are required under applicable law to ensure that our operations are compliant with environmental legislations such as the Water (Prevention and Control of Pollution) Act 1974, as amended (the "Water Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act") and the Environment Protection Act, 1986, as amended (the "Environment Act"). The Water Act aims to prevent and control water pollution. It provides for the constitution of a Central Pollution Control Board ("CPCB") and State Pollution Control Boards ("SPCBs"). The functions of the CPCB include coordination of activities of the SPCBs, collecting data relating to water pollution and the stipulation of measures for the prevention and control of water pollution and prescription of standards for streams or wells. The SPCBs are responsible for the planning for programs for, among other things, the prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluents into a stream, well or sewer without the prior consent of the relevant SPCB.

The CPCB and the SPCBs constituted under the Water Act are to perform functions under the Air Act for the prevention and control of air pollution. The Air Act aims to prevent and control air pollution. It is mandated under the Air Act that no person may, without the prior consent of the relevant SPCB, establish or operate any industrial plant in an air pollution control area.

The Environment Act has been enacted for the protection and improvement of the environment. It empowers the Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants. The Government may make rules for regulating environmental pollution.

Environment Impact Assessment Notifications

The Environment Impact Assessment Notification S.O.60(E), issued on January 27, 1994 (the "1994 Notification") under the provisions of the Environment (Protection) Act, 1986, as amended (the "EPA"), prescribes that for the construction of certain power projects specified in the 1994 Notification, in the case of new projects, if the investment is more than Rs. 1,000 million and in the case of expansion or modernization projects, if the investment is more than Rs. 500 million, the prior environmental clearance of the MoEF is required. The environmental clearance must be obtained from the MoEF according to the procedure specified in the 1994 Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained.

The application to the MoEF is required to be accompanied by a project report which should include, *inter alia*, an Environmental Impact Assessment Report and an Environment Management Plan. The Impact Assessment Authority evaluates the report and plan submitted. Such assessment is required to be completed within a period of 90 days from receipt of the requisite documents from the project developer/manager. Thereafter, a public hearing has to be completed and a decision conveyed within 30 days.

The clearance granted is valid for a period of five years from the commencement of the construction or operation of the project. The project developer/manager concerned is required to submit a half yearly report to the Impact Assessment Authority to enable it to effectively monitor the implementation of the recommendations and conditions subject to which the environmental clearance has been given.

If no comments from the Impact Assessment Authority are received within the time limits specified above, the project will be deemed to have been approved by the project developer/manager.

On September 14, 2006, the Environmental Impact Assessment Notification S.O.1533 (the "2006 Notification") superseded the 1994 Notification.

Under the 2006 Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft Environment Impact Assessment Report and the Environment Management Plan. The final Environment Impact Assessment Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to give its decision within 105 days of the receipt of the final Environment Impact Assessment Report.

Hazardous Waste (Management and Handling) Rules, 1989

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

Public Liability Insurance Act, 1991

The Public Liability Insurance Act, 1991, as amended (the "Public Liability Act") imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as Electrosteel Integrated Limited on December 20, 2006 as a public limited company. Our Company commenced business on January 5, 2007. Our Company is promoted by Electrosteel Castings Limited for implementing a 2.2 MTPA integrated steel and D.I. pipe project in Jharkhand, India. Our Company has entered into arrangements with investors and facility agreements with a consortium of lenders to finance the project. The name of our Company was changed from Electrosteel Integrated Limited to Electrosteel Steels Limited. The same was approved by the Board of Directors of our Company on January 11, 2010 and by the shareholders in their meeting dated March 25, 2010. A fresh certificate of incorporation was granted to our Company on May 5, 2010.

The main reason for the change in the name of our Company was that the new name would convey the business of our Company in a better manner, which would help our Company enjoy better market reputation and customer's reliance.

For details of implementation of our proposed Project, please refer to the chapter titled "Objects of the Issue" on page 65 of this Red Herring Prospectus.

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

1. To carry on or to be interested or engaged in either solely or in partnership with other companies, corporation, or individual, or firm or any other association or person as manufacturers exporters, importers, buyers, sellers, agents and dealers in all kinds and description of iron and steel, structural steel, stainless steel, carbon steel, alloy steel, mild steel, micro-alloy steel, tool steel and other special steel group and their products such as ingots, billets, blooms, sheets, strips, rounds, rods, bars, tops, squares, invert angles, valve, plates mining U-beam, elevator guide channels, flats, stabs, I-Beams, H-Beams, rails, joints, joist, channels, angles, rolls, steel, strips, plates plain and cooled twisted bars, Z-sections, shafting, structural pipes, tubes, wires etc., and all other varieties of profiles and products whether forged, rolled, cast or drawn and all products intermediated and by-products consequent to or obtained in the process of manufacture of above articles and to carry on any other business (manufacture or otherwise) which may seem to the company capable of being conveniently carried on in connection with the above or either calculated directly or indirectly to enhance the value, if any, of the company's properties and rights for the time being.

2. To generate and transmit electrical power by conventional and non-conventional methods including coal, gas, lignite, oil, bio-mass, waste, thermal, solar, atomic, ocean energy, geo-hydel, wind and tidal waves or any other form of energy; and to transmit, distribute, buy, sell, supply, exchange, market, function as a licensee and otherwise deal in power and energy and for that purpose to own, acquire, erect, construct, establish, maintain, improve, manage, operate, alter, carry on control, take on hire or lease, power generation plants of all kinds including co-generation plants, wind farms, solar farms, hydel projects, thermal power stations etc. and transmission lines and grids.

3. To produce, manufacture, purchase, refine, prepare, process, import, export, sell and generally deal in cement, Portland cement, alumina cement, lime and lime-stone and by-products thereof, cement-pipes, sheets and other building materials, refractories and bricks and in connection therewith to take on lease or acquire, erect, construct, establish, operate and maintain cement factories, quarries and collieries, workshop and other works.

4. To take on lease, purchase or otherwise acquire mining and other rights together with the veins, seams or beds of coal and other minerals, along with mining rights grant concessions and effects appertaining or belonging thereto and all or any other works, lands, hereditaments and premises held in connection with such price and consideration and upon such terms and conditions there with and to do the business relating to mining and working of minerals, mines, ores, mineral oils and mineral substances of all kinds the production and working of metals and all other materials connected thereto.

Amendments to the Memorandum of Association

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

Date	Particulars
January 1, 2008	Amendment in the Main Objects Clause of the Memorandum of Association of our Company by inserting clause III (A) (5) relating to the business of aviation.
June 9, 2008	The initial authorised share capital of Rs. 10 million divided into 1,000,000 Equity Shares was increased to Rs. 650 million divided into 65,000,000 Equity Shares
December 4, 2008	The authorized share capital of Rs. 650 million divided into 65,000,000 Equity Shares was increased to Rs. 2,160 million divided into 216,000,000 Equity Shares
January 27, 2009	The authorised share capital of Rs. 2,160 million divided into 216,000,000 Equity Shares was increased to Rs. 3,400 million divided into 340,000,000 Equity Shares
April 23, 2009	The authorised share capital of Rs. 3,400 million divided into 340,000,000 Equity Shares was increased to Rs. 7,950 million divided into 795,000,000 Equity Shares
June 22, 2009	The authorised share capital of Rs. 7,950 million divided into 795,000,000 Equity Shares was increased to Rs. 12,000 million divided into 1,200,000,000 Equity Shares
October 6, 2009	The authorised share capital of Rs. 12,000 million divided into 1,200,000,000 Equity Shares was increased to Rs. 23,000 million divided into 2,300,000,000 Equity Shares
January 12, 2010	Amendment in the Main Objects Clause of the Memorandum of Association of the Company by moving clause III (A)(5) relating to the business of aviation to Clause III (B) (37)
March 25, 2010	Amendment in the Name Clause of the Memorandum of Association of the Company by amending clause I relating to the name of the Company

As on date of this Red Herring Prospectus, we have 3,921 members.

Major events in the history of our Company

Sr. No.	Date	Details
1.	February 12, 2007	Delivery and Marketing Agreement between the Company and Stemcor MESA DMCC
2.	February 12, 2007, amended on January 17, 2008, amended further on March 19, 2008 and further amended by January 11, 2009	Subscription Agreement between the Company and Stemcor MESA DMCC
3.	May 8, 2007, amended on May 20, 2009 and January 16, 2010	Subscription Agreement between the Company and ECL
4.	October 12, 2007	Offshore Supply Agreement between our Company and Stemcor MESA DMCC
5.	July 21, 2008	Coking Coal Supply Agreement between our Company and ECL
6.	July 21, 2008	Iron-Ore Supply Agreement between our Company and ECL for supply of Iron ore – Lump and Fines
7.	June 19 and July 25, 2008	Supply Agreements between our Company and China First Metallurgical Construction Corporation Limited for supply of plant and machinery for our Project
8.	January 16, 2009 further amended on January 11, 2010	Subscription Agreement between our Company and PGS Invest Limited
9.	February 27, 2009 further amended on January 11, 2010	Subscription Agreement between our Company and Starbridge Finance Limited
10.	February 27, 2009 further amended on January 11, 2010	Subscription Agreement between our Company and Roundabout Finance Limited

Sr. No.	Date	Details
11.	June 22, 2009	Share Subscription and Shareholders Agreement between our Company, ECL and IL&FS Financial Services
12.	June 22, 2009	Share Subscription and Shareholders Agreement between our Company, ECL, Tara India Holdings Limited, Tara India Fund III Domestic Trust and Tara India Fund III Trust
13.	August 20, 2009	Amended and Restated Inter-se Agreement between our Company and the consortium of lenders
14.	December 18, 2009	Share Subscription Agreement between our Company and IFCI Limited
15.	January 11, 2010	Change of name of our Company from "Electrosteel Integrated Limited" to "Electrosteel Steels Limited" as the proposed name would convey the correct business which our Company proposes to undertake.
16.	August 17, 2010	Share Subscription Agreement and Shareholders Agreement executed with GPC Mauritius II LLC, a Pre-IPO Investor
17.	August 23, 2010 and August 31, 2010	Share Subscription Agreement and Shareholders Agreement executed with Franklin Templeton Asset Management (India) Private Limited, acting on behalf of Franklin Templeton Private Equity Strategy – A/c PMS, a Pre-IPO Investor on such dates, respectively

Changes in the Registered Office of our Company

There has been no change in our Registered Office since inception.

Our Subsidiaries

Our Company does not have any subsidiaries as on date of this Red Herring Prospectus.

Details of Share Subscription and Shareholder's Agreements entered into by our Company

The Share Subscription and Shareholder's Agreement entered into by our Company and detailed hereunder are in compliance with the Listing Agreement and do not contain any restrictive covenants, any special or affirmative rights and there is no other agreement or understanding which grants any special or affirmative rights to a shareholder of the Company. To ensure compliance with the Listing Agreement, negative covenants and restrictions on transfer of Equity Shares have been waived by parties entitled to such rights by their respective waiver letters, detailed hereunder.

1. Subscription Agreement between our Company and ECL

Our Company and ECL have entered into a Subscription Agreement dated May 8, 2007, whereby ECL agreed to subscribe to 500,000,000 Equity Shares for a total consideration of Rs. 5,000 million (the "ECL SSA"). In terms of the ECL SSA, at least one director or one member at Board Meeting or general meeting shall be a representative of ECL. In terms of the ECL SSA, our Company is required to invest the subscription monies received from ECL towards the development and implementation of the Project. The ECL SSA stands terminated if ECL ceases to own at least 5% of the equity share capital of our Company. Our Company and ECL further entered into an addendum to the ECL SSA on May 20, 2009, whereby ECL agreed to subscribe to 700,000,000, Equity Shares for a total consideration of Rs. 7,000 million payable by ECL in one or more tranches as may be agreed by the parties.

Our Company has amended the ECL SSA on January 16, 2010 ("Amendment Agreement"), in terms of which, ECL has agreed to waive all affirmative/preferential rights under the ECL SSA.

2. Subscription Agreement between our Company, Renaissance Asset Management Company Private Limited, Shri Finance and Chaitanya Parivar Trust

Our Company, Renaissance Asset Management Company Private Limited, Shri Finance and Chaitanya Parivar Trust (the latter three collectively referred to as the "Investors") have entered into a Subscription Agreement dated January 30, 2009 (the "Renaissance SSA"), wherein the Investors have agreed on their own, or through any of their group entities, to subscribe to and our Company has agreed to issue and allot to the Investors 100,000,000 Equity Shares of our Company for Rs 10 each per Equity Share, respectively, fully paid up Equity Shares of our Company. The consideration payable by the Investors under the Renaissance SSA amount is Rs. 1000 million, payable in four tranches, which may be adjusted by mutual agreement between the Parties.

In terms of the Renaissance SSA, our Company is required to get its shares listed within a period of 3 years from the date of the execution of the Renaissance SSA. Further the terms of the Renaissance SSA also provide that our Company shall invest the subscription monies received from the Investors towards the development and implementation of the Project; and arrange for the financing of the said Project within 6 months from the date of the Renaissance SSA. Failure to comply with these conditions will empower the Investors to offer their shares for sale, to the promoters of our Company and upon their refusal, to any third party.

We have amended the Renaissance SSA on February 6, 2010 ("Amendment Agreement"), in terms of which, the consideration payable by the Investors under the Renaissance SSA has been reduced to Rs. 225 million and the Investors have agreed to waive all affirmative/preferential rights under the Renaissance SSA. The Investors have also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

3. Share Subscription and Shareholders Agreement between our Company, ECL and IL&FS Financial Services

Our Company, ECL and IL&FS Financial Services (the latter two referred to as the "Investors") (collectively "the Parties") have entered into a Subscription and Shareholders Agreement dated June 22, 2009 (the "IL&FS SSA") in terms of which the Investors have agreed to acquire, either directly or through their nominees, 75,000,000 Equity Shares of our Company at a price of Rs.10 per Equity Share for an aggregate consideration of Rs. 750 million (the "IL&FS Subscription Shares").

The IL&FS SSA sets out that:

(i) The proceeds from the subscription will be utilized solely to finance the development and implementation by our Company of the Project; and to carry out its business in a regular and diligent manner in the interim period between the signing of this agreement and the allotment of the IL&FS Subscription Shares, and continue such diligent and efficient management of our Company after the allotment is made.

(ii) Our Company shall not amend its Articles and Memorandum of Association, issue, sell or grant shares or securities convertible/exchangeable to shares of our Company, merging, consolidating with, or purchasing shares of any business organisation, without the written consent of Investors.

(iii) Our Company may with prior written consent of the Investors introduce an employee stock option plan with assistance from the Board of our Company.

(iv) Our Company shall not make any fresh issue of its shares at a price lower than the average price paid by the Investors (the "Investor Average Price") for subscription of the IL&FS Subscription Shares, or terms less than that offered to the Investors without their written consent.

(v) Investors shall have a right to appoint non-executive Directors on the Board of our Company as are proportionate to their shareholding of Investors, subject to minimum of 1 Director.

(vi) ECL unconditionally and irrevocably undertakes that it shall not transfer or cause to transfer, directly or indirectly any interest in shares for a period of 5 years after the completion of the lock-in period without prior written consent of the Investors. If ECL proposes to transfer the shares held by it in our Company to third party, they may do so only upon offering the existing Investors the 'tag along rights'.

(vii) In the event any of the Investors decide to exit our Company, ECL has the right of first offer.

(viii) The Investors shall have exit rights within a period of 48 months from the date of this IL&FS SSA by way of an IPO, or offer for sale or merger. If ECL and our Company fail to provide an exit to the Investors within 60 months from the completion date i.e. the date of subscription of shares to be within 15 days of intimation by the Investors as to their satisfaction of the condition precedents laid down in the IL&FS SSA, then the Investors shall have the right to sell, transfer or dispose of up to 100% of the issued or paid up share capital of our Company to a third party and require ECL to sell some or all of their shares to the purchasers. The Investors shall have the right to offer some or all of their shares to public in conjunction with our Company's IPO.

(ix) In the event of default, our Company and/or ECL shall be liable to purchase such number of shares held by Investors, as may be required by the Investors, at a price that provides the Investors an IRR of 30% per annum on the subscription amounts on pro-rata basis.

(x) that the subscription monies will be utilized to finance the development and implementation of the Project, to carry out its business in a diligent manner during the interim period between the signing of this IL&FS SSA and the allotment of the IL&FS Subscription shares, and to continue such business in a diligent manner after the allotment is made. Our Company shall not make any fresh issue of its shares at a price lower than the price paid by the Investors (the "Investor Average Price") for subscription of their IL&FS Subscription Shares, or terms less favourable than that offered to the Investors without its written consent.

IL&FS has *vide* their letter dated January 20, 2010 provided their consent to amend the Memorandum of Association and Articles of Association on the condition that all their rights will be dropped on listing of the Equity Shares on the Stock Exchanges. The Investors have also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

4. Subscription Agreement between our Company and Stemcor MESA DMCC

Our Company and Stemcor MESA DMCC (the "Investor") have entered into a Share Subscription Agreement dated February 12, 2007 (as amended on January 17, 2008, amended further on March 19, 2008 and further amended on January 21, 2009) (the "Stemcor SSA"). Pursuant to the Stemcor SSA, our Company proposed to issue and the Investor agreed to subscribe for Equity Shares for an aggregate subscription price of up to the equivalent of USD 75 Million (the "Consideration"). The Consideration was subsequently increased to USD 82.5 million by the amendment agreement dated January 21, 2009. The Stemcor SSA provided for the subscription of Equity Shares in one or more tranches and the payment of Consideration for such subscriptions to be made upon closing of each subscription or in instalments as might be agreed between the parties. The subscription monies must be utilized by our Company towards construction and development of our Company's integrated steel and ductile iron pipe plant in the state of Jharkhand, India.

Under the Stemcor SSA, the Investor has subscribed for a total of 32,152,414 Equity Shares for a total subscription price of Rs. 321,524,140. There are no outstanding instalments of Consideration due to our Company. The obligation to subscribe has now expired.

Under the terms of the Stemcor SSA, our Company shall appoint an independent director to the Board of our Company in consultation with the Investor. This obligation lasts for three years from the date of closing of each subscription round.

The Stemcor SSA has been amended *vide* letter agreement dated January 11, 2010, whereby the Investor has agreed to waive all affirmative/preferential rights under the Stemcor SSA. The Investor has also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

5. Subscription Share Agreement between our Company and PGS Invest Limited

Our Company and PGS Invest Limited (the “Investor”) have entered into a Subscription Share Agreement dated January 16, 2009 (the “PGS SSA”) wherein the Investor has agreed on its own, or through any of its group entities, to subscribe to the Equity Shares for a price of Rs 10 each aggregating to USD 20 million payable in four tranches, which may be adjusted by mutual agreement between the Parties. In terms of the PGS SSA, subscription monies must be utilized by our Company towards development and implementation of the Project. The PGS SSA further requires the Investor’s consent upon any decisions of the Board of Directors on matters relating to liquidation, sale of our Company’s assets and alteration of provisions of its Articles of Association inconsistent with that of the provisions of the PGS SSA.

Our Company has amended the PGS SSA on January 11, 2010 (“Amendment Agreement”), in terms of the which, the consideration payable by the Investor under the PGS SSA has been reduced to USD 15 million and the Investor has agreed to waive all affirmative/preferential rights under the PGS SSA. The Investor has also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

6. Subscription Share Agreement between our Company and Starbridge Finance Limited.

Our Company and Starbridge Finance Limited (the “Investor”) have entered into a Share Subscription Agreement dated February 27, 2009 (the “Starbridge SSA”) wherein the Investor has agreed on its own, or through any of its group entities, to subscribe to fully paid up Equity Shares of our Company aggregating to USD 20 million payable in four tranches, which may be adjusted by mutual agreement between the Parties. In terms of the Starbridge SSA, the subscription monies received must be utilized by our Company towards development and implementation of the Project.

The Starbridge SSA further requires the Investor’s consent upon any decisions of the Board of Directors on matters relating to liquidation, sale of our Company’s assets and alteration of provisions of its Articles of Association inconsistent with provisions that of the Starbridge SSA.

Our Company has amended the Starbridge SSA on January 11, 2010 (“Amendment Agreement”), in terms of which, the consideration payable by the Investor under the Starbridge SSA has been reduced to USD 10 million and the Investor has agreed to waive all affirmative/preferential rights under the Starbridge SSA. The Investor has also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

7. Subscription Agreement between our Company and JP Financial Services Private Limited

Our Company and JP Financial Services Private Limited (the “Investor”) have entered into a Share Subscription Agreement dated January 22, 2009 (the “JPF SSA”) wherein the Investor has agreed on its own, or through any of its group entities, to subscribe to fully paid up Equity Shares of our Company aggregating to a total consideration of Rs 1,000 million payable in four tranches, that may be adjusted by mutual agreement between the Parties.

In terms of the JPF SSA, the subscription monies received must be utilized by our Company towards development and implementation of the Project.

The JPF SSA further requires the Investor’s consent upon any decisions of the Board of Directors on matters relating to liquidation, sale of our Company’s assets and alteration of provisions of its Articles of Association inconsistent with provisions of the JPF SSA.

Our Company has amended the JPF SSA on February 1, 2010 (“Amendment Agreement”), in terms of which, the consideration payable by the Investor under the JPF SSA has been reduced to Rs. 358.90 million and the Investor has agreed to waive all affirmative/preferential rights under the JPF SSA. The Investor has also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

8. **Subscription Agreement between our Company and Roundabout Finance Limited.**

Our Company and Roundabout Finance Limited (the "Investor") have entered into a Subscription Agreement dated February 27, 2009 (the "Roundabout SSA") wherein the Investor has agreed on its own, or through any of its group entities, to subscribe to fully paid up Equity Shares of our Company aggregating to a total consideration of USD 20 million payable in four tranches, that may be adjusted by mutual agreement between the Parties.

In terms of the Roundabout SSA, the subscription monies received must be utilized by our Company towards development and implementation of the Project.

The Roundabout SSA further requires the Investor's consent upon any decisions of the Board of Directors on matters relating to liquidation, sale of our Company's assets and alteration of provisions of its Articles of Association inconsistent with provisions of the Roundabout SSA.

We have amended the Roundabout SSA on January 11, 2010 ("Amendment Agreement"), in terms of which, the consideration payable by the Investor under the Roundabout SSA has been reduced to USD 10 million and the Investor has agreed to waive all affirmative/preferential rights under the Roundabout SSA. The Investor has also agreed to lock-in their entire shareholding in our Company for a period of 1 year from the date of allotment in the Issue.

9. **Share Subscription and Shareholders Agreement between our Company, ECL, Tara India Holdings A Limited, Tara India Fund III Domestic Trust and Tara India Fund III Trust**

Our Company, ECL, Tara India Holdings A Limited (the "Investor 1"), Tara India Fund III Domestic Trust (the "Investor 2") and Tara India Fund III Trust (the "Investor 3") (collectively the "Investors"; the Investors, our Company and ECL collectively referred to as the "Parties") have entered into a Share Subscription and Shareholders Agreement dated June 22, 2009 (the "Tara Holdings SSA") in terms of which the Investors have agreed to acquire, either directly or through their nominee, an aggregate of 50 million shares of our Company at a price of Rs.10 per Equity Share (the "Tara Holdings Subscription Shares") for an aggregate consideration of Rs. 500 million. The Investor 1 has subscribed to 3,46,95,000 Equity Shares; the Investor 2 has subscribed to 8,705,000 Equity Shares and the Investor 3 has subscribed to 6,600,000 Equity Shares respectively. The Tara Holdings SSA sets out that:

(i) The proceeds from the subscription will be utilized solely to finance the development and implementation by our Company of the Project; and to carry out its business in a regular and diligent manner in the interim period between the signing of this agreement and the allotment of the Tara Holdings Subscription Shares, and continue such diligent and efficient management of our Company after the allotment is made.

(ii) Our Company shall not amend its Articles and Memorandum of Association, issue, sell or grant shares or securities convertible/exchangeable to shares of our Company, merging, consolidating with, or purchasing shares of any business organisation, without the written consent of Investors.

(iii) Our Company may with prior written consent of the Investors introduce an employee stock option plan with assistance from the Board of our Company.

(iv) Our Company shall not make any fresh issue of its shares at a price lower than the average price paid by the Investors (the "Investor Average Price") for subscription of the Tara Holdings Subscription Shares, or terms less than that offered to the Investors without their written consent.

(v) Investors shall have a right to appoint non-executive Directors on the Board of our Company as are proportionate to their shareholding of Investors, subject to minimum of 1 Director.

(vi) ECL unconditionally and irrevocably undertakes that it shall not transfer or cause to transfer, directly or indirectly any interest in shares for a period of 5 years after the completion of the lock-in period without prior written consent of the Investors. If ECL proposes to transfer the shares held by it in our Company to third party, they may do so only upon offering the existing Investors the 'tag along rights'.

(vii) In the event any of the Investors decide to exit our Company, ECL has the right of first offer.

(viii) The Investors shall have exit rights within a period of 48 months from the date of this Tara Holdings SSA by way of an IPO, or offer for sale or merger. If ECL and our Company fail to provide an exit to the Investors within 60 months from the completion date (the date of subscription of shares to be within 15 days of intimation by the Investors as to their satisfaction of the condition precedents laid down in the Tara Holdings SSA), then the Investors shall have the right to sell, transfer or dispose of up to 100% of the issued or paid up share capital of our Company to a third party and also require ECL to sell some or all of their shares to the purchasers. The Investors shall have the right to offer some or all of their shares to public in conjunction with our Company's IPO.

(ix) In the event of default, our Company and/or ECL shall be liable to purchase such number of shares held by Investors, as may be required by the Investors, at a price that provides the Investors an IRR of 30% per annum on the subscription amounts on pro-rata basis.

IL&FS Investment Managers Limited (in its capacity of Manager of the Tara India Fund III Trust and Tara India Fund III Domestic Trust and Advisors to Tara India Holdings A Limited) has, *vide* letter dated January 19, 2010 provided their consent to amend the Memorandum of Association and Articles of Association on the condition that all their preferential rights will be dropped on listing of the Equity Shares on the Stock Exchanges.

10. Share Subscription Agreement between our Company and IFCI Limited

Our Company and IFCI Limited (the "Investor") have entered into a Subscription Agreement dated December 18, 2009 (the "IFCI SSA"), wherein the Investor has subscribed to fully paid up Equity Shares of our Company at Rs. 10 per Equity Share aggregating to a total consideration of Rs. 1,000 million for meeting the gap in equity requirement for the Project.

In terms of the IFCI SSA, there are no special rights that have been granted to the Investor under the said agreement.

11. Shareholders Agreement between our Company, Sanjay Villa Private Limited, ECL, Axis Steels Limited, Mr. Khirod Chandra Mullick and Bharat Integrated Social Welfare Agency

Our Company, ECL and Axis Steels Limited (the "Investor Group A") and Mr. Khirod Chandra Mullick (the "Investor Group B") and Bharat Integrated Social Welfare Agency ("BISWA") (collectively referred to as the "parties") have entered into a Shareholders Agreement dated May 30, 2008 (the "BISWA SHA") for carrying out microfinance activities in a regulated and commercially viable manner. As per BISWA SHA, the name of Sanjay Villa Private Limited is to be changed to BISWA Microfinance Private Limited (the "Microfinance Company") and its initial capitalization is to be changed to Rs. 50 million, divided into 5 million Equity Shares with the Investor Group A holding 3 million Equity Shares and the Investor Group B holding 2 million Equity Shares.

To give the background, BISWA was established as a philanthropic, non-political, non-profit making voluntary development organization on January 01, 1994 and was registered under Societies Registration Act XXI of 1860.

ECL, our Company and the certain other investors including BISWA were desirous of entering into the field of microfinance primarily with the idea of introducing microfinance in and around the areas in which they operate and conduct their business. However, since microfinance was not their core business and they lack the requisite expertise in this field, our Company chose to enter into such an arrangement with persons who are experienced in the field of microfinance. BISWA was in search of an NBFC through which it would operate its business, and hence sought out Sanjay Villa Private Limited, an NBFC duly registered with the Reserve Bank of India.

As a part of our Company's Corporate Social Responsibility initiative, we have invested in BISWA Microfinance Private Limited to make a positive impact in socio economic life of the downtrodden people in villages in Bokaro (i.e. in and around the neighbouring areas wherein the Company is setting up the steel plant) and plug the gap to bring sustainable development in their life.

As per the BISWA SHA, the Investor Group A is required to maintain 60% shareholding in the Microfinance Company, which may be diluted to the extent of 9% in case of capital expansion through rights issues or sale/divestment to ensure its shareholding of not less than 51% in the Microfinance Company. The Investor Group B may also not dilute its shareholding below 26% of the Microfinance Company. Parties other than the Investor Group B have the right of first refusal in case of divestment by the latter of its shareholding in the Microfinance Company. As a preferred right, if our Company does not have the return on equity of 15% or more in a Financial Year, or a portfolio size of Rs. 600 million, by March 31, 2011, the Investor Group A may require the Investor Group B to purchase its shareholding in the Microfinance Company (the "Put Option"). The Put Option may also be exercised if our Company's return on equity falls below 20% within a Financial Year, and failure on the part of the Investor Group B to enable exercise of the option constitutes a breach of the BISWA SHA.

Further, the Microfinance Company's board will have proportionate representation from both Investor Groups and the Investor Group B is to designate a Managing Director. No resolution relating to amendment to our Company's Memorandum and Articles of Association, liquidation, commencement of new business, mergers, acquisitions, the provision of corporate guarantees and creation of subsidiaries would be passed without consent from shareholders holding 67% shares in the Microfinance Company in a general meeting.

The Microfinance Company shall not approve strategic matters like approval of annual budget, microfinance loans to Biswa, incurring loans in excess of Rs. 5,00,00,000, entering into a related party transaction or change in key policies, without the consent of ECL. Investor Group B has agreed that during the tenure and 3 years after termination of the BISWA SHA, it shall not enter into any agreement/arrangement to carry on microfinance activities, except with BISWA and Crible Securities & Finance Private Limited, without the written consent of ECL. Investor Group B has indemnified Investor Group A against any loss suffered by it due to the mismanagement of the Microfinance Company.

After the investment in Biswa Microfinance Private Limited (formerly known as Sanjay Villa Private Limited) the shareholding was as follows:

Stakeholders	Existing value of equity Investment (Rs.)	No of Shares (@ Rs. 10 per share)	(%) of Share holdings
Mr. K.C. Malick	10,000,000	1,000,000	40
Axis Steel Limited	10,000,000	1,000,000	40
Electrosteel Castings Limited	2,500,000	250,000	10
Electrosteel Integrated Limited	2,500,000	250,000	10
Total	**25,000,000**	**2,500,000**	**100**

However, to satisfy the growing loan demand, the investors infused a further investment of Rs 10,000,000 in November 2009.

The present shareholding of Biswa Microfinance Private Limited is as follows:

Stakeholders	Existing value of equity Investment (Rs.)	No of Shares (@ Rs. 10 per share)	(%) of Share holdings
Axis Steel Limited	10,000,000	1,000,000	28.58
Mr. K C Malick	14,000,000	1,000,000	40.00
Electrosteel Castings Limited	5,500,000	550,000	15.71
Electrosteel Steels	5,500,000	550,000	15.71

Stakeholders	Existing value of equity Investment (Rs.)	No of Shares (@ Rs. 10 per share)	(%) of Share holdings
Limited (formerly known as Electrosteel Intergrated Limited)			
Total	**35,000,000**	**3,500,000**	**100**

The day to day management of the Biswa Microfinance Private Limited is vested with the managing Director i.e. Mr Khirod Chandra Malick in terms of the BISWA SHA. Mr. Khirod Chandra Malick, founder Chairman of BISWA, has served the State Bank of India for 26 years and retired as a Senior Executive. He is actively involved in social work as a member of different social network organizations at district/state/national level.

12. Share Subscription Agreement and Shareholders Agreement both dated August 17, 2010, between our Company, ECL and GPC Mauritius III LLC ("GPC")

Our Company has entered into a Share Subscription Agreement and a Shareholders Agreement for the Pre-IPO Placement of 87,441,860 Equity Shares of our Company at a price of Rs 10.75 per Share, for an aggregate consideration of Rs. 940 million.

The conditions set out under the Share Subscription Agreement have already been satisfied and the Equity Shares have been issued to GPC.

The Shareholders Agreement is valid until the listing of the Shares of the Company. In the event the proposed initial public offering of our Company does not take place within 12 months from the date of the SEBI Observations, i.e. July 26, 2010, our Company will amend its Articles within 30 days to give effect to the provisions of such agreement. The Shareholders Agreement also sets out standard terms between the parties including a put option, tag along rights, anti-dilution rights and indemnity. The other essential terms of the Shareholders Agreement have been set out below:

(i) GPC is entitled to certain minority protection rights, which require GPC's prior written consent to action, and inter alia include any change in GPC's rights under the agreement, changes to the memorandum or articles of association of our Company, further issuances of equity shares and equity linked convertible instruments (except towards further issue of equity shares under the Pre-IPO Placement), any reduction in capital, formation, issuance and allotment of employee stock options, acquisitions, consolidation or mergers, strategic or financial alliances, joint ventures, winding up, buy back, distribution of dividend, substantial disposition of assets of our Company, any investments made in other than AAA rated fixed income securities or any change in the raw material sourcing agreements entered into with our Promoter.

(ii) On default by our Company, in addition to the remedies available to GPC under law, the Investor may claim indemnity for any losses suffered and further it may also exercise a Put Option on ECL, wherein the Put Option Consideration (as defined under the Agreement) shall be the higher of the value of the shares arrived at by an independent value or at an IRR of 30% on the total amount invested by GPC.

(iii) The Shareholders Agreement shall terminate upon listing of the equity shares on the BSE or NSE through an IPO, completion of any exit, mutual consent of the parties in writing given 15 days in advance or if GPC disposes its 75% shareholding, whichever occurs earlier.

13. Share Subscription Agreement dated August 23, 2010 and Shareholders Agreement dated August 30, 2010 between our Company, ECL and Franklin Templeton Asset Management (India) Private Limited, in its capacity as Portfolio Manager to Franklin Templeton Private Equity Strategy ("FT")

Our Company has entered into a Share Subscription Agreement and a Shareholders Agreement for the Pre-IPO Placement of 55,813,952 equity shares of our Company at a price of Rs 10.75 per share (FT's Entry Price) , for an aggregate consideration of Rs 599,999,984.

The conditions set out under the Share Subscription Agreement have already been satisfied and the Equity Shares have been issued to FT.

The Shareholders Agreement is valid until the listing of the Shares of the Company. In the event the proposed initial public offering of our Company does not take place within 12 months from the date of the SEBI Observations, i.e. July 26, 2010, our Company will amend its Articles within 30 days to give effect to the provisions of such agreement which also sets out standard terms between the parties including a put option, tag along rights, anti-dilution rights and indemnity. The other essential terms of the Shareholders Agreement have been set out below:

(i) FT is entitled to certain minority protection rights, which require the FT's prior written consent to action, and *inter alia* include any change in the FT's rights under the agreement, changes to the memorandum or articles of association of our Company, further issuances equity or convertible instruments/capital reduction/ESOP, acquisitions, consolidation or merger, strategic or financial alliances, joint ventures, winding up, buy back, distribution of dividend, substantial disposition of assets, any investments made in other than AAA rated fixed income securities or any material change in the raw material sourcing agreements entered into with our Promoter;

(ii) On default by our Company, in addition to the remedies available to FT under Law, FT may claim indemnity for any losses suffered and further it may also exercise a Put Option on ECL, wherein the Put Option Consideration (as defined under the Agreement) shall be the higher of the value of the shares arrived at by an independent value or at an IRR of 30% on the total amount invested by FT;

(iii) The Shareholders agreement shall terminate upon mutual agreement between the parties, or upon the occurrence of an event of default, or upon the listing of the share of our Company or in case FT's shareholding falls below 49%, the agreement shall terminate.

14. Letter Agreement dated August 23, 2010 between our Promoter and Franklin Templeton Asset Management (India) Private Limited, in its capacity as Portfolio Manager to Franklin Templeton Private Equity Strategy ("FT")

Our Promoter has entered into a Letter Agreement with FT wherein in, the Promoter has agreed to valuation adjustment, on the occurrence of certain events i.e. in such event, FT will be entitled to a valuation adjustment under which our Promoter shall, within a period of 7 (seven) Days from the date of determination of the issue price will make payment to the Investor of an amount equivalent to the difference in the issue price and the FT's Entry Price. Our Company has no obligation of valuation adjustment. However, it is agreed and understood between our Promoter and FT that if the issue price is equal to or higher than the FT's Entry Price, FT shall not be entitled to any valuation adjustment.

15. Letter Agreement dated August 30, 2010 between our Promoter and Franklin Templeton Asset Management (India) Private Limited, in its capacity as Portfolio Manager to Franklin Templeton Private Equity Strategy ("FT")

Our Promoter has entered into a Letter Agreement which shall only become effective at a later date in the event that our Company does not successfully list its shares pursuant to the Issue. In terms of the Letter Agreement our Promoter has agreed to adjust the price per share paid by FT to Rs 10.50 per share and our Promoter shall be required to make payment of an amount equivalent to the FT Adjustment Amount, in event our Company is unable to list its shares pursuant to the Issue.

Other Agreements

1. Coking Coal Supply Agreement between our Company and ECL

Our Company and ECL (the "Supplier") (the "Parties") have entered into an agreement dated July 21, 2008 (the "Agreement") for supply of Coking Coal (the 'Product') by the Supplier to our Company in accordance with the terms of this Agreement. The period of contract (the "Contract Period") shall be 20 years commencing from date of the commencement of commercial operations of the 2.2 MTPA integrated steel and ductile iron pipes project in the State of Jharkhand (the “Project”) with an extended period of 3 years.

The Agreement, *inter alia*, provides that:

(i) The Supplier shall supply total contract quantity (‘TCQ’) of 9,078,000 metric tonnes of Coking Coal during the Contract period on a priority basis (453,900 metric tonnes each year);

(ii) Our Company is to reimburse ECL a fixed component in relation to capital cost recovery (for depreciation of relevant equipment), operation and maintenance charges, statutory expenses;

(iii) On occurrence of an event of default by ECL, our Company shall have a right to appoint an expert agency for opinions and ECL shall abide by the suggestions and operate the mine in accordance with the recommendations by the expert; and

(iv) On occurrence of an event of default by our Company, ECL shall have a right to suspend the supplies of the product. If the contract is in suspension for a period of 3 years or if the mine operation is abandoned, the Contract shall be terminated.

Our Company shall have the right to assign this Agreement in favour of the commercial banks and financial institutions finalised by our Company for grant of financial assistance for setting up the Project (the “Lenders”) to secure its borrowings with the prior consent of ECL. ECL shall have the right to assign its rights and obligations under this Agreement provided that the terms of this Agreement shall be binding on the assignee.

2. Iron-Ore Supply Agreement between our Company and ECL

Our Company and ECL (the “Supplier”) (the “Parties”) have entered into an agreement dated July 21, 2008 (the “Agreement”) for supply of Iron Ore – Lump and Fines (the “Product”) by the Supplier to our Company in accordance with the terms of this Agreement. The period of contract (“Contract Period”) shall be 20 years commencing from date of the commencement of commercial operations of the 2.2 MTPA integrated steel and ductile iron pipes project in the State of Jharkhand (the “Project”) with an extended period of 3 years.

The Agreement, inter alia, provides that:

(i) The Supplier shall supply total contract quantity ‘(TCQ’) of 7,980,000 metric tonnes of Iron Ore – Lump and 67,630,000 metric tonnes of Iron Ore – Fines during the Contract period on a priority basis (399,000 metric tonnes each year of Iron Ore – Lump and 3,381,500 metric tonnes of Iron Ore - fines);

(ii) Our Company is to reimburse ECL a fixed component in relation to capital cost recovery (for depreciation of relevant equipment), operation and maintenance charges, statutory expenses, transportation, handling and storage charges and fixed profit @ 20% based on reimbursement of costs;

(iii) On occurrence of an event of default by ECL, our Company shall have a right to appoint an expert agency for opinions and ECL shall abide by the suggestions and operate the mine in accordance with the recommendations by the expert; and

(iv) On occurrence of an event of default by our Company, ECL shall have a right to suspend the supplies of the product. If the contract is in suspension for a period of 3 years or if the mine operation is abandoned, the Contract shall be terminated.

Our Company shall have the right to assign this Agreement in favour of the commercial banks and financial institutions finalised by our Company for grant of financial assistance for setting up the Project (the “Lenders”) to secure its borrowings with prior consent of ECL. ECL shall have the right to assign its rights and obligations under this agreement provided that the terms of this agreement shall be binding on the assignee.

3. Delivery and Marketing Agreement between our Company and Stemcor MESA DMCC

Our Company and Stemcor MESA DMCC (the "Buying Party") (collectively the "parties") have entered into a Delivery and Marketing Agreement dated February 12, 2007 (the "Stemcor DMA").

Under the Stemcor DMA, the Buying Party agrees to purchase upto 100% of our Company's steel products from its integrated steel and ductile iron pipe plant being/to be built in Jharkhand, India that are destined for the export market, subject to agreement on price, delivery schedule and specification at least three weeks prior to the start of each production run. The price for each consignment of steel shall be negotiated by the parties in good faith taking into account prevailing market circumstances and other economic variables. If the parties are unable to agree price or other terms by three weeks prior to the start of production, then our Company may sell the steel to other persons provided that it pays the Buying Party a fee of USD 3 per tonne of steel exported through entities other than the Buying Party.

The Stemcor DMA expires 3 years after first commercial production of steel at the plant.

While our Company may freely assign its rights, title, interest and benefit under the Stemcor DMA to any bank or financial institution, the Buying Party may not assign or transfer its rights under the agreement without prior written consent from our Company.

4. Supply Agreements between our Company and China First Metallurgical Construction Corporation Limited ("CFMCC")

Our Company has entered into 6 agreements with CFMCC for the following:

1. Offshore Supply Agreement dated June 19, 2008 for supply of Blast furnace 1,050 m^3, Sinter plant 105 m^2, Raw Material Yard, Pellet plant 1.2 MTPA, Blast furnace 350 m^3;
2. Offshore Supply Agreement dated June 19, 2008 for supply of 2 x 60T BOF & Caster, Wire rod mill 0.5 MTPA, Bar mill 0.7 MTPA;
3. Offshore Supply Agreement dated July 25, 2008 for supply of the Auxiliary Unit;
4. Onshore Supply Agreement dated June 19, 2008 for supply of Blast furnace 1,050 m^3, Sinter plant 105 m^2, Raw Material Yard, Pellet plant 1.2 MTPA, last furnace 350 m^3;
5. Onshore Supply Agreement dated June 19, 2008 for supply of 2x60T BOF & Caster, Wire rod mill 0.5 MTPA, Bar mill 0.7 MTPA; and
6. Onshore Supply Agreement dated July 25, 2008 for supply of Auxiliary systems.

5. Offshore Supply Agreement between our Company and Stemcor MESA DMCC

Our Company has entered into an agreement dated October 12, 2007 with Stemcor MESA DMCC (the "Supplier") for the supply of a Raw Material Handling System, a 2X105 sq. m Sinter Plant, a 0.5 MTPA Hot Coke Oven, a 2X1050 cum BF, a Bar Mill and Wire Rod Mill (without finishing mill) Lime Plant, a Pellet Plant, an Oxygen Plant, and all auxiliary and services facilities for all units of the project (collectively, the "Plant and Equipment"). Stemcor's scope of work comprises the design, manufacture and the delivery of the Plant and Equipment to our Company's plant in Jharkhand, India. The contract price is US$ 587,000,000 (five hundred and eighty seven million US dollars) and includes spares, tooling, tackles and fill oil. Further, the parties amended the contract price from US$ 587,000,000 to US$ 387,500,000 by an amendment agreement. The agreement is governed by Indian law. Disputes between the parties are to be settled by arbitration before a panel of three arbitrators to be convened in Kolkata.

The Supplier must provide a bank guarantee for an amount equal to 10% of the Contract Price within 20 days of delivery of all units, such guarantee to expire no earlier than the agreed warranty period of 12 months from delivery.

The Agreement provides for liquidated damages to be payable by the Supplier for performance related defects and delays in delivery. The maximum aggregate liability of the Supplier for performance related defects or claims shall be a sum equal to 7.5% (seven and one half percent) of the price of itemised units to which it has been agreed performance related damages shall apply and the maximum aggregate liability of the Supplier for delays or delay related claims shall be a sum equal to 7.5% (seven and one half percent) of the price of the relevant delayed consignments. There is an overriding limit on Supplier liability under the Agreement of (i) 5% (five percent) of the total amount of the

Contract Price; or, if greater, (ii) the amount recovered by the Supplier from the Sub-Supplier.

Strategic Partners

Our Company has not entered into any arrangements with any strategic partners as of the date of this Red Herring Prospectus.

Financial Partners

Apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company does not have any other financial partners as of the date of this Red Herring Prospectus.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association, our Company is required to have not less than 3 Directors and not more than 11 Directors. Our Company currently has 6 Directors and 1 alternate director. Among the 6 Directors, 4 Directors are non-executive directors, 1 is an executive director and 1 is a nominee director. Our Chairman is a non-executive chairman and our Board of Directors comprises of 3 independent directors and 4 non-independent directors.

The following table sets out the current details regarding the Board of Directors:

Name, Father's Name, Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships/Partnerships
Mr. Anil Kumar Sinha S/o Late Mr. Pasupati Nath Sinha Chairman Non-Executive and Independent Director Address: E/84, Ashok Vihar, Ranchi - 834 002 Occupation: Professional Term: Liable to retire by rotation DIN: 02668258	Indian	61 yrs	Nil
Mr. Nigam Chander Bahl S/o Late Dr. M. R. Bahl Executive Director Address: 8C, Monalisa 17, Camac Street, Kolkata-700017 Occupation: Professional Term: 3 years with effect from August 19, 2009 (extendable up to 5 years) DIN: 00066809	Indian	71 yrs	Nil
Mr. Umang Kejriwal S/o Mr. Ghanshyam Kejriwal Non Executive and Non Independent Director Address: 13, Gurusaday Road Kolkata-700 019 Occupation: Business	Indian	57 yrs	1. Electrosteel Castings Limited 2. G.K. & Sons Private Limited 3. Electrocast Sales India Limited 4. Escal Finance Services Limited 5. Utkal Investments Limited 6. Murari Investment & Trading Co. Limited 7. Uttam Commercial Co. Limited. 8. G.K. Investments Limited 9. Malay Commercial Enterprises Limited 10. Electrosteel Thermal Power Limited

Name, Father's Name, Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships/Partnerships
Term: Liable to retire by rotation DIN: 00065173			11. Electrosteel Thermal Coal Limited 12. Royal Multicon Private Limited 13. Tulip Fabicon Private Limited 14. New City Enclave Private Limited 15. Nilmoni Developers Private Limited 16. Highrise Multicon Private Limited 17. Kabir Projects Private Limited 18. Wilcox Merchants Private Limited 19. Pashupati Synthetics Private Limited 20. Bose Estates Private Limited 21. Roloc Properties Private Limited 22. Kamal Kunj Commodities Private Limited 23. RSP Capital Markets Private Limited 24. Gagan Vintrade Private Limited 25. Cellour Vyapaar Limited 26. Axis Steels Limited 27. Ramoli Vincom Private Limited 28. Green Field Techno Services Private Limited 29. Cubbon Marketing Private Limited 30. Saptarshi Vinimay Private Limited 31. Gajmala Texcon Private Limited 32. Nutshel Holdings Private Limited
Mr. Naresh Pachisia S/o Late Mr. Surender Kumar Pachisia Non Executive and Independent Director Address: Flat 9B 29A, Ballygunge Park Road Kolkata - 700019 Occupation: Business Term: Liable to retire by rotation DIN: 00233768	Indian	47 yrs	1. SKP Commodities Limited 2. Sarda Plywood Industries Limited 3. Murlidhar Ratanlal Exports Limited 4. Diana Tea Company Limited 5. SKP Securities Limited 6. Linc Pens & Plastics Limited 7. SKP Insurance Brokers & Advisors Private Limited
Mr. Sanjoy Tekriwal S/o Mr. Gouri Shankar Tekriwal Non Executive and Independent Director Address: BG-14, Salt lake City, Kolkata, 700091, West Bengal Occupation: Business Term: Liable to retire by rotation DIN: 00495631	Indian	49 yrs	1. Karuna Management Services Private Limited 2. UMV Telelink Private Limited 3. Karuna Software Private Limited 4. Karuna Financial Services Private Limited 5. S.H.S. Merchants Private Limited 6. Samrat Vyapaar Private Limited 7. Karuna Retails Private Limited

Name, Father's Name, Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships/Partnerships
Mr. Sunil V. Diwakar S/o Mr. Vasant M Diwakar Nominee Director of Tara India Holdings A Limited Non-Executive and Non-Independent Director Address: C-002, Ground Floor, Shreeji Ville, Opp. Nitin Company, Almeida Road Panchpakhadi, Thane West, Maharashtra 400 602 Occupation: Professional Term: Till such time as IL&FS Investment Managers Limited is a shareholder of our Company DIN: 00089266	Indian	47 yrs	1. Arch Pharmalabs Limited 2. Asian Hotels (West) Limited 3. Bharat Fritz Werner Limited 4. Eastern Silk Industries Limited 5. JBF Industries Limited 6. Malladi Drugs & Pharmaceuticals Limited 7. Prasad Corporation Limited 8. RSB Transmissions (I) Limited
Mr. Lawrence Mohan Roy S/o Mr. Anthony Lawrence Alternate Director to Mr. Sunil V. Diwakar Non-Executive and Non-Independent Director Address: 14, Opp. Rohini Manor Apartments, Sudhekundapalaya, CV Raman Nagar Bangalore-560093 Occupation: Mechanical Engineering Term: Until Mr. Sunil V. Diwakar is a member of the Board DIN: 02215814	Indian	41 yrs	1. Malladi Drugs and Pharmaceuticals Limited 2. IL&FS Investment Advisors LLC 3. Bharat Fritz Werner Limited

Brief Profile of the Directors

Mr. Anil Kumar Sinha, Chairman, Non Executive and Independent Director

Mr. Anil Kumar Sinha, aged 61 years, is an Independent Director of our Company. He is a practicing advocate and holds an LL.B. degree from Jharkhand University. He was appointed Advocate General for the State of Jharkhand in July 2002, and continued his tenure till September 2008. Mr. Sinha runs a free Legal Aid Cell for the poor, especially SC/ST. He was appointed as the Chairman of our Company on January 11, 2010.

Mr. Nigam Chander Bahl, Executive Director

Mr. Nigam Chander Bahl, aged 71 years, is an Executive Director designated as Senior Director of our Company. He was appointed as the Director of our Company on April 5, 2007 and later on was appointed as an

Executive Director on August 19, 2009. He has extensive experience in the fields of mechanical engineering, production and general management. Mr. Bahl is a graduate in mechanical engineering from Banaras Hindu University. He overlooks all operations of our Company.

Mr Bahl has worked for ECL since 1983 and has experience in the fields of mechanical engineering, production and general management. He is a leader and a technologist and has experience of more than 10 years in handling steel projects. He has served ECL for 21 years as the whole time director. Mr Bahl has been instrumental in the commissioning of many plants during his association with ECL. Prior to ECL, Mr Bahl was with M/s Larsen and Toubro Limited ("L&T") in Rourkela where he overlooked many projects of L&T.

Mr. Umang Kejriwal, Non Executive and Non Independent Director

Mr. Umang Kejriwal, aged 57 years, has been a member of our Board since our incorporation. He is a commerce graduate from Calcutta University. Mr. Kejriwal has 37 years experience in steel & pipe manufacturing industry. From 1972 to 1975, he was actively engaged in the sale of products of ECL through his role as the executive director of the company's then sole selling agents, Electrocast Sales India Limited. He was appointed an executive director of ECL in 1975 and was subsequently promoted to deputy managing director in 1979. In 1981, he was promoted to managing director of ECL and continues till date.

Mr. Naresh Pachisia, Non Executive and Independent Director

Mr. Naresh Pachisia, aged 47 years, has completed his B.Com from Calcutta University and is a certified financial planner. Mr. Pachisia has been in capital markets for 26 years and has experience in equity research and broking, portfolio management, merchant banking and financial planning. He is also the promoter and managing director of SKP Securities Limited, which is listed on BSE.

Mr. Sanjoy Tekriwal, Non Executive and Independent Director

Mr. Sanjoy Tekriwal, aged 49 years, has completed his B.Com (Hons.) from Calcutta University and is also a member of the Institute of Chartered Accountants of India. He has worked in Usha Martin Industries Limited for 13 years and was General Manager (Marketing) when he left in 1994. Post 1994, he has been involved in his own business.

Mr. Sunil V. Diwakar, Nominee Director of Tara India Holdings A Limited

Mr. Sunil V. Diwakar, aged 47 years, holds a Masters degree in Production Technology from IIT, Madras and holds a diploma in International Management from IMI, New Delhi. He is the Managing Partner at IL&FS Investment Managers Limited. He has also worked in the aeronautical industry for over 3 years. His achievements also include heading the Mumbai office of ICICI Venture. Over the years, he has gained multi-sector exposure in manufacturing, life science, IT, media and retail sector transactions.

Mr. Lawrence Mohan Roy, Alternate Director to Mr Sunil V. Diwakar

Mr. Lawrence Mohan Roy, aged 41 years holds a Bachelors Degree in Mechanical Engineering and a Masters Degree in Business Administration from PSG College of Technology. He has 14 years of experience in private equity, and corporate finance, and has been with IL&FS Investment Advisors as a Partner. He has worked closely with a number of companies in the manufacturing and technology sectors.

Our Company has not entered into any service contracts with any Directors, which provide for any benefits to the said Directors upon termination. None of our Directors are related to each other. There is no arrangement or understanding with major shareholders, customers or others, pursuant to which directors or members of senior management are selected except Mr. Sunil V. Diwakar (Nominee Director for Tara India Holdings A Limited).

Remuneration of Directors

Terms and Conditions of Employment of Non-Executive Directors

Our Company pays its Non-Executive Directors sitting fees of Rs. 5,000/- for every meeting of its Board, Rs. 5,000/- for every meeting of the committees of the Board as authorised by Board resolution dated August 31, 2009.

Terms and Conditions of Employment of the Executive Directors

Mr. Nigam Chander Bahl was appointed as an executive Director by the Board of Directors with effect from August 19, 2009 for a period of 3 years (extendable up to 5 years). We had sought approval of the Ministry of Corporate Affairs for the terms and conditions of the appointment of Mr. Bahl by a Letter dated October 19, 2009. The Ministry of Corporate Affairs has granted approval by their letter dated May 6, 2010 for a period of 3 years from August 19, 2009 to August 18, 2010. The total remuneration payable to him from the date of his appointment shall not exceed Rs 11,522,924 p. a. for a period of three years. Earned/privileged leave may be allowed to him as per the rules of our Company. Leave accumulated and not availed of during his tenure as whole time director is allowed to be encashed at the time of his retirement as per the rules of our Company.

Compensation paid to our Directors during FY 2010

Name of Director	Term	Compensation	Remuneration in fiscal 2010 (Rs. in million)
Mr. Anil Kumar Sinha	Liable to retire by rotation	Sitting Fees	0.010
Mr. Umang Kejriwal	Liable to retire by rotation	Sitting Fees	0.060
Mr. Nigam Chander Bahl	3 years	See "*Terms and conditions of appointment of our Executive Directors*" above	8.052
Mr. Naresh Pachisia	Liable to retire by rotation	Sitting Fees	0.095
Mr. Sanjoy Tekriwal	Liable to retire by rotation	Sitting Fees	0.085
Mr. Sunil V. Diwakar	Till such time as Tara India Holdings A Limited is a shareholder of our Company	Nil	Nil

Shareholding of the Directors

The Articles of Association do not require our Directors to hold any qualification Shares. The following table details the shareholding of the Directors as at the date of this Red Herring Prospectus:

Name of the Director	No. Equity Shares held	Pre-Issue Percentage Shareholding
Mr. Umang Kejriwal	517,000	0.03%
Mr. Nigam Chander Bahl	1,100,250	0.06%
Mr. Naresh Pachisia	50,000	0.00*%

*Negligible

Bonus or Profit Sharing Plan of the Directors

There is no bonus or profit sharing plan for the directors of our Company.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them if any, 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, if any under our Articles of Association, and to the extent of remuneration paid to them, if any for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or their relatives or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as Directors, members, partners, trustees and Promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors have no interest in promotion of our Company or in any property acquired by our Company within two years of the date of this Red Herring Prospectus or proposed to be acquired. None of our Directors are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers, except Mr. Sunil V. Diwakar (Nominee Director for Tara India Holdings A Limited).

Except as stated in the chapter titled "Auditors Report - Related Party Transactions" on page 196 of this Red Herring Prospectus, the Directors do not have any other interest in the business of our Company.

Changes in our Board of Directors in the last three years

The changes in our Board of Directors during the last 3 years are as follows:

Name	Date of Change	Reason
Mr. Nigam Chander Bahl	April 05, 2007	Appointed
Mr. Uddhav Kejriwal	June 16, 2008	Resigned
Mr. Naresh Pachisia	May 20, 2009	Appointed
Mr. Sanjoy Tekriwal	May 20, 2009	Appointed
Mr. Vilas Vishnu Jamnis	July 25, 2009	Appointed as Executive Director
Mr. Anil Kumar Sinha	July 25, 2009	Appointed
Mr. Nigam Chander Bahl	August 19, 2009	Appointed as Executive Director
Mr. Sunil V. Diwakar	August 31, 2009	Appointed
Mr. Lawrence Mohan Roy (Alternate director to Mr Sunil V. Diwakar)	August 31, 2009	Appointed
Mr. Mayank Kejriwal	January 11, 2010	Resigned
Mr. Vilas Vishnu Jamnis	August 10, 2010	Resigned

Borrowing Powers of the Directors in our Company

The Directors are authorized to borrow for our Company (without the consent of the Company in general meeting) monies, where the monies to be borrowed, together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) will not exceed the aggregate of the paid up capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

The Directors may receive deposits bearing interest at such rates, as the Directors may deem fit from time to time. The Directors may raise or secure the repayment of such monies in such manner and upon such terms and conditions in all respects, as they think fit, and in particular by the creation and issue of debentures or mortgages, charges or debenture stock, or the issue of debentures or obligations of our Company secured or charged upon all or any part of the undertaking, properly and right, both present and future of our Company, including the uncalled Capital, or by giving, accepting or endorsing on behalf of our Company any promissory notes or bills of exchange.

Pursuant to the resolution passed in the shareholders' meeting dated April, 23 2009 by the shareholders of our Company under Section 293(1) (d) of the Companies Act, the Board has been authorized to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. The authorisation is to the extent that the Board may borrow monies together with monies already borrowed by our Company in excess of the aggregate of the paid-up capital of our Company and its free reserves; however, the borrowing is not to exceed Rs. 65,000 million at any time.

Corporate Governance

Corporate governance is administered through the Board and the committees of the Board. Additionally, the primary responsibility of upholding high standards of corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholders' value, vests with the Board.

In connection with the listing of the Equity Shares, we will be required to enter into listing agreements with the Stock Exchanges. Our Company is in compliance and undertakes to continue to be in compliance with Clause

49 of the Listing Agreements pertaining to corporate governance, including constitution of Board and appointment of independent Directors and constitution of the following committees of the Board:

1. Audit Committee
2. Share Transfer and Investors Grievance Committee
3. Remuneration Committee
4. IPO Committee
5. Committee for Allotment of Shares

Our Company currently has 6 Directors and 1 alternate director. Among the 6 Directors, 4 Directors are non-executive directors, 1 are executive directors and 1 is a nominee director. Our Chairman is a non-executive chairman and our Board of Directors comprises of 3 independent directors and 3 non-independent directors.

I. Audit Committee

The Audit Committee was constituted on July, 25, 2009. The Audit Committee comprises of the following members:

Sr. No	Name of the Director	Designation	Status
1.	Mr. Naresh Pachisia	Non Executive and Independent Director	Chairman
2.	Mr. Sanjoy Tekriwal	Non Executive and Independent Director	Member
3.	Mr. Anil Kumar Sinha	Non Executive and Independent Director	Member

All the three members of the Audit Committee are independent directors, within the meaning of Clause 49 of the Listing Agreement.

The terms of reference / scope and function of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement, and are as follows:

1. Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. 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.

3. Approving payments to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval, with particular reference to:

    i. 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;
    ii. Changes, if any, in accounting policies and practices and reasons for the same;
    iii. Major accounting entries involving estimates based on the exercise of judgment by management;
    iv. Significant adjustments to financial statements arising out of audit findings;
    v. Compliance with listing and other legal requirements relating to financial statements;
    vi. Disclosure of any related party transactions; and
    vii. Qualifications in the draft audit report.

5. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, 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.

8. Carrying discussions with internal auditors on any significant findings and follow up there on.

9. 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.

10. Carrying 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.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To monitor the use of proceeds received in the initial public offering.

II. Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee were constituted on August 31, 2009. The committee shall function in accordance with Clause 49 of the Listing Agreement.

Sr. No.	Name of the Director	Designation	Status
1.	Mr. Naresh Pachisia	Non Executive and Independent Director	Chairman
2.	Mr. Nigam Chander Bahl	Executive Director	Member
3.	Mr. Sanjoy Tekriwal	Non Executive and Independent Director	Member

The terms of reference / scope and function of the Share Transfer and Investors Grievance Committee include the performance of the functions as recommended in the Listing Agreement, to look into redressal of shareholders and investor complaints, issue of duplicate/ split/ consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/ transmission of shares and debentures and reference to statutory and regulatory authorities.

III. Remuneration Committee

The Remuneration Committee was constituted on July, 25 2009. The Remuneration Committee shall function in accordance with Clause 49 of the Listing Agreement.

Sr. No	Name of the Director	Designation	Status
1.	Mr. Naresh Pachisia	Non Executive and Independent Director	Chairman
2.	Mr. Sanjoy Tekriwal	Non Executive and Independent Director	Member
3.	Mr. Anil Kumar Sinha	Non Executive and Independent Director	Member

The terms of reference of the Remuneration Committee are as follows:

1. To assist the Board in formulating and implementing the remuneration policy of our Company *vis-à-vis* the Executive Directors; and
2. To recommend to the Board, the terms of compensation of Executive Directors.

IV. IPO – COMMITTEE

The IPO – Committee was constituted on January 11, 2010.

Sr. No	Name of the Director	Designation	
1.	Mr. Nigam Chander Bahl	Executive Director	Chairman
2.	Mr. Sanjoy Tekriwal	Non Executive and Independent Director	Member
3.	Mr. Sunil V. Diwakar	Nominee Director of Tara India Holdings A Limited	Member
4.	Mr. Naresh Pachisia	Non Executive and Independent Director	Member

The terms of reference / scope and function of the IPO Committee are as follows:

1. To consider the viability of an initial public offering of the equity shares of our Company in order to facilitate the financing of the steel plant at Bokaro; and

2. To settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of the equity shares and the utilization of the issue proceeds as it may deem fit; and

3. To accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, including the premium to be charged on the shares; and

4. To vary the size of the issue, appoint lead managers, banks or other authorities or agencies concerned or as the Committee may suo moto decide in its absolute discretion in the best interest of our Company without being required to seek any further consent or approval of the members; and

5. To give such directions and/or instructions as it may decide from time to time.

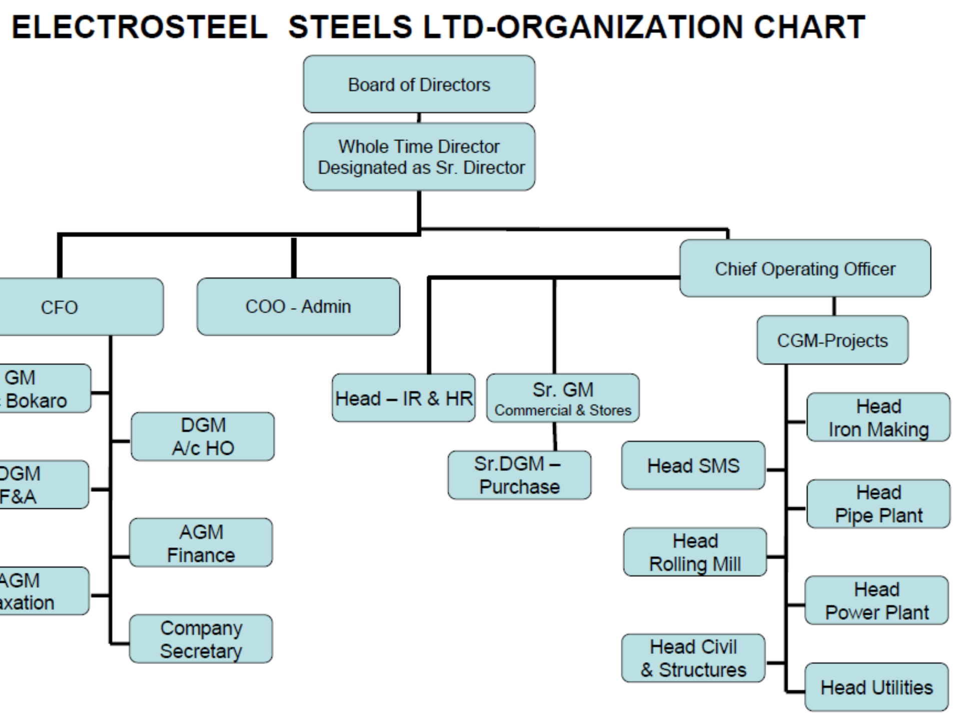
V. COMMITTEE FOR ALLOTMENT OF SHARES

The Share Allotment Committee was constituted on August 31, 2009.

Sr. No.	Name of the Director	Designation	Status
1.	Mr. Nigam Chander Bahl	Executive Director	Chairman
2.	Mr. Umang Kejriwal	Non Executive and Non Independent Director	Member
3.	Mr. Sanjoy Tekriwal	Non Executive and Independent Director	Member
4.	Mr. Naresh Pachisia	Non Executive and Independent Director	Member

The terms of reference / scope and function of the Share Allotment Committee include allotment and listing of shares and debentures and reference to statutory and regulatory authorities.

Management Organisation Structure



Key Managerial Personnel

In addition to our Directors, the following are the key managerial personnel of our Company. All of our key managerial personnel are permanent employees of our Company.

Mr. Ashutosh Agarwal

Mr. Ashutosh Agarwal, aged 45 years, is the Chief Finance Officer of our Company and is a member of the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India and has also completed his CS (Inter) from the Institute of Company Secretaries of India. He has more than 21 years (post qualification) experience in the fields of Finance, Accounts and other Commercial matters. He joined our Company on April 6, 2009. He is currently looking after all the financial matters of our Company. Prior to joining our Company, he was employed in Adhunik Metaliks Limited as Executive Director (Finance) and was in-charge of all its financials and commercial matters. Prior to Adhunik Metaliks Limited, he has worked with ECL as VP-Finance for approximately 3 years and Usha Martin Limited for 17 years, where he has moved through various departments and positions. Remuneration paid to him during the financial year 2009-2010 was Rs. 6,045,421.

Mr. D.P. Banerjee

Mr. D. P. Banerjee, aged 60 years, is a Mechanical Engineering graduate from Bihar University. He is currently holding the post of Chief General Manager, Projects. Mr. Banerjee has worked for the new installation and expansion of various steel plants in India and abroad for a period of 35 years. He joined our Company on October 1, 2007. He was previously employed at Mecon. Mr. Banerjee has handled various projects, including modernization of Durgapur Steel Plant, modernization of IISCO Steel Plant, Seamless Steel Tube Plants of BHEL, Trichy and Jindals, at Nasik installation of Rolling Mills of Ajaokuta Steel Plant, Nigeria, Medium Section Mill of United Gulf Steel, Saudi Arabia. He has also published several technical papers including the paper titled "Emerging Technology and Impact on Indian Steel in the Next Five Years," published in JE(1)

Journal, volume 82, April 2001 (Paper was awarded the SAIL Gold Medal for the year 2000-01). The remuneration paid to Mr. D.P. Banerjee for the financial year ended 2009-2010 was Rs. 4,272,000.

Mr. U.K. Dixit

Mr. U.K. Dixit, aged 63 years, is a Mechanical Engineering Graduate. He has joined our Company from August 2, 1010 and is currently holding the post of Chief Operating Officer. Mr. Dixit has over 39 years of experience in the steel industry including projects, plant operation and installation. He possesses great experience in handling Greenfield projects. Prior to joining our company, he was working at Jindal Steel & Power Ltd. (JSPL) as the 'In Charge' of Projects as Senior VP (Projects). He has also worked in the rank of a Deputy CEO for Ispat Overseas from 2004 to 2007. Before that, he was working at Bhilai Steel Plant (SAIL) in the capacity of a General Manager.

Mr. Vikram Saraogi

Mr. Vikram Saraogi, aged 31 years, is qualified Chartered Accountant from the Institute of Chartered Accountants of India and Company Secretary from the Institute of Company Secretaries of India. Mr. Saraogi has also completed PGDBM Finance from IMM and Masters of Commerce from Kolkata University. Mr Saraogi was appointed as Manager (Finance) on June 15, 2009 and was further appointed as the Company Secretary of our Company on July 25, 2009. He is presently responsible for all the secretarial compliances of our Company.

He has worked with SREI Infrastructure Finance Limited for 4 years and has handled the financial management of infrastructure projects where he was the crew member of the team responsible for the financial modelling, and debt syndication. He has also handled the secretarial compliances of various special purpose vehicles, where he was responsible for the timely secretarial filings and compliance with SEBI requirements. While at SREI Infrastructure Finance Limited, Mr. Saraogi also played a role in analyzing the past statistics / trends and future expectations and assisting the treasury department to frame out various strategic guidelines. Remuneration paid to him during the financial year 2009-2010 was Rs. 569,291.

Lt. Gen. A.R.K. Reddy

Lt. Gen. A.R.K. Reddy, aged 70 years, has graduated as a Bachelor of Commerce from Andhra University, Waltair and holds an MBA from Punjabi University, Patiala. He has served the Indian Army for over 40 years, starting as a Second Lieutenant and moved across different ranks to the post of Lt. General. During his tenure with the Indian Army, Lt. Gen. Reddy has successfully completed and implemented various tasks, which include but not limited to creation of a real time management information system; management of print and electronic media to project the image of the Indian Army; identifying key result areas and directly controlling and functioning of many senior officers who were functional heads of respective branches like logistics, engineering, operations, communications, electronics, medicals, hospitals, management etc. Lt. Gen. Reddy was also responsible for creation and management of various Army institutions like schools, colleges and hospitals. He has also held the post of President in three institutions, namely, Army Golf Course, Calcutta Polo Association, Army Officers Institute, Fort William, Calcutta. Lt. Gen. A.R.K. Reddy has been appointed as the Chief Operating Officer of our Company, and is in change of administration.

Shareholding of the Key Managerial Personnel

The Shareholding of our Key Managerial Personnel as on date of this Red Herring Prospectus is as follows:

Name of the KMP	No. Equity Shares held	Pre-Issue Percentage Shareholding
Mr. Ashutosh Agarwal	40,250	0.00%*
Mr. D.P. Bannerjee	30,000	0.00%*
Mr. Vikram Saraogi	15,000	0.00%*

*Negligible

Interests of Key Management Employees

The key management personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them.

None of our key management personnel have been paid any consideration of any nature from our Company, other than their remuneration. None of the above mentioned key managerial personnel are related to each other or are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

Changes in the Key Management Personnel

The following recruitments of the Key Management Personnel of our Company have taken place in the last 3 years:

Sr. No.	Name	Designation	Date of Change	Nature of change and Reason
1.	Mr. D.P. Banerjee	Chief General Manager (Projects)	October 1, 2007	Appointment
2.	Mr. Ashutosh Agarwal	Chief Finance Officer	April 6, 2009	Appointment
3.	Mr. Vikram Saraogi	Company Secretary and Compliance Officer	July 25, 2009	Appointment
4.	Mr. Kunj Lal Dewangan	Chief Operating Officer	November 2, 2009	Appointment
5.	Mr. Amritanshu Prasad	Chief, Industrial Relations	January 4, 2010	Appointment
6.	Mr. Kunj Lal Dewangan	Chief Operating Officer	January 23, 2010	Resignation
7.	Mr. Amritansu Prasad	Chief, Industrial Relations	February 28, 2010	Resignation
8.	Mr. U.K. Dixit	Chief Operating Officer	August 2, 2010	Appointment
9.	Lt. Gen. A.R.K Reddy	Chief Operating Officer (Admin)	May 3, 2010	Appointment

Bonus or Profit Sharing Plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for the key managerial personnel of our Company.

Payment or any benefit paid to Key Managerial Personnel

Other than the statutory benefits available to our employees, there is neither any amount or benefit paid by our Company to any key managerial personnel within the two preceding years of date this Red Herring Prospectus nor intended to be paid.

Termination/Retirement benefits paid to Key Managerial Personnel

Other than the statutory benefits available to our employees, there are no termination/retirement benefits for the key managerial personnel of our Company.

OUR PROMOTER

Our Promoter is Electrosteel Castings Limited

Electrosteel Castings Limited (“**ECL**”)

Corporate Information

ECL was incorporated on November 26, 1955 as a public limited company under the Companies Act, 1913 under the name Dalmia Iron & Steel Limited. The name of our company was changed to Electrosteel Castings Limited on October 19, 1965. ECL is currently in the business of manufacturing D.I. Pipes, C.I. Pipes and D.I. fittings. ECL along with its subsidiaries supplies D.I. Pipes and D.I. Fittings both domestically and internationally, mainly in South East Asia, the Middle East, Europe, Africa and United States of America and sale of C.I. Pipes in the domestic market only.

ECL (formerly, Dalmia Iron & Steel Limited) made an application to Calcutta Stock Exchange for listing its equity shares and submitted a letter of undertaking to comply with all listing conditions on March 19, 1958. Calcutta Stock Exchange, by its letter dated May 6, 1960 granted its approval to list the shares of ECL subject to the condition that 50% of the paid up capital should be offered to public comprising of 200,000 equity shares of ECL and an undertaking by ECL to remove any restrictions on transfer of fully paid up shares. And accordingly, the promoters of ECL diluted a portion of their shareholding by way of sale/transfer to the public during May 1960. Subsequently, the Calcutta Stock Exchange gave its listing approval to the ECL in 1960.

Pursuant to satisfying the listing conditions of the Calcutta Stock Exchange, ECL also made an application for listing its shares at the Bombay Stock Exchange on May 18, 1960 and the Bombay Stock Exchange gave its listing approval on July 2, 1960. ECL’s shares were also listed on the Madras Stock Exchange and the Ahmedabad Stock Exchange in 1989 and later on the National Stock Exchange in 2003.

ECL’s shares were delisted from the Delhi Stock Exchange on September 2, 2004, the Madras Stock Exchange on September 25, 2004, the Calcutta Stock Exchange on September 18, 2005 and the Ahmedabad Stock Exchange on December 10, 2003. The equity shares of ECL are presently listed on the Bombay Stock Exchange and National Stock Exchange. The Global Depository Receipts of ECL were listed on the London Stock Exchange in 2006. The Foreign Currency Convertible Bonds of ECL were listed on the Singapore Stock Exchange in 2006.

Registered Office

The registered office of ECL is located at Rathod Colony, Ranjgangpur, Orissa 770017.

Board of Directors

The Board of Directors of ECL as on date of this Red Herring Prospectus comprises of:

Name	Nature of directorship/designation
Mr. P. K. Khaitan	Non-Executive, Independent Chairman
Mr. Umang Kejriwal	Managing Director
Mr. Mayank Kejriwal	Joint Managing Director
Mr. Uddhav Kejriwal	Executive Director
Mr. R.S. Singh	Executive Director
Mr. M.K. Jalan	Executive Director
Mr. Vyas Mitre Ralli	Executive Director
Mr. S.Y. Rajagopalan	Non-Executive Non-Independent Director
Mr. Binod Khaitan	Independent Director
Mr. Naresh Chandra	Independent Director
Mr. Jamshed J Irani	Independent Director
Mr. M.B.N. Rao	Independent Director

Shareholding Pattern

The shareholding pattern of ECL as of June 30, 2010 is as below:

Category Code	Category of shareholder	No. of shareh olders	Total numbers of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a Percentage
(I)	(II))	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) =(VIII)/(IV) * 100
(A)	**Shareholding of Promoter and Promoter Group**							
1)	**Indian**							
(a)	Individuals/Hindu Undivided Family	18	40,246,541	32,974,391	12.4224	12.3171	Nil	Nil
(b)	Bodies Corporate	23	1,177,276,698	1,177,276,698	36.3376	36.0296	Nil	Nil
	SUB TOTAL (A)(1)	**41**	**157,974,209**	**150,692,059**	**48.7600**	**48.3467**	**Nil**	**Nil**
2)	**Foreign**							
	Total Shareholding of Promoter and Promoter Group (A)	**41**	**157,974,209**	**150,692,059**	**48.7600**	**48.3467**	**Nil**	**Nil**
(B)	**Public shareholding**							
1)	**Institutions**							
(a)	Mutual Funds/UTI	7	9,839,567	9,839,567	3.0371	3.0113	NA	NA
(b)	Financial Institutions/Banks	20	104,,0060	1,029,940	0.3211	0.3183	NA	NA
(c)	Central Government/ State Government	-	-	-	-	-	-	-
	Venture Capital Funds	-	-	-	-	-	-	-
	Insurance Companies	7	20,817,983	20,817,983	6.4256	-	-	-
(d)	Foreign Institutional Investors	2	96,605,446	-	5.3402	5.3402	-	-
	SUB TOTAL (B) (1)	**67**	**47,835,557**	**47,825,237**	**14.7649**	**14.6397**	**NA**	**NA**
2)	**Non-Institutions**							
(a)	Bodies Corporate	1,792	21,341,448	21,146,158	6.5872	6.5314	-	-
(b)	Individuals -						-	-
	i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	61,147	57,965,837	53,765,107	17.8917	17.7400	-	-
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	23	8,477,403	8,477,403	2.6166	2.5944	-	-
(c)	Others						-	-

Category Code	Category of shareholder	No. of shareh olders	Total numbers of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a Percentage
(I)	(II))	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) =(VIII)/(IV) * 100
	Non-Resident /individuals/OCB	766	2,907,837	2,850,677	0.8975	0.8899	-	-
	Foreign Companies	2	27,480,414	27,480,414	8.4821	8.4802	-	-
	SUB TOTAL B(2):	**63,730**	**118,172,939**	**113,719,759**	**36.4751**	**36.1659**	**-**	**-**
	Total Public Shareholding (B)	**63,797**	**166,008,496**	**161,544,996**	**51.240**	**50.8056**	**-**	**-**
	TOTAL (A)+(B)	**63,838**	**323,982,705**	**312,237,055**	**100**	**99.1523**	**NA**	**NA**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**1**	**2,770,000**	**2,770,000**	**NA**	**0.8477**	**-**	**-**
	GRAND TOTAL (A)+(B)+(C)	**63,839**	**326,752,705**	**315,007,055**		**100.0000**		

Financial Performance

Standalone Basis

In Rs million (Except per share data)

	For the Year ending March 31, 2010	For the Year ending March 31, 2009	For the year ending March 31, 2008
Equity capital	326.75	287.30	280.52
Reserves (excluding revaluation reserves)	15,511.00	12,324.80	11,185.44
Income	15,793.80	19,611.82	14,155.37
Profit after tax	2062.90	1,403.94	520.16
EPS (Rs.) (Face Value Re. 1)	6.45	4.94	2.25
NAV per share (Face Value Re. 1)	48.47	43.90	40.87

NAV per share is calculated after reducing Miscellaneous Expenditure not written off and Revaluation Reserve from Networth.
**** EPS not annualised***

Consolidated Basis

In Rs million (Except per share data)

	For the Year ending March 31, 2010	For the Year ending March 31, 2009	For the year ending March 31, 2008
Equity capital	326.75	287.30	280.52
Reserves (excluding revaluation reserves)	15,879.70	12,413.96	11,325.36
Income	17,084.24	20,995.22	15,483.91
Profit after tax	2,068.49	1,223.03	496.54
EPS (Rs) (Face Value Re. 1)	7.32	4.76	2.39
NAV per share (Rs) (Face Value Re. 1)	49.60	44.21	41.37

NAV per share is calculated after reducing Miscellaneous Expenditure not written off and Revaluation Reserve from Networth.
** EPS not annualised*

Share Price Information

The equity shares of ECL are listed on BSE and NSE. Monthly high and low of the closing market price of the shares on BSE and NSE for the last six months are as follows:

	BSE		NSE	
	High (Rs.)	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
March, 2010	53.00	45.60	52.90	45.70
April, 2010	53.95	48.80	54.00	48.75
May, 2010	50.90	44.65	50.90	44.50
June, 2010	49.20	44.95	49.35	44.85
July, 2010	50.10	46.80	50.05	46.85
August, 2010	53.30	47.55	53.20	47.40

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

As September 09, 2010, the market capitalization of Electrosteel Castings Limited on the BSE was Rs. 16,844.41 million.

As of September 09, 2010, the market capitalization of Electrosteel Castings Limited on the NSE was Rs. 16,860.43 million.

Details of the public/ rights issue made during the last three years

ECL has not made a public issue or rights issue in India in the last three years. However, ECL has issued Foreign Currency Convertible Bonds and Global Depository Receipts, which were listed on the Singapore Stock Exchange and London Stock Exchange respectively in 2006. The Foreign Currency Convertible Bonds for an amount aggregating to USD 75,000,000 were issued, out of which, Foreign Currency Convertible Bonds aggregating to USD 20,450,000 are still pending conversion by May 26, 2011.

Declaration

We confirm that the details of our Promoter viz., Company Registration Numbers and the addresses of the Registrars of Companies where our Promoter is registered, Permanent Account Number and Bank Account Number have been submitted with the Stock Exchanges at the time of filing the Draft Red Herring Prospectus. Further, the Promoter has not been declared as a willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoter in the past or are pending against them except as disclosed in chapter titled "Outstanding Litigation and Material Developments" on page 236 of this Red Herring Prospectus.

Further, ECL is not a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985, and is not in the process of any winding up. ECL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Mechanism of Redressal of Investor Grievance

All share related transactions namely, transfer, transmission, transposition, nomination, dividend, change of name / address / signature, registration of mandate / power of attorney, replacement / split / consolidation of share certificate / demat / remat of shares, issue of duplicate certificates are being handled by the company secretary, who discharges investor service functions.

The exact status of the redressal of investor grievances for FY 2007-08, 2008-09, 2009-2010 and for the period from April 1, 2010 to September 9, 2010 in terms of number of investor complaints received, resolved and pending is as under:

For FY 2007-2008

Received	**Resolved**	**Pending**
28	29*	NIL

**one investor grievance was carried forward from the previous financial year.*

For FY 2008-2009

Received	Resolved	Pending
42	42	NIL

For FY 2009-2010

Received	Resolved	Pending
49	49	NIL

For the period from April 1, 2010 to September 09, 2010

Received	Resolved	Pending
19	17	2

Interests of the Promoter

Our Promoter is interested to the extent that it has promoted our Company and its shareholding in our Company. Further, neither our Promoter nor any of our Directors have any interest in:

1. in any property / land acquired by our Company except the acquisition of approximately 210.82 acres of land from ECL for a total consideration of Rs. 44.05 million; and
2. in any property proposed to be acquired by our Company.

Payment of benefits to our Promoter

Except as stated in the chapter titled "Auditors Report - Related Party Transactions" on page 196 of this Red Herring Prospectus, there has been no payment of benefits to the Promoter during the two years prior to the filing of this Red Herring Prospectus.

Promoters of ECL

The individual promoters of ECL are as follows:

1. Mr. Umang Kejriwal;
2. Mr. Mayank Kejriwal; and
3. Mr. Uddhav Kejriwal.

The details of these individuals are as follows:

	**Mr. Umang Kejriwal** is the managing director of ECL. He is a resident Indian national. For further details, see the chapter titled "Our Management" on page 142 of this Red Herring Prospectus. His driving license number is WB-001971184100. His voter identification number is WB/23/146/222584.

	**Mr. Mayank Kejriwal** is the joint managing director of ECL. He is a resident Indian national. His driving license number is WB-011972368401. His voter identification number is DWK1863315.

	**Mr. Uddhav Kejriwal** is a whole-time director of ECL. He is a resident Indian national. His driving license number is WB-012006389527. His voter identification number is DWK2013936.

Companies with which our Promoter has disassociated in the last three years

ECL has not disassociated with any entity in the last three years.

GROUP COMPANIES

Apart from our Promoter, the following companies constitute our Promoter Group:

Relatives of Promoter

N.A

Entities forming part of the Promoter Group

The following entities form part of our Promoter Group:

Sr. No.	Name of the company
1.	Lanco Industries Limited
2.	Electrosteel Algerie SPA
3.	Electrosteel Castings (UK) Limited (Formerly known as Chesterfield Ductile Group Limited)
4.	Electrosteel USA LLC
5.	Electrosteel Europe SA
6.	Singardo International Pte. Limited
7.	Domco Private Limited
8.	North Dhadu Mining Company Private Limited
9.	N. Marshall Hi-tech Engineers Private Limited
10.	Sky-B (Bangla) Private Limited
11.	Biswa Microfinance Private Limited
12.	Electrosteel Thermal Power Limited

Entities forming part of Group Companies

The following entities form part of our Group Companies:

Sr. No.	Name of the company
1.	Lanco Industries Limited
2.	Electrosteel Algerie SPA
3.	Electrosteel Castings (UK) Limited (Formerly known as Chesterfield Ductile Group Limited)
4.	Electrosteel USA LLC
5.	Electrosteel Europe SA
6.	Singardo International Pte. Limited
7.	Domco Private Limited
8.	North Dhadu Mining Company Private Limited
9.	Waterfab LLC

Financial Information of top five Group Companies

We have 1 listed group company, Lanco Industries Limited. In addition to the listed group company, the following are the largest unlisted group companies (based on turnover).

Sr. No.	Name of the Group Company
1.	Electrosteel Algerie SPA
2.	Electrosteel Castings (UK) Limited
3.	Singardo International Pte Limited
4.	Electrosteel Europe SA

1. **Lanco Industries Limited** ("LIL")

Corporate Information

LIL was incorporated as Lanco Ferro Limited under the Companies Act on November 1, 1991. A fresh certificate of incorporation was issued by the RoC on July 6, 1994 upon change of name of Lanco Ferro Limited to Lanco Industries Limited. The business of LIL is to carry on trade and manufacture of D.I. Pipes, Pig Iron and cement all grades and compositions of Iron and Steel, set up steel furnaces and carry out business of iron foundries, steel makers and steel shapers.

Registered Office

The registered office of LIL is located at Srikalahasti Mandal, Chittor District, Rachagunneri - 517641, Andhra Pradesh.

Board of Directors

1. Mr. Mayank Kejriwal
2. Mr. G. Maruti Rao
3. Mr. Gouri Shankar Rathi
4. Mr. L. Madhushudan Rao
5. Mr. G. Bhaskara Rao
6. Mr. L. Sridhar
7. Mr. P.M. Suresh
8. Mr. V.K. Agarwal

Shareholding Pattern

The shareholding pattern of LIL on June 30, 2010 is as follows:

Category Code	Category of shareholder	No. of shareholders	Total numbers of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a Percentage
(I)	(II))	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) =(VIII)/(IV)* 100
(A)	Shareholding of Promoter and Promoter Group							
1)	**Indian**							
(a)	Individuals/Hindu Undivided Family							
(b)	Bodies Corporate	6	20,107,386	15,156,861	50.57	50.57	-	-
	SUB TOTAL (A)(1)	**6**	**20,107,386**	**15,156,861**	**50.57**	**50.57**	**-**	**-**
2)	**Foreign**							
	Total Shareholding of Promoter and Promoter Group (A)	**6**	**20,107,386**	**15,156,861**	**50.57**	**50.57**	**-**	**-**
(B)	**Public shareholding**							
1)	**Institutions**							
(a)	Mutual Funds/UTI	4	17,325	12,525	0.04	0.04	-	-
(b)	Financial	4	20,425	10,200	0.05	0.05	-	-

Category Code	Category of shareholder	No. of shareh olders	Total numbers of shares	Number of shares held in dematerialis ed form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a Percentage
(I)	(II))	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) =(VIII)/(IV)* 100
	Institutions/Banks							
(c)	Central Government/ State Government	2	244,200	243,750	0.61	0.61	-	-
(d)	Foreign Institutional Investors	1	10,050	-	0.03	0.03	-	-
	SUB TOTAL (B) (1)	**11**	**292,000**	**266,475**	**0.73**	**0.73**	**-**	**-**
2)	**Non-Institutions**							
(a)	Bodies Corporate	558	2,755,635	2,497,439	6.93	6.93	-	-
(b)	Individuals -						-	-
	i) Individual shareholders holding nominal share Capital up to Rs.1 lakh	16,906	4,513,060	4,143,587	11.35	11.35	-	-
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	66	10,442,736	1,104,541	26.26	26.26	-	-
(c)	Others						-	-
	TRUSTS	1	10,000	10,000	0.03	0.03		
	Non-Resident individuals	194	1,579,027	1,018,529	3.97	3.97	-	-
	Clearing Members	87	63,751	63,751	0.16	1.06	-	-
	SUB TOTAL B(2):	**17,812**	**19,364,209**	**8,837,847**	**48.70**	**48.70**	**-**	**-**
	Total Public Shareholding (B)	**17,823**	**19,656,209**	**9,104,322**	**49.43**	**49.43**	**-**	**-**
	TOTAL (A)+(B)	**17,829**	**39,763,595**	**24,261,183**	**100.00**	**100.00**	**-**	**-**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A)+(B)+(C)	**17,829**	**39,763,595**	**24,261,183**	**100.00**	**100.00**	**0**	**0.00**

Financial Performance

The summary audited financials of LIL for the last three fiscal years are as follows:

(In Rs. Million, except share data)

Particulars	For the year ended		
	March 31, 2010	**March 31, 2009**	**March 31, 2008**
Equity Capital	397.64	397.64	397.64
Reserves (excluding revaluation reserves) and surplus	1371.39	854.98	717.97
Income	6963.39	6,443.50	4,647.30
Profit/(Loss) After Tax	579.40	183.53	259.17
Earning Per Share (face value Rs. 10)	14.57	4.62	6.52
Net asset value per share*	44.49	31.50	28.06

**NAV per share is calculated using the formula: (equity share capital + reserves) / number of equity shares outstanding. Further, the reserves have been adjusted for miscellaneous expenditure and debit in profit and loss account.*

The equity shares of LIL are listed on BSE and NSE. Monthly high and low of the closing market price of the equity shares on BSE and NSE for the last six months are as follows:

	BSE		NSE	
Months	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
March, 2010	65.65	61.85	65.70	61.60
April, 2010	77.15	65.90	77.20	65,95
May, 2010	67.40	56.35	67.30	56.20
June, 2010	62.2	59.40	62.10	59.30
July, 2010	62.10	58.35	61.90	58.35
August, 2010	60.30	57.90	60.85	57.80

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

The closing price of LIL on BSE was Rs.61.70 as of, September 9, 2010.

The closing price of LIL on NSE was Rs. 61.50 as of September 9, 2010.

As of September 9, 2010, the market capitalization of Lanco Industries Limited on the BSE was Rs. 2,453.41 million.

As of September 9, 2010, the market capitalization of Lanco Industries Ltd. on the NSE was Rs. 2,445.46 million.

LIL has not made any public issue or rights issue of equity shares in the last three years. It is not under winding up LIL has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Mechanism of Redressal of Investor Grievance

The exact status of the redressal of investor grievances for FY 2007-08, 2008-09, 2009-2010 and for the period from April 1, 2010 to September 9, 2010 in terms of number of investor complaints received, resolved and pending is as under:

For FY 2007-2008

Received	Resolved	Pending
69	69	NIL

For FY 2008-2009

Received	Resolved	Pending
41	41	NIL

For FY 2009-2010

Received	Resolved	Pending
50	50	NIL

For the period from April 1, 2010 to September 09, 2010

Received	Resolved	Pending
70	70	-

2. Electrosteel Europe SA ("EES")

Corporate Information

EES was incorporated under the French Company Law on December 24, 2001. The business of EES is trading of D.I. Pipes, Fittings and Accessories relating to water supply, water treatment, sewerage and sewage treatment.

Registered Office

The registered office of EES is located at 9, Rue Galilee, Zone Industrielle Nord, Zi Nord, 13200 Arles (Bouches Du Rhone).

Board of Directors

1. Mr. Mayank Kejriwal
2. Mr. Uddhav Kejriwal
3. Mr. Pankaj Poddar
4. Mr. Cyrille Jean Francois Hahang
5. Mr. Mahendra Kumar Jalan
6. Mr. Jesus Luis Martinez Yu

Shareholding Pattern

The shareholding pattern of EES on March 31, 2010 is as follows:

Sr. No.	Name of the shareholder	Number of equity shares held (Euro 10 per share)	Percentage
1.	Electrosteel Castings Limited	79,880	99.8
2.	Mr. Pankaj Poddar	20	0.03
3.	Mr. Mayank Kejriwal	20	0.03
4.	Mr. Uddhav Kejriwal	20	0.03
5.	Mr. Cyrille Jean Francois Hahang	20	0.03
6.	Mr. Mahendra Kumar Jalan	20	0.03
7.	Mr. Jesus Luis Martinez Yu	20	0.03
Total		**80,000**	**100**

Financial Performance

The summary audited financials of EES for the last three fiscal years are as follows:

(In Euros million, except share data)

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Equity Capital	0.80	0.80	0.80
Reserves (excluding revaluation reserves) and surplus	1.26	1.09	0.93
Income	35.51	38.48	39.91
Profit/(Loss) After Tax	0.17	0.17	0.44
Earning Per Share (face value Euro 10 per share)	2.06	2.09	5.45
Net asset value per share*	25.75	23.61	21.57

**NAV per share is calculated using the formula: (equity share capital + reserves) / number of equity shares outstanding. Further, the reserves have been adjusted for miscellaneous expenditure and debit in profit and loss account.*

EES is an unlisted company and it has not made any public or rights issue in the preceding three years. It is not under winding up. EES has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

3. Electrosteel Algerie SPA (“**EAS**”)

Corporate Information

EAS was incorporated under the laws of Algerie on December 10, 2003. The business of EAS is trading of D.I. Pipes, Fittings and Accessories relating to water supply, water treatment, sewerage and sewage treatment.

Registered Office

The registered office of EAS is located at Rue El Hadi Houasine No. 16 Kaouch, Cheraga 16002, (W Alger), Algeirs, Algeria.

Board of Directors

1. Mr. Umang Kejriwal
2. Mr. Nigam Chander Bahl (nominee for Electrosteel Castings Limited)
3. Mr. Mahendra Kumar Jalan
4. Mr. Pankaj Poddar
5. Mr. Cyrille Jean Francois Hahang
6. Mr. Mohammed Guedouari

Shareholding Pattern

The shareholding pattern of EAS on March 31, 2010 is as follows:

Sr. No.	Name of the shareholder	Number of equity shares held (DZD 1000 per share)	Percentage
1.	Electrosteel Castings Limited	82,492	99.99%
2.	Mr. Umang Kejriwal	2	0.0024%
3.	Mr. Mayank Kejriwal	1	0.0012%
4.	Mr. Mahendra Kumar Jalan	1	0.0012%
5.	Mr. Nigam Chander Bahl	1	0.0012%
6.	Mr. Pankaj Poddar	1	0.0012%
7.	Mr. Mohammed Guedouari	1	0.0012%
8.	Mr. Cyrille Jean Francois Hahang	1	0.0012%
Total		**82,500**	**100**

Financial Performance

The summary audited financials of EAS for the last three fiscal years are as follows:

(In Algerian Dinar million, except share data)

Particulars	**For the year ended**		
	March 31, 2010	**March 31, 2009**	**March 31, 2008**
Equity Capital	82.50	82.50	82.50
Reserves (excluding revaluation reserves) and surplus	167.85	186.55	(25.42)
Income	2,335.64	1,860.97	1,416.99
Profit/(Loss) After Tax	(166.54)	88.47	135.07
Earning per share (face value DZD 1,000)	-	1,072.36	1,637.21
Net asset value per share*	3,034.55	3,261.22	691.84

**NAV per share is calculated using the formula: (equity share capital + reserves) / number of equity shares outstanding. Further, the reserves have been adjusted for miscellaneous expenditure and debit in profit and loss account.*

EAS is an unlisted company and it has not made any public or rights issue in the preceding three years. It is not under winding up. EAS has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

4. Electrosteel Casting UK Limited ("ECU")

Corporate Information

ECU was incorporated under the UK Companies Act, 1985 as Broomco (2298) Limited on August 22, 2000. The name of the company was changed to Electric Provida Limited on September 21, 2000. A fresh certificate of incorporation was granted upon change of name to Chesterfield Ductile Group Limited on January 17, 2005 and further to Electrosteel Castings UK on December 2, 2008. ECL subscribed to the share capital of the company by a joint venture agreement with Fusion Group (Holdings) PLC dated January 20, 2005. The name of the company was changed to Electrosteel Castings (UK) Limited on December 2, 2008. The business of ECU is to manufacture basic Iron and Steel and ferroalloys and the wholesale of metal and metal ores.

Registered Office

The registered office of ECU is located at Ambrose Yard, Broombank Road Trading Estate, Broombank Road, Chesterfield, Derbyshire, S41 9QJ.

Board of Directors

1. Mr. N.A Green
2. Mr. A.J. Radford
3. Mr. P. Lohia
4. Mr. M.K. Jalan

Shareholding Pattern

The shareholding pattern of ECU on March 31, 2010 is as follows:

Sr. No.	Name of the shareholder	Number of equity shares held (GBP 1 per share)	Percentage
1.	Electrosteel Castings Limited	100,000	100%
Total		**100,000**	**100%**

Financial Performance

The summary audited financials of ECU for the last three fiscal years are as follows:

(In million pounds, except share data)

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Equity Capital	0.1	0.1	0.1
Reserves (excluding revaluation reserves) and surplus	0.31	0.31	0.12
Income	11.65	11.42	9.72
Profit/(Loss) After Tax	0.002	0. 19	0.13
Earning Per Share (face value GBP 1)	0.02	1.89	1.28
Net asset value per share*	4.12	4.12	2.23

**NAV per share is calculated using the formula: (equity share capital + reserves) / number of equity shares outstanding. Further, the reserves have been adjusted for miscellaneous expenditure and debit in profit and loss account.*

ECU is an unlisted company and it has not made any public or rights issue in the preceding three years. It is not under winding up. ECU has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

5. Singardo International Pte. Limited ("SIP")

Corporate Information

SIP was incorporated under the Singapore Companies Act on February 20, 2003. The business of SIP is general import, export and trading of items including ductile iron pipes, fittings and valves.

Registered Office

The registered office of SIP is located at 116, Lavender Street #02-04, Pek Chuan Building, Singapore 338730.

Board of Directors

1. Mr. M.K. Jalan
2. Mr. Chua Yueh Shian
3. Mr. Pankaj Poddar

Shareholding Pattern

The shareholding pattern of SIP on March 31, 2010 is as follows:

Sr. No.	Name of the shareholder	Number of equity shares held (Singapore $ 1 per share)	Percentage holding (%)
1.	Electrosteel Castings Limited	1,500,000	60.00
2.	Chau Ai Leng Mdm	160,000	6.40
3.	Chau Hock Jin	100,000	4.00
4.	Chau Yueh Shian	180,000	7.20
5.	Chiu Kar Wee	200,000	8.00
6	Chua Yueh Ang	200,000	8.00
7.	Chua Yueh Siang	160,000	6.40
Total		**2,500,000**	**100.00**

Financial Performance

The summary audited financials of SIP for the last three fiscal years are as follows:

(In million Singapore dollars, except share data)

Particulars	For the year ended		
	March 31, 2010	March 31, 2009	March 31, 2008
Equity Capital	2.5	2.5	2.5
Reserves (excluding revaluation reserves) and surplus	1.32	0.92	0.26
Income	12.38	14.61	11.30
Profit/(Loss) After Tax	0.45	0.66	0.07
Earning Per Share (face value SGD 1)	0.18	0.26	0.03
Net asset value per share*	1.53	1.37	1.10

**NAV per share is calculated using the formula: (equity share capital + reserves) / number of equity shares outstanding. Further, the reserves have been adjusted for miscellaneous expenditure and debit in profit and loss account.*

SIP is an unlisted company and it has not made any public or rights issue in the preceding three years. It is not under winding up. SIP has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Information about other Group Companies

1. Electrosteel US, LLC ("E-US")

E-US was incorporated under the Delaware Limited Liability Company Act, on September 30, 2008. The principle place of business of E-US is 270, Doug Baker Boulevard, Suite 700-291, Birmingham, Alabama

35242. ECL holds 100% of the shareholding of E-US. The management of E-US shall be conducted by Mr. Mehendra Kumar Jalan, who has the requisite authority to perform necessary actions to conduct business operations. E-US is authorised to conduct any lawful business activity, in accordance with the laws governing its formation and operation. At present, the current business of E-US is to engage in any lawful business or activity for which a limited liability company can be formed under the Statutes of Delaware.

2. Domco Private Limited ("DPL")

DPL was incorporated under the Companies Act as Domco Smokeless Fuels Private Ltd. on February 29, 1988. A fresh certificate of incorporation was issued by the RoC pursuant to change in name of Domco Smokeless Fuels Private Ltd. to Domco Private Ltd. on August 29, 2003. A certificate of registration pursuant to alteration of clauses of DPL's MOA and AOA in respect of its objects was issued by the RoC on February 13, 2004. The business of DPL is consultancy in the coal industry, manufacture of domestic coke as special smokeless fuels and other coal related products. The registered office of DPL is located at 403 Commerce House, Sarda Babu St, Ranchi, Jharkhand – 834001. ECL holds 50% of the share capital of DPL.

3. North Dhadu Mining Company Private Limited ("NDMC")

NDMC was incorporated under the Companies Act as North Dhadu Mining Company Pvt. Ltd. on October 22, 2008. The business of NDMC is mining and production of metals in particular coal mining. The registered office of NDMC is located at Sandhya Sukriti Apartments, Flat No 6C, 6th Floor, Opposite Tagore Hill Morabadi, Ranchi, Jharkhand- 834008. ECL holds 49% of the share capital of NDMC.

4. Waterfab, LLC ("Waterfab")

Our owned subsidiary E-US created a subsidiary of its own called Waterfab, LLC on October 20, 2009. Waterfab is registered as an LLC under the Delaware Limited Liability Company Act, with E-US as the sole member holding the entire shareholding of Waterfab. The principle place of business of E-US is 270, Doug Baker Boulevard, Suite 700-291, Birmingham, Alabama 35242. Waterfab is engaged in the activities of trading of DI pipes, fittings and accessories and fabrication work relating to water supply, water treatment, sewerage and sewage treatment.

Sick Companies

None of the Group Companies have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of the Group Companies, to the Registrar of Companies for striking off their names. Additionally, none of our Group Companies have become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

Common Pursuits

The businesses of ECL, Lanco Industries and our Company overlap with respect to manufacture of D.I. Pipes. The manufacturing facilities of ECL, Lanco Industries and our Company are located in three different states viz, West Bengal, Andhra Pradesh and Jharkhand, respectively to enable cost effective supply of their respective products to each of those states. Further, this overlap with respect to manufacture D.I. Pipes with ECL and Lanco Industries would amount to 15% of our total proposed capacity and therefore would not create a material conflict.

For details of any sales, purchases and any other transactions between our Company, ECL and our group companies, please see the chapter titled "Auditors Report -Related Party Transactions" on page 196 of this Red Herring Prospectus.

CURRENCY OF PRESENTATION

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America and to "Euro" or "€"is to the official currency of the European Union and to "Algerian Dinar" or "DZD" is to the official currency of Algeria.

This Red Herring Prospectus contains translations of certain US Dollar and Euro into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

DIVIDEND POLICY

The declaration and payments of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements.

SECTION V: FINANCIAL STATEMENTS

Auditors Report

The Board of Directors
Electrosteel Steels Limited
801, Uma Shanti Apartments,
Kanke Road
Ranchi – 834 008
Jharkhand

Re: Public Issue of Electrosteel Steels Limited

We have examined the annexed financial information of Electrosteel Steels Limited (formerly known as Electrosteel Integrated Limited) as approved by the Board of Directors of the Company, for the purpose of disclosure in the Offer Documents being issued by the Company in connection with the public issue of Equity Shares (referred to as 'the Issue') of the Company. The financial information is based on the accounts audited by us, for the period December 20, 2006 to March 31, 2008 being the first financial period, year ended March 31, 2009, year ended March 31, 2010 and three months period ended June 30, 2010 and as approved by the Board of Directors of the Company, for the purpose of disclosure in the Offer Documents being issued by the Company in connection with the public issue of Equity Shares (referred to as 'the Issue') of the Company.

This Financial Information has been prepared in accordance with the requirements of:

a. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 ('the Act')

b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations")

c. The revised Guidance Note on the Reports in Company Prospectus issued by The Institute of Chartered Accountants of India ('ICAI'), and

d. Our terms of reference with the Company dated January 12, 2010 requesting us to carry out work in connection with the Issue as aforesaid.

The financial information for the aforesaid period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

A. Financial Information as per the Audited Financial Statements:

a. We report that the Restated Assets and Liabilities of the Company as at March 31, 2008, 2009, 2010 and three months period ended June 30, 2010, as set out in Annexure 'I' to this report are after making such adjustments/restatements and regrouping, if any, as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Accounts appearing in Annexure IV & V respectively, to this report.

b. We report that the Restated Profit & Loss Account of the Company for the period/year ended from December 20, 2006 to March 31, 2008, 2008-09, 2009-10 and three month period ended on June 30, 2010, as set out in Annexure 'II' to this report are after making such adjustments/restatements and regrouping, if any, as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Accounts appearing in Annexure IV & V respectively, to this report.

c. We report that the Restated Cash Flow of the Company for the period December 20, 2006 to March 31, 2008, financial year ended March 31, 2009, financial year ended March 31, 2010 and three months period ended June 30, 2010 as set out in Annexure 'III' to this report are after making such adjustments/restatements and regrouping as in our opinion are appropriate and more fully described in the Significant Accounting Policies and Notes on Accounts appearing in Annexure IV & V respectively, to this report.

B. As per the SEBI ICDR Regulations and based on our examination of these Statements of Assets and Liabilities and Cash Flow of the Company, as restated, we confirm that:

(i) There has been no change in the accounting policies of the Company from the year of incorporation till the three months period ended June 30, 2010, hence no restatement is required to give effect for any changes in the accounting policies of the Company

(ii) There are no prior period items which need to be adjusted in the Restated Statements of Assets and Liabilities, Profit & Loss Account and Cash Flows,

(iii) There were no qualification in the audit reports issued by us for the three months period ended June 30, 2010, financial year ended March 31, 2010, March 31, 2009 and for the period December 20, 2006 to March 31, 2008, which would require adjustment in this Restated Statements of Assets and Liabilities, Profit & Loss Account and Cash Flow;

(iv) The Restated Statements of Assets and Liabilities, Profit & Loss Account and Cash Flow, have been arrived at after making such adjustments/restatements and regrouping as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in Annexure IV and Notes to the Restated Statements as appearing in Annexure V to this report; and

(v) There are no extra-ordinary items that need to be disclosed separately in the Restated Statements of Assets and Liabilities, Profit & Loss Account and Cash Flow.

C. Other Financial Informations:

We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer Documents:

a. Statement of Accounting Ratios as appearing in Annexure VI to this report.
b. Statement of Capitalisation as appearing in Annexure VII to this report.
c. Statement of Secured Loans as appearing in Annexure VIII to this report.
d. Statement of Loans & Advances as appearing in Annexure IX to this report.
e. Statement of Investments as appearing in Annexure X to this report.
f. Statement of Contingent Liability as appearing in Annexure XI to this report.
g. Statement of details of Transaction with Related Parties as appearing in Annexure XII to this report.

D. In our opinion the above financial information of the Company as stated in Para A, B & C above read with Significant Accounting Policies and Notes attached as Annexure IV & V to this report, after making adjustments/restatements and re-grouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Companies Act and the SEBI Regulations.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B Chhawchharia & Co.
Firm Registration No.: 305123E
Chartered Accountants

Vikram Dhanania
Partner
Membership No. 060568
Date: September 4, 2010
Place: Kolkata

Annexure I

Restated Statement of Assets and Liabilities

Rs. in millions

Particulars		As on			
		March 31, 2008	**March 31, 2009**	**March 31, 2010**	**June 30, 2010**
A	**FIXED ASSETS**				
	Gross Block	475.68	1,277.15	2,031.61	2,078.05
	Less: Depreciation	0.47	3.14	15.28	20.29
	Net Block	475.21	1,274.01	2,016.33	2,057.76
	Less : Revaluation Reserve	Nil	Nil	Nil	Nil
	Net Block after adjustment for Revaluation Reserve	475.21	1,274.01	2,016.33	2,057.76
	Capital Work in Progress	2,194.66	19,951.06	36,856.00	39,617.45
	Total Fixed Assets (A)	**2,669.87**	**21,225.07**	**38,872.33**	**41,675.21**
B	**INVESTMENTS (B)**	**Nil**	**1,764.25**	**1,606.04**	**86.87**
C	**CURRENT ASSETS, LOANS AND ADVANCES**				
	Inventories	Nil	Nil	Nil	Nil
	Sundry Debtors	Nil	Nil	Nil	Nil
	Cash and bank Balance	1,660.33	556.14	943.20	229.69
	Loans and Advance	164.42	411.65	793.01	911.30
	Total (C)	**1,824.75**	**967.79**	**1,736.21**	**1,140.99**
D	**LIABILITIES ANDPROVISIONS**				
	Secured Loans	1,330.60	17,285.33	24,693.56	25,137.21
	Unsecured Loans	Nil	Nil	Nil	Nil
	Current Liabilities	61.55	172.15	845.30	1,090.77
	Provisions	2.15	7.14	18.27	17.64
	Deferred Tax liability	Nil	Nil	Nil	Nil
	Total (D)	**1,394.30**	**17,464.62**	**25,557.13**	**26,245.62**
E	**NET WORTH (A+B+C-D)**	**3,100.32**	**6,492.49**	**16,657.45**	**16,657.45**
F	**REPRESENTED BY:**				
	Share Capital	0.90	3,385.73	16,657.63	16,657.63
	Share Application Money (pending allotment)	3,099.60	3,106.94	Nil	Nil
	Total Reserves and Surplus	Nil	Nil	Nil	Nil
	Less Revaluation Reserves	Nil	Nil	Nil	Nil
	Net Reserve and Surplus	Nil	Nil	Nil	Nil
	Miscellaneous Expenditure	(0.18)	(0.18)	(0.18)	(0.18)
	NET WORTH (A+B-C)	**3,100.32**	**6,492.49**	**16,657.45**	**16,657.45**

Annexure II

Restated Profit & Loss Account

Rs. in millions

	Particulars	For the year/period ended			
		December 20, 2006 to March 31, 2008	**March 31, 2009**	**March 31, 2010**	**April 1, 2010 to June 30, 2010**
	INCOME				
	Sales	Nil	Nil	Nil	Nil
	Increase/ (Decrease) in stocks	Nil	Nil	Nil	Nil
	Other Income				
	Interest income	36.94	65.76	45.41	4.91
	Dividend income	Nil	32.73	83.69	9.14
	Exchange fluctuation	0.03	41.69	446.92	(286.60)
	Gain/(loss) on forward contracts	Nil	14.53	(97.54)	2.63
	Profit on sale of fixed assets	Nil	0.03	Nil	Nil
	Profit on sale of Investments	Nil	Nil	0.19	1.71
	Total	**36.97**	**154.74**	**478.67**	**(268.21)**
	EXPENDITURE				
	Material Consumed	Nil	Nil	Nil	Nil
	Manufacturing Expenses	Nil	Nil	Nil	Nil
	Personnel Expenses	58.04	119.76	250.84	75.26
	Other Operating Expenses	485.19	482.35	888.63	168.06
	Depreciation	0.47	2.76	12.14	5.01
	Interest & Finance Charges	5.68	871.82	2,198.90	671.74
	Provision For Taxation	13.38	25.22	0.09	Nil
	Total	**562.76**	**1,501.91**	**3,350.60**	**920.07**
	Excess of Expenditure over Income	**525.79**	**1,347.17**	**2,871.93**	**1,188.28**
	Transferred to Project Development Expenditure Account (Included under Capital Work-in-Progress) #	525.79	1,347.17	2,871.93	4,744.89
	Accumulated balance of Project Development Expenditure Account	**525.79**	**1,872.96**	**4,744.89**	**5,933.17**

(#)

Accounting for fixed assets (AS 10): AS 10, requires all the expenditure incurred in connection with acquiring the fixed assets and incidental to acquiring such fixed assets to be added/allocated to the cost of the respective asset. (Paragraph 9 of AS 10).

Paragraph 9.3 of AS 10 reads: "Administration and other general overhead expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset, and this normally is the case of expansion projects. However, in the case of new projects, all such expenses are specifically attributable to construction of the project or to the acquisition of a fixed assets or bringing the same it to its working condition which has to be included as part of the cost of the construction project or as a part of the cost of fixed asset."

Para 10 of AS 16 reads: "To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset should be determined as the actual borrowing costs incurred on that borrowing during the period less any income on the temporary investment of those borrowing."

Annexure III

Restated Cash Flow Statement:

Rs. in millions

	For the year/period ended			
	December 20, 2006 to March 31, 2008	**March 31, 2009**	**March 31, 2010**	**April 1, 2010 to June 30, 2010**
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary Items	Nil	Nil	Nil	Nil
Adjustments for:	Nil	Nil	Nil	Nil
Depreciation	Nil	Nil	Nil	Nil
Other Income	Nil	Nil	Nil	Nil
Interest Expenses	Nil	Nil	Nil	Nil
Loss on Sale of Assets	Nil	Nil	Nil	Nil
Miscellaneous expenses written off	Nil	Nil	Nil	Nil
Operating profits before working capital changes	Nil	Nil	Nil	Nil
Adjustments for:				
Inventories	Nil	Nil	Nil	Nil
Trade & Other Receivables	Nil	Nil	Nil	Nil
Trade Payable & Other Liabilities	Nil	Nil	Nil	Nil
Cash generated from operations	Nil	Nil	Nil	Nil
Interest Paid	Nil	Nil	Nil	Nil
Cash Flow Before Extraordinary Items	Nil	Nil	Nil	Nil
Extraordinary items (Prior Year Adjustment)	Nil	Nil	Nil	Nil
Cash from Operating Activities	Nil	Nil	Nil	Nil
Income tax paid	Nil	Nil	Nil	Nil
Net Cash from Operating Activities (A)	Nil	Nil	Nil	Nil
CASH FLOW FROM INVESTING ACTIVITIES				
Capital work in progress	(2,161.75)	(16,864.77)	(14,138.64)	(1,853.91)
Purchase of fixed assets (net)	(475.68)	(801.52)	(754.54)	(46.45)
Sale/(Purchase) of Investment	Nil	(1,764.25)	158.21	1,519.17
Interest income	36.94	65.76	45.41	4.91
Dividend income	Nil	32.73	83.69	9.14
Advances recoverable in cash or in kind	(151.18)	(195.38)	(328.48)	(63.67)
Taxes Paid	(13.24)	(51.84)	(52.88)	(54.62)
Deferred revenue expenditure	(0.18)	Nil	Nil	Nil
Net cash used for Investing Activities (B)	**(2,765.09)**	**(19,579.27)**	**(14,987.23)**	**(485.43)**
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital/Share Premium	3,100.50	3,392.17	10,164.96	Nil
Secured Loans	1,330.60	15,954.72	7,408.24	443.65
Interest paid	(5.68)	(871.81)	(2,198.90)	(671.74)
Dividend including dividend tax	Nil	Nil	Nil	Nil
Net cash from Financing Activities (C)	**4,425.42**	**18,475.08**	**15,374.30**	**(228.09)**
Net Increase in cash and cash equivalents (A+B+C)	1,660.33	(1,104.19)	387.07	(713.52)
Cash and Cash equivalents at beginning of the year	Nil	1,660.33	556.14	943.21
Cash and Cash equivalents at end of the year	1,660.33	556.14	943.21	229.69

Note: Figures in ( ) denotes cash outflow

Annexure IV

Significant Accounting Policies:

1. **Basis of Preparation of Financial Statements**
The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

2. **Use of Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

3. **Fixed Assets (AS - 10)**
   i. Fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation, amortisation and impairment loss, if any.
   ii. All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.
   iii. Expenses incurred relating to the Project prior to commencement of commercial production are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage).

4. **Depreciation (AS – 6)**
   i. Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
   ii. Assets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.

5. **Impairment of Assets (AS – 28)**
The carrying amounts of the assets are reviewed at each balance sheet date. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged when the asset is identified as impaired.

6. **Government Grants (AS – 12)**
Grants received against specified fixed asset is adjusted to the cost of the asset and in case where it is not against any specific fixed asset, the same is taken as Capital Reserve. Further, the revenue grants are recognised in the Profit and Loss Account in accordance with the related scheme and in the period in which it is admitted.

7. **Foreign Currency Transactions (AS – 11)**
   i. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on average exchange rate between the reporting currency and the foreign currency.
   ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.
   iii. Non-monetary foreign currency items are carried at cost.
   iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised as revenue.

8. **Investments (AS – 13)**
Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in nature in the opinion of the management. Current Investments are carried at lower of cost and market price.

9. **Borrowing Costs (AS – 16)**
   Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

10. **Employee Retirement Benefits (AS – 15)**
    i. Short term employee benefits are charged off at the undiscounted amount in the period in which the related service is rendered.
    ii. Post employment and other long term employee benefits are charged off in the period in which the employee has rendered services. The amount charged off is recognized at the present value of the amounts payable determined using acturial valuation techniques. Acturial gains and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account/Project Development Expenditure Account.

11. **Taxes on Income (AS – 22)**
    Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

12. **Provisions, Contingent Liabilities and Contingent Assets (AS – 29)**
    Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Annexure V

(all amounts in Rs million)

Notes on Accounts:

1. The Company is presently setting up a 2.2 MTPA Integrated Steel Plant in the state of Jharkhand, India. The expenditure incurred during the construction period are classified as 'Project Development Expenditure' pending capitalisation and will be apportioned to the assets on the completion of the project. Necessary details as per Part II of Schedule VI of the Companies Act, 1956 have been disclosed below:

Project Development Expenditure Account (Included under Capital Work-in-Progress)

		For the period 01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	For the period 20.12.2006 to 31.03.2008
Opening Balance		**4,744.89**	**1,872.96**	**525.79**	**Nil**
Add:					
(i)	Payments to and Provisions for Employees				
	- Salaries, Wages and Bonus	62.78	197.59	98.68	52.85
	- Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Pension Scheme, etc.	2.36	17.78	6.04	1.85
	- Employee welfare and other amenities	10.12	35.47	15.04	3.34
(ii)	Consultancy, Professional and Legal Fees	21.92	280.59	160.52	253.17
(iii)	Power & Fuel	33.13	39.99	1.08	-
(iv)	Labour and Machinery hire charges	5.88	65.03	0.70	0.15
(v)	Security expenses	10.99	38.33	2.05	-
(vi)	Insurance	22.30	64.47	65.31	0.06
(vii)	Rent	6.94	37.67	18.79	10.40
(viii)	Rates & Taxes (incl. license fees)	0.47	13.61	53.94	74.38
(ix)	Stores & Spares consumption	1.41	2.94	5.55	-
(x)	Repairs & Maintenance – Others	0.94	6.78	0.27	0.08
(xi)	Travelling and Conveyance Expenses	40.01	150.54	47.02	18.96
(xii)	Payment to Auditors'	0.36	0.51	0.31	0.15
(xiii)	IPO expenses	3.84	10.11	-	-
(xiv)	General and Administrative Expenses	10.80	41.02	53.69	11.55
(xv)	Depreciation	5.01	12.14	2.76	0.47
(xvi)	Letter of Credit/Bank Charges (incl. Bank Guarantee charges)/Commitment Charges	9.07	137.04	73.12	116.29
(xvii)	Interest and Finance Charges	671.74	2,198.90	871.82	5.68
		920.07	**3,350.51**	**1,476.69**	**549.38**
Less:					
(i)	Interest income (*)	4.91	45.41	65.76	36.94

(ii)	Dividend income from Current Investments	9.14	83.69	32.73	-
(iii)	Profit on sale of fixed assets	-	-	0.03	-
(iv)	Profit on sale of Current Investments	1.71	0.18	-	-
(v)	Gain/(loss) on forward contracts	2.63	(97.54)	14.53	-
(vi)	Foreign Currency Exchange Fluctuation	(286.60)	446.92	41.69	0.03
		5,933.17	**4,744.81**	**1,847.74**	**512.41**
Add:					
Provision for Tax					
- Income Tax		-	0.08	22.35	12.28
- Fringe Benefit Tax		-	-	2.87	1.10
		-	0.08	25.22	13.38
Closing Balance		**5,933.17**	**4,744.89**	**1,872.96**	**525.79**

(*) Includes Tax deducted at source Rs 0.13 for the period 01.04.2010 to 30.06.2010; Rs 4.95 for 2009-10; Rs 14.88 for 2008-09 and Rs 8.37 for the period 20.12.2006 to 31.03.2008)

2. Additional Information (to the extent applicable):

		As at 30.06.2010	**As at 31.03.2010**	**As at 31.03.2009**	**As at 31.03.2008**
a.	Capital Commitments:				
	Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	26,546.36	24,476.45	34,383.94	24,382.03
b.	Contingent Liabilities				
	Bank Guarantees	601.36	558.62	148.34	-
	Show cause notice from Central Excise Authorities alleging wrong availment of Cenvat credit	158.63	158.63	-	-
	Civil and criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.				

3. Value of Imports on CIF basis in respect of:

	For the period 01.04.2010 to 30.06.2010	**For the year 2009-10**	**For the year 2008-09**	**For the period 20.12.2006 to 31.03.2008**
Capital Goods	1,098.20	10,437.99	7,356.26	-

4. Payment to Auditors' (net of taxes):

		For the period 01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	For the period 20.12.2006 to 31.03.2008
a.	Audit Fees	-	0.40	0.22	0.15
b.	Tax Audit Fees	-	0.05	0.05	-
c.	Other Services (certifications etc.)	0.35	0.05	0.03	-
d.	Out of pocket expenses	0.01	0.01	0.01	-
		0.36	**0.51**	**0.31**	**0.15**

5. Expenditure in Foreign Currency
(includes expenditure at representative office in China)

		For the period 01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	For the period 20.12.2006 to 31.03.2008
a.	Consultancy and Professional Fees	1.18	24.51	297.46	0.58
b.	Travelling Expenses	17.79	66.75	16.63	1.46
c.	Salaries, Wages & Bonus	2.26	4.33	8.84	3.36
d.	Rent	0.83	3.42	3.40	1.42
e.	Others	2.53	6.32	15.29	2.30
		24.59	**105.33**	**341.62**	**9.12**

6. Financial and Derivative Instruments:

Outstanding forward contracts entered for hedging are as follows:

	As at 30.06.2010	**As at 31.03.2010**	**As at 31.03.2009**	**As at 31.03.2008**
Forward Contracts	913.53	3,076.89	695.71	-
Derivatives	116.10	112.23	-	-

7. Investments purchased/sold during the period 01.04.2010 to 30.06.2010:

Name of the Share/Mutual Fund	**Face Value**	**Units purchased**	**Cost**	**Units sold**	**Sale Price**
Mutual Funds					
SBI Magnum Insta Cash Fund (Dividend)	10	89,067,297	1,491,903,946	89,067,297	1,491,903,946
SBI-SHDF-Short Term-Institutional Plan (Dividend)	10	409,012	4,137,437	90,086,597	911,713,630
SBI-SHF-Ultra Short Term Fund – Institutional Plan (Dividend)	10	139,586,611	1,396,703,632	200,879,472	2,010,000,000

8. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

		01.04.2010 to 30.06.2010	2009-10	2008-09	20.12.2006 to 31.03.2008
a.	Principal amount remaining unpaid	Nil	Nil	Nil	
b.	Interest due thereon	Nil	Nil	Nil	
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payments made to the suppliers beyond the appointed day during the period.	Nil	Nil	Nil	
d.	Interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil	
e.	Interest accrued and remaining unpaid	Nil	Nil	Nil	
f.	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil	Nil	

9. The disclosures required under Accounting Standard 15 (AS15) “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006, are given below:

Defined Contribution Plans

Contributions to Defined Contribution Plans, recognized are charged off for the period as under:

	01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	20.12.2006 to 31.03.2008
Employer’s Contribution to Provident Fund	2.36	7.53	3.28	0.82
Employer’s Contribution to Superannuation Fund	0.20	0.68	0.57	0.80
Employer’s Contribution to Pension Scheme	0.58	1.53	0.52	0.10

Defined Benefit Plan

The present value of obligation for Employee’s Gratuity Scheme is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as Gratuity.

		Gratuity (unfunded)	Leave encashment (unfunded)
a.	**Reconciliation of opening and closing balances of Defined Benefit obligation**		
	Defined Benefit obligation at beginning of the year	8.43	8.57
	Current Service Cost	0.65	0.21
	Interest Cost	0.15	0.18

		Gratuity (unfunded)	Leave encashment (unfunded)
	Acturial (gain)/loss	(1.88)	1.21
	Benefits paid	(0.51)	(0.83)
	Defined Benefit obligation at year end	6.84	9.34
b.	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets at beginning of the year	Nil	Nil
	Expected return on plan assets	Nil	Nil
	Acturial (gain)/loss	Nil	Nil
	Employer contribution	0.51	0.83
	Benefits paid	Nil	Nil
	Fair value of plan assets at year end	Nil	Nil
	Actual return on plan assets	Nil	Nil
c.	**Reconciliation of fair value of assets and obligations**		
	Fair value of plan assets	Nil	Nil
	Present value of obligations	6.84	9.34
	Amount recognized in the Balance Sheet	6.84	9.34
d.	**Expenses recognized during the year (Included under the head "Payments to and Provisions for Employees" – refer Note B1 above)**		
	Current Service Cost	0.65	0.21
	Interest Cost	0.15	0.18
	Expected return on plan assets	Nil	Nil
	Acturial (gain)/loss	(1.88)	1.21
	Net Cost	(1.08)	1.60
e.	**Investment Details**	Nil	Nil
f.	**Acturial Assumptions**		
	Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
	Discount rate (per annum)	8.00%	8.00%
	Expected rate of return on plan assets (per annum)	0.00%	0.00%
	Rate of escalation in salary (per annum)	5.00%	5.00%

10. The Company's activities during the period were for the setting up of the project (refer Note B1 above). Considering the nature of the Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 (AS17) 'Segment Reporting', notified in the Companies (Accounting Standards) Rules, 2006.

11. As per Accounting Standard 18 (AS18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules, 2006, the disclosure of transactions with related parties as defined in AS18 are given below:

    i. List of related parties where control exists and related parties with whom transactions have taken place and relationship:

Names of the related parties and description of relationship

1. **Key Management Personnel (KMP) and their relatives**

Mr. Umang Kejriwal	- Director
Mr. Nigam Chander Bahl	- Whole Time Director
Mr. Vilas Vishnu Jamnis	- Whole Time Director
Mr. Sunil V Diwakar	- Director
Mr. Mayank Kejriwal	- Relative of Director
Mrs. Vaishali Vilas Jamnis	- Wife of Mr. Vilas Vishnu Jamnis, Whole Time Director

2. **Enterprises where KMP/ relatives of KMP have significant influence or control**

Acharya Multicon Pvt. Ltd.

Akshara Manor Pvt. Ltd.

Axis Steels Ltd.

Badrinath Industries Ltd.

Bose Estates Pvt. Ltd.

Calcutta Diagnostics Centre Pvt. Ltd.

Cellour Vyapaar Ltd.

Cubbon Marketing Pvt. Ltd.

Electrocast Sales India Ltd.

Electrosteel Thermal Coal Ltd.

Elcast Finance Ltd.

Ellenbarrie Chemical Allied Pvt. Ltd.

Ellenbarrie Developers Pvt. Ltd.

Escal Finance Services Ltd.

Flora Constuctions Pvt. Ltd.

Gagan Vintrade Pvt. Ltd.

Gajmala Texcon Pvt. Ltd.

G. K. Investments Ltd.

G. K. & Sons Pvt. Ltd.

Greenchip Trexim Pvt. Ltd.

Green Field Techno Services Pvt. Ltd.

Highrise Multicon Pvt. Ltd.

Kabir Projects Pvt. Ltd.

Kamal Kunj Commodities Pvt. Ltd.

Malay Commercial Enterprises Ltd.

Murari Investment & Trading Co. Ltd.

New City Enclave Pvt. Ltd.

Nilmoni Developers Pvt. Ltd.

Nimpith Developers Pvt. Ltd.

Nutshell Holdings Pvt. Ltd.

Paramount Tracom Pvt. Ltd.

Pashupati Synthetics Pvt. Ltd.

Ramoli Vincom Pvt. Ltd.

Roloc Properties Pvt. Ltd

Royal Multicon Pvt. Ltd.

RSP Capital Markets Pvt. Ltd.

Saptarshi Vinimay Pvt. Ltd.

Sri Gopal Investments Ventures Ltd.

Stewart Agencies Pvt. Ltd.

Tulip Fabicon Pvt. Ltd.

Tulsi Highrise Pvt. Ltd.

Utkal Investments Ltd.

Uttam Commercial Co. Ltd.

Wilcox Merchants Pvt. Ltd.

3. **Other related parties**

Electrosteel Castings Ltd.

Electrosteel Europe SA

Electrosteel Algeria SPA

Electrosteel Castings (UK) Ltd.

Singardo International PTE Ltd.

Electrosteel USA LLC

Waterfab LLC

Stemcor Cast Iron Investments Ltd.

Lanco Industries Ltd.

Electrosteel Thermal Power Ltd.

Transactions during the period with related parties (excluding reimbursements and taxes):

Sl. No.	Name of the related party/ nature of transactions	For the period 01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	For the period 20.12.2006 to 31.03.2008
1.	**Electrosteel Castings Limited**				
	Transactions:				
	Proceeds from issue of equity shares	-	2,600.00	1,300.00	3,100.00
	Purchase of Assets	-	0.04	0.15	2.24
	Purchase of DI Pipe & Other materials	-	193.91	72.18	-
	Payment for Land development, Civil Works etc.	-	3.31	335.62	178.09
	Consultancy charges	-	-	2.56	12.80
	DEPB Purchase	-	2.42	9.61	-

Sl. No.	Name of the related party/ nature of transactions	For the period 01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	For the period 20.12.2006 to 31.03.2008
	Reimbursement of expenses	0.34	0.92	0.86	0.29
	Payment of rent	1.92	7.69	7.69	4.69
	Purchase of Land	-	-	-	44.05
	Closing Balance:				
	Share application money (pending allotment)	-	-	2,751.75	3,099.60
	Sundry Creditors	-	0.90	40.81	33.54
	Advance against supply/services	43.38	43.38	-	-
2.	**Singardo International Pte Ltd.**				
	Technical service charges	-	3.18	1.33	-
	Reimbursement of expenses	-	0.81	1.38	-
3.	**Stemcor Cast Iron Investments Ltd.**				
	Proceeds from issue of equity shares	-	2,692.02	995.55	-
4.	**Lanco Industries Ltd.**				
	Cement Purchase	-	10.26	-	-
5.	**Akshara Manor Pvt. Ltd.**				
	Payment of rent	-	0.45	0.51	0.12
6.	**Mr. Umang Kejriwal**				
	Transactions:				
	Sitting fees	0.01	0.06	-	-
7.	**Mr. Mayank Kejriwal**				
	Transactions:				
	Sitting fees	-	0.02	-	-
8.	**Mr. Nigam Chander Bahl**				
	Transactions:				
	Payment of remuneration	3.46	8.05	-	-
9.	**Mr. Vilas Vishnu Jamnis**				

Sl. No.	Name of the related party/ nature of transactions	For the period 01.04.2010 to 30.06.2010	For the year 2009-10	For the year 2008-09	For the period 20.12.2006 to 31.03.2008
	Transactions:				
	Payment of remuneration	3.77	12.20	11.25	4.38
10.	**Mrs. Vaishali Vilas Jamnis**				
	Transactions:				
	Payment of rent	-	0.84	1.26	0.53

12. Since the Company's activities during the period were for the setting up of the project, no provision for deferred tax assets has been made under Accounting Standard 22 (AS22), "Accounting for Taxes on Income", in accordance with the transitional provisions of AS22.

Annexure VI

Accounting Ratios:

Particulars Period / Year Ended on	**As at**			
	March 31, 2008	**March 31, 2009**	**March 31, 2010**	**June 30, 2010**
Net Worth at end of the year/period	0.72	3,385.55	16,657.45	16,657.45
Return on Net Worth (%)	NA	NA	NA	NA
Earnings per Share (Basic & Diluted)	NA	NA	NA	NA
Net Asset Value per Share (Rs.) (based on actual number of shares outstanding)	8.00	10.00	10.00	10.00
Net Asset Value per Share (Rs.) (based on the weighted no of shares outstanding during the year)	10.29	32.57	15.58	10.00
Actual no. of shares outstanding during the year/period (Nos. in million)	0.09	338.57	1,665.76	1,665.76
Weighted average number of Equity Shares outstanding during the year considered for Net Assets Value per Share (Nos. in Million)	0.07	103.94	1,069.48	1,665.76
Formulae:				

Return on Net Worth (%) = $\frac{\text{Net Profit After tax}}{\text{Net Worth excluding Revaluation Reserve at the end of the period/year}}$

Earnings per Share = $\frac{\text{Net Profit After tax available to equity shareholders}}{\text{Weighted average Number of Equity shares outstanding at the end of the period/year}}$

Net Asset Value per Share (Rs.) = $\frac{\text{Net worth excluding revaluation reserves \& Preference Shares}}{\text{Number of Equity shares outstanding at the end of the period/year}}$

Note:

(i) Net Worth (reduced by Share Application Money - pending allotment) as appearing in Restated statement of Assets and Liabilities (Annexure 'I'), have been considered for computing the above ratios. These ratios are computed on the basis of the restated financial information of the Company.

(ii) The figures for the three months ended June 30, 2010 have not been annualized.

(iii) The Net Worth of the Company and the Net Asset Value per share (based on actual number of shares outstanding) as adjusted for pre-IPO placement for Rs 1,540 million, is Rs 18,197.45 million and Rs 10.06 respectively.

(iv) The above ratios are calculated as per Accounting Standards, as applicable.

Calculation of Weighted Average Number of Shares outstanding during the period/year				
Particulars **Year/Period Ended on**	**December 20, 2006 to March 31, 2008**	**Year ended March 31, 2009**	**Year ended March 31, 2010**	**April 1, 2009 to June 30, 2010**
Nominal Value of Equity Shares (Rs.)	10	10	10	10
Total number of equity shares outstanding at the beginning of the year – fully paid up	0.05	0.09	338.57	1,665.76
<u>Equity shares issued on</u>				
30.07.2007	0.04	-	-	-
11.06.2008	-	64.30	-	-
17.12.2008	-	150.28	-	-
06.03.2009	-	123.90	-	-
22.05.2009	-	-	455.89	-
25.07.2009	-	-	225.44	-
31.08.2009	-	-	12.00	-
14.09.2009	-	-	15.00	-
07.10.2009	-	-	85.00	-
25.11.2009	-	-	131.51	-
08.12.2009	-	-	7.20	-
24.12.2009	-	-	21.19	-
11.01.2010	-	-	150.50	-
22.01.2010	-	-	204.32	-
06.02.2010	-	-	19.14	-
Total number of equity shares outstanding at the end of the year/period – fully paid up	0.09	338.57	1,665.76	1,665.76
Weighted Average Number of equity shares outstanding during the year	0.07	103.94	1,069.48	1,665.76

Annexure VII

Capitalization Statement:

Rs. in Millions

		Pre Issue	Post Issue (*)
Sr. No	**Particulars**	**As at June 30, 2010**	
I	**Debt:**		
A	Short Term Debt	Nil	
B	Long Term Debt	25,137.21	
	Total Debt I (A+B)	**25,137.21**	
II	**Shareholders Funds:**		
C	Share Capital	16,657.63	
D	Reserves & surplus	Nil	
E	Less: Misc. expenditure	0.18	
	Total Shareholders Funds II(C+D-E)	**16,657.45**	
III	**Long Term Debt (B) / Shareholders funds (II)**	1.51	
Notes			
1.	As informed by management, short-term debts represent debts which are due within 12 months from June 30, 2010 and which are in nature of short term loan		
2.	Long term debt represents debt other than short term debt, as defined above.		
3.	* The figures in the column 'Post Issue' can be calculated only on conclusion of the Book Building Process.		
4.	Post June 30, 2010, the Company has made fresh allotment of equity shares amounting to Rs 1,540.00 million resulting in increase in share capital from Rs 16,657.63 million to Rs 18,090.19 million and increase in Reserves & Surplus from Rs Nil to Rs 107.44 million.		

Annexure VIII

Secured Loans:

(Rs. In Millions)

Particulars	As at			
	March 31, 2008	**March 31, 2009**	**March 31, 2010**	**June 30, 2010**
Rupee Term loans				
Senior Debt				
Banks	1,085.10	12,001.80	17,742.06	19,272.67
Others	53.70	465.10	1,019.00	1,141.70
Subordinate Debt				
Banks	191.80	1,668.37	2,157.98	2,369.12
Others	Nil	Nil	21.15	21.15
Buyers' Credit	Nil	3,150.05	3,753.37	2,332.57
Working Capital Loan	Nil	Nil	Nil	Nil
Total	**1,330.60**	**17,285.32**	**24,693.56**	**25,137.21**

Principal terms of loans and securities thereagainst:

1) Rate of Interest:

Name of the Lender	Rate of Interest		
	Senior Debt	**Subordinate Debt**	**Subordinate Debt II**
Allahabad Bank	SBAR (floating) (Currently 12.25% p.a.)	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	NA
Bank of India	BPLR – 0.25% (Currently 12.25% p.a.)	NA	2% above the Senior Debt Facility Agent Interest Rate
Bank of Maharashtra	SBAR (floating) (Currently 12.25% p.a.)	NA	-do-
Central Bank of India	-do-	NA	-do-
Corporation Bank	-do-	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	-do-
Dena Bank	-do-	-do-	2% above the Senior Debt Facility Agent Interest Rate
Housing & Urban Development Corporation Ltd.	Currently 12.25% p.a. (floating) **	NA	NA
Indian Bank	SBAR (floating) (Currently 12.25% p.a.)	NA	NA
Indian Overseas Bank	BPLR – 0.25% (Currently 11.75% p.a.)	BPLR + 1.75% (floating) (Currently 13.75% p.a.)	2% above the Senior Debt Facility Agent Interest Rate
The Jammu & Kashmir Bank Ltd.	BPLR – 1.00% (Currently 11.75% p.a.)	NA	NA
Life Insurance Corporation of India	SBAR (floating) (Currently 12.25% p.a.)	NA	NA

Name of the Lender	Rate of Interest		
	Senior Debt	**Subordinate Debt**	**Subordinate Debt II**
Oriental Bank of Commerce	-do-	NA	2% above the Senior Debt Facility Agent Interest Rate
Punjab & Sind Bank	-do-	NA	NA
Punjab National Bank	BPLR + Term Premia + 0.25% (Currently 12.50% p.a.)	BPLR + Term Premia + 2.25% (floating) (Currently 14.50% p.a.)	NA
State Bank of Hyderabad	SBAR (floating) (Currently 12.25% p.a.)	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	NA
State Bank of India	-do-	-do-	NA
State Bank of Indore	BPLR – 1.00% (Currently 11.75% p.a.)	NA	NA
State Bank of Mysore	SBAR (floating) (Currently 12.25% p.a.)	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	NA
State Bank of Patiala	BPLR – 0.50% (Currently 11.75% p.a.)	BPLR + 1.50% (floating) (Currently 13.75% p.a.)	NA
State Bank of Travancore	SBAR (floating) (Currently 12.25% p.a.)	NA	NA
Syndicate Bank	BPLR – 0.25% (Currently 12.25% p.a.)	BPLR + 1.75% (floating) (Currently 14.25% p.a.)	2% above the Senior Debt Facility Agent Interest Rate
UCO Bank	SBAR (floating) (Currently 12.25% p.a.)	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	-do-
Union Bank of India	-do-	NA	NA
United Bank of India	-do-	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	2% above the Senior Debt Facility Agent Interest Rate
Vijaya Bank	-do-	-do-	-do-
Canara Bank	-do-	-do-	NA
The Bank of Rajasthan	-do-	NA	NA
Bank of Baroda	-do-	NA	NA
Andhra Bank	-do-	NA	NA
IL & FS Financial Services Ltd.	NA	NA	2% above the Senior Debt Facility Agent Interest Rate

** The rate of interest of Housing & Urban Development Corporation Ltd. ('HUDCO') funding shall be as per HUDCO norms at the time of release of funds. As per present HUDCO norms the interest rate shall be the higher of the rate of interest of the lead bank/Facility Agent or HUDCO's rate of interest for highest category of government sector schemes plus 0.50%.

2) Repayment default:

(a) Senior Debt: Penal Interest @ 2% p.a.

(b) Subordinate Debt: Penal Interest @ 2% p.a.

(c) Subordinate Debt II: Penal Interest @ 1% p.a.

3) Pre-payment premium:

(a) Senior Debt: Premium @ 2% p.a.

(b) Subordinate Debt: Premium @ 2% p.a.

4) Additional Interest (pending creation of security):

(a) Senior Debt: Interest @ 1% p.a.

(b) Subordinate Debt: Interest @ 1% p.a.

(c) Subordinate Debt II: Interest @ 0.5% p.a.

5) Security:

(a) The Senior Debts are secured by:

(i) First ranking pari passu mortgage and charge on all immovable and movable properties including fixed assets, plant and machinery (both tangible & intangible), present and future, on all bank accounts in relation to the Project and assignment of project agreements, subject to the charges to be created in favour of working capital lenders on the current assets for securing Working Capital Facilities, and

(ii) Pledge of 500,000,000 Equity Shares of the Company held by Electrosteel Castings Limited. Pursuant to providing a corporate guarantee by ECL in favour of the lenders, 418,000,000 equity shares out of the above have been released from the pledge.

(b) The Subordinate Debts are secured by a second charge, which shall be subject to and subservient to the first charge created / to be created as above in favour of the Senior Lenders.

(c) Buyers' Credit is secured by letters of credit issued by the lenders.

6) Repayment schedule:

Financial year	No. of quarterly installments
2012	2
2013	4
2014	4
2015	4
2016	4
2017	4
2018	4
2019	4

The loans shall be repaid as per repayment schedule in the table above in 30 equal quarterly installments. Payments shall be made at the end of each quarter.

Annexure IX

Loans and Advances:

(Rs. In Millions)

Particulars	As at			
	March 31, 2008	March 31, 2009	March 31, 2010	June 30, 2010
Advances recoverable in cash or in kind or for value to be received	3.63	4.36	35.39	126.24
Loans and Advances to Directors and Promoters	Nil	Nil	Nil	Nil
Balance with Government Authorities (net of provisions)	159.63	404.73	754.90	781.40
Other deposits	1.16	2.56	2.72	3.66
Total	**164.42**	**411.65**	**793.01**	**911.30**

Except as disclosed above there are no loans & advances given to Directors/Promoters associated to the Company.

Annexure X

Investments

(Rs. In Millions)

Particulars	**As at**			
	March 31, 2008	**March 31, 2009**	**March 31, 2010**	**June 30, 2010**
Long Term Investments (Unquoted)				
In Equity shares of Biswa Microfinance Private Limited (550,000 shares of Rs 10 each)	Nil	2.50	5.50	5.50
Current Investments (Unquoted)				
In Units of Mutual Fund	Nil	1,761.75	1,600.54	81.37
	Nil	**1,764.25**	**1,606.04**	**86.87**

Annexure XI

Contingent Liabilities:

(Rs in Millions)

Particulars	As at			
	March 31, 2008	**March 31, 2009**	**March 31, 2010**	**June 30, 2010**
Bank Guarantees	Nil	148.34	558.62	601.36
Show cause notice from Central Excise Authorities alleging wrong availment of Cenvat credit	Nil	Nil	158.63	158.63
Others (*)	Nil	Nil	Nil	Nil
	Nil	**148.34**	**717.25**	**759.99**

(*) Civil and criminal proceedings pending against the Company, the financial liability thereof, if any, is unascertainable.

Annexure XII

Related Party Transactions:

(I) List of Related Parties		
Name of the Related Party		**Relationship**
Key Managerial Personnel		
i)	Mr. Umang Kejriwal	Director
ii)	Mr. Nigam Chander Bahl	Whole Time Director
iii)	Mr. Vilas Vishnu Jamnis	Whole Time Director
iv)	Sunil V Diwakar	Director
v)	Mrs. Vaishali Vilas Jamnis	Wife of Whole Time Director
Associates/ Subsidiary Company		
	Nil	
Companies in which Directors are substantially interested		
i)	Acharya Multicon Pvt. Ltd.	Enterprises where Key Management Personnel ('KMP')/Relatives of KMP have significant influence or control
ii)	Akshara Manor Pvt. Ltd.	
iii)	Axis Steels Ltd.	
iv)	Badrinath Industries Ltd.	
v)	Bose Estates Pvt. Ltd.	
vi)	Calcutta Diagnostics Centre Pvt. Ltd.	
vii)	Cellour Vyapaar Ltd.	
viii)	Cubbon Marketing Pvt. Ltd.	
ix)	Electrocast Sales India Ltd.	
x)	Electrosteel Thermal Coal Ltd.	
xi)	Elcast Finance Ltd.	
xii)	Ellenbarrie Chemical Allied Pvt. Ltd.	
xiii)	Ellenbarrie Developers Pvt. Ltd.	
xiv)	Escal Finance Services Ltd.	
xv)	Flora Constructions Pvt. Ltd.	
xvi)	Gagan Vintrade Pvt. Ltd.	
xvii)	Gajmala Texcon Pvt. Ltd.	
xviii)	G. K. Investments Ltd.	
xix)	G. K. & Sons Pvt. Ltd.	
xx)	Greenchip Trexim Pvt. Ltd.	
xxi)	Green Field Techno Services Pvt. Ltd.	
xxii)	Highrise Multicon Pvt. Ltd.	
xxiii)	Hillson Merchandise Pvt. Ltd.	
xxiv)	Kabir Projects Pvt. Ltd.	
xxv)	Kamal Kunj Commodities Pvt. Ltd.	
xxvi)	Malay Commercial Enterprises Ltd.	
xxvii)	Murari Investment & Trading Co. Ltd.	
xxviii)	New City Enclave Pvt. Ltd.	
xxix)	Nilmoni Developers Pvt. Ltd.	
xxx)	Nimpith Developers Pvt. Ltd.	
xxxi)	Nutshel Holdings Pvt. Ltd.	
xxxii)	Paramount Tracom Pvt. Ltd.	
xxxiii)	Pashupati Synthetics Pvt. Ltd.	
xxxiv)	Ramoli Vincom Pvt. Ltd.	
xxxv)	Roloc Properties Pvt. Ltd.	

(I) List of Related Parties		
Name of the Related Party		Relationship
xxxvi)	Royal Multicon Pvt. Ltd.	
xxxvii)	RSP Capital Markets Pvt. Ltd.	
xxxviii)	Samar Properties Pvt. Ltd.	
xxxix)	Saptarshi Vinimay Pvt. Ltd.	
xxxx)	Sri Gopal Investment Ventures Ltd.	
xxxxi)	Stewart Agencies Pvt. Ltd.	
xxxxii)	Tulip Fabicon Pvt. Ltd.	
xxxxiii)	Tulsi Highrise Pvt. Ltd.	
xxxxiv)	Utkal Investments Pvt. Ltd.	
xxxxv)	Uttam Commercial Co. Ltd.	
xxxxvi)	Vexcon Properties Ltd.	
xxxxvii)	Wilcox Merchants Pvt. Ltd.	
Relative of Key Managerial Personnel		
i)	Mr. Ghanshyam Kejriwal	Relative of Director
ii)	Mrs. Uma Kejriwal	Relative of Director
iii)	Mr. Mayank Kejriwal	Relative of Director
iv)	Mr. Uddhav Kejriwal	Relative of Director
Other Related Parties		
i)	Electrosteel Castings Ltd.	
ii)	Electrosteel Europe SA	
iii)	Electrosteel Algeria SPA	
iv)	Electrosteel Castings (UK) Ltd.	
v)	Electrosteel USA LLC	
vi)	Electrosteel Thermal Power Ltd.	
vii)	Lanco Industries Ltd.	
viii)	Stemcor Cast Iron Investments Ltd.	
ix)	Singardo International Pte Ltd.	
x)	Waterfab LLC	

(Rs. in Millions)

Name of related party	Nature of Transaction	For the year/period ended March 31, 2008	March 31, 2009	March 31, 2010	April 1, 2010 to June 30, 2010
Electrosteel Castings Ltd.	Proceeds from issue of equity shares	3,100.00	1,300.00	2,600.00	Nil
	Purchase of Assets	2.24	0.15	0.04	Nil
	Purchase of DI Pipe & Other Materials	Nil	72.18	193.91	Nil
	Payment for Land Development, Civil Works	178.09	335.62	3.31	Nil
	Consultancy charges	12.80	2.56	Nil	Nil
	DEPB Purchase	Nil	9.61	2.42	Nil
	Reimbursement of expenses	0.29	0.86	0.92	0.34
	Payment of Rent	4.69	7.69	7.69	1.92
	Purchase of Land	44.05	Nil	Nil	Nil
Singardo International Pte Ltd.	Technical Service charges	Nil	1.33	3.18	Nil
	Reimbursement of expenses	Nil	1.38	0.81	Nil
Stemcor Cast Iron Investments Ltd.	Proceeds from issue of equity shares	Nil	995.55	2,692.02	Nil
Lanco Industries Ltd.	Cement Purchase	Nil	Nil	10.26	Nil
Akshara Manor Pvt. Ltd.	Payment of Rent	0.12	0.51	0.45	Nil
Mr. Umang Kejriwal	Sitting fees	Nil	Nil	0.06	0.01
Mr. Mayank Kejriwal	Sitting fees	Nil	Nil	0.02	Nil
Mr. Nigam Chander Bahl	Payment of remuneration	Nil	Nil	8.05	3.46
Mr. Vilas Vishnu Jamnis	Payment of remuneration	4.38	11.25	12.20	3.77
Mrs. Vaishali Vilas Jamnis	Payment of Rent	0.53	1.26	0.84	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited and restated financial statements beginning on page 171 *of this Red Herring Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on page* 1 *and page* xii*, respectively, of this Red Herring Prospectus which discuss a number of factors and contingencies that could impact our financial condition and results of operations.*

The following discussion is based on our audited and restated financial statements, which are based on our audited financial statements restated in accordance with paragraph B of Part II of Schedule II of the Companies Act and the SEBI ICDR Regulations, for the quarter ended June 30, 2010, fiscal year 2010 & 2009 and the period ended March 31, 2008. Our audited and restated financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act. Our fiscal year ends on March 31 of each year. Unless otherwise stated, "fiscal year" or "fiscal" refers to the twelve month period ending March 31 of that year.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements which materially and adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

Overview

We are promoted by ECL to setup a 2.2 MTPA Integrated Steel and Ductile Iron Spun Pipes project in Jharkhand, India. Pursuant to our group's strategy of focusing on identification of opportunities for backward integration, new DI pipe capacity as well as investment in steel sector, ECL has obtained mining blocks of iron ore and coking coal in the state of Jharkhand and has set up EIL for implementing the integrated steel and DI pipe plant.

ECL, our Promoter, is in the business of manufacturing Cast Iron pipes for over four decades and Ductile Iron Spun Pipes since the last 15 years. For the fiscal year 2010, ECL recorded consolidated net sales of Rs. 15,807.75 million. ECL has four manufacturing facilities, two located at Khardah and Haldia, both in the State of West Bengal, one at Elavur in the State of Tamil Nadu and one Coal washery plant at Parbatpur in the State of Jharkhand.

We are setting up the proposed plant near Siyaljori village in Bokaro District of Jharkhand. The proposed plant will be based on Blast Furnace (BF) - Basic Oxygen Furnace (BOF) - Billet Caster and Hot Rolling Route and will produce 1.2 MTPA of long steel products, comprising 0.5 MTPA of 5.5-12.0 mm diameter wire rods in coil form and 0.7 MTPA of reinforcement bars in straight lengths and bundled in the range of 8-32 mm and plain rounds upto 60mm diameter. The plant will have a 0.33 MTPA DI pipe production facility in the same complex and will be provided with hot metal from the Blast Furnaces. The plant will also have production facilities for 0.27 MTPA of Commercial Billets and 0.40 MTPA of Pig Iron.

Our Company has acquired approximately 1804.70 acres of land for the proposed plant, taking into account the scope for future expansion. The area of land for the proposed plant is approximately 600 acres with another 200-300 acres of land that would be required for construction of storage space for materials.

Significant Factors that may affect our Results of Operations

As a company in the Steel sector, our financial condition and results of operations are affected by numerous factors, the following of which are of particular importance:

1. Development status of our project

We are in the process of setting up an integrated steel and DI pipe plant which is expected to be commissioned by October 1, 2010. The commissioning date of the project is an estimate and is subject to delay as a result of, amongst other things, construction delays, delays in receipt of government approvals or delays in delivery of equipment by suppliers, force majeure events, unanticipated cost increases that could result in cost overruns which in turn would require additional funds and would impact the overall profitability of the project. Also, the cost of the project itself is estimates and may be higher than anticipated.

2. ***Availability of cost effective funding***

We have relied on capital contributions from our shareholders as well as incurrence of indebtedness to fund our business. As of July 31, 2010, we had a total indebtedness of Rs. 27,002.62 million under the financing arrangements. For further details please refer "Our Business" and "Financial Indebtedness" on pages 105 and 211 of this Red Herring Prospectus, respectively. Our plans for the construction of our integrated steel and DI pipe plant will require substantial capital expenditures, which we expect to fund through the Net Proceeds of the Issue, debt and equity financing. We currently estimate that in order to set up our Integrated steel and DI pipe plant, we will be required to incur total capital expenditure of approximately Rs. 73,620.00 million. Our debt service cost as well as our overall cost of funding depends on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that going forward the availability of cost effective funding for our working capital requirement will be crucial and the non-availability of such funding at favorable terms could affect our business, financial condition and results of operations.

3. ***Global Steel Demand and Prices***

We plan to derive revenues primarily from the sale of our finished steel products. The market for steel is substantially driven by changes in supply and demand in the global steel market, which are significantly affected by the state of the global economy and competition and consolidation within the steel industry. Our sales revenues will be affected by price fluctuation of steel in international markets. The global price of steel, in turn, depends upon a combination of factors, including the availability and cost of raw material inputs, worldwide production and capacity, fluctuations in the volume of steel imports, transportation costs and protective trade measures.

Historically, domestic steel prices have closely followed international steel price trends. Our performance in the domestic market will be affected by global steel market dynamics. For further information on the steel industry, please refer chapter titled "Industry Overview" on page 95 of this Red Herring Prospectus.

4. ***Availability of Raw Materials***

Raw materials comprise a substantial expense for production of steel. The main raw materials that we would require in the production of steel include iron ore, coking coal. The project envisages part of captive power, which will either be based on gas recovery from the coke oven, BF-BOF processes or from coal. We have entered into an agreement with ECL dated July 21, 2008 as per which ECL has agreed to supply iron ore and coking coal to our Company on a cost plus twenty percent basis for a period of 20 years from the date of commencement of commercial production. Procurement of raw material from these captive sources shall enable the company to reduce its operating costs and ensure a steady supply of coking coal and iron ore, at a lower cost. This would also insulate our Company from demand – supply volatility in the market, to a significant extent. For further details please refer "Our Business" and "History and Certain Corporate Matters – Other Agreements" for a description of our arrangements on pages 105 and 128 of this Red Herring Prospectus, respectively. There can be no assurance that we will be able to obtain iron ore and coking coal supplies in sufficient quantities, or at all. Further any significant increase in the prices of raw materials will increase our manufacturing costs and may adversely affect our results of operations.

5. ***Indian Government Policies and Regulations***

The Central Government may from time to time implement new policies using economic or administrative means to regulate the steel industry. Policies related to tax rates and incentives have had a material impact on the steel industry in the past. Measures such as revising import duties and changing the structure of excise duties have been used to try to influence the price of steel sold domestically. Steel in India is a highly taxed commodity with various taxes and levies comprising a significant portion of the end-user price. The key levies on steel are excise duty and value-added tax. Excise duties are levied on the manufacture or production of goods sold in India. Particular measures that we believe will benefit the steel industry include: (i) reintroduction of the basic custom duty for steel imports; (ii) increased support for the automobile, housing and real estate sectors through a range of new measures; and (iii) increased infrastructure investment, particularly for ports and highways.

6. ***Competition***

Going forward, we will be facing intense competition from both Indian and foreign companies. To remain competitive, we will have to continuously strive to reduce our costs and improve operating efficiencies. There are a various established manufacturers of steel and DI pipes 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.

7. ***Taxation and Duties***

General

We would be subject to a number of direct and indirect taxes and duties (levied by both the Central Government and State Governments), including corporate income tax, customs duties, excise duties, value-added tax and sales tax. As prescribed under Indian GAAP, corporations must account for differences in accounting treatment of taxation in their financial statements, as compared with their tax statements, as deferred tax assets / liability.

Customs Duty

Customs duties are imposed on the import of goods into India. In addition, countervailing duty at a rate equal to the relevant rate of excise duty is imposed on imports to ensure no competitive advantage is obtained over domestically produced goods. Historically, the Government has maintained high customs duties in order to protect the emerging industrial base in India and such duties also provide a major source of Government revenue.

Excise Duty

Excise duties represent another major expense, although, by virtue of the CENVAT scheme, excise duties paid by us on some of our inputs may be set off against excise duties payable by us. See "*Indian Government Policies and Regulations*" mentioned above.

Sales Tax

Sales tax in India is levied by both the Central and State Governments. Sales tax levied by the Central Government applies to interstate transactions and sales tax levied by the State Governments applies to sales within each state. Central Government and State Government sales tax is generally levied at rates generally ranging from 1 per cent to 12.50 per cent (depending on the product) of the value of each sale. The majority of States in India have implemented VAT in place of sales tax with effect from April 1, 2005. Under VAT laws, local taxes paid on some of our inputs can be set off against VAT payable on the sale of products. VAT is payable only on sales within a State. Some of our sales outside the State are subject to central sales tax which is also expected to be phased out.

Significant Accounting Policies

1. **Basis of Preparation of Financial Statements**

The Financial Statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956. Accounting policies not referred to otherwise are consistent and are in consonance with the generally accepted accounting principles in India.

2. **Use of Estimates**

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

3. **Fixed Assets (AS - 10)**

   i. Fixed assets are stated at cost of acquisition and subsequent improvements thereto; net of CENVAT / Value Added Tax, rebates, less accumulated depreciation, amortisation and impairment loss, if any.

   ii. All costs, including financing costs and net charge on foreign exchange contracts till commencement of commercial production, are capitalised. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of fixed asset.

   iii. Expenses incurred relating to the Project prior to commencement of commercial production are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during the project development stage).

4. **Depreciation (AS – 6)**

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

   ii. Assets costing Rs. 5,000 or less are being fully depreciated in the year of acquisition.

5. **Foreign Currency Transactions (AS – 11)**

   i. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing on the date of the transaction. All transactions of integral foreign operations are recorded by applying to the foreign currency amounts on average exchange rate between the reporting currency and the foreign currency.

   ii. 'Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.

   iii. Non-monetary foreign currency items are carried at cost.

   iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised as revenue.

6. **Investments (AS – 13)**

   Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in nature in the opinion of the management. Current Investments are carried at lower of cost and market price.

7. **Borrowing Costs (AS – 16)**

   Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

8. **Taxes on Income (AS – 22)**

   Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originates in one year and are capable of reversal in one or more subsequent years.

Our Results of Operations

Our Company is presently setting up a 2.2 MTPA Integrated Steel and DI Pipe Plant in the state of Jharkhand, India.

Restated Profit & Loss Account

(Rs. in millions)

Particulars	For the period		For the fiscal year		For the fiscal year		For the three months ended	
	December 20, 2006 to March 31, 2008	% age of Total Income	31-Mar-09	% age of Total Income	31-Mar-10	% age of Total Income	April 1, 2010 to June 30, 2010	% age of Total Income
INCOME								
Sales	Nil	0.00%	Nil	0.00%	Nil	0.00%	Nil	0.00%
Increase/ (Decrease) in stocks	Nil	0.00%	Nil	0.00%	Nil	0.00%	Nil	0.00%
Other Income								
Interest income	36.94	99.92%	65.76	42.50%	45.41	9.49%	4.91	-1.83%
Dividend income	Nil	0.00%	32.73	21.15%	83.69	17.48%	9.14	-3.41%
Exchange fluctuation	0.03	0.08%	41.69	26.94%	446.92	93.37%	-286.6	106.86%
Gain/(loss) on forward contracts	Nil	0.00%	14.53	9.39%	-97.54	-20.38%	2.63	-0.98%
Profit on sale of fixed assets	Nil	0.00%	0.03	0.02%	Nil	0.00%	Nil	0.00%
Profit on sale of Investments	Nil	0.00%	Nil	0.00%	0.19	0.04%	1.71	-0.64%
Total	**36.97**	**100.00%**	**154.74**	**100.00%**	**478.67**	**100.00%**	**-268.21**	**100.00%**
EXPENDITURE								
Material Consumed	Nil	0.00%	Nil	0.00%	Nil	0.00%	Nil	0.00%
Manufacturing Expenses	Nil	0.00%	Nil	0.00%	Nil	0.00%	Nil	0.00%
Personnel Expenses	58.04	156.99%	119.76	77.39%	250.84	52.40%	75.26	-28.06%
Other Operating Expenses	485.19	1312.39%	482.35	311.72%	888.63	185.65%	168.06	-62.66%
Depreciation	0.47	1.27%	2.76	1.78%	12.14	2.54%	5.01	-1.87%
Interest & Finance Charges	5.68	15.36%	871.82	563.41%	2,198.90	459.38%	671.74	-250.45%
Provision For Taxation	13.38	36.19%	25.22	16.30%	0.09	0.02%	Nil	0.00%
Total	**562.76**	1522.21%	**1,501.91**	970.60%	**3,350.60**	699.98%	**920.07**	-343.04%
Excess of Expenditure over Income	**525.79**	1422.21%	**1,347.17**	870.60%	**2,871.93**	599.98%	**1,188.28**	-443.04%
Transferred to Project Development Expenditure Account (Included under Capital Work-in-Progress) #	525.79		1,347.17		2,871.93		4,744.89	
Accumulated balance of Project Development Expenditure Account	**525.79**		**1,872.96**		**4,744.89**		**5,933.17**	

(#) *Accounting for fixed assets (AS 10):* AS 10, requires all the expenditure incurred in connection with acquiring the fixed assets and incidental to acquiring such fixed assets to be added/allocated to the cost of the respective asset. (Paragraph 9 of AS 10).

Paragraph 9.3 of AS 10 reads: "Administration and other general overhead expenses are usually excluded from the cost of fixed assets because they do not relate to a specific fixed asset, and this normally is the case of expansion projects. However, in the case of new projects, all such expenses are specifically attributable to construction of the project or to the acquisition of a fixed assets or bringing the same it to its working condition which has to be included as part of the cost of the construction project or as a part of the cost of fixed asset."

Para 10 of AS 16 reads: "To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset should be determined as the actual borrowing costs incurred on that borrowing during the period less any income on the temporary investment of those borrowing."

Expenditure pending capitalization has increased from Rs.525.79 million for the period ended March 31, 2008 to Rs. 5933.17 million for the three months period ended June 30, 2010, representing an increase of 1028.43%. We expect to capitalize this expenditure by October 2010, i.e. on or before the date of commercial production.

Comparison between fiscal year 2010 and the fiscal year 2009.

PART A: INCOME

Sales and opening/ closing stock

Since our plant was still under construction there was no earnings and closing stock.

Interest Income

Interest Income decreased by 30.95% from Rs. 65.76 Million for the fiscal year 2009 to Rs. 45.41 Million for the fiscal year 2010. This was primarily due to some of the interim unutilised funds, temporarily parked in Fixed Deposits, having fallen due for maturity and were utilised towards other heads of expenditure.

Dividend income

Dividend income increased by 155.70% from Rs. 32.73 Million for the fiscal year 2009 to Rs. 83.69 Million for the fiscal year 2010. This was primarily due to increase in plant construction activities involving considerable amount of disbursement. The interim unutilised funds were temporarily parked in the mutual funds and hence the dividend income increased.

Exchange fluctuation and Gain/ Loss on forward contracts

The gain on exchange fluctuation increased by 972% from Rs. 41.69 Million for the fiscal year 2009 to Rs. 446.92 Million for the fiscal year 2010.There was a loss on forward contracts of Rs. 97.54 Million in the fiscal year 2010 as compared to gain of Rs. 14.53 Million in the fiscal year 2009. Keeping in line with the progress of the project, during the fiscal year 2010, the major equipments were imported and the Company was exposed to foreign exchange fluctuation on account of Buyer's Credit and forwards with increased hedging activities.

Profit on sale of fixed assets

There was no profit on sale of fixed assets for the fiscal year 2010 as compared to Rs. 0.03 Million for the fiscal year 2009.

PART B: EXPENDITURE

Employee cost

The expenditure on account of personnel increased by 109.45% from Rs. 119.76 Million for the fiscal year 2009 to Rs. 250.84 Million for the fiscal year 2010. This was primarily due to increase in hiring of new personnel with the progress of plant construction activities.

Other operating expenses

The other expenditure increased by 84.23% from Rs.482.35 Million for the fiscal year 2009 to Rs. 888.63 Million for the fiscal year 2010. The increase was on account of increased administrative and general expenditures as a result of progress in the plant construction activities.

Depreciation

The depreciation for the period increased by 339.86% from Rs.2.76 Million for the fiscal year 2009 to Rs. 12.14 million for the fiscal year 2010. The plant being in the construction phase, majority of the expenditure towards equipments and related construction activities have high gestation period hence no depreciation is applicable. However, the depreciation is charged on machineries which are finished and capable of being put to use. The depreciation increase was due to additional purchase of other plant and machinery and vehicles, ready to put to use.

Interest and Finance charges

The interest and finance charges increased by 152.22% from Rs. 871.82 Million for the fiscal year 2009 to Rs. 2,198.90 Million for the fiscal year 2010.The increase was on account of additional disbursement during the period. The Loan funds as on March 31, 2010 stood at Rs. 24,693.56 Million as compared to March 31, 2009 Rs. 17,285.32 Million.

Provision for taxation

The company had provision for income tax for the period ended March 31, 2009 at Rs. 25.22 Million but the same was at Rs. 0.09 Million for the fiscal year 2010, a decrease of 99.64%. This was primarily on account of abolition of fringe benefit tax. The provision was also reduced because of the belief that the income on account of interest on fixed deposits was not taxable on account of several case laws supporting the fact that the income generated on account of interim unutilised funds temporarily parked in liquid instruments. These liquid instruments and the income so generated on that being inextricably linked to the setting of the plant; hence the tax is not applicable.

Comparison of period ended March 31, 2008 and the fiscal year 2009

PART A: INCOME

Sales and opening/ closing stock

Since our plant was still under construction there was no earnings and closing stock.

Interest Income

Interest Income increased by 78.02% from Rs. 36.94 Million for the period from December 20, 2006 to March 31, 2008 to Rs. 65.76 Million for the fiscal year 2009. As we had taken additional disbursement due to increase in plant construction activities, the interim unutilised funds were temporarily parked in the fixed deposits resulting in increase in interest income.

Dividend income

Dividend income increased from Rs. NIL for the period from December 20, 2006 to March 31, 2008 to Rs. 32.73 Million for the fiscal year 2009. As we had taken additional disbursement due to increase in plant construction activities, the interim unutilised funds were temporarily parked in the mutual funds resulting in increase in dividend income.

Exchange fluctuation and Gain/ Loss on forward contracts

The gain on exchange fluctuation increased by 138867% from Rs. 0.03 Million for the period from December 20, 2006 to March 31, 2008 to Rs. 41.69 Million for the fiscal year 2009. The gain on forward contract increased from Rs. NIL for the period from December 20, 2006 to March 31, 2008 to Rs. 14.53 Million for the fiscal year 2009. During the fiscal year 2009, the major equipments were imported and the Company was exposed to foreign exchange fluctuation on account of Buyer's Credit and forwards with increased hedging activities.

Profit on sale of fixed assets

The profit on sale of fixed assets increased from Rs. NIL for the period from December 20, 2006 to March 31, 2008 to Rs. 0.03 Million for the fiscal year 2009. This was primarily due to sale of some of the old vehicles, no longer required.

PART B: EXPENDITURE

Employee cost

The expenditure on account of personnel increased by 106.34% from Rs.58.04 Million for the period from December 20, 2006 to March 31, 2008 to Rs. 119.76 Million for the fiscal year 2009. This was primarily due to increase in hiring of new personnel as a result of increase in plant construction activities.

Other operating expenses

The other, primarily general and administrative expenditure, decreased by 0.59% from Rs.485.19 Million for the period from December 20, 2006 to March 31, 2008 to Rs. 482.35 Million for the fiscal year 2009.

Depreciation

The depreciation for the period increased by 487.23% from Rs. 0.47 Million for the period from December 20, 2006 to March 31, 2008 to Rs.2.76 Million for the fiscal year 2009. The plant being in the construction phase, majority of the expenditure towards equipments and related construction activities have high gestation period hence no depreciation is applicable. However, the depreciation is charged on machineries which are finished and capable of being put to use. The depreciation increase was due to additional purchase of other plant and machinery and vehicles, ready to put to use.

Interest and Finance charges

The interest and finance charges increased by 15249% from Rs. 5.68 Million for the period from December 20, 2006 to March 31, 2008 to Rs. 871.82 Million for the fiscal year 2009 on account of additional disbursement. The Loan funds as on March 31, 2009 stood at Rs. 17,285.32 Million as compared to 1,330.60 Million as at March 31, 2008.

Provision for taxation

The Company had provision for income tax for the period ended March 31, 2008 at Rs. 13.38 Million but the same was at Rs. 25.22 for the fiscal year 2009, an increase of 88.49%. This was primarily on account of fringe benefit tax. The provision was also made on the belief that the income on account of interest on fixed deposits was taxable.

Financial Condition, Liquidity and Capital Resources

The business of steel production is capital expenditure intensive. Our plans for the setting up of our Project will require substantial capital expenditures, which we expect to fund through the Net Proceeds of the Issue, debt and equity financing. We believe that going forward the availability of sources of cost effective funding for our working capital requirement will be crucial and the non-availability of such funding at favorable terms could affect our business, financial condition and results of operations. We have had no operating cash flows since our inception. Going forward, for the fiscal year 2011, we expect to experience cash flows from operating activities as our plant is expected to start commercial production from FY 2011. There can be no assurance that we will generate net profit or positive cash flows in the future.

Cash Flows

The table below summarizes our cash flows on a consolidated basis for the period indicated:

(Rs in million)

Particulars	For the period 20.12.2006 to 31.03.2008	March 31, 2009	March 31, 2010	April 1, 2010 to June 30, 2010
Net Cash flow from Operating Activities	Nil	Nil	Nil	Nil
Net Cash used for Investing Activities	(2,765.09)	(19,579.27)	(14,987.23)	(485.43)
Net Cash flow from Financing Activities	4,425.42	18,475.08	15,374.30	(228.09)
Net Increase/(decrease) in Cash and Cash Equivalents	1,660.33	(1,104.19)	387.07	(713.52)

Note: Figures in ( ) denotes cash outflow

Cash in the form of bank deposits, current account balances and cash on hand represents our cash and cash equivalents.

Investing Activities

Net cash used in investing activities was Rs. 485.43 million for the three months ended June 30, 2010; primarily as a result of additions to capital work in progress of Rs. 1,853.91 million. Such capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. Net investments in Fixed assets amounted to Rs 46.45 million incurred primarily towards land & land development and miscellaneous fixed assets. Expenditure on account of other items primarily on account of advances towards purchase of assets amounting to Rs 63.67 million and advance taxes amounted to Rs 54.62 million. However, sale of investments on account of interim unutilised funds temporarily parked in liquid instruments contributed to an inflow of Rs 1519.17 and other income on account of interest earned and dividend income contributed to an inflow of Rs 4.91 million and Rs 9.14 million respectively.

Net cash used in investing activities was Rs. 14,987.23 million for the fiscal year 2010; primarily as a result of additions to capital work in progress of Rs. 14,138.64 million. Such capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. Net investments in fixed assets amounted to Rs 754.54 million incurred primarily towards land & land development and miscellaneous fixed assets. Expenditure on account of other items primarily on account of advances towards purchase of assets amounting to Rs 328.48 million and advance taxes amounted to Rs 52.88 million. However, sale of investments on account of interim unutilised funds temporarily parked in liquid instruments contributed to an inflow of Rs 158.21 and other income on account of interest earned and dividend income contributed to an inflow of Rs 45.41 million and Rs 83.69 million respectively.

Net cash used in investing activities was Rs. 19,579.27 million for the fiscal year 2009, primarily as a result of additions to capital work in progress of Rs. 16,864.77 million. Such capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. Net investments in fixed assets amounted to Rs 801.52 million primarily towards land & land development and miscellaneous fixed assets. During the year we made investments amounting to Rs 1,764.25 million on account of interim unutilized funds temporarily parked in liquid instruments, while expenditure on account of other items comprising primarily on account of advances towards purchase of assets amounted to Rs 195.38 million and advance taxes amounted to Rs 51.84 million. Other income on account of interest earned on fixed deposits with banks and dividend income on mutual funds contributed to an inflow of Rs 65.76 million and Rs 32.73 million respectively.

Net cash used in investing activities was Rs. 2,765.09 million for the period from December 20, 2006 to March 31, 2008, primarily as a result of additions to capital work in progress of Rs. 2,161.75 million. Such capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof. Net investments in Fixed Assets amounted to Rs 475.68 million incurred primarily towards land & land development and miscellaneous fixed assets, while expenditure on account of other items comprising primarily of advances towards purchase of assets amounting to Rs 151.18 million, and advance tax amount including deferred revenue expenditure amounting to Rs 13.24 million. Other income on account of interim unutilized funds temporarily parked in liquid instruments contributed to an inflow of Rs 36.94 million.

Financing Activities

Net cash generated from financing activities was Rs. 228.09 million for the three months ended June 30, 2010, primarily as a result of proceeds from long term borrowings of Rs. 443.65 million. Interest paid during the period amounted to Rs. 671.74 Million.

Net cash generated from financing activities was Rs. 15,374.30 million for the fiscal year 2010, primarily as a result of proceeds from issuance of equity shares including share application money of Rs. 10,164.96 million, proceeds from long term borrowings of Rs. 7408.24 million. Interest paid during the period amounted to Rs. 2,198.90 Million.

Net cash generated from financing activities was Rs. 18,475.08 million for the fiscal year 2009, primarily as a result of proceeds from issuance of equity shares including share application money of Rs. 3,392.17million, proceeds from long term borrowings of Rs. 15,954.72 million. Interest paid during the period amounted to Rs. 871.81 Million.

Net cash generated from financing activities was Rs. 4,425.42 million for the period December 20, 2006 to March 31, 2008, primarily as a result of proceeds from issuance of equity shares including share application money of Rs. 3,100.50 million, proceeds from long term borrowings of Rs. 1,330.60 million. Interest paid during the period amounted to Rs. 5.68 million.

Fixed Assets (including capital expenditure)

As of June 30, 2010, we had Rs. 41,695.50million of fixed assets, comprising of Rs. 39,617.45 million of capital work in progress and a Net Block of Rs 2078.05 million. Capital work in progress was primarily on account of expenditure including advances towards plant & machinery and construction & erection thereof.

Indebtedness

Our total outstanding indebtedness as of July 31, 2010 is Rs. 27,002.62 million, which consisted of secured borrowings. We have no other type of indebtedness. For further details, please refer the chapter titled “Financial Indebtedness” beginning on page 211 of this Red Herring Prospectus.

Contingent Liabilities

The following table provides our contingent liabilities as of the dates indicated:

(Rs. in million)

Particulars	**As at**			
	March 31, 2008	**March 31, 2009**	**March 31, 2010**	**June 30, 2010**
Bank Guarantees	Nil	148.34	558.62	601.36
Show cause notice from Central Excise Authorities alleging wrong availment of Cenvat credit	Nil	Nil	158.63	158.63
	Nil	**148.34**	**717.25**	**759.99**

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various types of market risk, including changes in interest rates, foreign exchange rates and commodity prices, in the ordinary course of business.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our long-term floating rate debt obligations. All our outstanding long-term debt bears interest at floating rate and thus are exposed to market risk as a result of changes in interest rates. Upward fluctuations in interest rates increase the cost of both existing and new debts. It is likely that in the current fiscal year and in future periods our borrowings will rise substantially given our growth plans. We do not currently use any derivative instruments to modify the nature of our exposure to floating rate indebtedness or our deposits so as to manage interest rate risk. For further details, please refer chapter titled “Financial Indebtedness” on page 211 of this Red Herring Prospectus.

Exchange Rate Risk

We currently have incurred and expect to incur expenditure on account of import of equipment etc. Any depreciation of the rupee against the currencies in which we have an exposure will increase the rupee costs of servicing and repaying our expenditure. We have a policy to have forward cover to mitigate the foreign exchange rate risk.

Commodity Price Risk

Our revenue would be exposed to the market risk of price fluctuations related to the sale of our steel and other products. Market forces generally determine prices for the steel and other products that we will sell both inside and outside of India. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and Indian economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that we earn from the sale of our steel products. In particular, our costs are exposed to fluctuations in prices of iron ore, coal, coking coal, ferro alloys, scrap and other raw material inputs.

Other Qualitative Factors

Unusual or Infrequent Events or Transactions
Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic changes that materially affected or are likely to affect income from continuing operations
There have been no significant economic and regulatory changes that are likely to affect income from regular operations.

Known Trends or Uncertainties
Other than as described in the sections titled “Risk Factors”, and this section and elsewhere in this Red Herring Prospectus, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

Future changes in relationship between costs and revenues
Other than as described in the sections titled “Risk Factors”, and this section and elsewhere in this Red Herring Prospectus, to the best of our knowledge there are no known changes anticipated between costs and revenues in future.

New Product or Business Segment
Other than as described in the chapter titled “Our Business” beginning on page 105 of this Red Herring Prospectus, to our knowledge, there are no new products or business segments.

Total turnover of each major industry segment in which we operate
Not applicable, as our proposed Integrated steel and DI pipe plant is still in the process of being set up.

Seasonality of Business
Our revenues and results may be affected by seasonal factors. For example, inclement weather, including during monsoon season, may delay or disrupt undergoing construction of our project at such times.

Dependence on a Single or Few Suppliers/Customers
As described in the chapter titled “Our Business” beginning on page 105 of this Red Herring Prospectus we plan to sell our Steel products and DI pipes in both within and outside India, as a result we do not foresee any dependence on a single or few customers.

Competitive Conditions
For details on competition, please refer to the discussions of our competition in the chapters titled “Risk Factors” and “Our Business” beginning on pages 1 and 105, respectively, of this Red Herring Prospectus.

Material Developments post Balance Sheet date

1. Post June 30, 2010, we have issued 143,255,812 Equity Shares aggregating to Rs.1540 million to GPC and FTPES. For further details, please refer to chapter titled “Capital Structure” beginning on page of this 48 Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

Our Company had outstanding borrowings of Rs. 27,002.62 million as on July 31, 2010. A detailed break-up facility-wise and bank-wise is given hereunder:

Sl. No.	Nature of borrowings	Amount outstanding as on 31/07/2010 (Rs in million)
1.	Senior Debt	21,738.24
2.	Subordinate Debt	2,296.50
3.	Subordinate Debt II (SMCF)	381.90
4.	Buyers' Credit	2,585.98
		27,002.62

Our Company has been sanctioned Rs. 54,470 million vide the Common Loan Agreement dated June 29, 2007, as amended by the Common Loan Agreement dated February 19, 2008 and further amended by Amended and Restated Common Loan Agreement dated August 20, 2009.

Senior Debt

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
1	Allahabad Bank **Branch Office**: Industrial Finance Branch 1st Floor, 17, Parliament Street, New Delhi – 110001 Tel: (011)- 23342790 Fax: (011)- 23342102 Fund Based: Rs. 1,470 Million Non Fund Based Rs. 1,000 Million Sanction Letter No. IFB/ND/Gr-Op/EIL/1294, dated 08.11.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	764.60	(a) First mortgage and charge on all immovable and movable properties including fixed assets, plant and machinery of the Borrower (both tangible & intangible), present and future, by way of mortgage/hypothecation of the same; (b) First mortgage/charge on all monies in the Borrower's bank accounts in relation to the Project including, without limitation, the Project Capex Account and each of the other Project Bank Accounts and DSRA; (c) First mortgage/charge/assignment of Project Agreements, contracts, consents, all rights, titles, Applicable Permits and Insurance Contracts relating to the Project. (d) Assignment of / charge over contractor guarantees, liquidated damages, letter of credit, guarantee or performance bond that may be provided by any counter-party under any Project Agreement or contract in favour of the Borrower (e) Pledge of entire Equity held by the Sponsor, in the share capital of the Borrower in terms of the Financing Plan.

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
2	Bank of India Kolkata Corporate Banking Branch 5, BTM Sarani Kolkata – 700 001 Tel: (033)- 2210 4257 Fax: (033)- 2242 7562 Fund Based: Rs. 1,470 Million Non Fund Based Rs. 1,250 Million Sanction Letter No. KCBB:GB:07-08:533 dated 26.6.07 KCBB:SKP:07-08:1320 dated 01.12.07 KCBB:SKP 2008-09:1844, dated 20.01.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR – 0.25% (Currently 12.25% p.a.)	778.50	"DO"
3	Bank of Maharashtra Bandra East Branch MHADA Building, Kalanagar Bandra East, Mumbai 400 051 Tel: (022)-26592864 Fax: (022)-26592573 Fund Based: Rs. 970 Million Non Fund Based: Rs. 400 Million Sanction Letter No. AP7/ADV/EIL/2007, dated 22.10.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	372.80	"DO"
4	Central Bank of India Corporate Finance Branch M G Road, 1st Floor Fort	SBAR (floating) (Currently 12.25%	370.40	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Mumbai 400 023 Tel: (022)- 22700946/7/8 Fax: (022)- 22650686/2262372 Fund Based: Rs. 970 Million Non Fund Based Rs. 970 Million Sanction Letter No. CBI:CFB:HRS:CR:2008-09/1541, dated 14.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	p.a.)		
5	Corporation Bank Large Corporate Branch 301/302, Eagles Flight, Suren Road, Andheri Kurla Road, Andheri East Mumbai 400 093 Tel: (022)-26830478 / 2448 / 9 Fax: (022)-26842450 Fund Based: Rs. 1,310 Million Non Fund Based: Rs. 1,310 Million Sanction Letter No. OR/LCB/ADV/490/2007-08, dated 17.12.2007 OR/LCB/482/2008-09,dated 17.10.2008 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	355.24	"DO"
6	Dena Bank Corporate Business Branch C-10, G Block, Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel: (022) 26545011 Fax: (022) 26545016	SBAR (floating) (Currently 12.25% p.a.)	221.90	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Fund Based: Rs. 760 Million Non Fund Based: Rs. 390 Million Sanction Letter No. PS/11981/2009,dated 17.07.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
7	Housing and Urban Development Corporation Ltd. New CMC Bldg., 3rd Floor 15N, Lindsay Street Kolkata – 700 087 Tel: (033)- 2252 8615 Fax: (033)- 2252 5511 Fund Based: Rs. 2,950 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	Currently 12.25% p.a. (floating)	918.30	"DO"
8	Indian Bank G-41, Connaught Circus New Delhi 110001 Tel: (011)- 2371 2160 Fax: (011)- 2371 8418 Fund Based: Rs. 1,400 Million Non Fund Based Rs. 1,030 Million Sanction Letter: dated 31.10.2007 & NDM/CRM/2009 dated 31.07.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	826.20	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
9	Indian Overseas Bank **Branch Office:** 70, Golf Links New Delhi 110 003 Tel: (011) 2460 1621 Fax: (011) 2463 4703 Fund Based: RS. 2,300 Million Non Fund Based: Rs. 1,280 Million Sanction Letter No.: 265/adv/eil/07, dated 05.11.2007 ADV/eil/09-10, dated 23.07.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR – 0.25% (Currently 11.75% p.a.)	794.80	"DO"
10	Life Insurance Corporation of India Investment Department Yogakshema, Jeevan Bima Marg, Mumbai – 400 021 Tel: (022)-66598603/ 04 Fax: (022)- 22810448 Fund Based: Rs. 1,720 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	612.10	"DO"
11	Oriental Bank of Commerce Overseas Branch Lords, 7/1 Lord Sinha Road Kolkata – 700 071 Tel: (033)- 2282 5012 Fax: (033)- 2282 5886 Fund Based: Rs. 2,200 Million Non Fund Based: (Sub-limit) Rs. 2,200 Million	SBAR (floating) (Currently 12.25% p.a.)	1,187.40	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Sanction Letter No: WI/OVS/Date: 07.11.2007 WI/Electrosteel/ 2009-10 Dated: 30.05.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
12	Punjab & Sind Bank Industrial Finance Branch P-18/90, 1st Floor Connaught Circus New Delhi - 110 001 Tel: (011)- 2334 6682 Fax: (011)- 2334 6681 Fund Based: Rs. 1,000 Million Non Fund Based: Rs. 1,000 Million Sanction Letter No. IFB/2007/936 dated 29.11.2007 PSB/ IFB/ SANCT / 2009 dated 15.07.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	832.70	"DO"
13	Punjab National Bank Large Corporate Branch, Tolstoy House, Tolstoy Marg, New Delhi 110001 Tel: (011)- 2373 1876 Fax: (011)- 2371 2518 Fund Based: Rs. 4,380 Million Non Fund Based: Rs. 3,000 Million Sanction Letter No. LCB/ECL/SKG dated 10.10.2008 Repayment terms:	BPLR + Term Premia + 0.25% (Currently 12.50% p.a.)	1,251.90	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
14	State Bank of Hyderabad 32 A, Brabourne Road Kolkata 700 001 Tel: (033)-22350155 Fax: (033)- 22215738 Fund Based: Rs. 970 Million Non Fund Based: (Sub-limit) Rs. 970 Million Sanction Letter No. F/BRC/ADV/EIL/483, dated 17.09.2007 F/BRC/ADV/EIL/27 dated 17.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	248.70	"DO"
15	State Bank of India (including erstwhile State Bank of Saurashtra) Corporate Accounts Group, Reliance House, Jawaharlal Nehru Road, Kolkata – 700 071 Tel: (033)-22889153 Fax: (033)-22887037 Fund Based: Rs. 5,020 Million Non Fund Based: One time LC sub-limit of Rs. 9,000 Million Sanction Letter: CAG.KOL/AMT-1/321, dated 4/8/09 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	3,162.97	"DO"
16	State Bank of Indore M-47, Connaught Circus New Delhi -110001 **Tel: (011)- 2341 7017**	BPLR – 1.00% (Currently 11.75% p.a.)	479.50	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Fax: (011)- 2341 4685 Fund Based: Rs. 720 Million Non Fund Based: Rs. 720 Million Sanction Letter No.: dated 05.09.2007 & ADV:000324, dated 13.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
17	State Bank of Mysore No. 3, 4 & 5 DDA Building, Nehru Place New Delhi- 110019 Tel: (033)- 4161 6747 Fax: (033) -2621 6893 Fund Based: Rs. 780 Million Non Fund Based: Rs. 750 Million Sanction Letter No.: AMT2/KSP/EIL, dated 19.4.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	497.70	"DO"
18	State Bank of Patiala Commercial Branch Chandralok Building, 2nd Floor, 36, Janpath New Delhi -110 001 Tel: (011) -2373 0287 Fax: (011) -2335 4365 Fund Based: Rs. 790 Million Non Fund Based: Rs. 790 Million	BPLR – 0.50% (Currently 11.75% p.a.)	780.00	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Sanction Letter no.: CB/AMTZ-II/KAK/Dated: 24.07.07 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
19	State Bank of Travancore 112-115, Tulsiani Chambers 212, Nariman Point Mumbai 400 021 Tel: 022-30287001-7013 Fax: 022-30287014/17 Fund Based: Rs. 500 Million Non Fund Based: Rs. 500 Million Sanction Letter No.: CNW/CBM/AMT3/C-E1/692 dated 25.06.07 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	289.60	"DO"
20	Syndicate Bank Camac Street Branch 26, Shakespeare Sarani Kolkata- 700 017 Tel: 033-22903852 Fax: 033-22879390 Fund Based: Rs. 1,200 Million Non Fund Based: Rs. 1,200 Million Sanction Letter No: CMK:9591:896:07, dated 1.10.07 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR – 0.25% (Currently 12.25% p.a.)	797.10	"DO"
21	The Jammu & Kashmir Bank Limited A-17, Lajpat Nagar-Iv	BPLR – 1.00% (Currently	364.50	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Ring Road, New Delhi-110024 Tele No – 011 2644 2091 Fax No - 011 2644 2097 Fund Based: Rs. 500 Million Non Fund Based: Rs. 350 Million Sanction Letter No: JKB/LN/ADV/2007-843, dated 07.11.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	11.75% p.a.)		
22	UCO Bank Corporate Flagship Branch 5 , Parliament Street New Delhi-110001 Tel No: (011) 2371 5904, 23710016 Fax No: (011) 2371 7022, 23710015 Fund Based: Rs. 3,690 Million Non Fund Based: (Sub-limit) Rs. 3,690 Million Sanction Letter No. FCC/ND/305/07-08, dated 13.07.2007 FCC/ND/0255/2009-10, dated 02.06.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	1,242.20	"DO"
23	Union Bank of India Industrial Finance Branch Union Bank Bhavan 239, Vidhan Bhavan Marg Nariman Point Mumbai 400 021 Tel: 022-22892012 Fax: 022-22855037 Fund Based: Rs. 1,930 Million	SBAR (floating) (Currently 12.25% p.a.)	367.40	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Non Fund Based: Rs. 1,930 Million Sanction Letter: LC:3029:09, dated 18.06.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
24	United Bank of India Old Court House Street Branch 11, Hemanta Basu Saranni Kolkata-700001 Tel: (033)-22487536 Fax: (033)- 2248 6570 Fund Based: Rs. 2,250 Million Non Fund Based: Rs. 1,000 Million Sanction Letter No: CG/ADV/EIL/211/2007, dated 06.06.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	1,691.30	"DO"
25	Vijaya Bank Industrial Finance Branch New Excelsior Building, 2nd Floor Fort, Mumbai 400 001 Tel: 022-22079776/22064756 Fax: 022-22075994 Fund Based: Rs. 1,300 Million Non Fund Based: Rs. 1,250 Million Sanction Letter No: IFB:COS:188:07/2403 dated 24.12.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	866.00	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
26	Canara Bank Prime Corporate Branch I Ground Floor, Ansal Towers 38 Nehru Place New Delhi - 110019 Tel: 011-26411518 Fax: 011-26416895 Fund Based: Rs. 2,540 Million Non Fund Based: Rs. 2,540 Million Sanction Letter No: CSB:CR53 1414 KNP 2007, dated 8.10.2007 PCB-1:CR 52/S-848/2009-10 SVR dated 13.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	975.03	"DO"
27	The Bank of Rajasthan Ltd. 31, Chowringee Road Kolkata -700 016 Tel: 033- 22659336 Fax: 033 - 22498482 Fund Based: Rs. 490 Million Non Fund Based: Rs. 400 Million Sanction Letter No: BOR/CR/KOL/2008, dated 24.01.2008 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	291.00	"DO"
28	Bank of Baroda Corporate Financial Services Branch 1st Floor, 3, Walchand Hirachand Marg, Ballard Pier, Mumbai - 400001 Tel: 022-2269 1627, 43401302 Fax: 022-2261 0413	SBAR (floating) (Currently 12.25% p.a.)	239.00	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Fund Based: Rs. 1,410 Million Non Fund Based: Rs. 1,410 Million Sanction Letter No: CFSBAL/EIL:06/356 dated 05.11.2008 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
29	Andhra Bank Corporate Finance Branch, Earnest House, 16th Floor, NCPA Marg, Nariman Point, Mumbai - 400021 Tel: 022 22885846 Fax: 022 22885841 Fund Based: Rs. 940 Million Non Fund Based: Rs. 940 Million Sanction Letter No. 1128/01/920 dated 06.11.2008 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR (floating) (Currently 12.25% p.a.)	159.40	"DO"
	Grand Total of Senior Debt		**21,738.24**	

Subordinate Debt

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
1	Allahabad Bank **Branch Office**: Industrial Finance Branch 1st Floor, 17, Parliament Street, New Delhi – 110001 Tel: (011)- 23342790 Fax: (011)- 23342102 Fund Based: Rs. 600 Million Sanction Letter No. IFB/ND/Gr-Op/EIL/1294, dated 08.11.2007 IFB/ND/Gr-Op/EIL/2767, dated 05.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. (floating) (currently 14.25% p.a.)	169.00	(f) Second mortgage and charge on all immovable and movable properties including fixed assets, plant and machinery of the Borrower (both tangible & intangible), present and future, by way of mortgage/hypothecation of the same; (g) Second mortgage/ Charge on all monies in the Borrower's bank accounts in relation to the Project including, without limitation, the Project Capex Account and each of the other Project Bank Accounts and DSRA; (h) Second mortgage/ Charge/assignment of Project Agreements, contracts, consents, all rights, titles, Applicable Permits and Insurance Contracts relating to the Project. (d) Second Charge over entire Security Interest created in favour of Senior Lenders
2	Corporation Bank Large Corporate Branch 301/302, Eagles Flight, Suren Road, Andheri Kurla Road, Andheri East Mumbai 400 093 Tel: (022)-26830478 / 2448 / 9 Fax: (022)-26842450 Fund Based: Rs. 130 Million Non Fund Based (Sub-limit) Rs. 130 Million Sanction Letter No. OR/LCB/ADV/490/2007-08, dated 17.12.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. (floating) (currently 14.25% p.a.)	80.76	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
3	Dena Bank Corporate Business Branch C-10, G Block, Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel: (022) 26545011 Fax: (022) 26545016 Fund Based: Rs. 130 Million Sanction Letter No. PS/11981/2009,dated 15.07.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. (floating) (currently 14.25% p.a.)	63.20	"DO"
4	Indian Overseas Bank **Branch Office:** 70, Golf Links New Delhi 110 003 Tel: (011) 2460 1621 Fax: (011) 2463 4703 Fund Based: Rs. 430 Million Sanction Letter No.: 265/adv/eil/07, dated 05.11.2007 ADV/eil/09-10, dated 23.07.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR + 1.75% (floating) (currently 13.75% p.a.)	166.60	"DO"
5	State Bank of India (including erstwhile State Bank of Saurashtra) Corporate Accounts Group, Reliance House, Jawaharlal Nehru Road, Kolkata – 700 071 Tel: (033)-22889153 Fax: (033)-22887037	SBAR + 2.00% (floating) (currently 14.25% p.a.)	440.93	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Fund Based: Rs. 720 Million Non Fund Based: Rs. 9,000 Million Sanction Letter: CAG.KOL/AMT-1/940, dated 15.10.2007 CAG.KOL/AMT-1/1230, dated 02.03.2009 CAG.KOL/AMT-1/321, dated 04.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
6	Punjab National Bank Large Corporate Branch, Tolstoy House, Tolstoy Marg, New Delhi 110001 Tel: (011)- 2331 4730 Fax: (011)- 2332 3480 Fund Based: Rs. 430 Million Sanction Letter No. LCB/EIL/BKC dated 30.04.2007 LCB/EIL/BKC dated 23.07.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR + Term Premia + 2.25 % p.a. (floating) (currently 14.50% p.a.)	287.30	"DO"
7	State Bank of Hyderabad 32 A, Brabourne Road Kolkata 700 001 Tel: (033)-22350155 Fax: (033)- 22215738 Fund Based: Rs. 210 Million Sanction Letter No. F/BRC/ADV/EIL/483, dated 17.09.2007	SBAR + 2.00% (floating) (currently 14.25% p.a.)	92.00	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	F/BRC/ADV/EIL/27 dated 17.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
8	State Bank of Mysore No. 3, 4 & 5 DDA Building, Nehru Place New Delhi- 110019 Tel: (011)- 4161 6747 Fax: (011) -2621 6893 Fund Based: Rs. 170 Million Sanction Letter No.: AMT2/KSP/EIL, dated 19.4.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. (floating) (currently 14.25% p.a.)	49.40	“DO”
9	State Bank of Patiala Commercial Branch Chandralok Building, 2nd Floor, 36, Janpath New Delhi -110 001 Tel: (011) -2373 0287 Fax: (011) -2335 4365 Fund Based: Rs. 210 Million Non Fund Based (Sub-limit) Rs. 210 Million. Sanction Letter no.: CB/AMTZ-II/KAK/Dated: 24.07.07 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR + 1.50% (floating) (currently 13.75% p.a.)	127.84	“DO”

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
10	Syndicate Bank Camac Street Branch 26, Shakespeare Sarani Kolkata- 700 017 Tel: 033-22903852 Fax: 033-22879390 Fund Based: Rs. 260 Million Sanction Letter No: CMK:9591:SL:495:07, dated 23.05.2007 CMK:9591:896:07, dated 01.10.2007 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	BPLR + 1.75% (floating) (currently 14.25% p.a.)	102.30	"DO"
11	UCO Bank Corporate Flagship Branch 5 , Parliament Street New Delhi-110001 Tel No: (011) 2371 5904 Fax No: (011) 2371 7022 Fund Based: Rs. 430 Million Non-Fund Based: (Sub-limit) Rs. 430 Million Sanction Letter: FCC/ND/305/07-08, dated 13.07.2007 FCC/ND/0255/2009-10, dated 02.06.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% (floating) (Currently 14.25% p.a.)	115.10	"DO"
12	United Bank of India Old Court House Street Branch 11, Hemanta Basu Sarani Kolkata - 700001 Tel: (033)-22487536 Fax: (033)- 2248 6570	SBAR + 2.00% (floating) (Currently 14.25% p.a.)	173.20	"DO"

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Fund Based: Rs. 430 Million Sanction Letter: CG/ADV/EIL/211/2007 dated 06.06.2007 OCH/ADV/EIL/1217/2009 dated 20.06.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
13	Vijaya Bank Industrial Finance Branch New Excelsior Building, 2nd Floor Fort, Mumbai 400 001 Tel: 022-22079776/22064756 Fax: 022-22075994 Fund Based: Rs. 300 Million Sanction Letter No: IFB:COS:188:07/2403 dated 24.12.2007 IFB:Mumbai:EIL:2009 dated 26.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% (floating) (Currently 14.25% p.a.)	122.10	“DO”
14	Canara Bank Prime Corporate Branch I Ground Floor, Ansal Towers 38 Nehru Place New Delhi - 110019 Tel: 011-26411518 Fax: 011-26416895 Fund Based: Rs. 430 Million Non Fund Based (Sub-limit) Rs. 430 Million	SBAR + 2.00% p.a. (floating) (Currently 14.25% p.a.)	306.77	“DO”

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Sanction Letter No: CSB:CR53 1414 KNP 2007, dated 8.10.2007 & PCB-1:CR52/S-848/2009-10 SVR, dated 13.08.2009 Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
	Grand Total of Subordinate Debt		**2,296.50**	

Subordinate Debt II

Sr. No.	Lender & Type of Facility/Sanction letter no. and date/Terms of repayment	Rate of interest	Total amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
1	Bank of India Kolkata Corporate Banking Branch, No, 5, BTM Sarani Kolkata – 700 001 Tel: (033)- 2210 4257 Fax: (033)- 2242 7562 Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 193 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	44.41	(a) Second pari passu mortgage and charge on all Company's immovable and movable properties including fixed assets, plant and machinery of the Borrower (both tangible & intangible), present and future, by way of mortgage/hypothecation of the same. *(b)* Second pari passu mortgage/charge on all monies in the Borrower's bank accounts in relation to the Project including, without limitation, the Project Capex Account and each of the other Project Bank Accounts and DSRA. (c) Second mortgage/Charge/assignment of Project Agreements, contracts, consents, all rights, titles, Applicable Permits and Insurance Contracts relating to the Project. (d) Second mortgage/charge over the entire security created for the senior debt.
2	Indian Overseas Bank 299, Bhaktawar, Ground Floor, Nariman Point, Mumbai 400 421. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 193 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	44.41	"DO"
3	Oriental Bank of Commerce Harsha Bhavan, E Block, Connaught Place, New Delhi 110 001. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 193 Million	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	44.41	"DO"

Sr. No.	Lender & Type of Facility/Sanction letter no. and date/Terms of repayment	Rate of interest	Total amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
4	UCO Bank Flagship Corporate Office, Mafatlal Centre, 1st Floor, Nariman Point, Mumbai 400 021. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 193 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	44.41	"DO"
5	IL & FS Financial Services Ltd. The IL&FS Financial Centre, 3rd Floor, D Quadrent, Plot C 22, G Block, Bandra Kurla Complex Bandra E Mumbai 400051 Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 193 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	44.40	"DO"
6	Central Bank of India Corporate Finance Branch, MMO Building, 1st Floor, M G Road, Fort Mumbai 400 023 Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 155 Million	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	35.53	"DO"

Sr. No.	Lender & Type of Facility/Sanction letter no. and date/Terms of repayment	Rate of interest	Total amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
	Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.			
7	Syndicate Bank Industrial Finance Branch, 3rd Floor, 10 Homiji Street, Fort, Mumbai 400 023. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 155 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	35.52	"DO"
8	Corporation Bank Industrial Finance Branch, Bharat House, Ground Floor, 104, B.S. Marg, Fort, Mumbai 400 023. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 77 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	17.76	"DO"
9	Vijaya Bank Nalanda Shopping Centre, Station Road, Goregaon West, Mumbai 400 062. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 77 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	17.76	"DO"

Sr. No.	Lender & Type of Facility/Sanction letter no. and date/Terms of repayment	Rate of interest	Total amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
10	United Bank of India Mumbai Branch, 25, Sir P.M. Road, Fort, Mumbai 400 001. Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 77 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	17.76	"DO"
11	Dena Bank Corporate Business Branch C-10, G Block, Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel: (022) 26545011 Fax: (022) 26545016 Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 77 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	17.77	"DO"
12	Bank of Maharashtra Bandra East Branch MHADA Building, Kalanagar Bandra East, Mumbai 400 051 Fund/ Non-Fund Based (sub-limit upto 100%): Rs. 77 Million Repayment terms: Repayment is in 30 equal quarterly installments with repayment commencing from 3rd quarter of FY 2012.	SBAR + 2.00% p.a. above the Senior Debt Facility Agent interest rate.	17.76	"DO"
	Grand Total of Subordinate Debt II		**381.90**	

Buyers' Credit

Sr. No.	Lender & Type of Facility / Sanction letter no. and date/ Terms of repayment	Rate of interest	Total Amount Outstanding as on 31/07/2010 (Rs. In millions)	Details of Security
1	Buyers' Credit (Various Banks)	LIBOR + 1.00% to 2.50%	2,585.98	Buyers' Credit is secured by letters of credit issued by the lenders.

The loan documents provide for certain restrictive covenants as follows:

a) Our Company shall not induct a ‘willful’ defaulter on its Board of Directors;
b) Our Company shall not make any further capacity additions before commissioning and stabilization of its 2.2 MTPA plant;
c) Our Company shall ensure that FACR for the Project is maintained at a minimum of 1.20 times.
d) Our Company shall apply all amounts towards expenses of the Project;
e) Debt Equity ratio shall not exceed 3:1
f) Borrower shall open and maintain a DSRA with the facility agent.
g) Our Company shall not do the following without prior written approval of the lender:
   (i) Change its capital structure or any major change in management without prior approval of Facility Agent.
   (ii) Any further borrowing, except working capital borrowings with prior written approval of Agent.
   (iii) Create any Security interest on any property owned or acquired.
   (iv) Part with or dispose off all or any part of its property except in ordinary course of business for an uneconomic asset or any asset subject to aggregate value of 250 million per F.Y.
   (v) Make any restricted payment except interse agreement or as approved by Agent.
   (vi) Windup, merge or consolidate without the permission of Agent which shall not be unreasonably withheld.
   (vii) Take action that shall result in material alteration to the nature of its business without approval of Agent.
   (viii) Abandon the project.
   (ix) Terminate or modify the project agreements without prior approval of the Agent.
   (x) Grant any loans to any person except for advances to the employees.
   (xi) Revalue the assets during the term of the loan without approval of the Agent.
   (xii) Enter into any management agreement with any other person.
   (xiii) Change or modify the name and address without prior approval of the Agent.
   (xiv) Assign or transfer any of its rights in receivables except to working capital lenders.
   (xv) Use any portion of the Project site for any other purpose.
   (xvi) Release any hazardous waste in the Environment in violation of any clearance.
   (xvii) Pay any interest on the capital under sec 208 of Companies Act.
   (xviii) Enter into any derivative transaction for speculative purposes.
   (xix) Incur any non-current expenditure not related to project.
   (xx) Allow ECL to withdraw any monies brought by them.
   (xxi) None of the Directors of the Borrower shall be on the Board of any lender or trustees of mutual funds.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there is no outstanding litigation, suits or civil proceedings or criminal proceedings or prosecutions, statutory or other notices or tax liabilities by or against our Company, our Directors, our Promoter and our Group Companies and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of 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) other than unclaimed liabilities of our Company and its subsidiary and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, its Promoter, Group Companies and Directors.

Further except as disclosed hereunder, Company, our Directors, our Promoters, the Group Entities have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.

I. Litigation involving our Company

Cases against our Company

Matters relating to Central Excise

1. The Commissioner of Central Excise and Service Tax, Ranchi has issued a Demand cum Show Cause notice on July 1, 2009, claiming that our Company has wrongfully availed CENVAT credit for capital goods, over implements such as PCS poles and galvanized towers that are not capital goods within the meaning of the CENVAT Credit Rules. The Commissioner has demanded a total refund of Rs. 7,597,277 along with interest and appropriate penalties in lieu of the credit wrongfully availed. Our Company has filed its reply to this notice and the matter is currently pending final disposal. The next date of hearing has not been fixed.

2. The Commissioner of Central Excise and Service Tax, Ranchi has issued a Demand cum Show Cause notice on July 28, 2009, claiming that our Company has wrongfully availed CENVAT credit over consulting engineer services provided by Stemcor MESA DMCC outside India. The Commissioner has alleged that our Company claimed CENVAT credit over membership of Clubs and Associations and manpower recruitment services, which are not input services within the meaning of the CENVAT Credit Rules over which such credit may be availed and has demanded a total refund of Rs. 97,957,833 along with interests and appropriate penalties. Our Company has filed its reply to this notice and the matter is currently pending final disposal. The next date of hearing has not been fixed.

3. The Commissioner of Central Excise and Service Tax has issued a Demand cum Show Cause notice on August 14, 2009, claiming that our Company has wrongfully availed CENVAT credit over services such as Air Travel Agents' Service, Convention service, rent-a-cab service, telecom service and general insurance services, which are not input services within the meaning of the CENVAT Credit Rules over which such credit may be availed and has demanded a total refund of Rs. 53,075,971 along with interests and appropriate penalties. Our Company has filed its reply to this notice and the matter is pending for personal hearing and subsequent adjudication. The next date of hearing has not been fixed.

4. The Commissioner of Central Excise and Service Tax, Ranchi has issued a Demand-cum-Show cause notice on July 6, 2010 received by us on July 8, 2010 claiming that our Company has wrongfully availed CENVAT credit on MS TMT Bars, cone structures, conveyor belts, goatings, cables, street tubular light poles, MS angles, MS joints and channels, HR sheets, cement, finger print reader, ABC type 10kg cap, distribution panel with 800 Amps, 33 kv post insulators, smart card reader (CA-202), aluminium extruder product etc. in as much as the impugned goods do not fall within the category of capital goods as per

CENVAT Credit Rules, 2004. Therefore, CENVAT credit of Rs. 20,033,271 taken on the impugned goods is liable for recovery along with interest and penalty. The Company filed a reply dated August 27, 2010 which was received by the department on August 30, 2010.

Civil Matters against our Company:

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	Court of the Sub-Judge First Court, Bokaro Title Suit No. 38 of 2009	Dhiren Mahto and Others ('Plaintiff') v. M/s Electrosteel Steel Integrated Limited ('Defendant')	The present suit is filed by the Plaintiff pertaining to the title of lands in Bhagabandh sold to our Company and for declaration of title and confirmation of possession and permanent injunction in respect of lands purchased by our Company in Bhagabandh by sale deed nos. 7732, 7737, 7742, and 7744 dated November 19, 2009 and November 20, 2009 registered at Chas and cancellation of the sale deeds. The Plaintiff has prayed for a decree for permanent injunction restraining the Defendants from making any construction over the land and not to interfere with the peaceful possession of the Plaintiff over these lands. Our Company has denied the allegations made by the Plaintiff and prayed that the suit be dismissed with costs.	55,030,000	The matter was listed for hearing on August 31, 2010. The next date of hearing is yet to be fixed.

Cases filed by our Company

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	Court of Sub Divisional Magistrate, Bokaro Cr. M.P. No. 340 of 2009	EIL v. Rahman Ansari and Others ('Defendant')	The present case pertains to road blockade by the Defendants, against which our Company has initiated proceedings under Section 147 of the Criminal Procedure Code for deliberate interference in the movement of vehicle of our Company and also the interference of the Defendant in the repair of the road being done by our Company.	Not Ascertainable	The matter is listed for hearing on September 25, 2010

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			The court has passed an order dated November 8, 2009 to maintain status quo and restraining the Defendants from blocking the road. Our Company has prayed the Court to pass an order of prohibition under Section 147 of the Cr. P. C. against the second party and their representatives so that our Company may use the land purchased as aforesaid as road without any hindrance and interference.		

Cases filed against the Directors and Officials of our Company

A. Mr. Sunil V. Diwakar

Mr. Sunil V. Diwakar was the nominee director of Unit Trust of India on the Board of Cepham Milk Specialties Limited, which is appearing as a wilful defaulter on the website of CIBIL:

Name of the Company, which is appearing in RBI defaulter list	Remarks
Cepham Milk SPL.	Mr. Sunil V. Diwakar was the director of the company from 1996 to 1998.

The nomination of Mr Sunil V Diwakar was withdrawn by Unit Trust of India on September 2, 1998, and the same was intimated to Cepham Milk Specialties Limited. Presently he is not a director on the board of Cepham Milk Specialties Limited.

B. Cases filed against other Directors/Officials of our Company

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	Collector cum Divisional Forest Officer Bokaro Forest Division Case No.-15 -18	State (Department of Forest), Bokaro (‘Plaintiff’) v. Mr. Umang Kejriwal and others (“Defendant”)	The State Department of Forest filed the case in November 2009 alleging encroachment of Government Land. The State Department of Forest is in exclusive possession of forest land situate at Bhagaband Mouza no 83 PS Chas (M) Dist Bokaro, plot no 1120 1321 ,1159 and 1389 and has prayed that the encroachment should be removed u/s 3 of the Bihar Public Land Encroachment Act, 1956 in public interest of forest conservancy.	Not Ascertainable	Matter pending for hearing.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			The Defendants have denied the allegations made by the Plaintiff and prayed that the suit be dismissed with costs.		
2.	Collector cum Divisional Forest Officer Bokaro Forest Division Case No.- 2 and 10	State (Department of Forest), Bokaro ('Plaintiff') v. V. V. Jamnis, R. S. Singh and Others ('Defendants')	The State Department of Forest filed the case on May 11, 2009 alleging encroachment of Government Land. The State Department of Forest is in exclusive possession of forest land situate at Bhagaband Mouza no Bhagaband Mouza no 83 PS Chas (M) Dist Bokaro and has prayed that the encroachment should be removed u/s 3 of the Bihar Public Land Encroachment Act, 1956 in public interest of forest conservancy. The Defendants have denied the allegations made by the Plaintiff and prayed that the suit be dismissed with costs.	Not Ascertaina ble	Matter pending for hearing.
3.	Collector cum Divisional Forest Officer Bokaro Forest Division Case No.- 15 & 16	State (Department of Forest), Bokaro ("Plaintiff') v. Mr U. Kejriwal, V V Jamnis and Others ('Defendants')	The State Department of Forest filed the case in November, 2009 alleging encroachment of Government Land. The State Department of Forest is in exclusive possession of forest land situate at Bhagaband Mouza no 83 PS Chas (M) Dist Bokaro plot no.1120, 1321 and 1159 and has prayed that the encroachment should be removed u/s 3 of the Bihar Public Land Encroachment Act, 1956 in public interest of forest conservancy. The Defendants have denied the allegations made by the Plaintiff and prayed that the suit be dismissed with costs.	Not Ascertaina ble	Matter pending for hearing.
4.	Collector cum Divisional Forest Officer Bokaro Forest Division Case No.- 17 & 18	State (Department of Forest), Bokaro ("Plaintiff") v. Mr. Umang Kejriwal and Others ('Defendants')	The State Department of Forest filed the case in November, 2009 alleging encroachment of Government Land. The State Department of Forest is in exclusive possession of forest land situate at	Not Ascertaina ble	Matter pending for hearing.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			Bhagaband Mouza no 83 PS Chas (M) Dist Bokaro plot no.1159, 1389 and 1438 and has prayed that the encroachment should be removed u/s 3 of the Bihar Public Land Encroachment Act, 1956 in public interest of forest conservancy. The Defendants have denied the allegations made by the Plaintiff and prayed that the suit be dismissed with costs.		
5.	Chief Judicial Magistrate, Bokaro Complaint No. 671 of 2008	Sudhir Sharma ('Plaintiff') v. R.S. Singh and Others ('Defendants')	The present application is preferred by the Complainant under Section 323, 341, 447427 and 34 of the Indian Penal Code and Section 30 of Prevention of Damage to Public Properties Act, 1984 due to inaction of the police authorities to take cognizance of the breach of peace and possession of weapons by the Accused persons, when the Complainant and witnesses tried to interrupt the Accused while damaging shades situated at Gram Talgachhiya, Fatehpur. The Defendants have denied the allegations made by the Plaintiff and prayed that the suit be dismissed with costs.	Not Ascertaina ble	The case is pending registration.

C. Cases filed by the Directors and Officials of our Company

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	Criminal Miscellaneous Petition of 2009	Officials of the Company (the 'Petitioners') against the State of Jharkhand	The present case is filed by the Petitioners under Section 482 of the Code of Criminal Procedure for quashing of the order dated November 11, 2009 passed in BF Case No. 22/2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act enclosed as Offence Report 223236 dated July 7, 2009 has been accepted and cognizance has been taken against the Petitioners for alleged violation of Section 33	Not Ascertaina ble	Final order reserved

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			and 63 of the Indian Forest Act (Bihar Amendment Act, 1989) Act, 1987 and whereby the case was transferred to the Judicial Magistrate for disposal while issuing summons for appearance of accused and also praying for quashing of the entire criminal proceedings pending against them.		
2.	High Court of Jharkhand at Ranchi Cr. M.P. No. 916 of 2009	R.S. Singh ('Applicant') v. State of Jharkhand and Others	The Applicant has filed an application for issuance of appropriate orders / directions dated April 15, 2009 in B. F. Case No. 09/2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
3.	High Court of Jharkhand at Ranchi Cr. M.P. No. 914 of 2009	D. K. Srivastava and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 04/2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings.	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			The Applicants have prayed for admission of the present revision application by setting aside the order dated 5 November 2009 and stay of the impugned order during the pendency of the application.		
4.	High Court of Jharkhand at Ranchi Cr. M.P. No. 918 of 2009	Parmanand Pathak and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated April 13, 2009 in B.F. Case No. 12/2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
5.	High Court of Jharkhand at Ranchi Cr. M.P. No. 924 of 2009	D. K. Srivastava and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 08 /2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.		
6.	High Court of Jharkhand at Ranchi Cr. M.P. No. 923 of 2009	Parmanand Pathak and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 5 /2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
7.	High Court of Jharkhand at Ranchi Cr. M.P. No. 921 of 2009	Parmanand Pathak and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 10 /2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
8.	High Court of Jharkhand at Ranchi Cr. M.P. No. 922 of 2009	Parmanand Pathak and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 7 /2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertaina ble	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
9.	High Court of Jharkhand at Ranchi Cr. M.P. No. 920 of 2009	S.J. Sarkar and Others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 6 /2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertaina ble	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
10.	High Court of Jharkhand at Ranchi	D. K. Srivastava and Others ('Applicants')	The Applicants have filed an application for issuance of appropriate orders / directions	Not Ascertaina ble	The matter was listed on August 20,

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	Cr. M.P. No. 919 of 2009	v. State of Jharkhand and Others	dated May 4, 2009 in B. F. Case No. 3 /2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.		2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
11.	High Court of Jharkhand at Ranchi Cr. M.P. No. 915 of 2009	R. S. Singh and others ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated May 4, 2009 in B. F. Case No. 11/2009 whereby the prosecution report under Section 33 and 63 of the Indian Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall continue till next date. The next date is yet to be fixed.
12.	High Court of Jharkhand at Ranchi Cr. M.P. No. 917 of 2009	Premasis Misra and S.K. Khatua ('Applicants') v. State of Jharkhand and Others	The Applicants have filed an application for issuance of appropriate orders / directions dated April 28, 2009 in B. F. Case No. 2/2009 whereby the prosecution report under Section 33 and 63 of the Indian	Not Ascertainable	The matter was listed on August 20, 2010 wherein it was ordered that interim order shall

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			Forest Act has been accepted and cognizance taken against the Applicants for the alleged violation and commission of offence. The case has been transferred to Judicial Magistrate for disposal and issuance of summons for appearance of accused and for quashing the entire criminal proceedings. The Applicants have prayed for admission of the present revision application by setting aside the order dated November 5, 2009 and stay of the impugned order during the pendency of the application.		continue till next date. The next date is yet to be fixed.

II. Litigation involving the Promoter- Electrosteel Castings Limited ("ECL")

A. Notice under Employees' Provident Fund and Miscellaneous Provisions Act, 1952:

In terms of an Inspection Report of the Enforcement Officers under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, an instruction has been received by ECL to pay Rs. 241,483 in relation to about 20-21 personnel engaged in the canteen of ECL for the period from January 1997 to August 2000. The said amount includes both employees' and employers' contributions for such canteen personnel. This matter was taken up by the Provident Fund Tribunal, New Delhi, wherein the relevant department was requested to calculate the amount payable in relation to the personnel engaged in the canteen of ECL and make a specific demand upon ECL. However, no specific demand for the same was made. ECL wrote letters dated June 6, 2008 and April 17, 2009 requesting the relevant department to raise demands such that the matter can be closed. Despite the same, ECL did not received a demand notice, and has since volunteered the payment of Rs 241,483 through a cheque dated August 16, 2010 to the relevant provident fund authority and requested that the payment be acknowledged.

B. Cases filed against ECL

(i) Criminal Cases

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	First Information Report, bearing FIR No. 182/09	Narayan Rai v. S. N Sinha, HR Chief, Harendra Choudhury, General Manager, R.S. Singh, S.K Singh, V.S Tiwari, Security in Charge (collectively the 'Accused')	An FIR was filed under Sections 307, 302 and 34 of the Indian Penal Code, 1860. The Complainant has alleged that the Accused made their security-in-charge open fire on ten people, out of which one expired, when those people gathered on land bearing Khata No. 27 and 16 to protest, near about 7.00 pm on December 10, 2009. A case has been	Not Ascertainable	Investigation in progress. Final report not submitted by the Police.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			lodged by Chandankiyari Police Station for instituting a case under section 307/302/34 of the Indian Penal Code, 1860 and Section 27 of the Arms Act.		
2.	An FIR bearing 220/08, dated August 8, 2008	Complaint by Shailendra Prasad Sinha, Chief Secretary, District Transport Department against the authorised signatory and ECL	An FIR bearing 220/08, dated August 8, 2008 has been lodged against the authorised signatory and others of ECL, under Sections 420, 467, 468, 471, 472, 34 and 120(B) of the Indian Penal Code, 1860 at P. S. Bokaro Steel City. The offence alleged in the complaint is forgery of certain road tax tokens for 26 dumper vehicles of ECL.	Not Ascertainable	Pending hearing. The matter is listed for hearing on September 21, 2010.
3.	An FIR bearing 183/09, dated December 11, 2009	Complaint by Sanjay Kumar, an employee of ECL, against ECL.	An FIR bearing 183/09, dated December 11, 2009 has been lodged by one Sanjay Kumar, an employee of ECL, against some people (the 'Accused Group'), under Sections 147, 148, 149, 341, 323, 324, 307, 427, 435 and 447 of the Indian Penal Code, 1860 at P.S. Chandankiyari. The Complainant alleged that the accused group used weaponry including handmade guns, at open cast mines of Electrosteel, Parbatpur and injured many employees of ECL, including security-in-charges. The Accused Group even set fire to the vehicles of ECL.	Not Ascertainable	Investigation in progress. Final report not submitted by the Police.
4.	A criminal case bearing no. 671/2008	Sudhir Sharma and others against RS Singh, Harendra Choudhury & SK Sinha of ECL (the 'Accused')	A criminal case bearing no. 671/2008 was filed under Sections 323, 341, 447, 427 and 34 of the Indian Penal Code, 1860 and Section 30 of Prevention of Damage to Public Property Act, 1984. He alleged that on November 26, 2008 when he and others found the Accused creating damage and destruction to Nirmal Hatiya Shade (a public property). On objection, the accused battered the complainants.	Not Ascertainable	Investigation in progress. Final report not submitted by the Police.

(ii) Civil Cases

Sr no.	Court/ Forum	Case No. And Cause Title	Synopsis of the matter	Amount involved (Rs./-)	Current Status
1	Sub-Judge, First Division, Bokaro	Title suit no. 22/2006 Urmila Devi (‘Plaintiff’) v. Anil Majhi, Electrosteel Castings Limited and others. (’Defendants’)	ECL had entered into 17 composite sale deeds for the purchase of 14.16 acres of land in Debogram, Bokaro (‘said property’) on May 20, 2006 from Anil Majhi, the first defendant. Thereafter, the Plaintiff filed title suit no. 22/2006 alleging that the plaintiff and first defendant were joint owners of the said property, and no partition had been effected on the said property, and consequently, the sale by the first defendant of the land in question to ECL was invalid. ECL has filed an application under Order 7, Rule 11 of the Code of Civil Procedure 1908 for dismissal of the suit and also filed written statement.	Not Ascertainable	Suit and the application under Order 7 Rule 11 are both pending hearing. The matter was listed on September 01, 2010. The next date is yet to be fixed.
2	Hon’ble High Court at Jharkhand	LPA No. 110 of 2008 Writ C.O. No. 06/2008 Ramchandra Prasad and Others (Appellants) v. Electrosteel Castings Limited and Others	Appellants in this Letter Patents Appeal have filed an application for oppression and mismanagement before the Company Law Board, Principal Bench, New Delhi, under Sections 397 and 398 of the Companies Act 1956 alleging violation of Joint Venture Agreement for operation and running of one Domco Limited, a company registered in the State of Jharkhand, which is in the process of obtaining mining lease for coal block in Jharkhand. The instant appeal and cross objection relate to an order passed by the Company Judge of the Ranchi High Court referring the disputes raised by the appellants to arbitration in terms of the Joint Venture Agreement between the parties.	Not Ascertainable	The matter was heard on August 19, 2010. We await the receipt of the order.
3	High Court at Madras	C.S. No.1200 of 1991 The Tamil Nadu Electricity Board (‘Plaintiff’) v. Electrosteel Castings Limited (‘Defendant’)	Plaintiff has filed this suit alleging that our Company has defaulted in payment of electricity dues as per their Agreement for supply of electricity at Elavur factory which the Defendant had taken over from Shakti Pipes Limited. The Plaintiff has claimed a decree for Rs. 3,031,928.40 along with interest @ 24% per annum. ECL has already paid a sum of Rs. 1,599,709 against the said demand.	820,231	Written statement filed. Matter is pending for hearing.
4.	High Court at	First Appeal No. 606	UPSEB has filed two Appeals from	Not	Both Appeals are

Sr no.	Court/ Forum	Case No. And Cause Title	Synopsis of the matter	Amount involved (Rs./-)	Current Status
	Allahabad	of 1994 U.P State Electricity Board and Another v. Electrosteel Castings Limited	two orders both dated 29 January, 1996 passed by the District Civil Judge, Ghaziabad staying electricity demands for Rs. 4,784,765.63 and Rs. 6,793,514.91 with interest. ECL had deposited Rs. 500,000 each against each the aforesaid two demands.	Ascertainable	pending hearing.
5.	Deputy Commissioner, South Chotanagpur, Hazaribag CS No. 76 to 81 of 2007	State, through The Sub-Registrar v. Electrosteel Castings Limited	The Sub-Registrar has preferred the present appeal under Section 47 (A) (I) of the Indian Stamp Act against insufficient stamp duty paid by the Respondent on the Deed of Conveyance dated August 13, 2006 executed between ECL and Kala Chandra Majhi, Bhagwat Majhi, Shakuntala Devya (through Sudip Kumar Singh), Govardhan Singh (through Bama Pad Mukherjee), Kalu Singh, Aalu Singh and Rajendra Singh, Khagan Singh, Phool Mani Devya and Dhanu Rai for purchasing the land aggregating to 63 decimals situated at Pargana Mahal.	270,400	The next date for hearing is fixed for September 17, 2010.
6.	Subordinate Judge 1st, Bokaro Title Suit No. 52 of 2009	Steel Authority of India Limited v. Shrish Kumar (Power of attorney holder for ECL), and others	The Plaintiff has filed this Suit for declaration of right, title, interest and recovery of possession and injunction submitting that the property situated within Mouza Talgharia, Mouza No. 210 on the plea that ECL has illegally trespassed on some portion of the said Property measuring about 2.82 acres ('Suit Property') and has started running coal mines and dumping burden and extended storage of stone and soil on portion of the Suit Property. Accordingly, the Plaintiff has, amongst others, prayed that the said Sale Deed no. 3394 executed on May 13, 2008 between ECL and the defendant nos. 2 to 4 be declared inoperative, collusive and illegal and permanent injunction restraining the Defendants from interfering with the possession of the Plaintiff of the Suit Property.	Not Ascertainable	The next date for hearing is fixed for October 04, 2010.
7.	Court of the District Judge, Bokaro Title Appeal No. 36 of	Parmanand Mahto and others ('Plaintiffs/ Appellants') –v. Dhananjay Rajwar and others ('Defendants').	The Plaintiffs/Appellants have filed this appeal against the judgment and order passed in Title Suit no. 54 of 1996 in the Court of the Sub-ordinate Judge, Bokaro challenging the order dated June 28, 2007 whereby the title suit filed by the	Not Ascertainable	The next date for hearing is fixed for September 16, 2010.

Sr no.	Court/ Forum	Case No. And Cause Title	Synopsis of the matter	Amount involved (Rs./-)	Current Status
	2007	The Managing Director and Project Manager of ECL are defendant nos. 10 and 11.	Plaintiffs/Appellants claiming rights in respect of land admeasuring 11.21 acres was dismissed.		
8.	Subordinate Judge 1st, Bokaro Title Suit No. 4 of 2007	Shiba Prasad, Baidyenath Majee, Chand Mohan Majee, Kalipada Majee, Satish Majee, Mutkdhari Majee, Goutam Majee, Uttam Majee, Deepak Majee, Bibakanand Majee Bhaktibala Debya, Digambar Majee, Pitambar Majee, Shantibala Devi, Habibala Debya v. Kabita Devi and Ajit Kumar Puri (on behalf of ECL)	The present suit pertains to the title of the land at Chandankiary, Mouza Parbatpur, Khata No. 110, 111 and 113 aggregating to 8.62 acres, which was purchased by ECL from Defendant No. 1 by sale deed bearing No. 7830 executed on December 12, 2006. The Plaintiffs has prayed for permanent injunction for restraining the Defendants from interfering with the peaceful possession of the properties by the Plaintiff.	570,000	The next date for hearing is fixed for September 09, 2010.
9.	Gujarat Public Works, Arbitration Tribunal at Ahmedabad Arbitration Reference No. 62 of 2007	Gujarat Urban Development Co. (applicant) Ltd. v. ECL	GUDC has filed an application for condoning delay in filing an arbitration reference to the Hon'ble Court. The dispute involves non performance by ECL of the Limbdi contract for work related to water supply and sewerage system at Limbdi, Surendranagar. The applicant has claimed damages amounting to Rs. 3,95,73,216 with interest @ 18% p.a.	3,95,73,216 with interest @ 18% p.a.	Matter is pending for hearing. The next date of matter is not yet fixed.

(ii) Labour Matters:

Sr. no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
1.	Civil Judge, Mundra, Kutch	CS 46/2004 Manoj Kr. Gupta v. Electrosteel Castings Limited & Others	Ex employee related matter.	Not Ascertainable	Matter is pending for hearing. The next date of matter is not yet fixed.
2.	Chief Judicial Magistrate, Barasat Case No. C-805 of 2004	Electrosteel Castings Limited v. Partho Bose ('Accused')	This case pertains to The Accused was appointed by ECL as Mould Shop Supervisor. During the course of employment, the Accused was supplied with all secret	Not Ascertainable	Matter is pending for hearing. The next date of matter is not yet fixed.

			documents, computer floppies containing secret technical know-how, formulas relating to the manufacturing process. As desired by the Accused, ECL accepted his resignation in 2004 subject to the condition that he would deposit all technical knowledge to ECL and would not engage in employment with any competitor for 5 years from the date of termination. This matter relates to violation of restrictive clause in the appointment letter and theft of technical data by the Accused ECL filed a complaint under Section 406, 408 and 420 of Indian Penal Code, 1860 against the Accused alleging that the said employee left the job with ECL and joined a competitor organisation and took away the manufacturing secrets of ECL from our office.		
3.	First Industrial Tribunal, West Bengal	Case No. VIII/21/08 An Industrial Dispute between Electrosteel Castings Limited -And- Electrosteel Castings Mazdoor Union and Electrosteel Castings Shramik Union.	Dispute arose in relation to the Charter of Demands of the labour unions of ECL which was submitted to the management. Thereafter, the labour unions of ECL at Khardah filed an application before the Industrial Tribunal for adjudication on merit the issues of determination of categorisation of workmen, revision of grades and scales of pay, revision of dearness allowance and variable dearness allowance, night shift allowance and leave travel allowance.	Not Ascertainable	The matter was heard on July 22, 2010. The next date of hearing is yet to be given by the Tribunal.

(iii) Tax Matters

a. Excise Matters:

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
Excise Matters at Khardah				
1.	The Commissioner of Central Excise Kolkata - III	Show Cause Notice bearing No. C No. V(15)36/ CE/Adjn./Commr/Kol-III/2007/10725 was issued by the Commissioner of Central Excise Kol-III Commissionerate on	7,970,187	Pending hearing and final disposal. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		October 4, 2007 alleging that ECL had availed Service Tax Credit to the tune of Rs. 7,970,187 by treating outward transportation service as clearance for the period between January 2005 to March 2007. ECL has filed its reply.		
2.	The Commissioner of Central Excise Kolkata-III Commissionerate	Show Cause Notice bearing No. C.No.V(15)02 CE/Adjn./Commr./Kol-III/2008/960 was issued by the Commissioner of Central Excise Kolkata-III Commissionerate on January 30, 2008 alleging that ECL had wrongly availed Service Tax Credit to the tune of 1,727,762 by treating outward transport service as part of clearance for the period between April 2007 to September 2007. ECL has filed its reply.	1,727,762	Pending hearing and final disposal. Date of personal hearing not fixed.
3.	The Commissioner of Central Excise Kolkata-III Commissionerate	Show Cause Notice bearing No. C.No.V(15)38-CE/Adjn./Commr./Kol-III/2008/7978 was issued by the Commissioner of Central Excise Kolkata-III Commissionerate on July 18, 2008 alleging that ECL had availed Service Tax Credit to the tune of 1,705,373 by treating outward transportation service as clearance for the period between October 2007 to March 2008. ECL has filed its reply.	1,705,373	Pending hearing and final disposal. Date of personal hearing not fixed.
4.	The Commissioner, Service Tax, Kolkata	Show Cause Notice bearing No. C No. V (15) 173/ST- Adjn/ Commr./ 08/16295 was issued by the Commissioner, Service Tax, Kolkata to ECL on October 13, 2008 alleging that ECL had failed to pay Service tax to the tune of Rs. 62,757,041 for the period between July 1, 2003 and May 31, 2007 for providing Commissioning and Installation Service by way of undertaking water supply projects. ECL has filed its reply.	62,757,041	Order awaited.
5.	Commissioner of Central Excise, Kolkata-III Commissionerate	Show Cause Notice bearing No. C. No. V (15)15-CE/Adjn./Commr/Kol-III/2009/3955 was issued by the Commissioner of Central Excise, Kolkata-III Commissionerate to ECL on March 12, 2009 alleging that ECL had wrongfully availed exemption from paying duty under Notification No.6/2006-CE dated March 1, 2006 as the pipes on	61,705,990	Order awaited.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		which exemption was availed for the period during August 5, 2006 and October 19, 2007 were used for purposes beyond storage facilities. ECL has filed its reply.		
6.	Assistant Commissioner, Central Excise	Show Cause Notice was issued by Assistant Commissioner, Central Excise to ECL on September 27, 2007 alleging that ECL had sold excisable goods at a higher value than the transaction value being the value at which they were transferred to the consignment agent for the period between December 2005 and April 2006. The Department had further alleged short payment of excise duty due to undervaluation of transaction value on which such duty was calculated. ECL has filed its reply.	46,243	Pending hearing and final disposal Date of personal hearing not fixed.
7.	The Joint Commissioner of Central Excise, Kolkata.	The Joint Commissioner of Central Excise has issued a Show Cause notice to ECL on August 24, 2006 in relation to pending excise duties on goods provided to the State Industries Promotion Corporation of Tamil Nadu, under exemption notification No. 47/2002. ECL has filed a reply to the notice and the matter is currently pending.	962,162	Order awaited.
8.	CESTAT, Kolkata	The Commissioner of Central Excise has issued a Show Cause notice to ECL on March 19, 2002, alleging that it had wrongfully availed of a concessional rate of excise duty of their products, by classifying the same as parts of Pollution Control Equipment, in terms of Notification No. 57 of 1995 on Central Excise. ECL responded to the Show Cause notice, pursuant to which Additional Commissioner of Central Excise, Kolkata confirmed the allegations in the notice and the penalties levied therein. On appeal to the Commissioner of Central Excise (Appeals-I) by ECL, the appellate forum dropped the proceeding in favour of ECL. Thereafter, the Central Excise Department has filed an appeal against this order in the CESTAT.	13,40,785	The matter is pending before the CESTAT, Kolkata. Date of personal hearing not fixed.
9.	Joint Commissioner, Central Excise, Kol – III	The Joint Commissioner of Central Excise issued a Show Cause Notice dated March 22, 2004 to ECL alleging that the amount of Rs.	987,476	Personal hearing done. Order is awaited.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		987,476 being 8% of the price revised under rule 6 (3) (b) of the Cenvat Credit Rules, has been incorrectly collected as central excise duty from our customer Satish Dhawan Space Centre Shar Sriharikota and retained by ECL during the period from March, 2003 to September, 2003 when the same should have been paid to the Government as per Section 11D of the Central Excise Act, 1944. ECL has been asked to show cause as to why the amount of Rs. 987,476 should not be paid to the credit of the Central Government under Section 11D(2) of the Central Excise Act, 1944 and interest and penalty should not be imposed on ECL. ECL has replied to the said Show Cause Notice.		
10.	Commissioner, Central Excise, Kolkata – III	Show Cause Notice dated October 6, 2006 was issued by the Additional Director, Directorate of General of Central Excise Intelligence alleging that during the period September, 2002 to March, 2005 in the manufacture and clearance of Ductile Iron Pipes by ECL from its factory at Khardah, it had collected amounts @ 8 % from its customers as and by way of excise duty or in the guise of excise duty or in lieu of excise duty but had not deposited the same with the Government as per Section 11D of the Central Excise Act, 1944 and that ECL had taken benefit of exemption from excise duty under Notification No. 6/2002-CE dated March 1, 2002 as amended and Notification No. 3/2004 dated January 8, 2004 by allegedly misusing them and thus allegedly not paying central excise duty and education cess and to show cause as to why a total amount of Rs. 344,192,310 along with interest and penalty thereon should not be demanded from ECL. ECL has filed a reply to the said Show Cause Notice on June 28, 2007.	344,192,310	Order is awaited.
11.	Commissioner of Central Excise (Appeals) Kolkata	Appeals have been preferred by the Company against the impugned order Order-in-Original No. 13/Joint Commr/CE/Kol-III/09-10 dated December 31, 2009 of the	751,397	Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		Joint Commissioner of Central Excise, Kolkata-III. The Commissioner has by the impugned disallowed CENVAT credit availed towards damage of capital goods and has disallowed levy of any penalty. The Department has also preferred an appeal against disallowance of any penalty. The Additional Commissioner, Central Excise issued a Show Cause Notice dated May 14, 2009 to ECL stating that we have allegedly violated Rule 3 of the Cenvat Credit Rules, 2004 inasmuch as ECL had availed credit on purported inputs and capital goods /machineries and parts thereof to the extent of Rs. 1,808,827 without using them in the manufacture of final products on suppressing such fact of non use before the department with the intent to evade payment of the said amount and the same appears to be recoverable from ECL along with interest under Rule 4 read with proviso to Section 11A and 11AB of the Central Excise Act, 1944 and also alleging that for not reversing the said amount of Rs. 1,808,827 with the intent to evade its payment, ECL is liable to penal action under Rule 15 read with Section 11AC of the Central Excise Act, 1944 and to show cause as to why Cenvat Credit amounting to a total of Rs. 1,808,827 shall not be recovered with interest and penalty.		
12.	The Commissioner of Service Tax	The Commissioner, Service Tax has issued a Show Cause cum Demand Notice on April 24, 2008 alleging that ECL has contravened provisions of Sections 68 and 70 of the Finance Act, 1994 and Rules 6 and 7 of the Service Tax Rules 1994 and further alleging that ECL has failed to pay service tax amounting to Rs. 37,192,610 and education cess amounting to Rs. 583,863 on gross amount paid for the period October 1, 2002 to March 31, 2007 for receiving 'Consulting Engineering Service' and 'Business Auxiliary Service' by way of suppression of facts with intent to evade payment of service tax. ECL has replied to this Show	37,776,473	Personal hearing done. Order is awaited.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		Cause cum Demand Notice on November 29, 2008.		
13.	Commissioner of Customs, Jaipur	Show Cause Notice issued by the Additional Director General, Directorate of Revenue Intelligence on August 13, 2008 alleging that ECL had exported 28 consignments of Ductile Iron Pipes between May 10, 2008 and June 12, 2008 valued at Rs. 10,774,564 to Mahindra World City (Jaipur) limited., SEZ Developer without payment of Export Duty amounting to Rs. 10,774,564 and to show cause as to why such Ductile Iron Pipes should not be confiscated under Section 113(d) of the Customs Act, 1962, Export Duty amounting to Rs. 1,077,456 should not be demanded and recovered under Section 28(1) of the Customs Act, 1962 along with interest thereof and the amount of Rs. 1,018,240 deposited by Mahindra during the course of investigation should not be appropriated towards the purported demand and why penalty should not be imposed. ECL has filed its reply on September 23, 2008.	1,077,456	Order is awaited.
14.	Commissioner (Appeals)	Show Cause cum Demand Notice was issued by the Assistant Commissioner of Customs (Exports) on July 9, 2008 demanding Customs Duty on the purported ground that 10% duty is leviable on tubes and pipes of iron and steel as per Notification No. 66/2008 – Cus dated May 10, 2008 and alleging that ECL had not paid the said export duty of Rs. 394,881. ECL filed a reply to the said Notice and upon personal hearing the order was passed against ECL confirming the demand by Order in Original no. 8265/2008 dated November 14, 2008. ECL has preferred an Appeal against the said Order before the Commissioner (Appeals), Customs.	394,881	Matter is pending. Date of personal hearing not fixed.
15.	CESTAT, ERB, Kolkata	ECL has preferred an appeal against the impugned order of the Commissioner of Service Tax, Kolkata dated February 19, 2010 in so far as the penalty imposed by the Commissioner. Vide the impugned order, the Commissioner (i) confirmed the service tax including education cess, secondary and	17,388,053	Pending hearing. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		higher education cess amounting to Rs. 17,388,053, and interest is imposed thereon (ii) penalty should not be imposed and (iii) amount of Rs. 17,722,414 already paid by ECL and credited to the account of the Government to be appropriated, (iii) imposed penalty of Rs. 173,88,053. The Commissioner of Service Tax had issued a Show Cause Notice on February 13, 2009 alleging that ECL has contravened the provisions of Section 67, 68 and 70 of the Chapter V of the Finance Act, 1994 because ECL allegedly failed to pay service tax amounting to Rs. 17,388,053 and had also contravened Sections 91 and 95 of the Finance Act, 2004 by not paying appropriate education cess. It has been further alleged that ECL had rendered themselves liable to penal consequences for not having paid until after initiation of investigation by the DGCEI, Kolkata Zonal Unit, service tax on the arrangement and agency fees paid to the Hongkong and Shanghai Banking Corporation Limited. New York for receiving its service with respect to an External Commercial Borrowing availed by ECL which is a taxable service under Section 65(105)(zm) of the Finance Act, 1994 read with Section 65(12) thereof.		
16.	CESTAT, Kolkata	Show Cause Notice bearing No. V (15)18/Adjn/KDH/2000/2641-43 was issued by Assistant Commissioner, Central Excise to ECL on May 30, 2003 for payment of excise duty on clearances of excisable goods for the period between July 2, 1998 and September 20, 1998. Since the excisable goods were Pollution Control Equipments, benefit of concessional duty was provided by the Government Notification dated March 20, 1990. The notification was withdrawn on June 2, 1998 and was again restored on September 21, 1998. The Authority ordered that the goods were eligible for payment of the concessional duty by its order dated August 30, 2006. An appeal	350,332 (By the Order No. 214/Kol-III/09 dated December 23, 2009, the Commissioner (Appeals-I), Central Excise, has also imposed a penalty of Rs. 50,000)	Pending hearing. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		was preferred by the Department before the Commissioner (Appeal-I). The Commissioner (Appeals-I), Central Excise, by the Order No. 214/Kol-III/09 dated December 23, 2009 confirmed the demand of duty amounting to Rs. 350,332. ECL has preferred an appeal against the impugned order.		
17.	CESTAT, Kolkata	Show Cause Notice bearing No. V (15)2/Adjn/KDH/02/1520-22 was issued by Assistant Commissioner, Central Excise to ECL on May 22, 2003 for payment of excise duty on clearances of excisable goods for the period between June 2, 1998 and September 20, 1998. Since the excisable goods were Pollution Control Equipments, benefit of concessional duty was provided by the Government Notification dated March 20, 1990. The notification was withdrawn on June 2, 1998 and was again restored on September 21, 1998. The Authority ordered that the goods were eligible for payment of the concessional duty by its order dated August 30, 2006. An appeal was preferred by the Department before the Commissioner (Appeal-I). The Commissioner (Appeals-I), Central Excise, by the Order No. 214/Kol-III/09 dated December 23, 2009 confirmed the demand of duty amounting to Rs. 350,332. ECL has preferred an appeal against the impugned order.	250,237 (By the Order No. 214/Kol-III/09 dated December 23, 2009, the Commissioner (Appeals-I), Central Excise, has also imposed a penalty of Rs. 50,000)	Pending hearing. Date of personal hearing not fixed.
18.	CESTAT, Kolkata Appeal No. E/290/2010	Show Cause Notice bearing No. V (15)2/Adjn/KDH/02/1520-22 was issued by Commissioner, Central Excise to ECL on December 6, 2000 for payment of excise duty on goods as the goods did not fall under the category “goods exempt as specified in the schedule” for the period between April 1996 – March 1997 and April 1997 up to June 1998. The Additional Commissioner, Central Excise, Kolkata III Commissionerate passed the order dated January 29, 2008 against ECL. Thereafter, ECL preferred an appeal before the Commissioner (Appeals) on March 24, 2008. By the order dated March	2,956,567	Pending hearing and final disposal. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		5, 2010, Commissioner, Central Excise (Appeals), Kolkata dismissed the demand under the show cause notice. The Department has preferred an appeal before the CESTAT.		
19.	Central Excise and Sales Tax Appellate Tribunal, Kolkata	The Commissioner of Central Excise has issued a show cause notice against ECL on March 26, 2002, alleging that ECL had realised an extra amount of money from customers on account of transportation charges over and above the actual amount incurred and showing the same as other income without including the amount in the assessable value of the goods. The Commissioner has thus claimed extra duties in respect of the excess transportation charges. On appeal, the Additional Commissioner of Central Excise confirmed the demands in the Show Cause notice. On further appeal by ECL, the Commissioner of Central Excise (Appeals) set aside the order of the Additional commissioner, and also, set aside the demand for extra tax. The Central Excise Department has preferred an appeal against this order before the CESTAT.	2,991,103	The Appeal is pending before the CESTAT. Date of personal hearing not fixed.
20.	CESTAT, Kolkata	Show Cause cum Demand Notice was issued on May 31, 2007 by the Additional Director General, Directorate General of Central Excise Intelligence, Ahmedabad Zonal Unit in relation to 'Commercial or Industrial Construction Secrives' rendered by ECL to M/s. Gujarat Water Supply and Sewerage Board alleging that service tax and education cess allegedly payable on the said service has not been paid by ECL and proposing recovery of service tax amounting to Rs. 84,268,570. ECL had filed reply to the said Notice. Upon hearing the Commissioner, Service Tax dropped the proceedings initiated under the said Notice by passing Order-in-Original No. 29/Commr/2008-09 dated November 28, 2009. Commissioner of Service Tax, Kolkata has filed an application before the CESTAT for	84,268,570	Final hearing pending. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		review of the said Order in Original.		
21.	CESTAT, Mumbai	Our Company was issued a Show Cause Notice on March 7, 2006 by the Commissioner of Customs and Central Excise, Nagpur ('Commissioner') to NOCIL Petrochemicals Limited and ECL alleging that there has been a wrong availment of benefit of exemption from excise duty during the period February, 2005 to May, 2005. In the project of Gandhinagar & Surendranagar under Gujarat Water Supply & Sewerage Board, ECL has procured HDPE pipes from NOCIL Petrochemicals Limited while availing exemption from payment of excise duty vide Notification No.6/2002 and utilised the same beyond the first storage point. ECL had replied to the said Notice by letter dated April 5, 2006. Upon hearing, January 10, 2007 imposing a penalty of Rs. 500,000 under Rule 26 of the Central Excise Rules, 2002. Therefore, demand of duty was raised on NOCIL Petrochemicals Limited and ECL was required to pay penalty. Thereafter, ECL filed an Appeal before the CESTAT, West Zonal Bench, Mumbai against the said Order and the said penalty was waived by the CESTAT.	500,000	Final hearing pending. Date of personal hearing not fixed.
22.	The Commissioner Central Excise, Kolkata-III	Notice to Show Cause C.No.V(15)22-CE/Adjn/Commr/Kol-III/2010/6622 dated April 29, 2010 has been issued to ECL for the Cenvat Credit wrongly availed on Service Tax paid on Service such as "Port Service" , "Customs House agent's Services' and Steamer Services used outside registered factory premises for export of goods and utilized such credit for payment of Central Excise duty to the tune of Rs.69,07,806/-for the period April, 2009 to February,2010. ECL has filed a reply on July 6, 2010	69,07,806	Pending hearing. Date of personal hearing not fixed.
Excise Matters at Elavur				
23.	Commissioner	Show Cause Notice was issued by	684,412	Final order pending.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
	(Appeals)	the Joint Director, Directorate General of Central Excise Intelligence, Regional Unit, Pune to ECL on March 24, 2008 for availing irregular and ineligible exemption and misusing the benefit of Notification No. 6/2002 – CE dated March 1, 2002 on supply of 2,976.5 meters of CI Pipes to R K Madhvani & Co. and to show cause as to why central excise duty amounting to Rs. 684,412 should not be paid by ECL along with interest and penalty thereon. Our Company had filed a reply to the said notice on May 23, 2008. The Additional Commissioner of Central Excise, Chennai II Commissionerate issued an Order dated December 31, 2008 imposing a duty of Rs 684,412 along with appropriate interest (amount not quantified) and a penalty of Rs. 684,412 on ECL against which an Appeal has been filed by our before the Commissioner (Appeals).		
24.	Commissioner (Appeals) OIA No. 54 & 55 of 2010	Show Cause Notice was issued by the Assistant Commissioner Chennai V Division on September 1, 2008 alleging that ECL had wrongly availed the CENVAT Credit on input service viz., Service Tax paid on Goods Transport Agency for clearance of finished goods and to show cause as to why an amount of Rs. 183,059 should not be recovered from ECL under Rule 14 of the Cenvat Credit Rules, 2004 read with Section 11A of the Central Excise Act, 1944. ECL had filed the reply on November 14, 2008. The Assistant Commissioner of Central Excise issued an Order dated December 31, 2008 imposing a duty of Rs. 183,059 along with interest (Amount not quantified) on ECL and a penalty of Rs. 5,000 against which an Appeal has been filed by ECL before the Commissioner (Appeals) on February 17, 2009.	183,059	Matter is pending. Date of personal hearing not fixed.
25.	Commissioner (Appeals)	Show Cause Notice was issued by the Assistant Commissioner Chennai V Division on November	494,957	Matter is pending. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
	OIA No. 54 & 55 of 2010	11, 2008 alleging that ECL had wrongly availed the CENVAT Credit on input service viz., Service Tax paid on Goods Transport Agency for clearance of finished goods and to show cause as to why an amount of Rs. 494,957 should not be recovered from ECL under Rule 14 of the Cenvat Credit Rules, 2004 read with Section 11A of the Central Excise Act, 1944. ECL had filed the reply on November 14, 2008. The Assistant Commissioner issued an Order dated December 31, 2008 imposing a duty of Rs. 494,957 along with interest (amount not quantified) on ECL and a penalty of Rs. 4,000 against which an Appeal has been filed by ECL before the Commissioner (Appeals) on February 24, 2009.		
26.	Commissioner (Appeals)	Show Cause Notice bearing No. C.No.IV/09/130/08 - Adjournment was issued by the Assistant Commissioner Chennai V Division on July 11, 2008 alleging that ECL had wrongly availed the CENVAT Credit on Service Tax paid on the ground that they are not input services that includes Maintenance Charges, ISO Certification charges among a list which includes such other charges and to show cause as to why am amount of Rs. 48,266 as service tax, Rs. 288 as education cess and Rs. 24 as secondary and higher secondary education cess should no be recovered under Rule 14 of the Cenvat Credit Rules, 2004 read with Section 11A of the Central Excise Act, 1944 alongwith interest and penalty thereof. ECL had filed a reply on January 5, 2009. The Authority issued an Order dated 23 March, 2009 imposing a duty of Rs. 4,750 along with interest of Rs 4,750 and a penalty of Rs 4,750 on our Company against which an Appeal has been filed by our Company before the Commissioner (Appeals) on April 15, 2009.	4,750 with interests and penalty	Final order pending
27.	Additional	Show Cause Notice was issued by	176,237 along	Matter is pending. Date of

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
	Commissioner of Central Excise, Chennai II Commissionerate	the Assistant Commissioner Chennai V Division on March 30, 2009 alleging that ECL had wrongly availed the CENVAT Credit on input service viz., Service Tax paid on Goods Transport Agency for clearance of finished goods and to show cause as to why an amount of Rs. 176,237 should not be recovered under Rule 14 of the Cenvat Credit Rules, 2004 read with Section 11A of the Central Excise Act, 1944. ECL had filed its reply on May 29, 2009. The Assistant Commissioner issued an Order dated August 19, 2009 imposing a duty of Rs. 176,237 along with interest (amount not quantified) and penalty of Rs 176,237 on ECL against which an Appeal has been filed by ECL before the Commissioner (Appeals).	with interests and penalty	personal hearing not fixed.
28.	CESTAT, Chennai	Show Cause cum demand notice was issued on January 22, .2008 by the Additional Commissioner Central Excise Chennai-II alleging that ECL had availed Service tax credit by treating outward transport service for clearance of final products as part of Input tax credit for the period from February, 2003 to February, 2005. ECL had filed reply to the said notice and after hearing the Additional Commissioner – Chennai–II has confirmed the demand. ECL has filed appeal before the Commissioner (Appeal) and after the hearing, the Commissioner (Appeal) dropped the proceedings initiated by Order in Appeal No. 52/2009(M-II) dated August 27, 2009. Subsequently, the Commissioner Central Excise Chennai-II has filed an appeal against the said order before the CESTAT, Chennai in December 2009, which was intimated to us in January, 2010.	2,028,908	Date of personal hearing not fixed.
29.	Additional Commissioner, Central Excise, Chennai-II	Show Cause Notice No. 39/2010 was issued on May 11, 2010 by the Additional Commissioner, Central Excise demanding a sum of Rs.16,42,140 being 10% of the price / value of the C.I.Pipes	1,642,140	Matter pending. Date of personal hearing not fixed.

Sr. No.	Forum	Brief details	Amount Involved (Rs.)	Current Status
		cleared during the period from May, 2007 to December 31, 2008 to developers in the SEZ. ECL has by the letter dated July 17, 2010 applied for extension of time for filing reply.		

b. Income Tax Matters:

Sl. No.	Assessment Year	Court/Forum	Brief facts of the case	Amount Involved (Rs.)	Present Status
1	1988-89 1989-90	ITA No. 87 of 2002 CIT, C-II vs. ECL	The Income Tax Appellate Tribunal (ITAT) had decided the case in favour of ECL by holding that the expenses of Rs. 7,781,556 and Rs. 3,501,279 incurred by ECL by way of compensation paid to the workmen on account of Voluntary Retirement Scheme for the assessment year 1988-89 and 1989-90 respectively are to be treated as revenue expenditure. The Income Tax Department has filed an appeal in the High Court against the decision of ITAT.	11,282,835	Appeal admitted vide order dated February 3, 2003. Paper Book not yet filed by the Income Tax Department. Date of hearing yet to be fixed.
2	1996-97	ITA No. 541 of 2004 CIT, C-II vs. ECL	The Income Tax Appellate Tribunal (ITAT) has decided the case in favour of ECL by holding that the expenses incurred on the issue of convertible debentures are to be treated as	5,701,491	Appeal admitted vide order dated October 7, 2005. Paper Book not yet filed by the Income Tax Department Date of hearing yet to be fixed.

Sl. No.	Assessment Year	Court/Forum	Brief facts of the case	Amount Involved (Rs.)	Present Status
			revenue expenditure The Income Tax Department has filed an appeal in the High Court.		
3	1997-98	ITA No. 409 of 2007 CIT, C-II vs. ECL	The ITAT has decided the case in favour of ECL and has upheld the deletion of the disallowance made by CIT (A) on account of interest paid on the expansion of existing business. The Income Tax Department has filed an appeal in the High Court against the decision of ITAT.	5,333,045	Appeal admitted vide order dated July 24, 2007. Paper Book not yet filed by the Income Tax Department. Date of hearing yet to be fixed.
4	2000-01	ITA No. 49 of 2007 CIT, C-II vs. ECL	The Commissioner of Income Tax (CIT) had issued notice U/s 263 of the Act, holding that the assessment made by DCIT was erroneous and prejudicial to the interest of revenue on the point of non-inclusion of Modvat in closing stock, excess claim of deduction under section 80HHC and disallowance of certain club expenses etc. The ITAT has decided the case in favour of ECL and has held that the CIT has exceeded his jurisdiction U/s	158,170,446	Appeal admitted vide order dated March 5, 2007 Paper Book not yet filed by the Income Tax Department. Date of hearing yet to be fixed.

Sl. No.	Assessment Year	Court/Forum	Brief facts of the case	Amount Involved (Rs.)	Present Status
			263 of the Act and therefore the order passed by him is not sustainable in law. The Income Tax Department has filed an appeal in the High Court against the decision of ITAT.		

c. Sales Tax Matters:

Sl. No.	Assessment Year	Forum	Synopsis of dispute	Amount involved (Rs.)	Current Status
Khardah Unit:					
1	1974-1975, 1975-1976, 1976-1977,1977-1978	Assistant Commissioner of Commercial Taxes	Dispute over treatment of Cast Iron casting as declared goods	724,025	Matter is pending
2	1985-1986, 1986-1987	West Bengal Commercial Taxes, Appellate and Revisional Board	Dispute over treatment of Cast Iron casting as declared goods	892,942	Matter is pending
3	1997-98	West Bengal Commercial Taxes, Appellate and Revisional Board	Dispute over disallowance of stock transfer	2,594,002	A hearing took place in August 2010. The date of the next hearing is fixed on November 12, 2010
4	1999-00	West Bengal Commercial Taxes, Appellate and Revisional Board	Dispute over disallowance of stock transfer, levy of surcharge and additional surcharge	2,386,791	Matter is pending
5	2002-03	Special Commissioner of Commercial Taxes	Dispute is regarding short allowance of remission, interest and penalty	24,721,450	Matter is pending

Sl. No.	Assessment Year	Forum	Synopsis of dispute	Amount involved (Rs.)	Current Status
6	2005-2006	Additional Commissioner of Commercial Taxes	Dispute over disallowance of stock transfer and addition in gross turnover	5,781,332	Hearing completed on May 19, 2010. Copy of the order awaited.
7	2008-09	High Court, Calcutta	ECL has preferred an appeal against the impugned order of the Senior Joint Commissioner, Sales Tax, Howrah Range dated July 18, 2007 imposing penalty of Rs. 2,34,50,872 for entry of material in West Bengal without use of way bill.	23,450,872	Matter is pending
Orissa					
8.	2004-05	Sales Tax Tribunal	Dispute relating to levy of entry tax and higher CST rate.	3,207,094	Matter is pending
9.	2005-06	Joint Commissioner of Sales Tax, Sundergarh Range	Levy of higher CST rate of 4%	1,993,221	Hearing was scheduled on August 30, 2010, but a hearing did not take place. The next date for hearing is not yet fixed.
Elavur					
10.	1992-93, 1993-94, 1994-95, 1997-98 and 2005-2006	Sales Tax Appellate Tribunal	Demand raised on account of non-submission of declaration forms “C”/”D” and collection of additional tax	3,285,023	Matters are pending
Hyderabad					
11.	Block Assessment for the period April, 2005 to March, 2009	Appellate Deputy Commissioner (Commercial Taxes)	Sales Tax charged on rebate of excise duty exemptions.	57,008	Matter is pending

C. Cases filed by ECL

(i) Criminal Matters:

Sr. no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
1	Chief Judicial Magistrate ('CJM'), Alipore C/2539/2002	Electrosteel Castings Limited v. H.H. Rupani ('Accused')	The Accused had made two payments vide cheques in relation to his obligations under a Sale Agreement with ECL for supply of Ductile Iron Pipes, which was dishonoured. Upon issuing notice to the Accused by ECL under Section 138 of the Negotiable Instruments Act 1881, ECL filed this complaint praying for taking cognizance of the matter and issue process against the Accused under Section 138 of the Negotiable Instruments Act 1881.	7,907,616	Matter is pending hearing The matter is listed for hearing on December 21, 2010
2	Chief Judicial Magistrate ('CJM'), Alipore C/2538/2002	Electrosteel Castings Limited v. H.H. Rupani ('Accused')	The Accused had made two payments vide cheques in relation to his obligations under a Sale Agreement with ECL for supply of Ductile Iron Pipes, which was dishonoured. Upon issuing notice to the Accused by ECL under Section 138 of the Negotiable Instruments Act 1881, ECL filed this complaint praying for taking cognizance of the matter and issue process against the Accused under Section 138 of the Negotiable Instruments Act 1881.	10,000,000	Matter is pending hearing. The matter is listed for hearing on December 21, 2010
3	11th Metropolitan Magistrate, Kolkata C/4574/2002	Electrosteel Castings Limited v. H.H. Rupani ('Accused')	The Accused had made one payment vide a cheque in relation to his obligations under a Sale Agreement with ECL for supply of Ductile Iron Pipes, which was dishonoured. Upon issuing notice to the Accused by ECL under Section 138 of the Negotiable Instruments Act 1881, ECL filed this complaint praying for taking cognizance of the matter and issue process against the Accused under Section 138 of the Negotiable Instruments Act 1881.	5,000,000	Matter is pending. The next date of hearing is November 12, 2010.
4	14th Metropolitan Magistrate, Kolkata C/4311/2002	Electrosteel Castings Limited v. H.H. Rupani ('Accused')	The Accused had made one payment vide a cheque in relation to his obligations under a Sale Agreement with ECL for supply of Ductile Iron Pipes, which was dishonoured. Upon issuing notice to the Accused by ECL under Section 138 of the Negotiable Instruments Act 1881, ECL filed this complaint praying for taking cognizance of	5,000,000	Matter is pending hearing. The date of hearing is fixed for September 6, 2010.

Sr. no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			the matter and issue process against the Accused under Section 138 of the Negotiable Instruments Act 1881.		
5	14th Metropolitan Magistrate, Kolkata C/4589/2002	Electrosteel Castings Limited v. H.H. Rupani ('Accused')	The Accused had made one payment vide a cheque in relation to his obligations under a Sale Agreement with ECL for supply of Ductile Iron Pipes, which was dishonoured. Upon issuing notice to the Accused by ECL under Section 138 of the Negotiable Instruments Act 1881, ECL filed this complaint praying for taking cognizance of the matter and issue process against the Accused under Section 138 of the Negotiable Instruments Act 1881.	1,500,000	Matter was listed for hearing on August 4, 2010. Next date of hearing is fixed for January 19, 2011.
6	Hon'ble Supreme Court of India SLP (CRL) 6042 of 2008	Electrosteel Castings Limited v. State of West Bengal & H.H. Rupani ('Accused')	ECL filed a Special Leave Petition under Article 136 of the Constitution of India. ECL had placed an order for supply of ductile iron pipes and subcontracted a part of work by one H.H. Rupani from Nasik Municipal Corporation. It is alleged that payments were received by H. H. Rupani from Nasik Municipal Corporation but he deliberately neglected to make the payment of our dues and instead made false representations to ECL. ECL submitted that the cheques issued were not realized. It is also alleged by ECL that commission of offence under Section 420 of the Indian Penal Code discloses the basic facts of cheating by the H.H. Rupani. The matter came up to the Calcutta High Court, which failed to appreciate the ingredients of offence under the said provisions of the Indian Penal Code and passed its orders in favour of H.H. Rupani. Thereafter this SLP was filed with the Hon'ble Supreme Court of India. ECL has already submitted its Prayer to the Court.	Not Ascertainable	The matter was heard on February 2, 2010, wherein the special leave petition was dismissed. At present, no appeal has been filed.

Sr. no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
7	In the High Court at Calcutta CS 577 of 2001	Electrosteel Castings Limited v. Dinesh Mahajan ('Defendant')	ECL appointed the Defendant as its broker/authorised agent for procurement of orders for pipes in the State of Himachal Pradesh on July 18, 1994. He was also responsible for collection of payments for and/on behalf of ECL. The Defendant misappropriated the sum of Rs. 2,914,134. ECL is also entitled to interest on the said sum of Rs. 2,914,134 at the rate of 18% per annum on and from April 1, 2001. The Defendant had allegedly fraudulently collected payments on behalf of ECL by fraudulently fabricating a purported letter of authority.	2,914,134 plus 18% interest	Matter is pending hearing and final disposal. Next date of hearing yet to be given. A General Application has been filed by the Defendant for change of address.
8	CMM, Bankshall Court	Electrosteel Castings Limited v. Denim Co-operative Marketing Private Limited.	ECL has filed a complaint under Section 138 read with Section 141 of Negotiable Instruments Act, 1881 since the cheque issued in favour of ECL which was dishonoured due to as insufficient funds.	6,400,000	Matter is pending.
9	CMM at Bankshall Court Case No. 148/2007	Electrosteel Castings Limited v. Sanjay Das, Ravi Goel, Subrata Sanyal and Deepak Das and Others	ECL made an application u/s 156 (3) of the Code of Criminal Procedure. It is alleged that the accused persons were party to a criminal conspiracy by committing false documents and forgery by transferring 1800 shares fraudulently. ECL submits that such a transfer is illegal, wrongful and fraudulent and thereby causing wrongful gain of Rs 720, 000.	Not ascertainable	Matter is pending.
10	Additional Chief Judicial Magistrate, Barrackpore CRR No. 3856 of 2005	State v. Bipin Dharwarkar ('Accused')	The Accused was appointed by ECL as Assistant Metallurgist. During the course of employment, the Accused was supplied with all secret drawing, design and production system of DI pipes, which are manufactured by ECL. As desired by the Accused, ECL accepted his resignation in 2004 subject to the condition that he would deposit all technical knowledge to ECL and would not engage in employment with any competitor for 5 years from the date of termination.	Not Applicable	Matter is pending.

Sr. no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			This matter relates to violation of restrictive clause in the appointment letter and theft of technical data by the Accused ECL filed a complaint under Section 406, 408 and 420 of Indian Penal Code, 1860 against the Accused alleging that the said employee left the job with ECL and joined a competitor organisation and took away the manufacturing secrets of ECL in a floppy from our office.		

(ii) Civil Matters:

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
1	Civil Judge (Senior Division), Pune	Special Darkhast No. 54 of 2006 Electrosteel Castings Limited v. H.H. Rupani	Execution of money decree passed against H.H. Rupani for recovery of the decreetal amount claimed.	39,416,825.35 + interest @ 18% from the date of the suit to the date of the order and thereafter interest @ 6% till the date of realisation.	Matter is pending. Execution of decree stayed untill completion of inquiry with respect to the intervention application filed by M/s Sangli Bank and Mr Y H Rupani, brother of H H Rupani.
2	Hon'ble High Court at Calcutta	Civil Suit No. 102 of 2004 Electrosteel Castings Limited v. Neelachal Ispat Nigam Limited (Defendant)	ECL had booked 2 rakes of pig iron comprising of 7030 MT for manufacturing ductile iron pipes from the Defendant by two purchase orders in 2004 and paid the full amount of Rs. 114,167,200 in lieu of these purchase orders to the agents of the Defendant namely MMTC Limited. The Defendant was unable to supply the requisite pig iron within the time stipulated in the orders. Upon demand MMTC Limited. refunded the sum of Rs. 114,167,200 to ECL. ECL suffered loss and damages amounting to Rs. 56,240,000 due to non delivery of the 7030 MT of pig iron. Hence, ECL	1,733,360	Matter is pending.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			filed this instant Suit against the Defendant praying for the sum of Rs. 56,240,000 along with interest @ 12% per annum. ECL also wrote to the Central Government, which had a majority stake in the Respondent, to expedite the proceedings and refer the matter to arbitration. By a letter dated June 7, 2004, the Government informed ECL that since the Respondent could not keep up with its commitments, it would pay interest @ 10% per annum for the period the amount was lying with them. Treating this letter as an admission of liability, ECL further filed an application under Order 12, Rule 6 of the Code of Civil Procedure 1908 before the Hon'ble High Court at Calcutta, submitting that ECL is entitled to judgment upon admission in the sum of Rs. 1,733,360 and thus praying for the same. However, the Hon'ble High Court, in GA. No. 1562/ 2005, dismissed our claim. Thereafter, ECL filed an appeal against this order by special leave before the Hon'ble Supreme Court of India, which upheld the order of the Hon'ble High Court by an order dated August 10, 2006.		
3	City Civil Court, Calcutta	M.S. No. 696 of 2007 Electrosteel Castings Limited v. Shreeji Engineering Works ('Defendant')	The Defendant, a government contractor entered into a contract with ECL for the purchase of Ductile Iron Pipes. Subsequently the Defendant failed to pay the full amount for the purchase/supply of such product from ECL. ECL has filed this Money Suit before the Learned City Civil Court for recovery of Rs. 422,442 with an interest of 11% on the principal amount of Rs. 242,594 .	422,442 and interest of 11% on 242,594.	The matter was heard on August 5, 2010. The next date is fixed for September 27, 2010.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
4	Hon'ble High Court at Calcutta	AP No. 16 of 2005 Electrosteel Castings Limited –vs- Union of India through DGS and D	ECL filed an Application under Section 11 of the Arbitration and Conciliation Act, 1996 for appointment of an arbitrator which is pending. The dispute arose out of 'Fall Clause' in the Rate Contract entered between the parties for supply of ductile iron pipes by ECL.	Not Ascertainable	Matter is pending.
5	West Bengal Land Reforms and Tenancy Tribunal	MA – 518/08 (OA-1674/08) (LRTT) Before the WB Land Reforms and Tenancy Tribunal Electrosteel Castings Limited -vs- Calcutta Silk Mfg. Limited. ('Respondent')	This matter arose out of ECL's objection regarding conversion of nature of use of land from factory to residential by the Respondent, which is next to ECL's factory at Khardah. Grounds of objection were such that such conversion from factory to residential next to ECL's factory would give rise to pollution complaint and other related complaints generally raised by the residents against a factory. The conversion order was passed by the Collector Additional District Magistrate and District Land Reforms Officer, 24 Parganas granting permission to the Respondent to convert its land use from industrial to residential without giving any notice to ECL. ECL filed an application challenging the said order of conversion which was dismissed and hence ECL has filed this appeal before the Appellate Authority Land Reforms and Tenancy Tribunal.	Not Ascertainable	The next date for hearing is fixed for September 28, 2010.
6	Hon'ble High Court at Calcutta	CO No.1935 of 2008 In the High Court at Calcutta Electrosteel Castings Limited -vs- Calcutta Silk Mfg. Limited. and others	ECL filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction ('AAIFR') being the party interested challenging the order of Board of Industrial and Financial Reconstruction ('BIFR') allowing the scheme of rehabilitation of Calcutta Silk Manufacturing Limited by way of developing its factory land. Appeal was dismissed by	Not Ascertainable	Matter is pending. The next date of hearing has not been fixed as yet.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			AAIFR and hence we ECL filed the instant civil revision petition challenging the Order of AAIFR dismissing the appeal.		
7	Court of Commissioner, North Chotanagpur, Hazaribagh	Stamp Act Appeal No. 28 of 2008 Electrosteel Castings Limited –vs- State of Jharkhand and Gobardhan Singh (Respondents).	ECL purchased 1 acre 83 decimals of raiyati land situated at Halka No-2 Chandankiyari Anchal, Mauza-Uparbandha, Thana 221, Bokaro from the Respondents. The sale deed dated August 3, 2006 was registered. An order was issued against ECL by the Commissioner cum District Magistrate, Bokaro on 28 November, 2007 directing ECL to pay the deficit stamp duty aggregating Rs. 28,320. ECL filed this application challenging the demand of the deficit stamp duty.	28,320	The hearing on the matter took place on August 19, 2010. The next date for hearing is fixed for September 28, 2010.
8	Court of Commissioner, North Chotanagpur, Hazaribagh	Electrosteel Castings Limited v. Kalu Singh and others. (Respondents)	ECL purchased 9 acres 50 decimals of raiyati land situated at Halka No-2 Chandankiyari Anchal, Mauza-Uparbandha, Thana 221, Bokaro from the Respondents. The sale deed dated August 3, 2006 was registered. An order was issued against ECL by the Commissioner cum District Magistrate, Bokaro on November 28, 2007 directing ECL to pay the deficit stamp duty aggregating Rs. 1,89,920. ECL filed this application challenging the demand of the deficit stamp duty.	189,920	The next date of hearing is on September 17, 2010.
9	Court of Commissioner, North Chotanagpur, Hazaribagh	Electrosteel Castings Limited v. State of Jharkhand, Kala Chandra Majhi and others ('Respondents')	ECL purchased 26 acres 63 decimals of raiyati land situated at Halka No-2 Chandankiyari Anchal, Mauza-Uparbandha, Thana 221, Bokaro from the Respondents. The sale deed dated 3 August, 2006 was registered. An order was issued against ECL by the Commissioner cum District Magistrate, Bokaro on 28 November, 2007 directing ECL to pay the deficit stamp	11,280	The hearing on the matter took place on August 19, 2010. The next date for hearing is fixed for September 28, 2010.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			duty aggregating Rs. 11,280. ECL filed this application challenging the demand of the deficit stamp duty.		
10	Court of Commissioner, North Chotanagpur, Hazaribagh	Stamp Act Appeal No. 27 of 2008 Electrosteel Castings Limited v. State of Jharkhand and Shakuntala Debya ('Respondents')	ECL purchased 25 decimals of raiyati land situated at Halka No-2 Chandankiyari Anchal, Mauza-Uparbandha, Thana 221, Bokaro from the Respondents. The sale deed dated 3 August, 2006 was registered. An order was issued against ECL by the Commissioner cum District Magistrate, Bokaro on 28 November, 2007 directing ECL to pay the deficit stamp duty aggregating Rs. 5,080. ECL filed this application challenging the demand of the deficit stamp duty.	5,080	The hearing on the matter took place on August 19, 2010. The next date for hearing is fixed for September 28, 2010.
11	Court of Commissioner, North Chotanagpur, Hazaribagh	Stamp Act Appeal No. 30 of 2008 Electrosteel Castings Limited –vs- State of Jharkhand and Nagendra Pramanick (Respondents).	ECL purchased 26 decimals of raiyati land situated at Halka No-2 Chandankiyari Anchal, Mauza-Uparbandha, Thana 221, Bokaro from the Respondents. The sale deed dated 3 August, 2006 was registered. An order was issued against ECL by the Commissioner cum District Magistrate, Bokaro on 28 November, 2007 directing ECL to pay the deficit stamp duty aggregating Rs. 5,320. ECL filed this application challenging the demand of the deficit stamp duty.	Not Ascertainable	The hearing on the matter took place on August 19, 2010. The next date for hearing is fixed for September 28, 2010.
12	Court of Commissioner, North Chotanagpur, Hazaribagh	Electrosteel Castings Limited –vs- State of Jharkhand Dhanu Rai and Phulmani Debya (Respondents)	ECL purchased 1 acre 30 decimals of raiyati land situated at Halka No-2 Chandankiyari Anchal, Mauza-Uparbandha, Thana 221, Bokaro from the Respondents. The sale deed dated 3 August, 2006 was registered. An order was issued against ECL by the Commissioner cum District Magistrate, Bokaro on 28 November, 2007 directing ECL to pay the deficit stamp	30,480	The hearing on the matter took place on August 19, 2010. The next date for hearing is fixed for September 28, 2010.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			duty aggregating Rs. 30,480. ECL filed this application challenging the demand of the deficit stamp duty.		
13	High Court of Rajasthan, Jaipur Bench. S B Civil Arbitration No. 22 of 2009.	Electrosteel Casting Limited (ECL) (the Applicant) v. Rajasthan Urban Infrastructure Development Project (the Respondent)	ECL has made an Arbitration Application before the High Court of Judicature at Rajasthan for compensation for the delays in the completion of the contract between ECL and the Rajasthan Urban Infrastructure Development Project, which ECL had alleged were due to the acts and omissions of the Respondent. Given the same, ECL made an application for commencement of arbitration to resolve the issue.	6,385,109 along with interest @ 10% p a till the date of payment by the Respondent.	The next date of hearing is September 30, 2010
14	High Court of Himachal Pradesh at Shimla Civil Writ Petition No 3023 of 2009	Electrosteel Casting Limited (ECL) (the Applicant) v. State of Himachal Pradesh, Department of Irrigation and Himachal Pradesh State Civil Supplies Corporation Limited (the Respondents)	ECL was awarded a contract for spun pipes by the Directorate General of Supplied and Disposals (DGSD). A dispute arose with regard to the payment for the services under the contract, wherein DGSD demanded that a lower rate be applicable based on a 'fall clause' under the contract. Being aggrieved by the downward revision in the rate payable by DGSD, ECL filed an arbitration application. Subsequently, ECL filed a writ petition against the Respondents for proper orders and directions for the payment of the amounts due to ECL in lieu of material supplied to the Respondent.	11,300,288 (along with interest @ 18% from the date that payment was due till date of realisation.	Matter is pending for hearing. The next date of hearing is not yet fixed.
15	Gujarat Public Works Arbitration Tribunal, Ahmedabad Arbitration Petition No. 41 of 2007	ECL v. Gujarat Urban Development Company Ltd.	ECL has filed the present arbitration application after withdrawing the civil suit 792 of 2007 before the High Court of Gujarat filed against notice of termination served by the defendant of the contract granted by GUDCL to ECL for turnkey project with work of laying, testing, jointing and commissioning of DI pipeline for distribution of water in Bhuj town for a total amount of Rs. 119,554,201. The ESR structure constructed collapsed	30,253,014	Matter is pending for hearing. The next date of hearing is not yet fixed.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
			and the respondent sent a notice to the applicant. The applicant responded that the collapse of the structure is attributable to wrong site selection and faulty engineering plan and offered for reconstruction of ESR.		
16	Gujarat Public Works Arbitration Tribunal, Ahmedabad Arbitration Petition No. 42 of 2007	ECL v. Gujarat Urban Development Company Ltd.	ECL has filed the present suit against unilateral termination of the contract by the letter dated October 6, 2003 under which the defendant was appointed as a sub-contractor by ECL. Gherzi Eastern Limited for consultation and providing drawings, levels, actual site in respect of work related to water supply and sewerage system at Limbdi, Surendranagar.	88,738,642	Matter is pending for hearing. The next date of hearing is not yet fixed.
17	High Court of Judicature for Rajasthan, Jaipur ARABP/40/2009	ECL v. Rajasthan Urban Infrastructure Development Project	Arbitration application filed by ECL for delay of 217 days in the interim and seven months in aggregate caused in performance of a contract dated August 26, 2005 for providing distribution pipelines for 15 zones and connecting pipelines for newly built ESR to distribution network by RUIP	42,797,414	Matter is pending and listed for hearing on September 30, 2010
18	High Court of Judicature for Rajasthan, Jaipur Writ No. 1126/2007	ECL v. State of Rajasthan, The Project Director, RUIDP and Superintending Engineer, RUIDP	ECL has preferred an appeal against the impugned order of Single Judge in WP no. 4734 of 2007 dated August 13, 2007 setting aside order for blacklisting ECL but upholding liquidated damages of Rs. 83,16,00 for Lot 1 and Rs.94,04,000 imposed by RUIDP. The matter involves invoking of bank guarantee by RUIDP amounting to Rs. 1,05,45,760 for delay in progress of work of laying, jointing, testing and commissioning of distribution pipelines in Kota under Package No. KOT/WS/11 Lot 1 and 2 by ECL.	17,720,000	Matter is pending for hearing. The next date of hearing is not yet fixed.
19	High Court of Judicature, Calcutta CS No. 191 of	ECL v. Reacon (India) Pvt. Ltd.	ECL has filed the present suit for failure of the defendant in mobilizing adequate labour and raw materials for performance of work under the Agreement	1,987,284	The next date of hearing is September 20, 2010.

Sr no.	Court/ Forum	Case No. and Cause Title	Synopsis of the matter	Amount involved (Rs.)	Current Status
	2004 & GA 3611 of 2004		dated June 26, 2003 to ECL for supply of DI pipes, push on gaskets, DI fittings and for providing, laying, jointing, testing and commissioning of various sizes of pipe lines in Kota under RUIDP, under which the defendant was appointed as a sub-contractor by ECL. Due to such failure, ECL invoked the bank guarantee of Rs. 2,426,914 in lieu of the advance of Rs. 2,355,234 paid by ECL. Due to failure of performance by the defendant, RUIDP imposed liquidated damages of Rs. 393,725 on ECL aggregating to a claim of damages of Rs. 1,987,284 by ECL		

(iii) Labour Matters:

Sl. No	Court/ Forum	Case no. and Cause Title	Synopsis of the matter	Amount involved (Rs)	Current Status
1	Labour Tribunal, Calcutta	Case no.10/1B/d/5 of 2000	Mr. D. N. Dutta was terminated from his services by M/s Calcutta Steel Company Limited ("erstwhile company") for continued unauthorized absenteeism. ECL took over the erstwhile company and all statutory dues including gratuity were paid to all the workmen barring Mr. D. N. Dutta as his name was not included in the erstwhile company's list of employees enclosed with the Bipartite Agreement. He has raised this dispute with the Authority for reinstatement.	Not Ascertainable	Matter is pending The matter is listed for hearing on September 9, 2010.
2	Employees' State Insurance Corporation	Re: N.SRO – RevII/40-9442/B+C+D-67/1005/9 dated 17 June 2004 and 23 June 2004	Employee State Insurance Corporation issued a Show Cause on unpaid contribution for the year 2001 – 2002 to ECL amounting to Rs.6,354,696 Thereafter ECL had filed an application to implead the contractors (whose names are attached with the said application) responsible for	6,354,696	The matter was heard on August 9, 2010. A subsequent date of hearing is yet to be fixed. The matter is pending.

Sl. No	Court/ Forum	Case no. and Cause Title	Synopsis of the matter	Amount involved (Rs)	Current Status
			payment of wages to the employees as a party to the proceedings.		

(iv) Tax Matters:

a. Income Tax:

Sr. No.	F.Y.	Forum	Brief details	Quantum (in Rs.)	Current Status
1	1993-94	ITA No. 273 of 2001 ECL vs. CIT, C- III	i) ECL accounted for income on account of price increase subject to acceptance by the government but it has not offered it for taxation in the year of making provision on the strong belief that real income has not accrued to ECL and it is not liable to tax on the basis of a mere claim which has not been accepted by the government customer during the previous year. The claim of ECL was rejected by the assessing officer but it was accepted in the Appeal filed by ECL. The Income tax department filed an appeal with ITAT. The ITAT has not accepted the contention of ECL and held that to the extent of price increase accepted by the government, it should be considered as income of ECL in the year in which provision has been made. Therefore ECL has filed an appeal with the High Court against the decision of ITAT.	25,079,704	Appeal admitted vide order dated December 10, 2001 Paper Book filed on February 4, 2002 Date of hearing yet to be fixed.

Sr. No.	F.Y.	Forum	Brief details	Quantum (in Rs.)	Current Status
			ii) The ITAT has also upheld the disallowance of Rs. 2,311,839 being a portion of the expenses incurred for issue of partly convertible debentures as capital expenditure for issue of share capital.		

III. Litigation involving the Group Companies

A. Lanco Industries Limited. ("LIL")

(i) Cases filed against LIL

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	VI Additional District Judge, Tirupati IA / 47 / 2008 AS / 39 / 2001 IA / 44 / 2008 AS / 39 / 2001	G. Venkatanarayan ('Appellant') v. LIL	The case was filed by LIL in the Sub Judge, Srikalahasthi for Land admeasuring Ac.31-30 cents at Rachagunneri Village. The Appellant preferred a restoration petition.	76,000	Pending hearing and final disposal. The next date of hearing has not been fixed as yet.
2.	III Additional District Judge MVOP / 22 / 2005	A. Nirmala Amma ('Petitioner') v. LIL	The case is an accident claim filed by the Petitioner against Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7447 near Kottakandriga Cheruvu on October 4, 2003. The liability would be payable by United India Assurance Company.	225,000	Pending hearing and final disposal. The next date of hearing has not been fixed as yet.
3.	II Additional District Judge, Vijayavada MVOP / 61 / 2007	Padmavathi Kutumba Rao ('Petitioner') v. LIL	The case is an accident claim filed by the Petitioner against Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7513 near Thumbs Up Factory on July 14, 2006.	150,000	Pending hearing and final disposal. Date of hearing not fixed
4.	Prl. District Judge, Guntur MVOP / 552 / 2007	Arumalla Hanumantha Reddy ('Petitioner') v. LIL	The case is an accident claim filed by the Petitioner against Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7513 near Thumbs Up Factory on 14th July, 2006.	1,000,000	Pending hearing and final disposal. Date of hearing not fixed
5.	II Additional District Judge,	K. Malleswara Rao ('Petitioner') v.	The case is an accident claim filed by the Petitioner against	250,000	Pending hearing and

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	Vijayawada MVOP / 829 / 2007	LIL	Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7513 near Thumbs Up Factory on July 14, 2006.		final disposal. Date of hearing not fixed
6.	Prl. District Judge, Ongole MVOP / 2 / 2007	Mekala Vijayalakshmi and others ('Petitioner') v. LIL	The case is an accident claim filed by the Petitioner against Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7513 near Thumbs Up Factory on July 14, 2006.	500,000	Pending hearing and final disposal. Date of hearing not fixed
7.	I Additional District Judge, Chittoor MVOP / 131 / 2007	K. Saraswathi ('Petitioner') v. LIL	The case is an accident claim filed by the Petitioner against Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7513 near Thumbs Up Factory on July 14, 2006.	300,000	Pending hearing and final disposal. Date of hearing not fixed
8.	I Additional District Judge, Chittoor MVOP / 132 / 2007	K. Madhavi Pillai ('Petitioner') v. LIL	The case is an accident claim filed by the Petitioner against Company. The Petitioner has claimed that LIL is liable for the accident caused due to negligence of Bus No AP 03 T 7513 near Thumbs Up Factory on July 14, 2006.	50,000	Pending hearing and final disposal. Date of hearing not fixed
Central Excise Matters					
9.	CESTAT, Bangalore	SCN issued by Commissioner of Central Excise, Tirupathi	Dispatches made during October-2007 to April-2008 i.e., after change in notification in 2007. The matter was heard and the demand was reduced to Rs.802,165 by the Commissioner of Central Excise. LIL has preferred an appeal before the CESTAT Bangalore against the order of Commissioner.	18,300,000	The matter was heard on June 28, 2010 and a stay for pre-deposit was granted. The final date of hearing not yet fixed.
10.	High Court of Andhra Pradesh Review order No:25/2006-C.No.04/TPTY/05-CC(vz) Reviews, dt.21.12.2006(OIO No:4/2006(CEX)(COMMR)(C.No	Excise Department	Molten Pig Iron and Cement is captively used by LIL in the manufacture of exempted pipes. Though there is no specific exemption provided for, there arises no question of any duty. However, the Excise Department levied duty of Rs. Rs2,56,94,123by Notice No. C.NO:26/TCCE/2005-ADJN/ Dated 06 May 2005.	25,694,123	Pending hearing and final disposal. Date of hearing not fixed

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	:26/TCCE/2005-Adjn. Dated 06.02.2006.		The Commissioner of Central Excise, Tirupati decided in favour of LIL by Order No: 4/2006(CEX)(Commr), Dated .06 February 2006 The Department preferred an appeal in December, 2006 against the said Order in the CESTAT, Bangalore, which dismissed the departmental appeal. The Department has preferred an appeal in the High Court.		
11.	Commissioner of C.E. TPT C.No:41/TCCE/2007	Show Cause Notice issued by the department	Molten Pig Iron and Cement captively is used by LIL in the manufacture of exempted pipes from March, 2006 to December, 2006. Though there is no specific exemption provided for, there arises no question of any duty. However, the Excise Department levied duty of Rs. 17,34,42,551 vide Notice No: C.No:41/TCCE/2007 dated 22.05.2007	173,442,551	Pending hearing and final disposal. Date of hearing not fixed
12.	Commissioner of C.E. TPT C.No:07/TCCE/2008	Show Cause Notice issued by the department	Molten Pig Iron and Cement captively is used by LIL in the manufacture of exempted pipes from January, 2007 to November, 2007. Though there is no specific exemption provided for, there arises no question of any duty. However, the Excise Department levied duty of Rs. Rs.129,871,705 vide No: C.No:07/TCCE/2008 dated February 4, .2008.	129,871,705	Pending hearing and final disposal. Date of hearing not fixed
13.	Commissioner of C.E. TPT, C.No;87/TCCE/2007	Show Cause Notice issued by the department	The present case has been filed against LIL against irregular availment of CENVAT credit Service tax paid on freight incurred on outward transportation of goods beyond the place of removal under GTA Services during the period April-06 to July-07.	3,500,000	Pending hearing and final disposal. Date of hearing not fixed
14.	Commissioner of C.E. TPT, C.No:95/TCCE/2008	Show Cause Notice issued by the department	The present case has been filed by LIL against non remittance of amount, i.e., 8% of the price of exempted goods under Rule 6 of CENVAT Credit Rules read with Section 11D of	5,300,000	Pending hearing and final disposal Date of hearing not fixed

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			Central Excise Rules.		
15.	Additional Commissioner of Central Excise, Tirupathi C.No:58/TCCE/2007	Show Cause Notice issued by the department	The present case has been filed against LIL alleging irregular availment of CENVAT credit Service tax paid on freight incurred on outward transportation of goods beyond the place of removal under GTA Services during the period November, 2007 to March, 2008.	1,500,000	Pending hearing and final disposal. Date of hearing not fixed
16.	Commissioner (Appeals), Guntur	Show Cause Notice issued by the department	The present case has been filed by the Department of Central Excise alleging irregular availment of CENVAT credit by non reversal of proportionate CENVAT involved in the inputs/capital goods on account of raising debit notes during March, 2002 to September, 2004. The demand was confirmed by the Assistant Commissioner. LIL has filed an appeal before Commissioner (Appeals), Guntur.	100,000	Hearing completed on March 30, 2010. Order yet to be received.
17.	High Court of Andhra Pradesh	Excise Department	The present case was filed by the Department alleging irregular availment of CENVAT credit Service tax paid on freight incurred on outward transportation of goods beyond the place of removal under GTA Services during the period April, 2005 to March, 2006 by LIL before the Joint Commissioner of Central Excise. The Commissioner decided in favour of LIL by the order dated August 25, 2007. The department preferred an appeal before CESTAT, Bangalore who referred the matter to their Larger Bench. The matter has been decided in favour of LIL. The department has preferred an appeal before the High Court of Andhra Pradesh.	1,700,000	Pending hearing and final disposal. Date of hearing not fixed
18.	Additional Commissioner of Central Excise	Excise Department	The present case is instituted by the Department alleging irregular availment of CENVAT Credit for Service	4,000,000	Pending hearing and final disposal. Date of hearing

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	C.No;88/TCCE/2007		tax paid on Commission paid to sales commission agents (Business Auxilliary Service) during the period from April, 2006 to July, 2007.		not fixed
19.	Additional Commissioner of Central Excise C.No;57/TCCE/2007	Excise Department	The present case is instituted by the Department alleging irregular availment of CENVAT Credit for Service tax paid on Commission paid to sales commission agents (Business Auxiliary Service) during the period from November, 2007 to March, 2008.	3,900,000	Pending hearing and final disposal. Date of hearing not fixed
20.	CESTAT, Bangalore C.No.IV/2/05/2006-T4	Excise Department	The department calculated a demand Rs.10,349,000 for not using the imported coke for specified purpose on which benefit of Anti Dumping duty was availed by LIL. However, based on our explanation and records, the Assistant Commissioner at Tirupati finalized the matter and raised the demand of Rs.1,068,000 by the order which was paid by LIL. The Department has preferred an appeal for payment of the balance Rs.9,281,000 for the period September, 2006.	9,300,000	Pending hearing and final disposal. Date of hearing not fixed
21.	High Court of Andhra Pradesh, Hyderabad CEA No. 56/2006	Commissioner of Central Excise	The present case was instituted by the Department for non payment of duty on cement by LIL under suppression of facts clauses in the records. LIL preferred an appeal in the CESTAT, Bangalore, which decided the matter in favour of LIL by the order dated April 1, 2005. However the Department preferred an appeal in the High Court.	3,400,000	Pending hearing and final disposal. Date of hearing not fixed
22.	High Court of Andhra Pradesh, Hyderabad IONo:10/2006	Excise Department	The present case was instituted against LIL for irregular availment of CENVAT Credit of duty against supplementary invoice. By the order dated December 30, 2008 of Commissioner Of Customs and Central Excise, Tirupathi, LIL was directed to pay a penalty	13,600,000	Pending hearing and final disposal. Date of hearing not fixed

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			of Rs. 1,000,000. The Department preferred an appeal on the valuation done before the High Court.		
23.	CESTAT, Bangalore C.No:17/TCCE/2008	Excise Department	The Additional Commissioner by an order dated December 30, 2008 confirmed the demand of Rs.5,657,547 for dispatches made up to March, 2007 i.e., before change in notification in 2007 from LIL. LIL filed the appeal with Commissioner (Appeals), Guntur. The matter was decided in favour of LIL vide OIO No: 08/2009(T)CE dated March 30, 2009. The Department preferred an appeal in CESTAT, Bangalore.	4,700,000	Pending hearing and final disposal. Date of hearing not fixed
24.	CESTAT, Bangalore C.No:24/TCCE/2008	Excise Department	The Additional Commissioner by an order dated December 30, 2008 confirmed the demand of Rs.5,657,547 for dispatches made up to March, 2007 i.e., before change in notification in 2007 from LIL. LIL filed the appeal with Commissioner (Appeals), Guntur. The matter was decided in favour of LIL vide OIO No:08/2009(T)CE dated March 30, 2009. The Department preferred an appeal in CESTAT, Bangalore.	900,000	Pending hearing and final disposal. Date of hearing not fixed
Sales Tax					
25.	High Court of Andhra Pradesh TREVC No. 13 of 2006	Department of commercial Taxes	The Deputy Commissioner has re-opened the completed assessment for the year 1999-00 (APGST) and taxed the sales of molten metal @ 12% as against 4% on grounds of molten metal not being pig iron. LIL has appealed before the STAT, Hyderabad, which was decided in favour of LIL. The department has filed a review petition before the High Court.	1,059,000	Pending hearing and final disposal. Date of hearing not fixed
26.	SCN dated October 6, 2007	Show Casue Notice issued by Asst. Commissioner of	The Assistant Commissioner has issued a show cause notice levying entry tax on the	11,091,000	Pending hearing and final disposal.

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	TIN No. 28350102841 dated October 6, 2007	Commercial Taxes (LTU), Chittoor	machinery and other items purchased on CST sales for the years 2005-06, 2006-07 and 2007-08. LIL has filed its reply.		Date of hearing not fixed

Income Tax					
1.	ITAT, Hyderabad Appeal No. 577/H/07	IT Department	The CIT Appeals allowed the appeal by LIL on allowance of provision for bad and doubtful debts for the purposes of computation of Income Tax under Section 115J of the IT Act, 1961 for the Assessment Year 2004-05. The department has filed an appeal before Income Tax Appellate Tribunal against the allowance of Provision for bad and doubtful debts by the CIT Appeals, Tirupati.	5,433,000	Pending hearing and final disposal. The next date of hearing has been fixed for September 28, 2010
2.	Income Tax Appellate Tribunal, Hyderabad Appeal No. 1194/H/07	IT Department	The CIT Appeals allowed the appeal by LIL on allowance of provision for bad and doubtful debts for the purposes of computation of Income Tax under Section 115J of the IT Act, 1961 for the assessment year 2005-06. The Department has filed an appeal before Income Tax Appellate Tribunal against the allowance of Provision for bad and doubtful debts by the CIT Appeals, Tirupati.	236,000	Pending hearing and final disposal. The next date of hearing has been fixed for September 28, 2010

(ii) Cases filed by LIL

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
1.	CESTAT, Bangalore C.No.10/TCCE/2006	Lanco Industries Limited ('Company')	The Department instituted a case for irregular availment of CENVAT credit on capital goods like MS Angels, plates, channels, joists, beams rails etc., used in civil works, supportive structures and laying railway track for coke-oven division against LIL.	2,600,000	Pending hearing and final disposal. The next date of hearing has been fixed for September

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
			The Commissioner of Central Excise, Tirupathi permitted LIL to avail the credit of disputed duty amount of Rs.3,300,000 along with interest of approximately Rs. 600,000/-, penalty of Rs.1,900,000/- and mandatory penalty of Rs.100,000. The present case is an appeal preferred by LIL at CESTAT, Bangalore against the interest levied and directed to be paid by LIL.		27, 2010.
2.	Sales Tax Appellate Tribunal, Hyderabad TA No.224 of 2006	Lanco Industries Limited	The Deputy Commissioner has re-opened the completed assessment for the year 1999-00 (CST) and disallowed E-1 sales and taxed the same as normal CST sales and by the order dated February 15, 2006, an amount of Rs. 14,261,260 has been confirmed. LIL has filed an appeal before Sales Tax Appellate Tribunal, Hyderabad against the order of the Deputy Commissioner. The Andhra Pradesh High Court has stayed the collection of tax on payment of Rs.4,500,000.	14,261,000	Pending hearing and final disposal. The next date of hearing is yet to be fixed.
3.	STAT, Hyderabad TA No.82/09 SCN dated February 1, 2005	Lanco Industries Limited	This matter relates to issue of G Forms by LIL for purchase of DEPB License. LIL has since paid all the taxes. The Department has levied penalty of Rs.6,751,511 by an order dated November 5, 2008. LIL filed an appeal before the Additional Deputy Commissioner, Kurnool, which was decided in favour of LIL. The Additional Commissioner of Commercial taxes, Hyderabad had reviewed the order and reversed the order of Additional Deputy Commissioner, Kurnool and confirmed the demand. LIL has preferred an appeal before STAT, Hyderabad, which has stayed the demand.	6,752,000	Pending hearing and final disposal. Next date of hearing not fixed.
4.	SCN dated September	Lanco Industries	This matter relates to taxing of	30,900,000	Pending

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	10, 2007. Appeal No. TA 92/09	Limited	sales by LIL to LKCL during the interregnum period of amalgamation. LIL's contention that the sale is to LIL itself and there is no sale involved. LIL filed an appeal before Sales Tax Appellate Tribunal, Hyderabad against the order of the Deputy Commissioner. LIL has paid the tax demand of Rs.1,000,000. Balance tax will have an impact on the eligibility of deferrment., which has stayed the demand.		hearing and final disposal. Next date of hearing not fixed.
5.	SCN dated September 10, 2007	Lanco Industries Limited	The Deputy Commissioner re-opened the completed assessment for the year 2000-01 (CST) and disallowed E-1 sales and sales and taxed the same as normal CST sales amounting to Rs. 30,886,116. LIL has already paid the tax demand of Rs.1,000,000. LIL filed an appeal before Sales Tax Appellate Tribunal, Hyderabad against the order of the Deputy Commissioner.	30,886,000	Pending hearing and final disposal. Next date of hearing not fixed.
6.	STAT Hyderabad TA No 420of 2009	Lanco Industries Limited	An appeal has been filed by LIL against levy of differential CST @ 6% for non submission of Form "C" for the year 2003-04 amounting to Rs. 21,708,787 before STAT Hyderabad.	21,708,787	Pending hearing and final disposal. Next date of hearing not fixed.
7.	STAT Hyderabad TA No 421 of 2009	Lanco Industries Limited	An appeal has been filed by LIL against levy of differential CST @ 6% for non submission of Form "C" for Asst. Year 2004-05 amounting to Rs. 21,549,297 before STAT Hyderabad.	21,549,297	Pending hearing and final disposal. Next date of hearing not fixed.
8.	State Tax Appellate Tribunal, Andhra Pradesh TA No 386 of 2010	Lanco Industries Limited	An appeal has been filed by LIL against the order of the Apellate Deputy Commissioner (CT), Kunool dated January 11, 2010 dismissing the appeal and ordering for levy of differential CST @ 6% for non submission of Form "C" for Asst. Year 2005-06 amounting to Rs. 4,770,452.	4,770,452	Pending hearing and final disposal. Next date of hearing not fixed.
Income Tax					
9.	ITAT, Hyderabad	Lanco Industries	The CIT Appeals dismissed the	178,000	Pending

Sr. No	Forum	Filed By/ Against	Brief Particulars	Quantum (Rs. approx.)	Current Status
	Appeal No. 419/H/07	Limited	appeal by LIL in the case of non allowance of LTA and Gratuity payments for the purposes of computation of Income Tax under Section 115J of the IT Act, 1961 for Assessment Year 2004-05. LIL filed an appeal before Income Tax Appellate Tribunal, Hyderabad against the order of the CIT Appeals for refund of Rs. 1,78,000 with interest.		hearing and final disposal. The next date of hearing has been fixed on September 28, 2010
10.	Income Tax Appellate Tribunal, Hyderabad Appeal No. 1195/H/07	Lanco Industries Limited	The CIT Appeals dismissed the appeal by LIL in the case of non allowance of LTA and Gratuity payments for the purposes of computation of Income Tax under Section 115J of the IT Act, 1961 for the assessment year 2005-06. LIL has filed an appeal before Income Tax Appellate Tribunal, Hyderabad against the order of the CIT Appeals for refund of Rs. 1,29,000.	129,000	Pending hearing and final disposal. The next date of hearing has been fixed on September 28, 2010

Labour Cases

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. Approx.)	Current Status
1.	High Court of Andhra Pradesh WP 18971/2006	LIL v. S. Sivakumar, V. Jayapal and P. Syma Sundar Reddy ("Respondents")	A petition was filed by the Respondents in the Labour Court against retrenchment of 3 employees of cement division against LIL. The Labour Court decided in favour of the Respondents and ordered stay over the retrenchment. The present case is an appeal by LIL against the order of Labour Court.	2,475,000	Pending hearing and final disposal. The matter has not been listed for hearing as yet.
2.	II Additional District Magistrate STC 635/2008	LIL v. G. Arun Kumar ("Respondent")	The present case is filed by LIL for bouncing of cheque no. 575262 against the Respondent for the amount of Rs.42,850 under Section 138 of Negotiable Instruments Act.	42,000	Pending hearing and final disposal. The matter has not been listed for hearing as yet.

Sr. No	Forum	Filed Against	Brief Particulars	Quantum (Rs. Approx.)	Current Status
3.	II Additional District Magistrate CF 9/2009	LIL v. S. Kannan ("Respondent")	The present case is filed by LIL for bouncing of cheque no.173291 against the Respondent for the amount of Rs.3,05,000 under Section 138 of Negotiable Instruments Act.	305,000	Pending hearing and final disposal. The matter has not been listed for hearing as yet.

B. Electrosteel Algerie SPA ("EAS")

EAS has received demand notice from the Income Tax Department for the years 2004-2007 for an amount of DA 9,215,424.

C. Electrosteel Casting UK ("ECU")

There is no litigation in which ECU is involved.

D. Electrosteel Europe S.A. ("EES")

1. EES has filed a case against one of its suppliers named Edilcentro ("Defendants") in Italy with a claim of Euro 36,588.26 against supply of defective products by them. EESA had purchased some materials from the Defendants and had then supplied the same to Fontalp, which is one of its customers. While using these materials the pressure tests failed and there were some leaks. After verification and witnessing pressure tests, it was noticed that the laying instructions had been followed and that the locking system was defective. The Defendants failed to replace the defective materials, as required by EES. The matter is pending hearing and final disposal. The next date of hearing has not been fixed as yet.

2. EES has filed a case against one of its customers, Gestora De Fontaneria Del Sur, S.L. for a claim of Euro 4,832,008 which is payable to EES for material supplied by EES in January and February 2007against 3 delivery notes. The matter is pending. The next date of hearing has not been fixed as yet.

E. Electrosteel USA LLC ("EUS")

There is no litigation in which EUS is involved.

F. Singardo International Pte. ("SIP")

SIP has filed a Writ of Summons against APF Engineering (S) Pte. Limited ("the Debtor") in the Subordinate Courts, Republic of Singapore claiming that the debtor is indebted to SIP to the tune of Singapore $ 45,726.45, in the nature of amounts owed to SIP for delivery of goods to the debtor. SIP has claimed for the debt amount, costs to the amount of Singapore $ 800 and Interest. The Subordinate Court has issued the Writ of Summons on August 18, 2009 against the Debtor, asking the latter to either satisfy the claim, or cause an appearance, failing which SIP would be entitled to proceed with an action for breach. The Court has ordered defendants to pay to SIP the sum of $45,726.45 together with interest thereon at the rate of 5.33% per annum.

G. Domco Private Limited ("DPL")

The Binay Prakash Group ("**BPG**") had filed a case in the Company Law Board ('CLB') against ECL on grounds of "oppression & mismanagement" with respect to the management of DPL, as per the shareholders agreement entered into between BPG and ECL, in which DPL is also a party. Since the shareholders agreement had an arbitration clause, ECL filed a counter-petition before the CLB to refer the matter to arbitration. ECL's counter petition was dismissed *vide* CLB's order dated October 31, 2006.

ECL filed an appeal with the Ranchi High Court against the order of the CLB, where the High Court passed an order stating that the matter should be referred to arbitration.

Subsequently, BPG has challenged the order of the Single Bench of the High Court in the Division Bench of the High Court. Their petition was admitted in June 2008. ECL has submitted their Counter Appeal & Cross Objections as required by the Division Bench. The matter is pending. The matter was listed for hearing on August 19, 2010.

H. North Dhadu Mining Company Private Limited (“**NDMC**”)

There is no litigation in which NDMC is involved.

Details of the past cases in which penalties were imposed by the concerned authorities on ECL, Mr. Umang Kejriwal and Mr Mayank Kejriwal:

An investigation was conducted by SEBI to examine the trading details of the shares of ECL to ascertain whether the provisions of the Securities and Exchange Board of India Act, 1992 (hereafter referred to as “SEBI Act”) and Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereafter referred to as “Insider Trading Regulations”) had been violated and SEBI issued the Show Cause Notice No. ERO/SM/ADJ/ESCL/2009/179229 dated October 8, 2009 to ECL, Mr. Umang Kejriwal and Mr. Mayank Kejriwal.

The Investigation Report of SEBI stated that:

“*On March 04, 2002, ECL had informed the Exchange that in its meeting held on March 04, 2002, the Board of Directors had declared an interim dividend to the shareholders @ 100% or Rs.10/- per share aggregating Rs.178,439,366/- to be paid out of the profits for the year ending March 31, 2002. The dividend was to be paid on or about March 27, 2002. ECL was also in the process of acquiring 17,600,000 equity shares in M/s. Lanco Kalahasthi Castings Ltd. (representing 48.89% of the equity capital of the said M/s. Lanco Kalahasthi Castings Ltd.). Further ECL concluded an agreement with the Promoters of M/s. Lanco Industries Ltd, by which ECL were to acquire control and management by subscribing to the equity shares through preferential allotment route so as to acquire 51% of share capital as increased by the aforesaid allotment, subject to all approvals required for the purpose.”*

The Investigation Report further stated that on March 04, 2002 (i.e. the date of announcement of acquisition of the Lanco Group Companies), 14 cross deals were executed by Dalmia Securities Pvt Ltd on National Stock Exchange (NSE) on behalf of the Promoters of ECL accounting for 25.28% of market gross. In this connection, the Investigating Authority had sought information from the Company (ECL)on the compliance of Insider Trading Regulations in respect of the cross deals executed by the promoter entities particularly with reference to the ‘Model Code of Conduct for Prevention of Insider Trading for Listed Companies’(hereafter referred to as the “Model Code”).

Thereafter, on conclusion of the investigation, the Investigating Authority, in the Investigation Report had observed that:

1) The Company (ECL) had not conformed to Regulation 12 (1) of the Insider Trading Regulations in respect of implementing the “Model Code of Conduct for Prevention of Insider Trading for Listed Companies” thereby violating Regulation 12 (1) of the Insider Trading Regulations. Consequently, in respect of the alleged charges, the Company would be liable for monetary penalty under Section 15HB of the SEBI Act.

Regulation 12(1) was violated as the Model Code of Conduct for Prevention of Insider Trading for Listed Companies were allegedly not implemented by ECL at the time when the said Regulation was notified on February 20, 2002 and implemented only with effect from August 1, 2004.

2) Mr Mayank Kejriwal and Mr Umang Kejriwal had transacted in the scrip during the relevant investigation period but had not made the necessary disclosures to ECL in terms of Regulation 13 (4) of the Insider Trading Regulations in respect of acquisition of shares made on March 04, 2002, thereby violating Regulation 13 (4) of the Insider Trading Regulations.

Regulation 13(4) requires directors and officers of a listed company to make adequate disclosures in the form required by SEBI, the total shares or voting rights held and change in the voting rights or shareholding since the date of the last disclosure; and where such change exceeds Rs 5 lakhs in value, or 25,000 shares, or 1% of the total shareholding or voting rights whichever is lower. The directors Mr Mayank Kejriwal and Mr Umang Kejriwal failed to make the prescribed filings pertaining to certain acquisition of shares, thus violating Regulation 13(4).

ECL, Mr. Umang Kejriwal and Mr. Mayank Kejriwal have paid the penalty imposed by SEBI by the said adjudicating order dated December 24, 2009. Thereafter, on February 3, 2010, ECL, Mr. Umang Kejriwal and Mr. Mayank Kejriwal filed an appeal before the Securities Appellate Tribunal ("SAT"), Mumbai, against SEBI for quashing/rescission/ setting aside and stay of the order dated December 24, 2009 passed by the Adjudicating Officer, SEBI, Kolkata. The SAT, by its orders dated April 1, 2010, disposed off the Appeal Nos. 25 to 27 of 2010 by dismissing the appeals and disallowed the prayers of the appellants for reduction of penalty imposed by the Adjudicatory Officer, SEBI by its order dated December 24, 2009.

In view of the fact that the appellants have already paid the penalty to SEBI no further action on appellants is contemplated by SAT.

Material Developments since the Last Balance Sheet Date

In the opinion of our Board, other than as disclosed in this Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities over the next twelve months.

There are no small scale undertaking or any other creditors to whom our Company owes a sum exceeding Rs. 1 lakh which is outstanding more than thirty days.

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Red Herring Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

The following statement sets out the details of licenses, permissions and approvals taken by our under various central and state laws for carrying out its business.

Approvals involving Incorporation

1. Certificate of Incorporation bearing No. U23710JH2006PLC012663 (Corporate Identification Number) dated December 20, 2006 issued by the Registrar of Companies, Bihar and Jharkhand at Patna.

2. Certificate of Commencement of Business, dated January 5, 2007 issued by the Registrar of Companies, Bihar and Jharkhand at Patna.

Approvals for the Issue

The following approvals have been obtained in connection with the Issue:

1. The Board of Directors has, pursuant to a resolution adopted at its meeting held on December 12, 2009, authorized the Issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

2. The shareholders of our Company have, pursuant to a special resolution under Section 81(1A) of the Companies Act, adopted at the shareholder's meetingheld on January 12, 2010, authorized the Issue.

3. Our Company has obtained in-principle listing approvals dated May 19, 2010 and June 24, 2010 from the BSE and the NSE, respectively.

Approvals obtained by our Company

Our Company requires various approvals to carry on its business in India. The approvals acquired by our Company include the following:

1. Our Company's PAN (Permanent Account Number) issued by the Income Tax Department, Government of India is AABCE6875H.

2. Our Company's TAN (Tax Deduction Allocation Number) issued by the Income Tax Department, Government of India under the Income Tax Act, 1961 is RCHE00250F by a letter dated February 6, 2007.

3. Certificate of Registration bearing registration no. AABCE6875HXM001 dated August 5, 2008 issued by the Assistant Commissioner of Central Excise, Bokaro designating our Company as a manufacturer of Excisable Goods as per rule 9 of the Central Excise Rules, 2002.

4. Certificate of Registration bearing registration no. CST/BK 4766 (C) (Central) dated July 10, 2008 (valid w.e.f. July 3, 2008) issued by the Deputy Commissioner, Sales Tax designating oure Company as a dealer under sections 7(1) and 7(2) of the Central Sales Tax Act, 1956.

5. Certificate of Enlistment (Trade License No. 005231006633) for the year 2010-2011 issued by the Kolkata Municipal Corporation in accordance with the Kolkata Municipal Corporation Act, 1980.

6. Certificate of Registration bearing registration no. RCW 0012750 dated November 16, 2007 issued under the West Bengal State Tax on Professions, Trade, Callings and Employments Act, 1979 by the Profession Tax Officer, Kolkata for registering our Company as an Employer under the West Bengal State Tax on Professions, Trade, Callings and Employments Act, 1979.

7. Certificate of Registration bearing registration no. AABCE6875HST001 dated August 3, 2007 issued by Office of Assistant Commissioner of Service Tax, Government of India, under section 69 of the Finance Act 1994 for payment of services tax in relation to taxable services in the nature of transport of goods by road, engineering consultancy and erection, commissioning and installation.

8. Certificate of Registration issued by Commercial Taxes Department, Government of Jharkhand dated July 10, 2008 bearing TIN Number 20301405772 with effect from April 4, 2008 registering the business of our Company as manufacturing and wholesale trade.

9. Registration No. WB/PRB/42495 granted by the Assistant Provident Fund Commissioner dated January 25, 2008 *vide* letter no. SRO/CC/WB/PRB/42495/63 for making various compliances under provisions of the Employees Provident Fund Act, 1952.

10. Certificate of Acknowledgement dated August 9, 2007 issued by the Secretariat for Industrial Assistance, Ministry of Commerce and Industry to our Company, acknowledging the production by our Company of various iron and steel based products for a capacity of 2.2MTPA finished product and by-products and waste products.

11. Certificate of Acknowledgement dated June 9, 2007 issued by the Secretariat for Industrial Assistance, Ministry of Commerce and Industry to our Company, acknowledging the production by our Company of various iron and steel based products for a proposed capacity of 3 million ton primary and semi-finished products.

12. Certificate of Acknowledgement dated September 20, 2007 issued by the Secretariat for Industrial Assistance, Ministry of Commerce and Industry to our Company, acknowledging the production by our Company for 2.2MTPA finished product and by-products and waste products.

13. Certificate of Importer-Exporter Code dated March 15, 2007 granted by the Ministry of Commerce, Government of India to our Company bearing IEC No. 2106002319 *vide* letter no. 21/04/130/00234/AM07 dated March 15, 2007.

14. Amended Registration Certificate issued by the Commercial Taxes Department, Government of Jharkhand issueing the Tax Identification Number 20301405772.

Approvals in relation to the Project of our Company

Our Company is required to obtain certain approvals from the concerned Central / State government departments and other authorities for setting up its projects and operating the same. These include:

- Approvals from various departments of the Government of India depending on the nature of the project. For example, environmental approvals from the Ministry of Environment and Forests, and chimney height approvals from the Ministry of Defence and Ministry of Civil Aviation;

- Approvals such as consents to establish and operate a project, environmental clearances and authorisations to draw water, from concerned departments of state governments; and

- Any other approvals that may be required by local authorities on a case to case basis.

Our Company applies for approvals, licenses and registrations at the appropriate stage of development of the Project. Listed below are key approvals that have been obtained by it along with certain significant approvals that have been identified at this time and that will need to be applied for at the appropriate stage of development basis:

Approvals Obtained:

- Approval dated November 6, 2008 issued by the South Eastern Railway sanctioning the Detailed Project Report for the Project subject to certain conditions relating to infrastructural specifications in the unloading yard of the Project, payment of project costs and the submission of a Detailed Engineering Plan for the Project. The approval has been transferred to our Company *vide* letter dated December 11, 2008.

- Approval dated May 8, 2008 issued by the Environment and Forest Department, Government of Jharkhand under the EIA Notification dated September 14, 2006 dated February 21, 2008 for setting up of an integrated steel plant of 3 MTPA at Parbatpur at Jharkhand subject to fulfilment of the specific conditions laid down therein as per Specific Conditions Chapter XIV *vide* letter J0-11011/137/2006 – IOAO II(I).

- Approval dated May 27, 2008 *vide* letter no. 151/ P granted by the Chief Factory Inspector, Jharkhand, for the factory layout on fulfilment of conditions mentioned in the approval letter.

- Renewed Factory License bearing 71079/BRR dated January 8, 2010 for the calendar year 2010 granted by Factory Inspection Department, Department of Labour and Employment under Section 6(1)(d) of Factories Act, 1943 for setup of the factory and permitting 5,000 workers to be employed at the plant.

- Letters dated January 29, 2007 and July 20, 2007 issued by the Central Water Commission, Government of India sanctioning the withdrawal of 7.259 MGD and 14.74 MGD of water respectively (total of 22 MGD of water) from the Damodar River by Electrosteel Castings Limited subject to construction of suitable water intake structure, and the execution of an Agreement relating to payment of charges for water drawn to be drawn by the DVC and the Water Resources Department of the Government of Jharkhand. The clearance has been transferred to our Company *vide* letter dated June 22, 2008.

- Approval dated May 10, 2008 issued by the Deputy Director, Ground Water Investigation Division, Government of Jharkhand to our Company certifying that ground water withdrawal from the Damodar River for the purpose of construction of its Project would not disturb the Ground Water withdrawal regime of the river.

- No Objection Certificate dated May 5, 2008 issued by the Jharkhand State Pollution Control Board ("JSPCB") to our Company granting consent to establish the Project, subject to various conditions relating to mitigation of environmental pollution to be undertaken by our Company, the submission of an Environmental Impact Assessment Report, and the obtainment of consents by our Company from the Jharkhand State Pollution Control Board prior to commissioning of the Project. The approval was valid till May 4, 2010 and subsequently, an extension has been granted on July 30, 2010 by the JSPCB extending the validity of the Certificate till May 4, 2011.

- Approval dated February 21, 2008 issued by the Director, Ministry of Environment and Forests granting its consent to our Company for the establishment of the Project subject to certain conditions relating to safeguarding the environment surrounding the plant and the maintenance of it, at all times, at appropriate levels of environmental protection.

- Certificate of Registration *vide* Certificate No. 63/ 159 dated April 16, 2008 granted by the Registering Officer for Contract Labour, Government of Jharkhand under section 2(7) of the Contract Labour (Regulation and Abolition) Act 1960 for the employment of a maximum of 6500 contract labourers for performance of civil and construction work of the Project.

- Construction Clearance dated July 22, 2008 provided by the Chief Engineer, Commercial Department, DVC to Electrosteel Castings Limited for construction of the 220KV transmission line for the supply of power to the Project *vide* letter Coml/ PS/ ECL/ Dhanbad/ 1433. The clearance has been transferred to our Company *vide* letter dated April 30, 2009.

- Approval (File No. 20(14)/ 2009/ Boilers) for the pressure parts material list, drawings and design calculations under Regulation 393(b) of Indian Boilers Regulations, 1950 for 3 X 130 TPH High Pressure coal based Circulating Fluidized Bed Boilers (CFBC) (Boiler Makers No. 2009-526-1,2,3) for the Plant, dated May 06, 2009 received from the Secretary, Central Boilers Board, Ministry of Commerce & Industry, Government of India.

- Approval (File No. 20(21)/ 2009/ Boilers) for the pressure parts material list, drawings and design calculations under Regulation 393(b) of Indian Boilers Regulations, 1950 for 4 X 75 TPH (Boiler Makers No.A2008034-037) and 2 X 55 TPH (Boiler Makers No.A2009005-006) Waste Heat Recovery Boilers (WHRB) for the Project, dated June 24, 2009 received from the Development Officer and Assistant Secretary, Central Boilers Board, Ministry of Commerce & Industry, Government of India.

- Trading License No 348 dated July 27, 2010 granted by the Mining Officer, Baripada Circle, Mayurganj for storing, selling, transportation and trading of iron ore under the Orissa Minerals (Prevention of Theft, Smuggling and Illegal Mining and Regulation of Possession, Storage, Trading & Transportation) Rules, 2007 with a validity of 2 years.

Approvals / licenses /permits not applied for:

Following are approvals, licenses and registrations that we shall apply for at the appropriate stage of development of the Project:

- Approval from the Jharkhand State Pollution Control Board for collecting, storing and treating the hazardous waste under the Hazardous Waste (Management and Handling) Rules, 1999, amended in 2003

- Consent to establish Coke Oven Plant along with Blast Furnace by the Member Secretary from Jharkhand State Pollution Control Board

- Permission granted from Jharkhand State Pollution Control Board to operate blast furnace at the plant

- Permission for installation of generators at the plant

- Consent to operate under Sections 25/26 of Water (Prevention and Control of Pollution) Act, 1974 from the Jharkhand State Pollution Control Board

- Consent to operate under Section 21 of Air (Prevention and Control of Pollution) Act, 1981 from the Jharkhand State Pollution Control Board

- License by the Director of Factories and Boilers for the use of blast furnace

- License by the Joint Director of Boilers for use of a boiler

- Chimney height approvals from the Ministry of Defence and Ministry of Civil Aviation

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue along with the Green Shoe Option has been authorised by a resolution of our Board dated December 12, 2009.

The shareholders have authorised the Issue along with the Green Shoe Option by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the shareholder's meeting of our Company held on January 12, 2010.

Prohibition by SEBI

Except as provided under the section titled "Outstanding Litigation and Material Development" on page 236, our Company, our Directors, our Promoters, Promoter Group, Group Companies, the directors or the person(s) in control of the Promoter and companies in which our Directors are directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

As of date of this Red Herring Prospectus, the following Directors are associated with the securities market in manner as stated below:

Name of the Director	Name of the SEBI registered entity associated with and relation	Action initiated by SEBI, if any
Mr. Naresh Pachisia	SKP Securities Limited, director and promoter	Nil
Mr. Sanjoy Tekriwal	Karuna Financial Services Private Limited, director	Nil
Mr. Sunil V. Diwakar	South Asian Regional Apex Fund, Managing Partner IL&FS Investment Managers Limited, the Managers of the South Asian Regional Apex Fund	Nil
	Information Technology Fund is a Venture Capital Fund, Managing Partner IL&FS Investment Managers Limited, the Managers of the Information Technology Fund	Nil
	Tamil Nadu Infotech Fund is a Venture Capital Fund, Managing Partner IL&FS Investment Managers Limited, the Managers of the Tamil Nadu Infotech Fund	Nil
	IL&FS Private Equity Trust, Managing Partner IL&FS Investment Managers Limited, the Managers of the IL&FS Private Equity Trust	Nil
	Urjankur Nidhi Trust, Managing Partner IL&FS Investment Managers Limited, the Managers of the Urjankur Nidhi Trust	Nil
	Leverage India Fund, scheme of IL&FS Private Equity Trust, Managing Partner of IL&FS Investment Managers Limited, the Managers of Leverage India Fund	Nil
	Infrastructure Leasing & Financial Services Realty Fund, scheme of IL&FS Private Equity Trust, Managing Partner of IL&FS Investment Managers Limited, the Managers of Infrastructure Leasing & Financial Services Realty Fund	Nil

Name of the Director	Name of the SEBI registered entity associated with and relation	Action initiated by SEBI, if any
	Tara India Fund III Trust, Managing Partner of IL&FS Investment Managers Limited, the Managers of the Tara India Fund III Trust	Nil
	Tara India Fund III Domestic Trust, Managing Partner of IL&FS Investment Managers Limited, the Managers of the Tara India Fund III Domestic Trust	Nil
	IL&FS Investment Managers Limited, Managing Partner of IL&FS Investment Managers Limited	Nil

Prohibition by RBI or other governmental authorities

Except as stated below, our Company, our Directors, our Promoters, Group Companies, the directors or the person(s) in control of the Promoter have not been declared as wilful defaulters by RBI or any other governmental authorities:

Mr. Sunil V. Diwakar was/is an independent director on the board of the following company, which is appearing as a wilful defaulter on the website of CIBIL:

Name of the Company, which is appearing in RBI defaulter list	Remarks
Cepham Milk SPL.	Mr. Sunil V. Diwakar was the director of the company from 1996 to 1998.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26(2) of Chapter III of the SEBI ICDR Regulations, which states as follows:

"*26(2) An issuer not satisfying any of the conditions specified in sub-regulation (1) may make an initial public offer (IPO) if:*

(a) (i) *The issue is made through the book-building process and the issuer undertakes to allot at least 50% of the net offer to public being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

(a)(ii) *At least 15% of the cost of the "project" is contributed by Public Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s) and the issuer undertakes to allot at least 10% of the net offer to public to QIB,, failing which the full subscription monies shall be refunded*

AND

(b) (i) *The minimum post-issue face value capital of the company shall be Rs. 10 crores.*

OR

(b) (ii) *There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:*

(A) *Market makers offer buy and sell quotes for a minimum depth of 300 shares and ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*

(B) *The inventory of market makers, as on the date of allotment of the shares, shall be at least 5% of the proposed issue."*

Our Company is an unlisted company and does not have a track record of distributable profits in terms of Section 205 of the Companies Act as specified in Regulation 26(1) of the SEBI ICDR Regulations. Our Company is, therefore, required to meet both the conditions detailed in Regulation 26(2)(a) and Regulation 26(2) (b) of the SEBI ICDR Regulations.

- Accordingly, in compliance with clause 26(2) of the SEBI ICDR Regulations the Issue is being made through Book Building Process. Our Company is complying with Regulation 43 of the SEBI ICDR Regulations and at least 60% of the Issue are proposed to be allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event our Company fails to do so, the full subscription monies shall be refunded to the Bidders.

- Company will comply with the second proviso to clause 43(2)(c) of the SEBI ICDR Regulations; accordingly, a minimum of up to 10% and 30% of the Issue shall be available for allocation to Non Institutional Bidders and Retail Individual Bidders, respectively.

- Our Company is also complying with Regulation 26(2) of the SEBI ICDR Regulations and the post-issue face value capital of our Company shall be more than the minimum requirement of Rs. 100 million.

Hence, our Company is eligible for the Issue under Regulation 26(2) of the SEBI ICDR Regulations.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000 otherwise the entire application money shall be returned forthwith.

If such money is not repaid within eight days after our Company becomes liable to repay it, then our Company shall, on and from 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.
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Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19(2)(b) SCRR:

- A minimum 2 million Equity Shares (excluding reservations, anchor investors and promoters contribution) are offered to the public;

- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and

- The Issue is made through the Book Building method with allocation of at least 60% of the Issue size to QIBs as specified by SEBI.

Disclaimer Clause of SEBI

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 THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE 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 HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS 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 OUR 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 OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 25, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"WE, THE UNDER NOTED LEAD MERCHANT BANKERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. **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;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY OUR COMPANY, WE CONFIRM THAT:**

   (a) **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   (b) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, 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 (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS).**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITER TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

5. **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 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 THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. WE CERTIFY THAT REGUALATION 33 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOTED FOR COMPLIANCE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE
AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

    (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF OUR COMPANY AND

    (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR OUR COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY."**

The filing of the Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the 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, Bihar and Jharkhand in terms of 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Bihar and Jharkhand in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Caution - Disclaimer from our Company and the BRLMs

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.electrosteel.com/steels/index.htm, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and 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 Centres or elsewhere.

Neither us nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors who bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriter and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriter and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

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 not minors, 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), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer 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 only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered 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 our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, "US 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 and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Each purchaser acquiring the Equity Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Red Herring Prospectus and such other information, as it deems necessary to make an informed investment decision and that:

1. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

2. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time the buy order for the Equity Shares was originated and continues to be located outside the United States and has not purchased the Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

3. the purchaser is not an affiliate of our Company or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Equity Shares from our Company or an affiliate thereof in the initial distribution of the Equity Shares;

4. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with Regulation S under the Securities Act, or any transaction exempt from the registration requirements of the Securities Act, in each case in

accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

5. the purchaser is purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act; and

6. the purchaser acknowledges that our Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Disclaimer Clause of BSE

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter number DCS/IPO/SR/IPO-IP/254/2010-11 dated May 19, 2010, permission to this Company to use the Exchange's name in this offer document as one of the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii. 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 the Exchange. 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 the Exchange 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 NSE

As required, a copy of this Offer Document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.:NSE/LIST/140832-H dated June 24, 2010 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer. 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 this Issuer's securities will be listed to will continue to be listed on the Exchange; not does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange 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 any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Maurya Lok Complex, Block A Western Wing, 4th floor, Dak Banglow Road, Patna - 800001.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Share. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are 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 8 days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 12 working days from the Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers, and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, Legal Counsel to Issue, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, B. Chhawchharia & Co, have given their written consent to the inclusion of their financial report as well as report in relation to tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

CARE, the IPO grading agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC

The sub-committee of our lenders have at their meeting dated November 26, 2009 given their consent for this Issue.

Expert to the Issue

Except for the report of the IPO Grading Agency May 24, 2010, revalidated on August 4, 2010annexed to this Red Herring Prospectus and Report of our Auditors on the audited financial information and tax benefit statement dated March 20, 2010, included in this Red Herring Prospectus, our Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [•] million. The expenses of this Issue include, among others, underwriting and management fees, SCSB's commission/ fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(In Rs. Million)

Activity	**Expense* (Rs. in million)**	**Expense* (% of total expenses)**	**Expense* (% of Issue Size)**
Lead merchant bankers	**[•]**	**[•]**	**[•]**
Registrars to the issue	**[•]**	**[•]**	**[•]**
Advisor to the Issue	**[•]**	**[•]**	**[•]**
Bankers to issues	**[•]**	**[•]**	**[•]**
Underwriting commission, brokerage and selling commission	**[•]**	**[•]**	**[•]**
Printing and Stationery	**[•]**	**[•]**	**[•]**
Advertising and marketing expenses	**[•]**	**[•]**	**[•]**
Fee for IPO grading	**[•]**	**[•]**	**[•]**
Others (Listing fee, Legal counsel fees)	**[•]**	**[•]**	**[•]**
Total estimated Issue expenses	**[•]**	**[•]**	**[•]**

***** *To be completed on finalisation of Issue Price*

Fees Payable to the BRLMs and the Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members will be as per the engagement letter dated February 1, 2010 with BRLMs, issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue dated February 3, 2010, and amended by agreement dated August 4, 2010, copies of which are available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. 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.

IPO Grading

This Issue has been graded by CARE and has been assigned a grade of 3 indicating Average fundamentals, through its letter dated May 24, 2010, revalidated on August 4, 2010 for a period of 2 months. For details in relation to the Report of the Grading Agency, please refer to the "Annexure" beginning on page 375 of this Red Herring Prospectus.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

Neither our Company, Promoter nor any of our Group Companies have made any previous rights and public issues in India or abroad in the three years preceding the date of this Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the chapter titled "Capital Structure" on page 48 of this Red Herring Prospectus, our Company has not made any previous issues of shares for consideration otherwise than for cash.

Companies under the same management

No company under the same management (within the meaning of Section 370(1)(B) of the Companies Act) as us has made any capital issue during the last three years.

Promise v. Performance – Group Companies

Our Group Company, LIL has made rights issue in 2000. However, there was no Promise v. Performance mentioned in the Rights Issue Document.

Outstanding Debentures, Bond Issues, or Preference Shares

Our Company does not have any outstanding debentures, bonds or preference shares as of the date of filing this Red Herring Prospectus.

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.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the 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 centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

For details of the mechanism evolved for redressal of investor grievances with respect to our Promoter and listed Group Company, please refer chapter titled "Our Promoter" and "Group Companies" beginning on pages 154 and 160, respectively of this Red Herring Prospectus.

Disposal of Investor Grievances

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Mr. Vikram Saraogi, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

G.K. Tower,
19, Camac Street,
Kolkata - 700 017
Tel: +91 33 2283 9990
Fax: +91 33 2290 2882 / 2289 4339
Email: eil.investors@electrosteel.com

Change in Auditors

There has been no change in the Statutory Auditors of our Company since incorporation.

Capitalisation of Reserves or Profits

Our Company has not capitalised our reserves or profits since incorporation.

Revaluation of Assets

Our Company has not re-valued its assets since incorporation.

Purchase of Property

Except as disclosed in this Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or

- The amount of the purchase money is not material.

Except as disclosed in this Red Herring Prospectus, our Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

SECTION VII : ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, this Red Herring Prospectus and the 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 as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue along with the Green Shoe Option has been authorised by a resolution of our Board dated December 12, 2009 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act*,* at an the shareholder's meeting of our Company held on January 12, 2010.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allotees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment.

For further details, please see "Main Provisions of the Articles of Association" on page 359 of this Red Herring Prospectus.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. [•] per Equity Share and at the higher end of the Price Band is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall, *inter alia*, 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 subject to any statutory and any preferential claims being satisfied;

- Subject to applicable law including RBI rules and regulations, right of free transferability; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of the Articles of Association" on page 359 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [•] Equity Shares in the Issue.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Kolkata, West Bengal.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same 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. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ corporate office of our Company or to the Registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or

- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 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 the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters 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 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

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 and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Arrangement for disposal of odd lots

There are no arrangements for disposal of odd lots.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**TUESDAY, SEPTEMBER 21, 2010***
BID/ISSUE CLOSES ON **FOR QIB BIDDERS** **FOR RETAIL AND NON INSTITUTIONAL BIDDERS**	 **THURSDAY, SEPTEMBER 23, 2010** **FRIDAY, SEPTEMBER 24, 2010**

** Our Company may consider participation by anchor Investors. The Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Date.*

Restriction on transfer of shares

Except for lock-in of the pre-Issue Equity Shares, Promoters' minimum contribution and Anchor Investor lock-in in the Issue as provided on page 48 of the chapter titled "Capital Structure", there are no restrictions on transfer of Equity Shares. There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles of Association. See "Main Provisions of our Articles of Association" on page 359 of this Red Herring Prospectus.

ISSUE STRUCTURE

Issue of 225,516,188 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] million. The Issue would constitute 11.08% of the post Issue paid-up capital of our Company assuming that the Green Shoe Option is not exercised and 12.54% of the post Issue paid-up capital of our Company assuming that the Green Shoe Option is exercised in full.

The Issue is being made through the 100% Book Building Process.

	QIBs**	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 135,309,713 Equity Shares	Not less than 22,551,619 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 67,654,856 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/allocation	At least 60% of Issue being allocated. However, up to 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of Issue or Issue available for allocation less allocation to QIB and Retail Individual Bidders	Not less than 30% of Issue or Issue available for allocation less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 6,765,486 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 128,544,227 Equity Shares shall be allotted 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 that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.

	QIBs**	Non-Institutional Bidders	Retail Individual Bidders
Bid Lot	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter.
Allotment Lot	[•] Equity Shares	[•] Equity Shares	[•] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply ***	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs and sub-accounts (other than a sub-account which is a foreign corporate or a foreign individual)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 (subject to applicable law) with minimum corpus of Rs. 250 million, pension funds with minimum corpus of Rs. 250 million in accordance with applicable law, National Investment Fund and insurance funds set up and managed by army, navy or air force of Union of India.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta)
Terms of Payment#	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to	The entire Bid Amount shall be payable at the time of submission of Bid cum Application	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member #

	QIBs**	Non-Institutional Bidders	Retail Individual Bidders
	the BRLMs.#	Form to the Syndicate Member. #	

#*In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.*

*Subject to valid Bids being received at or above the Issue Price. In accordance with Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to QIBs, out of which 5% (excluding the portion of Anchor Investors) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than 4,735,840 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders in proportion to their Bids. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except the QIB Portion, 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.

If at least 60% of the Issue is not allocated to the QIBs, the entire subscription monies shall be refunded.

As per Regulation 45 of the SEBI ICDR Regulations, the Green Shoe Option will be utilised for stabilising the post-listing price of the Equity Shares. We have appointed Edelweiss Capital Limited as the Stabilising Agent. The Green Shoe Option consists of the option to over Allot up to 33,827,428 Equity Shares at a price of Rs. [•] per share aggregating Rs. [•] million representing up to 15% of the Issue, exercisable during the period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares of our Company and ending 30 days thereafter, unless terminated earlier by the Stabilising Agent. The Green Shoe Option will be exercised at the discretion of the Stabilising Agent and our Company with respect to Equity Shares that are owned by ECL. ECL as the Green Shoe Lender has agreed to lend up to 33,827,428 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised by Stabilising Agent. The allotment of the Over Allotment Shares shall be done pro-rata with respect to the proportion of Allotment in the Issue to various categories.

**Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds. Allocation to Anchor Investors shall be on a discretionary basis subject to a minimum of (i) two Anchor Investors, where the allocation under the Anchor Investor Portion is up to Rs. 2,500 million and (ii) five Anchor Investors, where the allocation under the Anchor Investor Portion is more than Rs. 2,500 million. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Further the Anchor Investor needs to pay the entire Bid Amount at the time of submission of the Bid Cum Application form BRLMs.

*** 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.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA Bid cum Application Forms.

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**TUESDAY, SEPTEMBER 21, 2010***
BID/ISSUE CLOSES ON	
FOR QIB BIDDERS	**THURSDAY, SEPTEMBER 23, 2010**
FOR RETAIL AND NON INSTITUTIONAL BIDDERS	**FRIDAY, SEPTEMBER 24, 2010**

** Our Company may consider participation by anchor Investors. The Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Date.*

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, **except that on the Bid Closing Date for QIBs, Bids shall be accepted only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until 4.00 p.m. On Bid Closing Date for Retail and Non Institutional Bidders, Bids shall be accepted only between 10 a.m and 3 p.m (Indian Standard Time) and uploaded until (i) 4.00 P.M in case of Bids by Non institutional Bidders; and (ii) until 5.00 p.m or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs.100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 3 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, our Company, the BRLM and the Syndicate Member shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times is Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in pubic offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchange within half an hour of such closure.

Our Company, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date. The Floor Price shall not be less than the face value of Equity Shares.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders (except Anchor Investors) can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders (other than ASBA Bidders) are required to make payment of the full Bid Amount with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSB.

It may be noted that pursuant to the SEBI Circular (no. CIR/CFD/DIL/2/2010) dated April 6, 2010 SEBI has decided to extend the ASBA facility to QIBs in all public issues opening on or after May 1, 2010.

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post Issue paid up equity capital of our Company, this Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to QIBs , out of which 5% (excluding the portion of Anchor Investors) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. The QIB Portion shall include the Anchor Investor Portion in accordance with SEBI (ICDR) Regulations. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured and submitted only through the BRLMs and Syndicate Members. In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be provided to such Bidder in writing. 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 the Equity Shares will be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Single bid from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

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, dispatch 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising blocking funds that are available in the bank account specified in the Bid cum Application Form used by ASBA Bidders. The ASBA Bidders shall have the option to make a maximum of three Bids in the ASBA Bid cum Application Form. Upon the allocation of Equity Shares, dispatch 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 for ASBA Bidders to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors*	White
ASBA Bidders bidding through a physical form	White

**Bid cum Application forms for Anchor Investors have been made available at the office of the BRLMs.*

- In accordance with the SEBI ICDR Regulations, All Investors (including QIBs) can participate by way of ASBA process.

- In accordance with SEBI (ICDR) Regulations, only QIBs can participate in the Anchor Investor Portion.

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;

- Indian nationals resident in India who are not minors in single or joint names (not more than three);

- 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;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;

- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and regulations, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, subject to compliance with applicable laws;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.

- Venture Capital Funds registered with SEBI;

- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;

- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws;
- Multilateral and bilateral development financial institutions;
- National Investment Fund; and
- Insurance funds set up and managed by army, navy or air force of the Union of India.
- As per the existing regulations, OCBs cannot participate in this Issue.

Participation by Associates of BRLMs and Syndicate Members

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

Bids by Anchor Investors

Our Company may consider participation by Anchor Investors in the QIB Portion for up to 40,592,914 Equity Shares in accordance with the applicable ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI (10)(k) to the ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

(a) Anchor Investors Bid cum Application Form has been made available for Anchor Investor Portion at our Registered Office, members of the Syndicate and the Registrar to the Issue.

(b) The Bid must be for a minimum of such number of our Equity Shares so that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.

(c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

(d) The Bidding for Anchor Investors shall open one day before the Bid Opening Date and shall be completed on the same day.

(e) Our Company, in consultation with the BRLM, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees.

(f) The number of our Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLM before the Bid Opening Date.

(g) In case the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.

(h) Our Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

(i) The BRLM, the Promoter and Promoter Group or any person related to them shall not participate in the Anchor Investor Portion.

(j) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.

(k) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- In case of Resident Anchor Investors: "Escrow Account – ESL Public Issue -Anchor Investor"

- In case of Non-Resident Anchor Investors: "Escrow Account – ESL Public Issue Anchor Investor - NR"

The minimum number of Allotees in the Anchor Investor Portion shall not be less than:

(a) two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
(b) five, where the allocation under Anchor Investor Portion is more than Rs. 2,500 million.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be taken out by our Company in a national English, Hindi and regional language (Hindi) newspaper with wide circulation at least two working days prior to the Bid / Issue Opening Date.

This Red Herring Prospectus, in so far as it relates to terms of the Issue should be read in conjunction with the aforestated paragraphs, to the extent applicable.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 4,735,840 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

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.

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.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at our Registered Office and with members of the Syndicate.

2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

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 our post-Issue issued capital. 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 our total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for 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, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

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 occur 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.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples thereof, 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 [•] such that the Bid Amount exceeds Rs. 100,000. 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 existing SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the full Bid Amount upon submission of the Bid.**

(c) 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' price.

(d) **For Bidders in the Anchor Investor Portion**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100 million and in multiples of [•] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Issue Period.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the 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) Bidders who are interested in subscribing for the Equity Shares should approach the BRLMs or any of the Syndicate Members or their authorised agent(s) to register their Bids.

(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

Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date in the Red Herring Prospectus with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and one regional language (Hindi) newspaper with wide circulation. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(a) Our Company in consultation with the BRLMs will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and one regional language (Hindi) newspaper with wide circulation at least two working days prior to the Bid/ Issue Opening Date. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Issue Period.

(b) The Bid/Issue Period shall be for a minimum of three working days but not more than ten working days including the days for which the issue is kept open in case of revision in price band. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional language (Hindi) newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(c) The BRLM shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, i.e. one Working Day prior to the Bid/ Issue Opening Date. Bidders, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bid/ Issue Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid/ Issue Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

(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" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment 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".

(f) Except in relation to Bids received from the Anchor Investors, 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 Bid/Issue 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, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(h) The BRLMs shall accept Bids from the Anchor Investors during the Anchor Investor Bid/ Issue Period i.e. one working day prior to the Bid/ Issue Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.

(i) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Payment Instructions" of this Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

(a) Our Company in consultation with the BRLMs will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in two national newspapers (one each in English and Hindi) and one regional language (Hindi) newspaper with wide circulation at least two working days prior to the Bid/ Issue Opening Date. 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 Bid/Issue Period in accordance with SEBI ICDR Regulations. The cap on the Price Band should not be more than 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Share. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least working two days prior to the Bid/Issue Opening Date.

(c) 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.

(d) 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 the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

(e) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.

(f) 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) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 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 cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) 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.

(h) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(i) During the Bidding/ Issue 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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 the Red Herring Prospectus.

(n) 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.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable s

(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 [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount not exceeding Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for such number of Equity Shares in multiples of [•] such 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) NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

(f) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(h) 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.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. The BRLMs, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members, (ii) the Bids uploaded by the Syndicate Members, and (iii) the Bids accepted but not uploaded by the Syndicate Members .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) The 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/ Issue 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/ Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of bids typically experienced on the last day of bidding may lead to some

Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded may not be considered for allocation.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all Bidding Centres and the website of BSE and NSE. 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 bidder. Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders 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.
- PAN
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- ASBA Form Number.
- Whether full Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.
- Bid Amount.
- Cheque details.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches shall enter the following information pertaining to the Bidder into the on-line system:

- Name of the Bidder(s).
- ASBA Form Number.
- PAN (of First Bidder, in case of more than one Bidder);
- Investor category and sub category;
- DP ID and client identification number;
- Beneficiary account number of Equity Shares Bid for;
- Quantity;
- Bid Amount;
- Bank account number;
- Cheque amount; and
- Cheque number.

(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/ Allotment 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) In case of QIB Bidders, members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except for grounds listed on page 332 of this Red Herring Prospectus.

(h) 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.

(i) 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.

(j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate will be given up to one Working Day after the Offer Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Offer Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. If the Registrar finds any discrepancy in the DP name, DP Id and the Client Id, the Registrar will correct the same. In case of any discrepancy of data between the Stock Exchanges and the members of the Syndicate or the Designated Branches, the decision of our Company in consultation with the Book Running Lead Managers and the Registrar shall be final and binding on all concerned.

(k) It is to be noted that Syndicate Members shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received

(l) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of 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 NSE or BSE 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 changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(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. 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.

(f) 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. 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 cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price. 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 the 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.

(g) 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.**

(h) There are certain procedures / processes laid down which the Registrar to the Issue would follow in consultation with the BRLMs while finalising the Basis of Allotment. Further, in case of discrepancy between the electronic data and physical data, Registrar to the Issue will rely on the electronic data for the purpose of finalising the basis of allotment.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the applicable Bid cum Application Form;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Bidders should submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act;

(h) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Dont's:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid Amount 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 members of the Syndicate;

(d) Do not pay the Bid Amount in cash, by money order or by postal order or by stock invest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders where Bid Amount exceeds Rs. 100,000);

(g) 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;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

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 must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(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 [•] Equity Shares and in multiples of [•] 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 that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

(e) For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100 million and in multiples of [•] Equity Shares thereafter.

(f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(g) 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 Depository Account and 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 demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the 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 dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks or the SCSB nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR 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.
These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

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.

In case of Bidders receiving refunds through electronic transfer of funds, 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 dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither our Company, the Registrar, Escrow Collection Bank(s) 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.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws 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 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 pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserve 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 (subject to applicable law) 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 thereof.

Our Company in its 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 and conditions that our Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the 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 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 for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, and the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, shall provide the applicable Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s) 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 Amount payable by each category of Bidders is mentioned under the chapter titled "Issue Structure" on page 312 of this Red Herring Prospectus.

2. Anchor Investors would be required to pay full amount at the time of submission of the application form In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   - In case of Resident QIB Bidders: "Escrow Account-ESL Public Issue-QIB-R"
   - In case of Non Resident QIB Bidders: "Escrow Account- ESL Public Issue-QIB-NR"

- In case of Resident Retail and Non-Institutional Bidders: “Escrow Account- ESL Public Issue-R”
- In case of Non-Resident Retail and Non-Institutional Bidders: “Escrow Account- ESL Public Issue-NR”
- In case of resident Anchor Investors: “Escrow Account - ESL Public Issue-Anchor Investor-R”
- In case of non-resident Anchor Investors: “Escrow Account-ESL Public Issue-Anchor Investor-NR”

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. The payment instruments for payment into the Escrow Account should be drawn in favour: “Escrow Account- ESL Public Issue-NR”. 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 NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in 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 or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. 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.

7. On the Designated Date and no later than 12 working 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/ Allotment to the Bidders.

8. 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 the 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. Hence, payment through stock invest would not be accepted in this Issue.

Payment by cash or money order

Payment through cash or money order shall not be accepted in this Issue.

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. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

Bid cum Application Forms where the PAN of the first/sole applicant is same either as per the details given in the Bid cum Application Forms and /or as per the demographic details received from the concerned depositories shall be identified as multiple applications as such applications will be rejected.

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.

Our Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

The Bidder or in case of joint applications, each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information 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.

RIGHT TO REJECT BIDS

In case of QIB Bidders, our Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders who Bid, our Company have a right to reject Bids based on technical grounds.

GROUNDS FOR REJECTIONS

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders where Bid Amount exceeds Rs. 100,000;

- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole and/ or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- 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 account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect whereof the Bid cum Application Form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;
- Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Bids by QIBs not submitted through BRLMs (except Bids submitted though ASBA);
- Bids by OCBs;
- Bids not duly signed by the sole/ joint Bidders;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of our Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids or revisions thereof by QIB Bidders, Non Institutional Bidders, uploaded after 4:00 p.m on the Bid/ Issue Closing Date, as may be applicable for QIB Bidders and Non Institutional Bidders;
- ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique application number).

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language (Hindi) daily newspaper, each with wide circulation.

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."

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with our Company.

(b) Our Company in consultation with the BRLMs shall finalise the Issue Price and the number of Equity Shares to be allocated in each investor category.

(c) The allocation to QIBs will be at least 60% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be not less than 10% and not less than 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI ICDR Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under-subscription, if any, in any category, except the QIB Portion, 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) Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(f) 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.

(g) In terms of the SEBI ICDR Regulations, QIB Bidders bidding in the Net QIB Portion shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.

(h) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) / Allotment to the Bidders.

(b) After signing the Underwriting Agreement, our Company 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.

Filing of the Prospectus wit the RoC

Our Company will file a copy of the Prospectus with the RoC, Ranchi 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, after filing the Red Herring Prospectus with the RoC, shall publish an advertisement, in the form prescribed by the SEBI ICDR Regulations in two widely circulated newspapers (one each in English and Hindi) and a Hindi local newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company 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 Issue Price. 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/ Allotted Equity Shares in the Issue, who have been or are to be allotted Equity Shares pursuant to the approval of basis of allotment. However, investors should note that our Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or members of the Syndicate would dispatch a CAN to their QIB Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price as may be called by our Company for all the Equity Shares allocated to such Bidder.

(c) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate will be given up to one Working Day after the Offer Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Offer Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. If the Registrar finds any discrepancy in the DP name, DP Id and the Client Id, the Registrar will correct the same. In case of any discrepancy of data between the Stock Exchanges and the members of the Syndicate or the Designated Branches, the decision of our Company in consultation with the Book Running Lead Managers and the Registrar shall be final and binding on all concerned.

(d) It is to be noted that Syndicate Members shall be responsible for any error in the Bid details uploaded by them. In case of apparent data entry error by either Syndicate Member or collecting bank in entering the application number in their respective schedules other things remaining unchanged, the Bid may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the application number by either the Syndicate Member or collecting bank leading to rejection of Bid, the Registrar may identify based on the Bid form, the entity responsible for the error. Valid records in electronic file will be those for which money is received

Notice to Anchor Investors: Allotment Reconciliation and Revised CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and the BRLMs, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bid/ Issue Period, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investors to pay the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and allotment by the Board of Directors. In the event that the Issue Price is higher than the Anchor Investor Issue Price, a revised CAN will be sent to Anchor Investors. The price of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two working days after the Bid/ Issue Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

The final application is subject to the physical application being valid along with receipt of stipulated documents, the Issue Price being finalized at a price not higher than the Anchor Investor Issue Price and Allotment by Board of Directors.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares and credit to successful bidders' depository account is done within 12working days of the Bid/ Issue Closing Date.

(b) In accordance with the SEBI ICDR Regulations, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the allotees. Allotees 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.

(c) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

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 Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 67,654,856 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 67,654,856Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis subject to a minimum [•]. 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 Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 22,551,619 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 22,551,619 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis subject to a minimum of [•] 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 category. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The Issue less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for up to 4,735,840 Equity Shares (the "Mutual Funds Portion"), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the Net QIB Portion (i.e., after excluding the Mutual Funds Portion). If the valid Bids by Mutual Funds are for less than 4,735,840 Equity Shares, the remaining Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to at least 60% of the Issue size, i.e. 135,309,713 Equity Shares.

- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the Net QIB Portion (excluding the portion of Anchor Investors) shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceed 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the Net QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the Net 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 of oversubscription in the Net 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 Net 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 our Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
  - (c) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.
  - (d) The aggregate allocation to QIB shall be at least 135,309,713Equity Shares.

D For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company, in consultation with the BRLMs, subject to compliance with the following requirements:
  - (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;

(b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;

(c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 2,500 million and minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/ Issue Opening Date by intimating the Stock Exchanges.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
3	Anchor Investor Portion	36 million equity shares
4	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	84 million equity shares
	Of which:	
	a. Allocation to MF (5%)	4.20 million equity shares
	b. Balance for all QIBs including MFs	79.8 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

Number of equity shares in million

Type of QIB bidders	Shares bid for	Allocation of 4.20 million equity shares to MF proportionately (please see note 2 below)	Allocation of balance 79.80 million equity shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	7.98	0
A2	20	0	4.00	0
A3	130	0	20.74	0
A4	50	0	7.98	0
A5	50	0	7.98	0
MF1	40	0.84	6.38	7.22
MF2	40	0.84	6.38	7.22
MF3	80	1.68	12.76	14.44
MF4	20	0.42	3.19	3.61
MF5	20	0.42	3.19	3.61
	500	**4.20**	**79.80**	**36.10**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the chapter titled "Issue Structure" beginning on page 312 of this Red Herring Prospectus.

2. Out of 84 million equity shares allocated to QIBs, 4.2 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 million shares in QIB category.

3. The balance 79.80 million equity shares (i.e.–84-4.20 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including 5 MF applicants who applied for 200 million equity shares).

4. The figures in the fourth column titled "Allocation of balance 79.80 million equity shares to QIBs proportionately" in the above illustration are arrived as under:

    - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 79.80 / 495.80

    - For Mutual Funds (MF1 to MF5)= {(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)} X 79.80 / 495.80

    - The numerator and denominator for arriving at allocation of 84 million shares to the 10 QIBs are reduced by 4.2 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

    - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is as far as possible equal to the number of Equity Shares calculated in accordance with (b) above; and

    - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that decimal is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

h) 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 shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

i) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLMs.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as registered with them. Hence Bidders are advised to immediately update their bank account details as may be required with their Depository Participants. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS/NECS – Payment of refund would be done through ECS/NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS or NEFT.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

3. RTGS – Applicants having a bank account at any of the bank branches where such facility has been made available and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who desire to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to the nine digit MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and

through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

Our Company shall give credit to the beneficiary account with depository participants within twelve working days from the Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI and other banks will get refunds through ECS/NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall 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 12 working days of the Bid/ Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 12 working days of closure of Bid/ Issue.

Our Company 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 Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Company shall ensure the dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give credit of the Equity Shares allotted, if any, to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of Bid/Issue Closing Date.

In case of applicants who receive refunds through ECS/NECS, direct credit or RTGS/NEFT, the refund instructions will be given to the clearing system within 12 working days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 working days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 working days of Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 12 working days of the Bid/ Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 working days of the Bid/ Issue Closing Date would be ensured; and

- Our Company shall pay interest at 15% p.a. for any delay beyond the 12 working time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 working day time prescribed above as per the SEBI ICDR Regulations.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 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 12 working days from the Issue Closing Date;
- That promoters' contribution in full, shall be brought in advance before the Bid/Issue Opening Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That adequate arrangements shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalising the basis of allotment
- That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and
- That no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board certifies that:

- All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

  The Board of Directors further certifies that:

  (a) the utilisation of monies received under Promoter Contribution shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilised under an appropriate head in the balance sheet of our Company, indicating the purpose for which such monies have been utilised; and

  (b) the details of all unutilised monies out of the funds received under Promoter Contribution shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilised under a separate head in the balance sheet of our Company, indicating the form in which such unutilised monies have been invested.

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised 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 have been signed among our Company, the respective Depositories and the Registrar to the Issue:

a) Tripartite Agreement dated August 18, 2009 between NSDL, our Company and Maheshwari Datamatics Private Limited.

b) Tripartite Agreement dated October 15, 2009 between CDSL, our Company and Maheshwari Datamatics Private Limited.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

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) Allotment 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) 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.

f) 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.

g) 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.

h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this 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 and a copy of the acknowledgement slip.

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.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

ASBA Process

An ASBA Bidder shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids.
Upon filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

- The ASBA Bidders can submit the bid option in the ASBA Form. After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidders will be considered for allocation along with the other Retail Individual Bidders and Non-Institutional Bidders who have Bid for the Equity Shares at or above the Issue Price in case of QIBs and Non Institutional Bidders or at the Cut-off Price, in the case of Retail Individual Investors.

- In the ASBA Form, the ASBA Bidder shall, inter alia, give the following confirmations/declarations:

  a. That he/she is an ASBA Bidder as per the SEBI Regulations;

b. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her Bid, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the Public Issue Account after finalization of the basis of Allotment entitling the ASBA Bidder to receive Equity Shares in the Issue etc.; and

c. That he/she has authorized the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the ASBA Account upon finalization of the basis of Allotment and to transfer the requisite money to the Public Issue Account.

- An ASBA Bidder cannot bid under the Issue, either in physical or electronic mode, on another ASBA Form or Bid cum Application Form after bidding on one ASBA Form either in physical or electronic mode. Submission of a second ASBA Form to either the same or another Designated Branch or a Bid cum Application to the Members of Syndicate will be treated as multiple Bid and will be liable to be rejected either before entering the Bid into the electronic Bidding System, or at any point of time prior to the Allotment of Equity Shares in the Issue.

- Upon completing and submitting the ASBA Form to the Designated Branch, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

In accordance with the SEBI ICDR Regulations, all Bidders can submit their application through ASBA process to Bid for the Equity Shares of our Company.

In order to be eligible to apply under the ASBA process, an ASBA Bidder should make the ASBA Bid through the blocking of funds in a bank account with a SCSB.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed the Issue size.

Information for the ASBA Bidders:

(a) The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form. SCSBs shall make the same available on their websites.

(b) ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.

(c) The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

(d) ASBA Bid cum Application Forms should bear the code of the Syndicate Member and/or Designated Branch of the SCSB.

(e) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.

(f) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

(g) ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

(h) Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.

Method and Process of Bidding

(a) ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI ICDR Regulations and the Red Herring Prospectus.

(b) The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

(c) Each ASBA Bid cum Application Form will give the ASBA Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page no. 322 of this Red Herring Prospectus) 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 considered as multiple Bids. 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/allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

(d) An ASBA Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for Non-Institutional Bidders and QIB Bidders and such Bids from the Non-Institutional Bidders and QIB Bidders will not be considered for Allotment. Eligible ASBA Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band.

(e) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(f) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(g) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip ("**TRS**"). The TRS shall be furnished to the ASBA Bidder on request.

(h) An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum

Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Bidding

(a) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in two national newspapers (one each in English and Hindi) and a regional language (Hindi) newspaper with wide circulation at least two working days prior to the Bid/Issue Opening Date.

(b) In accordance with the SEBI ICDR Regulations, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 120% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. The Floor Price shall not be below the face value of Equity Share.

(c) In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional language (Hindi) newspaper and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the members of the Syndicate.

(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 ASBA Bidders.

(e) ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

(f) In case of an upward revision in the Price Band, ASBA Bidders comprising the Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid, or (ii) shall place instructions to block additional amount based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Designated Branch of SCSB 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 the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or place such instructions and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) In case of a downward revision in the Price Band, announced as above, ASBA Bidders comprising the 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 unlocked from the ASBA Account.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI ICDR Regulations, into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the ASBA Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

(a) In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless

  (i) it has received the ASBA in a physical or electronic form; and

  (ii) it has blocked the application money in the ASBA Account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

(b) The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of Bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that are not uploaded may not be considered for allocation.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

(d) At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

- Name of the Bidder(s)
- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Bid Amount
- Depository Participant Identification No.; and
- Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

(e) A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) It is to be distinctly understood that the permission given by the Stock Exchanges 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 or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

(h) The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

(i) The BRLMs the members of the Syndicate or the Registrar to the Issue, as the case may be, will send an Allotment Advice to Bidders who have been or are to be Allotted Equity Shares, pursuant to the approval of the Basis of Allotment, subject however to the realisation of his or her cheque or demand draft paid into the escrow account.

The dispatch of an Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allotted to such Bidder.

Build up of the book and revision of Bids

(a) Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs and the Stock Exchanges on a regular basis.

(c) During the Bidding/ Issue Period, any ASBA 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 ASBA Revision Form, which is a part of the ASBA Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his or her ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and is changing only one of the options in the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the ASBA Revision Form. The Designated Branches of the SCSB will not accept incomplete or inaccurate ASBA Revision Forms.

(e) The ASBA Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the Designated Branch of the SCSB through whom he or she had placed the original Bid.

(f) ASBA Bidders are advised to retain copies of the blank ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.

(g) When an ASBA Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Designated Branch of the SCSB. It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the

Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue.

(i) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Bids and revisions of Bids must be:

(a) Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form or in the ASBA Revision Form. Incomplete ASBA Bid cum Application Forms or ASBA Revision Forms are liable to be rejected.

(c) For ASBA Bidders comprising Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For ASBA Bidders comprising Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount is equal to or exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. 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 Equity Shares that can be held by them under the applicable laws or regulations.

(e) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

(f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(g) 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.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels. For further details, refer to the chapter titled "Issue Procedure" beginning on page 316 of this Red Herring Prospectus.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper, Hindi national newspaper of wide circulation and a regional language (Hindi) newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. 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 Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares and credit to successful ASBA Bidders' depository accountis done within 12 working days of the Bid/Issue Closing Date.

(b) As per the SEBI ICDR Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allotees. Allotees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to Bid under ASBA process.

(b) Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.

(c) Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).

(d) Ensure that you have Bid within the Price Band.

(e) Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

(f) Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Book Running Lead Managers to the Issue.

(g) Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.

(h) Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.

(i) Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in the ASBA Account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.

(j) Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.

(k) Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.

(l) Ensure that you have mentioned your Permanent Account Number ("**PAN**") allotted under the I.T. Act.

(m) Ensure that the name(s) and PAN given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.

(n) Ensure that the Demographic Details 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 on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.

(c) Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.

(d) Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN Number.

(f) Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, PAN IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA 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 ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of Depository Participant's identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is 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.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or our Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject such ASBA Bids.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one ASBA for the total number of Equity Shares desired. Two or more ASBAs will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in "***Issue Procedure - Multiple Bids***" on page 316 of this Red Herring Prospectus.

Permanent Account Number

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/ her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Any Bid cum Application Form or ASBA Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

However, Bidders residing in the State of Sikkim are exempted from the mandatory requirement of PAN. The exemption is subject to the Depository Participants' verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence in support of their address.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under "Grounds for Rejections" on page 332 of this Red Herring Prospectus, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Bids for lower number of Equity Shares than specified for that category of investors;

2. Bids at a price more than the higher end of the Price Band;

3. Bids or revisions thereof by Non Institutional Bidders uploaded after 4.00 pm on the Bid/ Issue Closing Date;

4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;

5. Authorisation for blocking funds in the ASBA Account not ticked or provided;

6. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;

7. ASBA Form does not have the Bidder's depository account details;

8. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;

9. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;

10. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. Our Company, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see section titled "***Issue Procedure- Impersonation***" on page 305 of this Red Herring Prospectus.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, our Company undertakes that:

- Allotment and transfer shall be made only in dematerialised form within 12 working days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 working days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 12 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 12 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders, Non Institutional Bidders and QIBs. For details, see section "Issue Procedure- Basis of Allotment" on page 316 of this Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as in respective categories of Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under "***Issue Procedure - Undertaking by our Company***", with respect to the ASBA Bidders, our Company undertakes that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilisation of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see "Issue Procedure- Utilisation of Issue Proceeds" on page 316 of this Red Herring Prospectus.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the GoI, as notified through press notes and press releases issued from time to time, and FEMA and circulars and notifications issued thereunder. While the Industrial Policy 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, unless specifically restricted, foreign investment is freely permitted in all sectors of the 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. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI.

Currently, the Industrial Policy and FEMA stipulate that investments by persons resident outside India in companies in the sector that we operate is under the automatic route up to 100% of the outstanding capital of our Company.

However, it may be distinctly understood that there is no reservation for FIIs, NRIs or OCBs and in view of the SEBI ICDR Regulations, the allotment and/or transfer of shares to FIIs, NRIs or OCBs would be made in the manner detailed in "Terms of the Issue" on page no. 309 of this Red Herring Prospectus.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of a company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-offer paid up capital of the company. However, this limit may be increased to 24% if the shareholders of the company pass a special resolution to that effect. No single NRI may own more than 5% of the post-offer paid up capital of the company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remain non-repatriable.

As per the RBI, Exchange Control Department Circular no. ADP (DIR Series) 13 dated November 29, 2001, OCBs are not permitted to invest under the portfolio investment scheme in India. However, OCBs would continue to be eligible for making foreign direct investment under FEMA and the regulations thereunder as per notification no. FEMA 20/20000 RB dated May 3, 2000. Also, OCBs can sell their existing shareholdings through a registered broker on the stock exchanges.

For restrictions on investments by Foreign Institutional Investors and Foreign Venture Capital Investors, see "Issue Procedure" on page 316 of this Red Herring Prospectus.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act, and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below.

Each provision below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

The Regulations contained in Table 'A' in the first Schedule to the Companies Act, 1956, shall apply to this Company, in so far as they are applicable to a public company, which are not expressly excluded or modified by the following Articles.

1. SHARE CAPITAL

1.1. Dividend

1.1.1. The Shareholders shall be entitled to receive dividend out of the profits only after payment of all arrears of dividend, if any, on preference shares. On winding up, the Shareholders shall be entitled to all surplus assets left over after payment of all dues to the preference shareholders.

1.1.2. *Subject to these Articles, the Company in a general meeting is authorized to alter the conditions of its Memorandum as follows, that is to say, it may from time to time, by ordinary resolution –*

1.1.2.1. Increase its share capital by such sum, to be dividend into shares of such amount as may be specified in the resolution;

The new shares shall be issued upon such terms and conditions, and with such rights and privileges annexed thereto as may be specified in the resolution sanctioning the increase of share capital and if nothing is specified in the resolution, as the Directors may determine 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.

Except so far as otherwise provided by the conditions of issue, or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, voting and otherwise;

1.1.2.2. Consolidate and divide all or any of its share capital into shares of larger amount then its existing shares;

1.1.2.3. Convert all or any of its fully paid shares into stock, and reconvert that stock into fully paid up shares of any denomination;

1.1.2.4. Sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

1.1.2.5. Cancel shares which, at the date of the passing of the resolution in that behalf, 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.

1.2. *Reduction of Share capital*

1.2.1. Subject to confirmation by the court the Company is authorized to reduce its share capital by special resolution in any way, and in particular and without prejudice to the generality of the foregoing power, may –

1.2.1.1. Extinguish or reduce the liability on any of its shares in respect of share capital not paid up;

1.2.1.2. Either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost, or is unrepresented by available assets;

1.2.1.3. Either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company; or

1.2.1.4. Alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

1.2.1.5. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then :

(a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date ;

(b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;

(d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

1.2.1.6. Notwithstanding anything contained in Article 2.4.5 the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of Article 2.4.5 hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the company in general meeting, or

(b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

(c) Nothing in sub-clause (c) of Article 2.4.5 hereof shall be deemed :

(i) To extend the time within which the offer should be accepted; or

(j) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

1.3. Buy-back of Shares

Subject to the requirements of Sections 77A, 77AA and 77B of the Act, 1956 and any rules and regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard the Company, in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a Special Resolution authorize buy-back of any part of the share capital or other specified securities of the Company fully paid-up on that date.

1.4. Variation

If at any time the share capital of the Company is divided into different classes of shares, the Company is authorized to vary the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) with the consent of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class and supported by the votes of the holders of not less than three-fourths of those shares.

1.5. Share Warrants

1.5.1. *The Company may issue share warrants subject to, and in accordance with, the provisions of Section 144 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 person registered as holder of the share, from time to time, require as to identity of the person signing the application, 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.*

1.5.2. The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposits, as if his name was inserted in the Register of Members as the holder of the share including in the deposited warrant.

1.5.3. Not more than one person shall be recognised as depositor of the share warrant.

1.5.4. The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

1.5.5. (a)Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant and he shall be a member of the Company.

1.5.6. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

2. SHARES AND SHARE CERTIFICATES

2.1. *Limitation of time for issue of certificates*

2.1.1. Every member shall be entitled free of charge 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, to several certificates each for one or more of such shares but in respect of each additional certificate, the Company shall be entitled to charge a fee as agreed upon with the stock exchange or such less sum as the Board may determine. The Company will in such case complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Each certificate 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 directors may prescribe and 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 or several joint holders shall be a sufficient delivery to all such holder.

2.2. *Issue of new certificates in place of one defaced, lost or destroyed*

2.2.1. If any certificate be worn out or defaced, mutilated or torn or if there is no further space on the back thereof for endorsement of transfer, then upon production of the same to the Directors and surrender thereof, they may order the same to be cancelled, and may issue a new certificate in lieu thereof; and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Directors, and on execution of such indemnity (if any) as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the person entitled to such lost or destroyed certificate and such sum (if any), not exceeding one rupee, as the Directors may determine, shall be paid to the Company for every certificate so issued under this Article. No fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. 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 rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf.

2.3. *Joint holders of shares*

2.3.1. In respect of any 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 for a share to one of the several joint holders shall be sufficient delivery to all such holders.

2.4. *Registered owner deemed as absolute owner*

2.4.1. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.

3. LIEN ON SHARES/ DEBENTURES / WARRANTS

3.1. The fully paid shares of the Company shall be free from all lien. The Company shall have the first and paramount lien upon all the shares/ debentures / warrants, 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 monies (whether presently payable or not) called or payable at a fixed time in respect of such shares/ debentures / warrants, and no equitable interest in any share/ debentures/ warrants shall be created except upon the footing and condition that this Article is to have full effect. And such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed, the registration of transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any point of time declare any share/ debentures/ warrants to be wholly or in part exempt from the provisions of this Article.

3.2. For the purpose of enforcing such lien, the Directors may sell the shares / debentures/ warrants subject thereto in such manner as they shall think fit; but no sale shall be made until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him in payment of monies called or payable at a fixed time in respect of such shares for seven days after such notice. To give effect to any such sale the Board may authorize the same person to transfer the shares/ debentures/ warrants sold to the purchaser thereof.

3.3. The net proceeds of any such sale shall be applied in or towards such satisfaction of the said monies and the balance, if any, shall be paid to such member, his representatives or assigns.

4. CALLS

4.1. The Directors may, from time to time, make such calls as they think fit, upon the members in respect of all monies unpaid or returned to them by the Company by way of reducing Company's paid-up Capital, on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made payable by instalments.

4.2. At least fourteen days' notice of any call shall be given by, the Company specifying the time and place of payment and the person to whom such call shall be paid.

4.3. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed. The right to call of shares shall not be given to any person except with the sanction of the Company in General Meetings.

4.4. The Directors may, from time to time, at their discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who on account of residence at a distance or some other cause, may be deemed fairly entitled to such extension, but no members shall, as a matter of right, be entitled to such extension, save as a matter of grace and favour.

4.5. A call may be revoked or postponed at the discretion of the Board.

4.6. If any member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest for the same from the time appointed for the payment thereof to the time of actual payment at such rates as may, from time to time, be fixed by the Directors but nothing in this Article shall be deemed to make it compulsory upon the Directors to demand or recover any interest from any such member.

4.7. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided for the non payment of the whole or any balance due in respect of the shares.

4.8. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times, whether on account of the amount of share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

4.9. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act agree to receive from any member willing to advance the same, all or any part of the amounts of their respective shares beyond the sums actually called-up and upon the money so paid in advance, or upon so much thereof, from time to time and at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Directors may pay or allow interest at such rate as may be agreed with the member paying the sum in advance. Monies paid in advance of call shall not in respect thereof confer a right to dividend or to participate in the profits of the Company. The Directors may at any time repay the amount so advanced. Such member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.

4.10. On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member is entitled in the register of members as the holder of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his representative in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call, not any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive proof of the debit.

4.11. The joint owners of a share shall severally as well as jointly be liable for the payment of calls due in respect of such share.

4.12. Every member, his executors, or administrators shall pay to the Company the proportion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon in such amounts at such time or times and in such manner as the Directors shall, from time to time in accordance with the Company's regulations require or fix for the payment thereof.

4.13. The provisions of these Articles shall mutatis mutandis apply to the calls on the debentures of the company.

5. TRANSFER AND TRANSMISSION OF SHARES

5.1. Transfer of Shares: There shall be a common form of transfer for Shares. The Company shall not register any transfer of any Shares unless and until:

5.1.1. all stamp duties or other transfer taxes payable in respect of the transfer of the Shares have been paid;

5.1.2. where the Shares are transferred to a person other than an Affiliate, such transferee (if not already a party to this Agreement) executes and delivers to the Company a Deed of Accession for Transferees and upon the delivery to the Company of such Deed of Accession for Transferees executed by the transferee and the registration of the Shares in the name of the transferee, the transferee shall be bound by and shall be entitled to the benefit of these Articles in place of the Transferor; and

5.1.3. the Transfer shall be in accordance with the terms of these Articles.

5.2. The instrument of transfer shall be in writing in such form as may be prescribed by the Act, specifically Section 108 of the Act or the Rules made thereunder or where no such form is prescribed in the usual common form or any other form approved by the stock exchange or as near thereto or as circumstances will admit.

5.3. The Company shall not register a transfer of shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor as well as the transferee and specifying the name and address and occupation, if any, of the transferee has been delivered to the company.

5.4. Where transfer application is made by the transferor no registration shall in the case of partly paid shares, be effected unless the Company gives notice of the application to the transferee by prepaid registered post. The Directors may, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter the name of the said transferee in the register of members, in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

5.5. The Directors may decline to register any transfer of shares, subject to the provisions of Section 111A of the Act or Section 22A of the Securities Contracts (Regulation) Act, 1956 or any other law for the time being in force and whether the transferee is a member of the Company or not, giving reasons for such refusal and may also decline to register any transfer of shares on which the Company has a lien. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regards the share or shares in respect of which the transfer is so registered and not further or in respect of other transfer of other shares applied for in the name of such transferee or otherwise. provided however registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, unless the Company has a lien on the shares. Provided that the Directors shall not be entitled to reject any transfer of shares conducted in accordance with the provisions of these Articles.

5.6. In case of refusal to register the transfer of any partly paid shares the Directors shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor a notice of refusal.

5.7. The Directors shall have power to close the transfer books at such time or times for such period or periods, not exceeding in the aggregate forty five days in each year but not exceeding thirty days at one time, as may seem expedient to them, by giving not less than seven days' notice by advertisement in some newspaper.

5.8. In case of death of anyone 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 person/s recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

5.9. The executors or administrators of a deceased member, not being one or two or more joint-holders, shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administrations, as the case may be, from a duly constituted Court in India provided that in any case, where the Directors, in their absolute discretion think fit, they may dispense with the production of Probate or Letter of Administration and, under the next Article register the name of any person, who claims to be absolutely entitled to the shares standing in the name of deceased member, as a member.

5.10. Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or the marriage of any female member or by any lawful means other than by a transfer in accordance with these presents may, with the consent of the Directors (which they shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Directors think sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Directors registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee 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.

5.11. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

5.12. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner there of (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest in the same 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 referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or 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 books of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto. Provided that this Clause shall, in no manner, absolve the Company from any liability arising on account of any breach of any the provisions of these Articles.

6. CONVERSION OF SHARES INTO STOCK

6.1. The Directors may, with the sanction of the Company previously given in general meeting, convert any paid up shares into stock, and may with the like sanction reconvert any stock into paid up shares of any denomination.

6.2. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might previous to conversion have been transferred or as near thereto as circumstances admit; but the Directors may, from time to time, fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

6.3. The stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and votings at meetings of the Company and for other purposes, as would have been conferred, by shares of equal amount in the Capital of the Company, but so that more of such privileges or advantages, except that of participation in profits of the Company, shall be conferred by any such adequate part of consolidated stock as would not, if existing in shares, have conferred such privileges or advantages. And save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to shares. No such conversion shall effect or prejudice any preference or other special privileges.

7. MEETING OF SHAREHOLDERS

7.1. In addition to any other meetings, the Company shall hold annual general meetings in accordance with the provisions of the Act.

7.2. Meeting of the Shareholders, other than annual general meetings, shall be called "extra-ordinary general meetings" if called on requisition of the members pursuant to Section 169 of the Act, and "ordinary general meetings" if called otherwise than on requisition. Ordinary general meetings may be called by the Directors whenever and wherever they think fit.

7.3. No business shall be transacted at any general meeting of the Company unless a quorum is present at the commencement and throughout the meeting. The quorum for a meeting of the Company shall be five members present in person.

7.4. The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting whether annual, ordinary or extra-ordinary, or if there be no such Chairman or if at any meeting he shall not be present within 15 minutes of the time appointed for holding such meeting, the members present shall choose another Director as Chairman and if no such Director be present, or if all the Directors present decline to take the chair, then the members present shall choose one of themselves to be the Chairman of the meeting.

7.5. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.

7.6. The Chairman, with the consent of the meeting, may adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

7.7. The resolutions shall be decided by votes taken in the manner as prescribed by Section 177 to 185 of the Act.

7.8. All resolutions of the Shareholders on any matter may be passed at any meeting of Shareholders by a majority of the votes cast by the Shareholders present, whether in person or by proxy.

7.9. No member shall be entitled to vote in respect of any shares registered in his name whether singly or jointly with others on which any call or other sums presently payable by him have not been paid, or in regard to which the company has and has exercised any right of lien.

7.10. (a) Every member not disqualified by the preceding Article or Articles and who has been duly registered in the books of the company before the date of the meeting, holding any share capital other than preference share capital, shall have a right to vote in respect of such capital on every resolution placed before the company and on all matters generally dealt at the annual general meeting.

(b) Every member not disqualified by the preceding Article or Articles and who has been duly registered in the books of the Company before the date of the meeting, holding preference share capital shall in respect of such capital, have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares and on every resolution placed before the meeting if the dividend due on such preference capital or any part of such dividend has remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of such meeting.

(c) Subject as aforesaid every member when preset in person shall have one vote on a show of hands and when present in person or by proxy his voting right on a poll shall be in proportion to his share of the Paid-up Ordinary Capital of the Company.

7.11. The right to exercise the vote of a lunatic, idiot or a minor shareholder shall be exercised by his duly constituted curator, committee or other legal guardian. In absence of any such duly constituted curator, committee or guardian if more than one person claims to exercise the right of vote the Chairman of the meeting will accept the vote of such person only as he may select in his absolute discretion.

7.12. In case of joint-holders, the vote of the senior who tenders vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members.

7.13. Any member entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting and to vote except on poll.

7.14. The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorized in writing or, in the case of a lunatic, idiot or minor, by the Committee or guardian, if any, or, if such appointer is a body corporate.

7.14.1. Be under its Common Seal, or

7.14.2. Be signed by an officer or an attorney duly authorized in this behalf, or

7.14.3. Be signed by the person, if any, authorized pursuant to Section 187 of the Act to act as its representative.

7.15. Every instrument or proxy whether for a specified meeting or otherwise shall be as near as possible to the form as prescribed by the Act and shall contain proper identification of the non-member proxy holder by verification of his specimen signature on the proxy by the member concerned.

7.16. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notariazed certified copy of that power of attorney or authority, shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default thereof the instrument of proxy shall not be treated as valid.

7.17. If any such instrument of appointment be confined to the object of appointing an attorney or proxy or substitute, it shall remain permanently, or for such time as the Director may determine, in the custody of the Company. If it embraces other objects, a certified copy thereof shall be delivered to remain in the custody of the Company.

7.18. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of principal, or revocation of the proxy or of 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, revocation or transfer shall have been received at the registered office of the Company before the meeting.

8. DIRECTORS

8.1. Until otherwise determined by a general meeting, the number of the Directors shall be not less than three and not more than eleven.

8.2. At the date of adoption of these presents, the Directors of the Company are:

(1) Umang Kejriwal
(2) Mayank Kejriwal
(3) Uddhav Kejriwal

8.3. The Directors of the Company are not required to hold any shares in the Company as qualification shares

8.4. Subject to the approval of the Central Government under the provisions of Section 268 of the Act and other relevant provisions thereof, if any money remains due by the Company under or by virtue of any Agreement or Deed executed by the Company in favour of any Government, Central / State, or credit institutions as the case may be, they shall be entitled to appoint from time to time any person or persons to be their nominees as Directors of the Company but the persons so appointed shall at no time be more than one third of the total Directors. The Directors so appointed shall have the same power and privileges as the directors of the Company and such Directors appointed or nominated shall not be required to hold any qualification shares and the provisions of the Articles as to retirement of such Directors shall not apply. The said Directors shall hold office at the pleasure of the said Government, Central / State, or credit institution appointing and or nominating them under this Article and the said Government, Central/ State, or the credit institutions shall have the full power to remove any such Director appointed and to appoint any other or others in his or their place as and when they deem it necessary. Such appointment or removal shall be by notice in writing to the Company.

8.5. Alternate Directors: The Board shall appoint an alternate director to act for a Director ("Original Director") during his/her absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. An alternate director shall not hold office for a period longer than that permitted to the Original Director.

8.6. Such alternate director shall be entitled while holding office as such to receive notices of meetings of the Board and to attend any such meeting and generally to exercise all the powers, rights, duties and authorities and to perform all functions as the Original Director.

8.7. Key Executives: The chief financial officer, chief operations officer, head of manufacturing operations of the Company shall be appointed by the Board.

8.8. Notice for Board Meetings: Meetings of the Board shall be held at such times as the Board shall determine. A meeting of the Board shall be held at least once in every three months. Not less than 7 (seven) clear days' notice (excluding the day of notice and the day of the meeting), or such shorter period of notice in respect of any particular meeting as may be agreed unanimously by all Directors, specifying the date, place and time, of the meeting and the business to be transacted thereat shall be given to all the Directors in and outside India and/or alternate directors and shall be accompanied by an agenda stating in reasonable detail the matters to be considered at such meeting together with all papers to be circulated or presented to the same.

8.9. Quorum:

Subject to the terms set out in this Article 8.98 and the provisions of the Act, two Directors or one-third of the total number of Directors whichever is higher, would constitute a quorum in Board Meetings of the Company;

8.9.1. Notice with acknowledgement receipt by registered post or of a courier of international repute;

8.9.2. facsimile; and

8.9.3. email.

8.10. Minutes of Meetings: Minutes of all meetings of the Board shall be circulated to both the Investors Directors and/or their alternates within 30 (thirty) days after the holding of such meetings for their approval.

8.11. Board Matters: Subject to Article 8.9 (in particular consent of both the Investors Directors on the Affirmative Vote Matters):

8.11.1. Resolution by Circulation: No resolution by circulation shall be deemed to have been duly passed by the Board or by a committee of the Board thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors in and outside India, or to all the members of the committee, in and outside India, as the case may be and has been approved by a majority of such of them, as are entitled to vote on the resolution and shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board or committee of the Board, called and held in accordance with the Articles. Any such resolution may consist of several documents in the like form each signed by one or more of the Directors and any resolution bearing the signature of any Director dispatched by facsimile transmission shall constitute a document for this purpose;

8.11.2. Prior approval of the Board would be required on the following budgets on an annual basis. The said budget should be approved by the Board, within a minimum of 30 days after the commencement of the financial year to which the budget applies:

(a) Estimated sources and applications of funds;

(b) Estimated profit and loss account;

(c) Estimated Balance sheet; and

(d) Detailed assumptions underlining the forecasts for the above.

8.11.3. Committees of Directors: All provisions relating to the meetings of the Board shall also apply to the meetings of the committees of the Directors.

8.11.4. The prior approval of the Board shall be required in respect of the following matters:

(a) Annual budget of the Company; or

(b) Deviation from the annual budget of the Company in respect of debt, guarantee or security above Rs. 500 million (Rupees Five Hundred Million only); or

(c) Deviation from the annual budget of the Company resulting to any additional capital expenditure in excess of Rs. 500 million (Rupees Five Hundred Million only);or

(d) Any related party transactions of the Company as per the Act or Accounting Standard - 18; or

(e) Any treasury operation of a non-standard nature, i.e. besides investment in Government securities, derivatives, short term deposits and/or liquid funds including mutual funds; or

(f) Decisions regarding ductile iron pipe contract of value greater than Rs. 300 million (Rupees Three Hundred Million only) in the event of a conflict between ECL, Lanco Industries Limited and the Company; or

(g) Deviation from the annual budget of the Company which would in adversely affect / any head by more than 10%; or

(h) Any material amendment to the Business Plan.

8.11.5. (a) The fee payable to a Director for attending meetings of the Board or any Committees thereof shall not exceed such amount as may be permissible under the Act or the Rules made thereunder for each meeting attended and may be fixed and subsequently revised from time to time with the approval of the Central Government and in accordance with the provisions of the Act.

(b) The Directors may also, subject to the provisions of Section 309 of the Act be paid by way of additional remuneration a commission not exceeding one percent of the net profits of the Company computed in the manner prescribed in the Act. Such commission shall be divided equally amongst the Directors, save that in the event of any one or more Directors foregoing his or their shares, the amount so foregone shall be divided equally amongst the remaining Directors.

8.11.6. Every Director shall be entitled to be paid travelling and out of pocket expenses for attending meetings of the Board or any Committee or Sub Committee thereof, any general meeting of the Company or for attending to any other business of the Company, in accordance with the scale which may be fixed by the Board from time to time.

8.11.7. If any Director is called upon to perform extra services the Board may pay him for such services as may be agreed upon besides travelling and other expenses.

8.11.8. The retirement of Directors by rotation and filling up of vacancies caused by such retirement shall be governed by the provisions of Sections 256 and 257 of the Act.

8.11.9. Subject to the provisions of these Articles, the Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings in accordance with the provisions of these Articles.

8.11.10. In case of a casual vacancy of any director, the Board shall appoint another director to fill up the vacancy.

8.11.11. The continuing Directors may act notwithstanding any vacancy in their body, but if the number falls below the minimum above fixed, the Directors shall not, except for the purpose of filling vacancies, act so long as the number is below minimum.

9. MANAGING AND WHOLETIME DIRECTORS

9.1. Subject to the provisions of section 269 and other applicable provisions of the Act, the Board may from time to time appoint one or more directors to be the Managing Director or Wholetime Director of the Company, and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place. The Managing Director or the Wholetime Director may be entrusted with such powers which the Board, subject to its superintendence, control and direction, may from time to time delegate.

10. DIRECTORS' POWERS

10.1. The Directors are authorized to borrow for the Company (without the consent of the company in general meeting) monies, where the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will not 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.

10.2. The Directors may receive deposits bearing interest at such rates, as the Directors may deem fit from time to time.

10.3. The Directors may raise or secure the repayment of such monies in such manner and upon such terms and conditions in all respects, as they think fit, and in particular by the creation and issue of debentures or mortgages, charges or debenture stock, or the issue of debentures or obligations of the Company secured or charged upon all or any part of the undertaking, properly and right, both present and future of the Company, including the uncalled Capital, or by giving, accepting or endorsing on behalf of the Company any promissory notes or bills of exchange.

10.4. Every debenture or other instrument issued by the Company for securing the payment of money may be so framed that the monies thereby secured shall be assigned free from any equities between the company and the person to whom the same may be issued. Any debentures, debenture stock, bonds or other instruments or securities may be issued at a discount, premium or otherwise and subject to Articles and, may be issued on the condition that they shall be convertible into any shares of any denomination, and with any special privileges as to redemption, surrender, drawings and allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise.

10.5. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

10.6. The Directors are empowered to contribute to charitable and other funds, not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will in any accounting year not exceed fifty thousand rupees, or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three accounting years immediately preceding whichever is greater.

10.7. Subject to the provisions of the Act, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorized to exercise and do in furtherance of its objects, specified in the Memorandum, for which the Company is established, except such powers which are required by the Act or the Memorandum or Articles of the Company to be exercised or done by the Company in general meeting. In exercising any such power or doing any such act or things, the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or Articles of the Company, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting. 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.

10.8. For efficient, expeditious and smooth working, the Board, subject to the provisions of the Act, may delegate such powers to the Managing Directors, Committee of Directors and/or any other Officer of the Company as they think fit.

SECTION IX : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies, Bihar and Jharkhand at Patna for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Engagement Letter dated February 01, 2010 from our Company appointing the BRLMs.
2. Issue Agreement between our Company and the BRLMs, dated March 23, 2010.
3. Memorandum of Understanding between our Company and Registrar to the Issue, dated February 3, 2010 and the amendment agreement dated September 4, 2010.
4. Escrow Agreement dated [•] between our Company, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [•] between our Company, the BRLMs and the Syndicate Members.
6. Underwriting Agreement dated [•] between our Company, the BRLMs and Syndicate Members.
7. Stabilization Agreement dated March 22, 2010 between our Company, ECL and Edelweiss.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our original certification of incorporation and fresh certificate of incorporation pursuant to our name change.
3. Board resolution dated December 12, 2009 in relation to the Issue.
4. Shareholders' resolution dated January 12, 2010 in relation to the Issue.
5. Amended and Restated Common Loan Agreement dated August 20, 2009 between our Company and the consortium of lenders along with all amendments thereto.
6. Amended and Restated Sub-ordinate Debt I Agreement dated August 20, 2009 between our Company and the consortium of lenders along with all amendments thereto.
7. Subordinate Debt II Agreement dated August 20, 2009 between our Company and consortium of lenders along with all amendments thereto.
8. Amended and Restated Inter-se Agreement dated August 20, 2009 between our Company and the consortium of lenders along with all amendments thereto.
9. Subscription Agreement dated May 8, 2007, amended on May 20, 2009 and further amended on January 16, 2010 between our Company and ECL.
10. Subscription Agreement dated January 30, 2009 further amended on February 6, 2010 between our Company, Renaissance Asset Management Company Private Limited, Shri Finance and Chaitanya Parivar Trust.
11. Share Subscription and Shareholders Agreement dated June 22, 2009 between our Company, ECL and IL & FS Financial Services.
12. Subscription Agreement dated February 12, 2007, amended on January 17, 2008, amended further on March 19, 2008 and further amended by January 21, 2009 between our Company and Stemcor MESA DMCC.
13. Subscription Agreement dated January 16, 2009 and further amended on January 11, 2010 between our Company and PGS Invest Limited.
14. Subscription Agreement dated February 27, 2009 further amended on January 11, 2010 between our Company and Starbridge Finance Limited.
15. Subscription Agreement dated January 22, 2009 further amended on February 1, 2010 between our Company and JP Financial Services Private Limited.
16. Subscription Agreement Limited dated February 27, 2009 further amended on January 11, 2010 between our Company and Roundabout Finance.
17. Share Subscription and Shareholders Agreement dated June 22, 2009 between our Company, ECL, Tara India Holdings Limited, Tara India Fund III Domestic Trust and Tara India Fund III Trust.

18. Share Subscription Agreement dated December 18, 2009 between our Company and IFCI Limited.
19. Shareholders Agreement dated May 30, 2008 between our Company, Sanjay Villa Private Limited, ECL, Axis Steels Limited, Mr. Khirod Chandra Mullick and Bharat Integrated Social Welfare Agency
20. Share Subscription Agreement dated August 17, 2010 and Shareholders Agreement dated August 17, 2010 between our Company, ECL and GPC Mauritius II LLC
21. Share Subscription Agreement dated August 23, 2010 and Shareholders Agreement dated August 30, 2010 between our Company, ECL and Franklin Templeton Asset Management (India) Private Limited
22. Coking Coal Supply Agreement dated July 21, 2008 between our Company and ECL.
23. Iron-Ore Supply Agreement dated July 21, 2008 between our Company and ECL for supply of Iron ore – Lump and Fines.
24. Delivery and Marketing Agreement dated February 12, 2007 between our Company and Stemcor MESA DMCC.
25. Supply Agreements dated June 19, 2008 between our Company and China First Metallurgical Construction Corporation Limited for supply of plant and machinery for our Project.
26. Offshore supply contract dated October 12, 2007 between our Company and Stemcor MESA DMCC and amendment agreement thereto.
27. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
28. Statement of Tax Benefits from B. Chhawchharia & Co., Chartered Accountants dated September 4, 2010 Auditor's Report on possible Income-tax benefits available to our Company and its shareholders.
29. Copies of audited accounts of our Company for the year ended March 31, 2010, March 31, 2009, March 31, 2008 and for the period ended June 30, 2010.
30. Copies of restated financial statements and auditors report on audited financial statements dated September 4, 2010 as at and for the year ended March 31, 2010, March 31, 2009, for the period ended March 31, 2008 and for the quarter ended June 30, 2010.
31. Consent of B. Chhawchharia & Co., Chartered Accountants, our Auditors dated September 4, 2010 for inclusion of their reports as experts on restated financial statements and auditors report on audited financial statements as at and for the year ended March 31, 2010, March 31, 2009, for the period ended March 31, 2008 and for the quarter ended June 30, 2010 in the form and context in which they appear in this Red Herring Prospectus.
32. The certificate from the independent auditors Mahendra Thakur & Co., Chartered Accountants (Membership No. 056085) dated September 4, 2010 confirming that our Company has taken disbursement of Rs 24,416.64 million till July 31, 2010 and the same has been utilized for implementation of 2.2 MTPA Integrated Steel & Ductile Iron Spun Pipes Project in the district of Bokaro, Jharkhand.
33. Consents of Bankers to our Company, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Statutory Auditors, Legal Counsel to the Issue, IPO Grading Agency, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
34. IPO Grading Report dated May 24, 2010 and revalidated by the letter dated August 4, 2010 from CARE.
35. Applications dated March 25, 2010 and March 25, 2010 filed with BSE and NSE respectively for obtaining inprinciple approval.
36. In-principle listing approval dated May 19, 2010 and June 24, 2010 from the BSE and NSE respectively
37. Tripartite Agreement dated August 18, 2009 between NSDL, our Company and Maheshwari Datamatics Private Limited.
38. Tripartite Agreement dated October 15, 2009 between CDSL, our Company and Maheshwari Datamatics Private Limited.
39. Due diligence certificate dated March 25, 2010 to SEBI from the BRLMS.
40. SEBI observation letter No. CFD/DIL/ISSUES/SK/PN/OW/13683/2010 dated July 26, 2010.

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 our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, 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 thereunder or guidelines or regulations issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Anil Kumar Sinha

Mr. Nigam Chander Bahl

Mr. Umang Kejriwal

Mr. Naresh Pachisia

Mr. Sanjoy Tekriwal

Mr. Sunil V. Diwakar

Signed by the Chief Finance Officer

Mr. Ashutosh Agarwal

Date: September 11, 2010

Place: Kolkata

IPO GRADING REPORT

CARE Ratings

CREDIT ANALYSIS & RESEARCH LTD.
3rd Floor, Prasad Chambers
(Shagun Mall Building)
10A, Shakespeare Sarani,
Kolkata - 700 071
Phone / Fax:
2283 1800, 2289 6150, 2280 8472

May 24, 2010

Shri Ashutosh Agarwal
Additional Director – Finance
Electrosteel Integrated Ltd.
GK Tower, 19 Camac Street,
Kolkata – 700017

Confidential

Dear Sir,

Grading of Initial Public Offering (IPO)

Please refer to your request on the captioned subject.

2. CARE has assigned a **'CARE IPO Grade 3'** to the proposed IPO issue of Electrosteel Integrated Limited of 4,240.9 lakh equity shares (including Green Shoe portion of 553.1 lakh equity shares) having a face value of Rs.10 each. **CARE IPO Grade 3** indicates **Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever **'CARE IPO Grade 3' [Grade Three]** appears, it should invariably be followed by the definition 'CARE IPO Grade 3 [Grade Three] indicates Average Fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure**. The rationale for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings; hence, in the absence of any request for review of rating within a week of this letter, CARE will disclose this IPO grading to the public.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.

9. CARE's IPO grading does not take cognizance of the price of the security, **it is not a recommendation to buy, sell or hold shares/securities.** It is not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud.
10. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,

(S. Chatterjee)
Sr. Manager

(S. Nag)
Chief General Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

Grading Rationale
Electrosteel Integrated Limited (EIL)

Grading

Particulars	No of equity shares (in lakh)	Grading[1]	Remarks
IPO Grading	4240.9 shares* of Rs.10 each	'CARE IPO Grade 3'	Assigned

** including Green Shoe portion of 553.1 lakh equity shares*

Grading Rationale

The above grading draws strength from the long experience and proven track record of the promoter company i.e. Electrosteel Castings Ltd., strategic location of the plant with proximity to market & nearness to the source of the raw materials, group's established position in the DI pipe industry, captive mines (coal and iron-ore) of the group, renowned international and domestic strategic partners for the project, achievement of financial closure and stable outlook of the DI pipe & steel industry. Considerable advancement made in project implementation by the company and the presence of experienced professionals in the management & Board of Directors of the company also support the grading. The grading is however, constrained by the risks associated with implementation of the large greenfield project, downturn in the industry during FY09 impacting the implementation of the project, uncertainty with respect to success of the group's new line of business (steel related products) together with its capability to offload the envisaged level of production, cyclicality in the steel industry and stiff competition from existing large integrated steel players.

Company Background

EIL, promoted by Electrosteel group of Kolkata, was incorporated in December, 2006 to set up a 2.2 million tones per annum (MTPA) integrated steel plant (including DI pipe capacity & Captive Power Plant (CPP) of 120 MW) near Village – Babugram, Distt. – Bokaro, Jharkhand. The project is being set-up in technical-cum-financial collaboration with Stemcor Mesa DMCC, UAE - a group company of Stemcor, UK (Stemcor). The entire project is expected to commence commercial production, in phases, from October, 2010. The project cost of Rs.7,362.0 crore is being financed at a debt-equity ratio of 2.84:1.

Promoters

Electrosteel Castings Ltd. (ECL), the promoter company, is the leading producer of DI Pipes, DI fittings and CI pipes in the country, besides offering turnkey solutions for water transportation and sewerage management. Shri Umang Kejriwal and Shri Mayank Kejriwal,

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

the current promoters of the group, are reputed industrialists with over three decades of experience in the iron pipe and fittings manufacturing industry. The promoters & their family, currently, hold 42.03% of equity of EIL. Further, several renowned strategic investors like IFCI, IL & FS, Stemcor holds majority of the balance equity stake in the company.

Management

EIL has a broad-based seven member Board of Directors (BOD). The board comprises only one member from the promoters' family, two whole-time directors, one nominee and three non-executive directors. Shri V. V. Jamnis and Shri N. C. Bahl, the two whole-time directors of the company, are looking after the day-to-day affairs of the company including execution of the proposed project.

Corporate Governance

All the independent Non-Executive Directors have rich industrial experience. The company is, by and large, in compliance with the applicable provisions of the listing agreement and clause 49 pertaining to corporate governance. EIL has formed different committees of Board, like Audit Committee, Remuneration Committee, Share Transfer & Investor Grievance Redressal Committee and IPO Committee.

Project Details

EIL is setting up a 2.2 MTPA integrated steel and ductile iron pipe plant near in Jharkhand, in an approximate area of 1,300 acres of land with another 300 acres required for construction of storage space. The proposed plant will consist of the following facilities:-

Product	Proposed Capacity
TMT bars	7,00,000 TPA
Wire rods	5,00,000 TPA
DI pipe	3,30,000 TPA
Pig iron	4,00,000 TPA
Commercial billets	2,77,650 TPA

Till Feb, 2010, EIL acquired about 2,000 acres of land, keeping in view the low cost of acquisition and the scope for future expansion. The site has been selected due to better proximity to the sources of iron-ore (major raw material), coke and coal, reasonable proximity to end users and availability of necessary infrastructure like railways, roadways, power, labour and water.

The company has fully tied-up its entire debt requirement for the project. As regards the equity infusion, EIL has entered into agreement with several strategic investors (like Stemcor, PGS Investment, IFCI, IL & FS) for part financing the amount required for the project. The balance portion of the equity requirement (Rs.250 crore) will be met out of the proposed IPO. Further, most of the equity partners are renowned player worldwide, having long track record in financing international projects and the required fund has already been infused by them.

ECL has invested Rs.700 crore for the project. Stemcor, the technical-cum-financial collaborator for the project, is an international entity having been in the business of international trade and marketing of steel for over five decades. IL&FS Investment Managers Ltd (IIML), the private equity investment arm of IL&FS Financial Services Limited, is another strategic investor in EIL, has contributed equity for the project. Till February, 2010, the company incurred about Rs.3,722.8 crore on the project.

The company has entered into contracts for procuring the major plant and machinery as well as erecting and commissioning of the same with Stemcor (UK) and SDM (China) for major plant and equipment, Morgan (USA) for finishing end equipment of Wire Rod Mill and China First Manufacturing Company Limited (CFMCL) & 23rd MCC for construction works at the plant site. The basic engineering of the plant has been completed. The detailed engineering work is progressing on schedule and is expected to be over soon. Till February 2010, EIL ordered for majority of its required equipment.

EIL's major raw materials are iron-ore, coking coal, ferro-alloys, limestone and dolomite. EIL's entire requirement of iron ore and 30% of its total coking coal requirement are proposed to be procured from the captive mines allocated to ECL by the Government of Jharkhand. EIL proposes to procure the required limestone from Thailand. It is already in negotiation with several vendors for supply agreement.

ECL already has, in place, a well developed and established marketing network and clientele in India and abroad for DI pipes, which is proposed to be used by EIL for marketing its own production of DI pipes. About 25% of the production is proposed to be exported, for which purpose EIL has entered into an agreement with Stemcor which will facilitate EIL to market its product overseas. The company has already obtained comprehensive insurance cover for its ongoing project.

EIL has already received majority of clearances and approvals required for the purpose of setting up & running the plant.

Industry outlook

Steel industry

After dismal performance in CY08, global steel industry recovered considerably in CY09. Since latter part of CY09, with revival in steel off take, prices of various steel products are on the rise. Steel companies have been able to negotiate a downward revision in the long term contract prices of key raw materials for FY10. This is expected to provide a relief to domestic steel manufacturers, especially the non-integrated ones, by way of reduction in the input cost and in turn to improve profitability in FY10 compared to the previous year. CARE Research has estimated that during FY10 & FY11, demand for steel would grow at a CARG of 8.3%. However, steel demand would largely depend on the government spending on infrastructure development, growth in real estate sector driven by stimulus packages and recovery in steel consuming sectors like automobiles, consumer durables etc.

DI pipe industry

The fortunes of domestic DI pipe industry are directly linked to the quantum of funds allocated for water supply & sewerage disposal projects by GoI. Over the years, GoI has laid emphasis on creating water & sewage infrastructure as demonstrated by the fact that the eleventh five year (FY08-FY12) plan envisages USD 83 bn of investments in irrigation and water supply and sanitation. Accordingly, demand for DI pipes is expected to grow at 15% p.a. over the next few years. This is also due to conversion of demand from other varieties of pipes to DI pipe, stemming from estimated growth in demand for water in India from 800 bn cu.m. in 2007 to 1,100 bn cu.m. by 2010.

CARE Ratings

CREDIT ANALYSIS & RESEARCH LTD.
3rd Floor, Prasad Chambers
(Shagun Mall Building)
10A, Shakespeare Sarani,
Kolkata - 700 071
Phone / Fax:
2283 1800, 2289 6150, 2280 8472

August 4, 2010

Shri Ashutosh Agarwal
Additional Director – Finance
Electrosteel Steels Ltd.
GK Tower, 19 Camac Street,
Kolkata – 700017

Confidential

Dear Sir,

Revalidation of Grading of Initial Public Offering (IPO)

Please refer to your request on the captioned subject.

2. Our rating Committee has revalidated the **'CARE IPO Grade 3'** to the proposed IPO issue of Electrosteel Steels Ltd (erstwhile Electrosteel Integrated Ltd.) of 4240.9 lakh equity shares (including Green Shoe portion of 553.1 lakh equity shares) having a face value of Rs.10 each. **CARE IPO Grade 3** indicates **Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever **'CARE IPO Grade 3' [Grade Three]** appears, it should invariably be followed by the definition 'CARE IPO Grade 3 [Grade Three] indicates Average Fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure**.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
7. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.

CARE Ratings

8. CARE's IPO grading does not take cognizance of the price of the security, **it is not a recommendation to buy, sell or hold shares/securities.** It is not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud.

10. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,

(S. Chatterjee)
Sr. Manager

(S. Nag)
Chief General Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading

CARE Ratings

Annexure

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

CARE Ratings

Grading Rationale
Electrosteel Steels Limited (ESL)

Grading

Particulars	No of equity shares (in lakh)	Grading[1]	Remarks
IPO Grading	4240.9 shares* of Rs.10 each	'CARE IPO Grade 3'	Assigned

** including Green Shoe portion of 553.1 lakh equity shares*

Grading Rationale

The above grading draws strength from the long experience and proven track record of the promoter company i.e. Electrosteel Castings Ltd., strategic location of the plant with proximity to market & nearness to the source of the raw materials, group's established position in the DI pipe industry, captive mines (coal and iron-ore) of the group, renowned international and domestic strategic partners for the project, achievement of financial closure and stable outlook of the DI pipe & steel industry. Considerable advancement made in project implementation by the company and the presence of experienced professionals in the management & Board of Directors of the company also support the grading. The grading is however, constrained by the risks associated with implementation of the large greenfield project, downturn in the industry during FY09 impacting the implementation of the project, uncertainty with respect to success of the group's new line of business (steel related products) together with its capability to offload the envisaged level of production, cyclicality in the steel industry and stiff competition from existing large integrated steel players.

Company Background

Electrosteel Steels Limited (ESL; erstwhile Electrosteel Integrated Limited), promoted by Electrosteel group of Kolkata, was incorporated in December, 2006 to set up a 2.2 million tones per annum (MTPA) integrated steel plant (including DI pipe capacity & Captive Power Plant (CPP) of 120 MW) near Village – Babugram, Distt. – Bokaro, Jharkhand. The project is being set-up in technical-cum-financial collaboration with Stemcor Mesa DMCC, UAE - a group company of Stemcor, UK (Stemcor). The entire project is expected to commence commercial production, in phases, from October, 2010. The project cost of Rs.7,362.0 crore is being financed at a debt-equity ratio of 2.84:1.

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[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

Promoters

Electrosteel Castings Ltd. (ECL), the promoter company, is the leading producer of DI Pipes, DI fittings and CI pipes in the country, besides offering turnkey solutions for water transportation and sewerage management. Shri Umang Kejriwal and Shri Mayank Kejriwal, the current promoters of the group, are reputed industrialists with over three decades of experience in the iron pipe and fittings manufacturing industry. The promoters & their family, currently, hold 42.03% of equity of ESL. Further, several renowned strategic investors like IFCI, IL & FS, Stemcor holds majority of the balance equity stake in the company.

Management

ESL has a broad-based seven member Board of Directors (BOD). The board comprises only one member from the promoters' family, two whole-time directors, one nominee and three non-executive directors. Shri V. V. Jamnis and Shri N. C. Bahl, the two whole-time directors of the company, are looking after the day-to-day affairs of the company including execution of the proposed project.

Corporate Governance

All the independent Non-Executive Directors have rich industrial experience. The company is, by and large, in compliance with the applicable provisions of the listing agreement and clause 49 pertaining to corporate governance. ESL has formed different committees of Board, like Audit Committee, Remuneration Committee, Share Transfer & Investor Grievance Redressal Committee and IPO Committee.

Project Details

ESL is setting up a 2.2 MTPA integrated steel and ductile iron pipe plant near in Jharkhand, in an approximate area of 1,300 acres of land with another 300 acres required for construction of storage space. The proposed plant will consist of the following facilities:-

Product	Proposed Capacity
TMT bars	7,00,000 TPA
Wire rods	5,00,000 TPA
DI pipe	3,30,000 TPA
Pig iron	4,00,000 TPA
Commercial billets	2,77,650 TPA

Till Feb, 2010, ESL acquired about 2,000 acres of land, keeping in view the low cost of acquisition and the scope for future expansion. The site has been selected due to better proximity to the sources of iron-ore (major raw material), coke and coal, reasonable proximity to end users and availability of necessary infrastructure like railways, roadways, power, labour and water.

The company has fully tied-up its entire debt requirement for the project. As regards the equity infusion, ESL has entered into agreement with several strategic investors (like Stemcor, PGS Investment, IFCI, IL & FS) for part financing the amount required for the project. The balance portion of the equity requirement (Rs.250 crore) will be met out of the proposed IPO. Further, most of the equity partners are renowned player worldwide, having long track record in financing international projects and the required fund has already been infused by them.

ECL has invested Rs.700 crore for the project. Stemcor, the technical-cum-financial collaborator for the project, is an international entity having been in the business of international trade and marketing of steel for over five decades. IL&FS Investment Managers Ltd (IIML), the private equity investment arm of IL&FS Financial Services Limited, is another strategic investor in ESL, has contributed equity for the project. Till February, 2010, the company incurred about Rs.3,722.8 crore on the project.

The company has entered into contracts for procuring the major plant and machinery as well as erecting and commissioning of the same with Stemcor (UK) and SDM (China) for major plant and equipment, Morgan (USA) for finishing end equipment of Wire Rod Mill and China First Manufacturing Company Limited (CFMCL) & 23rd MCC for construction works at the plant site. The basic engineering of the plant has been completed. The detailed engineering work is progressing on schedule and is expected to be over soon. Till February 2010, ESL ordered for majority of its required equipment.

ESL's major raw materials are iron-ore, coking coal, ferro-alloys, limestone and dolomite. ESL's entire requirement of iron ore and 30% of its total coking coal requirement are proposed to be procured from the captive mines allocated to ECL by the Government of Jharkhand. ESL proposes to procure the required limestone from Thailand. It is already in negotiation with several vendors for supply agreement.

ECL already has, in place, a well developed and established marketing network and clientele in India and abroad for DI pipes, which is proposed to be used by ESL for marketing its own production of DI pipes. About 25% of the production is proposed to be exported, for which purpose ESL has entered into an agreement with Stemcor which will facilitate ESL to market its product overseas. The company has already obtained comprehensive insurance cover for its ongoing project.

ESL has already received majority of clearances and approvals required for the purpose of setting up & running the plant.

Industry outlook

Steel industry

After dismal performance in CY08, global steel industry recovered considerably in CY09. Since latter part of CY09, with revival in steel off take, prices of various steel products are on the rise. Steel companies have been able to negotiate a downward revision in the long term contract prices of key raw materials for FY10. This is expected to provide a relief to domestic steel manufacturers, especially the non-integrated ones, by way of reduction in the input cost and in turn to improve profitability in FY10 compared to the previous year. CARE Research has estimated that during FY10 & FY11, demand for steel would grow at a CARG of 8.3%. However, steel demand would largely depend on the government spending on infrastructure development, growth in real estate sector driven by stimulus packages and recovery in steel consuming sectors like automobiles, consumer durables etc.

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The fortunes of domestic DI pipe industry are directly linked to the quantum of funds allocated for water supply & sewerage disposal projects by GoI. Over the years, GoI has laid emphasis on creating water & sewage infrastructure as demonstrated by the fact that the eleventh five year (FY08-FY12) plan envisages USD 83 bn of investments in irrigation and water supply and sanitation. Accordingly, demand for DI pipes is expected to grow at 15% p.a. over the next few years. This is also due to conversion of demand from other varieties of pipes to DI pipe, stemming from estimated growth in demand for water in India from 800 bn cu.m. in 2007 to 1,100 bn cu.m. by 2010.