RED HERRING PROSPECTUS
Dated September 27, 2012
Please read Section 60B of the Companies Act, 1956
Book Built Offer

RASHTRIYA ISPAT NIGAM LIMITED

Our Company was incorporated on February 18, 1982 in Visakhapatnam as a private limited company with the name of 'Rashtriya Ispat Nigam Limited', under the Companies Act, 1956, as amended (the "**Companies Act**") with the Registrar of Companies, Andhra Pradesh ("**RoC**"). Subsequently, pursuant to the approval of the Ministry of Steel (letter no. 5(5)/2010-VSP) dated December 21, 2011 and a resolution passed by the shareholders at the extraordinary general meeting dated April 21, 2012, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on May 10, 2012. For further details in relation to the corporate history of our Company and for details of changes in the registered office of our Company, see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus.

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

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

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

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

A discount up to 5% (equivalent to ₹ [●]) on the Offer Price is being offered to Retail Individual Bidders ("Retail Discount**") and to Eligible Employees Bidding in the Employee Reservation Portion (the "**Employee Discount**"). Eligible Employees and Retail Individual Bidders should note that the benefit of the Retail Discount and Employee Discount can be availed at the time of submitting the Bid.*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH

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

This Offer being made is in terms with Rule 19 (2) (c) of the Securities Contract (Regulation) Rules, 1957, as amended, and pursuant to Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, (the "**ICDR Regulations**"), through the Book Building Process, wherein not more than 50% of the Net Offer will be Allotted on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**")*. Such number of Equity Shares representing 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. In the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIBs (including Mutual Funds) subject to valid Bids being received from them at or above the Offer Price. In addition not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders*, subject to valid Bids being received at or above the Offer Price. Further 48,898,462 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees (as defined hereafter), subject to valid Bids being received from them at or above the Offer Price in the Employee Reservation Portion. Any Bidder may participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing the details of the bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs and Non-Institutional Bidders are mandatorily required to utilize the ASBA process to participate in this Offer. Specific attention of investors is invited to the section titled "***Offer Procedure***" on page 356 of this Red Herring Prospectus.

** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*

RISK IN RELATION TO FIRST OFFER

This being the first public offer of the Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Offer Price (as determined by the Selling Shareholder and our Company, in consultation with Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process and as stated in the section titled "***Basis for Offer Price***" on page 76 of this Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the section titled 'Risk Factors' carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "***Risk Factors***" on page 17 of this Red Herring Prospectus.

COMPANY'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Offer has been graded by India Ratings & Research Private Limited and has been assigned the "IND 4" indicating above average fundamentals, through its letter dated September 17, 2012. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For details regarding the grading of the Offer, see the section titled "***General Information***" on page 52 of this Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the NSE and the BSE. Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters dated May 25, 2012 and May 22, 2012, respectively. For the purposes of this Offer, the BSE shall be the Designated Stock Exchange.

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

OFFER PROGRAMME

FOR ALL BIDDERS	**OFFER OPENS ON OCTOBER 15, 2012**
FOR QIBs	**OFFER CLOSES ON OCTOBER 17, 2012**
FOR RETAIL AND NON-INSTITUTIONAL BIDDERS (INCLUDING ELIGIBLE EMPLOYEES BIDDING UNDER THE EMPLOYEE RESERVATION PORTION)	**OFFER CLOSES ON OCTOBER 18, 2012**

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

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

Company Related Terms

Term	Description
Articles/Articles of Association	The articles of association of our Company, as amended.
Audit Committee	The audit committee constituted by our Board of Directors on July 26, 2006 and further reconstituted on October 15, 2010 and May 16, 2012.
Auditor	The statutory auditor of our Company, M/s B.V. RAO & Co., Chartered Accountants.
Board of Directors/Board	The board of directors of our Company or any committee thereof, as constituted from time to time.
BSLC	Bisra Stone Lime Company Limited.
Director(s)	The director(s) on the Board of our Company.
EIL	Eastern Investments Limited.
Equity Shares	The equity shares of our Company of face value ₹ 10 each.
ICVL	International Coal Ventures Private Limited.
IPO Committee	The IPO committee constituted by our Board of Directors on May 16, 2012.
Joint Venture Companies/JVC(s)	The joint ventures of our Company as referred to in the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus.
Key Management Personnel	The personnel listed as Key Management Personnel in the section titled "***Our Management***" on page 142 of this Red Herring Prospectus.
Memorandum/Memorandum of Association	The memorandum of association of our Company, as amended.
OMDC	Orissa Minerals Development Company Limited.
Promoter	The President of India, acting through the Ministry of Steel, Government of India.
Redeemable Preference Shares	7% non-cumulative redeemable preference shares of ₹ 10 each.
Registered Office and Corporate Office	Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam - 530 031, Andhra Pradesh, India.
Remuneration Committee	The remuneration committee constituted by our Board of Directors on October 15, 2010.
RMFA	RINMOIL Ferro Alloys Private Limited.
RoC/Registrar of Companies	Registrar of Companies, Andhra Pradesh, situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195, Andhra Pradesh, India.
Selling Shareholder	The President of India, acting through the Ministry of Steel, Government of India.
Shareholders'/Investors' Grievance Committee	The shareholders'/investors' grievance committee constituted by our Board of Directors on May 16, 2012.
Subsidiaries	The direct and indirect subsidiaries of our Company i.e. Eastern Investments Limited, Orissa Minerals Development Company Limited, Bisra Stone Lime Company Limited and Uttarbanga RINL Rail Karkhana Limited.
URRKL	Uttarbanga RINL Rail Karkhana Limited.

Offer Related Terms and Abbreviations

Term	Description
Allot/Allotment/Allotted	The transfer of Equity Shares pursuant to this Offer to successful Bidders.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder to make a Bid authorizing an SCSB to block the Bid Amount in its specified bank account maintained with such SCSB. QIBs and Non-Institutional Bidders are mandatorily required to utilize the ASBA process to participate in this Offer.
ASBA Account	An account maintained with the SCSB and specified in the Bid-cum-Application Form for blocking the amount mentioned in the Bid-cum-Application Form.
ASBA Bidder	Prospective investors in this Offer who intend to Bid/apply through the ASBA process.
Banker(s) to the Offer/Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to an issue and with whom escrow account has been opened, in this case being HDFC Bank, State Bank of India, Axis Bank, IDBI Bank Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited and Union Bank of India.
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in the section titled "***Offer Procedure***" on page 356 of this Red Herring Prospectus.
Bid	An indication to make an offer during the Offer Period by a Bidder pursuant to submission of Bid-cum-Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder upon submission of the Bid. For Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion, the Bid shall be net of the Retail Discount and Employee Discount, as applicable.
Bid-cum-Application Form	The form in terms of which the Bidder (including ASBA Bidder) shall make an offer to subscribe to the Equity Shares and which will be considered as the application for Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Bidding	The process of making a Bid.
Bidding Centres	A centre for acceptance of the Bid-cum-Application Form.
Bid Price	The prices indicated against each optional Bid in the Bid-cum-Application Form.
Book Building Process	The book building process as described in Part A Schedule XI of the ICDR Regulations and in terms of which this Offer is being made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to this Offer, in this case being, UBS Securities India Private Limited and Deutsche Equities (India) Private Limited.
Cap Price	The higher end of the Price Band, in this case being ₹ [●], and any revisions thereof, above which the Offer Price will not be finalized and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Cut-off Price	Any price within the Price Band determined by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers, at which only the Retail Individual Bidders and Eligible Employees are entitled to Bid.
Demographic Details	The demographic details of the Bidders such as their address, PAN, occupation and bank account details.
Depositories	NSDL and CDSL.
Depository Participant or DP	A depository participant as defined under the Depositories Act.

Term	Description
Designated Branches	Such branches of the SCSBs which shall collect the Bid-cum-Application Form from ASBA Bidders and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue instructions for transfer of funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Offer Account or the Refund Account after the Prospectus is filed with the RoC, following which the Selling Shareholder shall give delivery instructions for the transfer of the Equity Shares constituting the Offer.
Designated Stock Exchange	BSE Limited.
DEIPL	Deutsche Equities (India) Private Limited.
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus filed with SEBI on May 18, 2012 and issued in accordance with Section 60B of the Companies Act and the ICDR Regulations.
Eligible Employees	A permanent and full-time employee of our Company or a Director of our Company (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines), as on the date of filing of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India as on the date of submission of the Bid-cum-Application Form and who continue to be in the employment of our Company until submission of the Bid-cum-Application Form. The Directors, Key Management Personnel and other Company employees involved in the price fixation process cannot participate in the Offer (as per Model Conduct, Discipline and Appeal Rules of CPSEs and Office memorandum of DPE dated June 16, 2009 and July 28, 2009) and will not constitute eligible employees for the purposes of this Offer. An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the Bid-cum-Application Form will also be deemed a 'permanent employee' of our Company.
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby.
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depositary participants.
Employee Discount	A Discount upto 5% on the Offer Price shall be offered to Eligible Employees Bidding in the Employee Reservation Portion. The Employee Discount constitutes ₹ [●] which is the difference between the Offer Price and the price at which our Company and the Selling Shareholder may decide to Allot Equity Shares to Eligible Employees Bidding in the Employee Reservation Portion. The Rupee amount of the Employee Discount will be published by our Company at least two Working Days prior to the Offer Opening Date, in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and a widely circulated edition of Telugu newspaper (i.e., all editions of Indian Express, Janasatta and Andhra Bhoomi).
Employee Reservation Portion	The portion of the Offer being 48,898,462 Equity Shares available for allocation to Eligible Employees on a proportionate basis.
Escrow Account(s)	An account opened with Escrow Collection Bank(s) for the Offer and in whose favor the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting the Bid.
Escrow Agreement	An agreement to be entered among our Company, the Selling Shareholder, the Registrar to the Offer, the Escrow Collection Bank(s), the Refund Bank(s), the Book Running Lead Managers and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or the Revision Form.
Floor Price	The lower end of the Price Band below which no Bids will be accepted, in this case being ₹ [●], subject to any revisions thereof.

Term	Description
IPO Grading Agency	India Ratings & Research Private Limited.
Listing Agreement	Equity listing agreements to be entered into by our Company with the Stock Exchanges.
Mutual Funds	Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion available for allocation to Mutual Funds only, on a proportionate basis.
Net Offer	The Offer less the Employee Reservation Portion.
Non-Institutional Bidders	All Bidders (including Sub-Accounts which are foreign corporates or foreign individuals who are not Qualified Institutional Buyers, Retail Individual Bidders or Eligible Employees Bidding under Employee Reservation Portion) who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of this Offer being not less than 15% of the Net Offer consisting of 66,012,924 Equity Shares, available for allocation to Non-Institutional Bidders.
Non Resident or NR	A person resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
Non-Resident Indian/NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000.
Offer/Offer for Sale	Public offer of 488,984,620 Equity Shares through an offer for sale by the Selling Shareholder for cash at a price of ₹ [●] per Equity Share, aggregating up to ₹ [●] million, consisting of the Net Offer and the Employee Reservation Portion.
Offer Closing Date	The date after which the Syndicate and the SCSBs will not accept any Bids, which shall be notified in English national daily newspaper, a Hindi national daily newspaper and a Telugu daily newspaper (i.e., all editions of Indian Express, Janasatta and Andhra Bhoomi), each with wide circulation and in case of any revision, the extended Offer Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the ICDR Regulations. In case of QIBs, the Bidding may close one Working Day prior to the Offer Closing Date.
Offer Opening Date	The date on which the Syndicate and the SCSBs shall start accepting Bids, which shall be the date notified in a English national daily newspaper, a Hindi national daily newspaper and a Telugu daily newspaper (i.e., all editions of Indian Express, Janasatta and Andhra Bhoomi), each with wide circulation and in case of any revision, the extended Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the ICDR Regulations.
Offer Period	The period between the Offer Opening Date and the Offer Closing Date (inclusive of both days) and during which Bidders can submit their Bids, inclusive of any revision thereof.
Offer Price	The final price (net of Retail Discount and Employee Discount as applicable) at which Allotment will be made, as determined by the Selling Shareholder and our Company in consultation with the Book Running Lead Managers.
Price Band	The price band between the Floor Price and Cap Price, including any revisions thereof. The price band will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and advertised in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and a widely circulated edition of Telugu newspaper (i.e., all editions of Indian Express, Janasatta and Andhra Bhoomi), at least two Working Days prior to the Offer Opening Date.
Pricing Date	The date on which the Offer Price is finalized by the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers.
Prospectus	The prospectus, to be filed with the RoC pursuant to Section 60 of the Companies Act after the Pricing Date, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process and certain other information.
Public Offer Account	The bank account opened under Section 73 of the Companies Act with the Banker to the Offer to receive money from the Escrow Accounts on the Designated Date and where the

Term	Description
	funds transferred by the SCSBs from the ASBA Accounts shall be received.
Qualified Foreign Investor(s) or QFIs	Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, AIFs, FVCIs (subject to appropriate approvals received by the FVCI from the appropriate regulatory authorities), multilateral and bilateral financial institutions, Mutual Funds, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹ 250 million, the NIF and insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the department of posts, India, eligible for Bidding in this Offer.
QIB Portion	The portion of the Offer, being not more than 50% of the Net Offer or 220,043,079 Equity Shares, available for allocation to QIBs on a proportionate basis.* ** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*
RHP or Red Herring Prospectus	This Red herring prospectus issued in accordance with Sections 56, 60 and 60B of the Companies Act and the ICDR Regulations which does not have complete particulars of the price at which the Equity Shares are offered. This Red Herring Prospectus has been filed with the RoC at least three days before the Offer Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Refund Account(s)	The account opened with the Refund Bank(s), from which a refund of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank(s)	HDFC Bank, State Bank of India and Axis Bank.
Registrar/Registrar to the Offer	Karvy Computershare Private Limited.
Retail Discount	A Discount upto 5% on the Offer Price shall be offered to Retail Individual Bidders. The Retail Discount constituted ₹ [●] which is the difference between the Offer Price and the price at which our Company and the Selling Shareholder may decide to Allot Equity Shares to Retail Individual Bidders. The Rupee amount of the Retail Discount will be published by our Company at least two Working Days prior to the Offer Opening Date, in all editions of a widely circulated English national daily newspaper, all editions of a widely circulated Hindi national daily newspaper and a widely circulated edition of Telugu newspaper (i.e., all editions of Indian Express, Janasatta and Andhra Bhoomi). The Retail Discount is being offered to Retail Individual Bidders Bidding in the Retail Portion at the time of making a Bid.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their karta and Eligible NRIs), excluding Eligible Employees, who have Bid for Equity Shares of an amount less than or equal to ₹ 200,000 in any of the Bid options in the Offer. The Retail Discount is being offered to Retail Individual Bidders Bidding in the Retail Portion at the time of making a Bid.
Retail Portion	The portion of this Offer being not less than 35% of the Net Offer or 154,030,155 Equity

Term	Description
	Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis.* ** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*
Revision Form	The form used by the Bidders, to modify their Bid in any of their Bid-cum-Application Forms or any previous Revision Form(s).
SCSBs or Self Certified Syndicate Banks	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, including blocking of funds in bank accounts, are recognised as such by the SEBI and a list of whom is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.
Stock Exchanges	The BSE and the NSE.
Syndicate	The Book Running Lead Managers and the Syndicate Members.
Syndicate Agreement	The agreement among our Company, the Selling Shareholder, the Registrar to the Offer and the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate ASBA Bidding Locations	Bidding centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept ASBA Bids.
Syndicate Members	Karvy Stock Broking Limited and SMC Global Securities Limited.
Transaction Registration Slip/TRS	The slip or document issued by the members of the Syndicate or an SCSB (only on demand), as the case maybe, to a Bidder as proof of registration of the Bid.
UBS Securities	UBS Securities India Private Limited.
Underwriters	The Book Running Lead Managers and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date.
U.S. Person	As defined in Regulation S under the U.S Securities Act.
U.S. QIBs	Qualified institutional buyers, as defined in Rule 144A under the U.S Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Offer Closing date and listing of the Equity Shares on the Stock Exchanges, “Working Days”, shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

Conventional/General Terms/Abbreviations

Term	Description
Air Act	The Air (Prevention and Control of Pollution) Act, 1981.
Alpha Coal	Alpha Coal Sales Co., LLC, USA.
Anglo American	Anglo American Metallurgical Coal Pty. Limited.
AP Electricity Duty Act	Andhra Pradesh Electricity Duty Act, 1939.
APPCB	Andhra Pradesh Pollution Control Board.
AY	Assessment Year.
BAN	Beneficiary Account Number.
Bank of Tokyo	Bank of Tokyo-Mitsubishi UFJ Limited.
BCIPL	Balaji Coke Industry Private Limited.
Behre Dolbear ISP Report	The executive summary of the report prepared by Behre Dolbear International Limited.
BHP Billiton	BHP Billiton Marketing AG.
BM Alliance	BM Alliance Coal Marketing Pty Limited.
BPME	Bharat Process and Mechanical Engineers Limited.
BSE	The BSE Limited.
BSLC	Bisra Stone Lime Company.
CCI	Competition Commission of India.
CDSL	Central Depository Services (India) Limited.

Term	Description
CE Act	Central Excise Act, 1944.
CESTAT	Customs, Excise and Service Tax Appellate Tribunal.
CET Act	Central Excise Tariff Act, 1985.
CE Rules	Central Excise Rules, 2002.
CENVAT Rules	CENVAT Credit Rules, 2004.
CEVR	Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
CIL	Coal India Limited.
Citi Bank	Citi Bank, N.A.
CNMCL	China National Minerals Company Limited.
Companies Act	Companies Act, 1956.
Competition Act	The Competition Act, 2002.
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970.
CrPC	Criminal Procedure Code, 1973.
CPC	Civil Procedure Code, 1908.
CPSE	Central Public Sector Enterprises.
CSR	Corporate Social Responsibility.
CST Act	Central Sales Tax Act, 1956.
Customs Act	Customs Act, 1962.
DBK	Duty Drawback Scheme.
DDA	Delhi Development Authority.
Deutsche Bank	Deutsche Bank AG.
DFIA	Duty Free Import Authorization Scheme.
EEA	European Economic Area.
EGM	Extraordinary General Meeting.
EIA Notifications	Environment Impact Assessment Notification (No. 1533(E), 2006).
EIML	East India Minerals Limited.
Environment Act	Environment (Protection) Act, 1986.
EPCG Scheme	Export Promotion of Capital Goods.
EPS	Earnings Per Share.
ERP	Enterprise Resource Planning.
ERPS	Enterprise resource planning system.
EXIM Policy	Export Import Policy.
Explosives Act	The Explosives Act, 1884.
Factories Act	The Factories Act, 1948
FDI Circular	Circular 1 of 2012 which consolidates the policy framework on FDI, with effect from April 10, 2012.
FIPB	Foreign Investment Promotion Board of the Government of India.
Fiscal/ Financial Year/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Forest Act	Forest (Conservation) Act, 1980.
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
FVCI Regulations	SEBI (Foreign Venture Capital Investors) Regulations, 2000.
GPL	Gangavaram Port Limited.
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, and the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.
HDFC	HDFC Bank Limited.
HSBC	Hongkong and Shanghai Banking Corporation Limited.
HUF	Hindu Undivided Family.
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
IDBI	IDBI Bank Limited.
IEC	Importer Exporter Code.
India GAAP	Generally accepted accounting principles in India.
IndusInd	IndusInd Bank Limited.
IPC	Indian Penal Code, 1860

Term	Description
IRDA	The Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999.
ISN Raju	M/s ISN Raju Engineers and Contractor.
IT Act	Income Tax Act, 1961.
IT Department	Income Tax Department, GoI.
JISL	JSW Ispat Steel Limited.
JORC Code	The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
J. P. Morgan	JP Morgan Chase Bank, N.A.
JSPL	Jindal Steel Power Limited.
JSWL	JSW Steel Limited.
Kotak Mahindra	Kotak Mahindra Bank Limited.
LAM	Low Ash Metallurgical.
Logan & Kanawha	Logan & Kanawha Coal Company, LLC.
LTCG	Long Term Capital Gain.
MAT	Minimum Alternate Tax.
MCL	Mahanadi Coalfields Limited.
MC Rules	Mineral Concession Rules, 1960.
MCD Rules	Mineral Conservation and Development Rules, 1988.
MF	Mutual Fund.
MICR	Magnetic Ink Character Recognition.
MIEL	Monnet Ispat & Energy Limited.
2011 MMDR Bill	Draft Mines and Minerals (Development and Regulation) Bill, 2011.
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957.
MMTC	Minerals and Metal Trading Corporation Limited.
MoEF	Ministry of Environment and Forest, Government of India.
MOIL	MOIL Limited.
MoS	Ministry of Steel, Government of India.
MoU	Memorandum of Understanding.
MRTP Commission	Monopolies and Restrictive Trade Practices Commission.
N.A./NA	Not Applicable.
NAV	Net Asset Value.
NECS	National Electronic Clearing System.
NEDO	New Energy and Industrial Technology Development Organization.
NI Act	Negotiable Instruments Act, 1881.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
NMDC	National Mineral Development Corporation Limited.
NMP	National Mineral Policy, 2008.
No.	Number.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NTPC	NTPC Limited.
OCB(s)	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
OECD	Organisation for Economic Cooperation and Development.
Orissa Forest Act	Orissa Forest Act, 1972.

Term	Description
OSL	Orissa Stevedors Limited.
p.a.	Per annum.
PAN	Permanent Account Number allotted under the IT Act.
PCBs	Pollution Control Boards.
P/E Ratio	Price/Earnings Ratio.
PGCIL	Power Grid Corporation of India Limited.
PRS	Pressure Reducing Station.
PSU	Public sector undertaking.
Ras Al Khaimah	Ras Al Khaimah Rock Company, United Arab Emirates.
RBI	Reserve Bank of India
RBS	Royal Bank of Scotland N.V.
Regulation S	Regulation S under the U.S. Securities Act.
RoNW	Return on Net Worth.
Rs./Rupees/₹	Indian Rupees.
RTGS	Real Time Gross Settlement.
Rule 144A	Rule 144A under the U.S. Securities Act.
SAIL	Steel Authority of India Limited.
SBI	State Bank of India.
SCRA	The Securities Contracts (Regulation) Act, 1956.
SCRR	The Securities Contracts (Regulation) Rules, 1957.
SCCVPL	Sarat Chatterjee & Co. (Visakhapatnam) Private Limited.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992.
SEIAA	State Environment Impact Assessment Authority.
SFA	Sharp Ferro Alloys Limited.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985.
STT	Securities Transaction Tax.
Solid Energy	Solid Energy New Zealand Limited.
SPV	Special Purpose Vehicle.
STCG	Short Term Capital Gain.
Steel Policy	National Steel Policy, 2005.
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number allotted the IT Act.
UCO	UCO Bank Limited.
ULIP(s)	Unit Linked Insurance Plans.
URCIL	Usha Rectifiers Corporation India Limited.
U.S./US/U.S.A/United States	The United States of America, together with its territories and possessions.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933.
ULIP(s)	Unit Linked Insurance Plans.
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
VMPL	Visakha Machinery Private Limited.
VPT	Vishakhapatnam Port Trust.
VSL	Visa Steel Limited
Water Act	Water (Prevention and Control of Pollution) Act, 1974.
Water Cess Act	Water (Prevention and Control of Pollution) Cess Act, 1977.

Industry or Technical Terms and Abbreviations

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

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

Notwithstanding the foregoing, terms in sections titled "***Main Provisions of Articles of Association of our Company***", "***Statement of Possible Tax Benefits Available to our Company and Shareholders***" and "***Financial Statements***" on pages 396, 80 and 165 of this Red Herring Prospectus respectively, shall have the meanings given to such terms in these respective sections.

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

Certain Conventions

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

Reserve and Resource Information

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

Financial Data

Unless indicated otherwise, the financial information in this Red Herring Prospectus is derived from our Company's standalone financial statements as of and for the three months ended June 30, 2012 and the years ended March 31, 2008, 2009, 2010, 2011 and 2012 and consolidated financial statements as of and for the three months ended June 30, 2012 and the years ended March 31, 2008, 2009, 2010, 2011 and 2012, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with ICDR Regulations, as stated in the report of our Auditors, M/s B.V. RAO & Co., Chartered Accountants, and included in this Red Herring Prospectus. Our fiscal/financial year commences on April 1 and ends on March 31 of a particular year. Unless otherwise stated, references herein to a fiscal year or a financial year or to "FY" are to the year ended March 31 of a particular year.

There are significant differences between generally accepted accounting principles in India ("**Indian GAAP**"), International Financial Reporting Standards ("**IFRS**") and generally accepted accounting principles in the United States of America ("**U.S. GAAP**"). Accordingly, the degree to which the Indian GAAP financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. See "***Risk Factors–Risks Relating to India–The proposed adoption of the International Financial Reporting Standards ("IFRS") could result in our financial condition and results of operations appearing materially different than under Indian GAAP***" on page 39 of this Red Herring Prospectus.

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

Any percentage amounts, as set forth in the sections "***Risk Factors***", "***Our Business***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 17, 98 and 265, respectively, and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial information prepared in accordance with Indian GAAP.

Currency of Presentation

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

Industry and Market Data

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

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

In accordance with the ICDR Regulations, we have included in the section titled "***Basis for Offer Price***" on page 76 of 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.

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

Exchange Rates

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

Fiscal	Period End (₹)	Period Average (₹)
2008	39.97	40.24
2009	50.95	45.91
2010	45.14	47.42
2011	44.65	45.58
2012	51.16	47.95
April 2012	52.52	51.80
May 2012	56.42	54.47
June 2012	56.31	56.03
July 2012	55.81	55.49
August 2012	55.72	55.56

Source: www.rbi.org.in

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

NOTICE TO INVESTORS

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

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

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

Each purchaser of Equity Shares inside the United States will be required to represent and agree, among other things, that such purchaser (i) is a U.S. QIB; and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Ac and applicable state securities laws.

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

FORWARD-LOOKING STATEMENTS

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

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

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

For further discussion of factors that could cause our actual results to differ from our expectations, see the sections titled "***Risk Factors***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 17, 98 and 265 of this Red Herring Prospectus, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements speak only as of the date of this Red Herring Prospectus. Neither our Company, our Directors, the Selling Shareholder nor any of the Book Running Lead Managers, any member of the Syndicate nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements our Company and the Book Running Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section addresses general risks relevant to the country and the industry in which our Company operates. To obtain a complete understanding of our business, you should read this section in conjunction with the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 98 and 265 of this Red Herring Prospectus, respectively, as well as other financial information contained in this Red Herring Prospectus. This Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Red Herring Prospectus. Further, the risks set out below may not be exhaustive and additional risks not presently known to us or that we currently deem immaterial may arise or become material in the future. If any of the following risks, as well as the other risks and uncertainties discussed in this Red Herring Prospectus, or other risks that are not currently known or are now deemed immaterial actually occur, our Company's business, financial condition and results of operations could be materially and adversely affected, the trading price of the Equity Shares and the value of your investment in the Equity Shares could decline, and you may lose all or part of your investment.

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

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

INTERNAL RISK FACTORS

Risk Factors Relating to Our Company's Business and Operations

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

There are currently 17 criminal proceedings pending against our Company, all of which have been initiated by the State Government of Andhra Pradesh in relation to alleged violations under the Factories Act, 1948 (**"Factories Act**") and the rules made thereunder. In addition to the above, there are seven criminal cases currently pending against one of our Subsidiaries, in relation to varied subject matters including the violation of the provisions of the Forest Conservation Act, 1980 ("**Forest Act**"), theft of iron ore at the Thakurani mines, the violation of the provisions of the Environment Act, cheque bouncing and unauthorised occupation of official quarters. Any adverse order or direction by the relevant authority, although not quantifiable, could have a material adverse impact on our business and reputation or cause the price of our Equity Shares to decline. For further details in relation to outstanding litigation against our Company and our Subsidiaries, see the section titled "***Outstanding Litigation and Material Developments***" on page 295 of this Red Herring Prospectus.

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

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

Litigation against our Company

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

S. No	Nature of cases/claims	Number of cases/claims outstanding	Amounts involved (₹ million approximately)
1.	Arbitration matters	24	780.07
2.	Civil suits	174	1,005.36
3.	Consumer cases	2	0.60
4.	Criminal proceedings	17	Unascertainable
5.	Labour cases	139	8.62
6.	Potential litigations/notices received	38	Unascertainable
7.	Other miscellaneous matters	29	11.94
8.	Public interest litigation	2	31.65
9.	Tax cases	370	18,164.22
10.	Competition matters	1	Unascertainable
11.	Contempt cases	2	Unascertainable

Litigation against our Subsidiaries

S. No	Nature of cases/claims	Number of cases/claims outstanding	Amounts involved (₹ million approximately)
1.	Arbitration matters	8	2,394.40
2.	Civil suits	21	Unascertainable
3.	Criminal proceedings	7	Unascertainable
4.	Labour cases	17	Unascertainable
5.	Other miscellaneous matters	1	Unascertainable
6.	Public interest litigation	3	Unascertainable
7.	Tax cases	2	0.26
8.	Potential Litigation	1	Unascertainable

There may also be additional claims against our Company and our Subsidiaries in the future, which could damage our business and/or reputation, which would in turn adversely affect our results of operations and financial condition. For further details of legal proceedings involving our Company and our Subsidiaries, see the section titled "***Outstanding Litigation and Material Developments***" on page 295 of this Red Herring Prospectus.

3. The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company.

On June 13, 2012, during the process of hot commissioning of one of the converters in the new Steel Melt Shop of the Visakhapatnam Steel Plant ("**VSP**"), an explosion occurred at the pressure reducing station ("**PRS**"), an auxiliary unit supplying oxygen to this facility. The new Steel Melt Shop is among the facilities being commissioned as part of our capacity expansion plans. The explosion resulted in 19 fatalities.

The Ministry of Steel formed an inquiry committee consisting of external technical experts to investigate and report on the accident and make necessary remedial recommendations. The inquiry committee report was submitted on July 27, 2012. Separately, the Joint Chief Inspector of Factories, Visakhapatnam ("**JCIF**") conducted an investigation into the accident. Following a preliminary review, the JCIF suggested an evaluation of startup procedures and a risk assessment by an independent third party in respect of the further commissioning of expansion units. Accordingly, our Board has approved the appointment of Mecon Limited to conduct this review and risk assessment, pending which our Company is prevented from using the plant, equipment and other systems of the affected PRS. The JCIF also called for an independent third party review to be conducted of the structural integrity of the PRS control room, which has since been completed. The JCIF report was submitted on August 8, 2012.

Both reports considered and identified a number of technical factors that operated in combination and were exacerbated by probable human error to cause the explosion. The reports also highlighted the presence of a large number of persons in the PRS control room at the time of the accident, notwithstanding the inherently hazardous nature of oxygen pressure regulating operations and the partial demolition of the fire break wall surrounding the PRS control room (to facilitate other equipment installation work) as contributing to the high number of casualties. The JCIF report also noted that recent safety improvements could have been incorporated into the design of the PRS but that there were no identified shortcomings in the PRS design.

The reports made certain recommendations including that the PRS area be barricaded and warning signs displayed to prevent unauthorised entry and that training programmes be conducted for personnel associated with all installation, operational and maintenance aspects of all units using oxygen as supply or a process input. We have constituted an internal committee to supervise the implementation of these recommendations. The internal committee also has recommended strengthening the role of RINL's safety engineering department in commissioning our new production facilities and equipment.

The total contract cost of the equipment damaged in the accident is approximately ₹110.00 million (US$1.96 million) and the equipment has been insured by the equipment suppliers under the terms of the supply contract. We have begun repairing the damaged equipment. In addition, our Company expects to incur costs of up to ₹30.00 million (US$0.53 million) towards compensation for the accident victims in addition to normal death and accident related benefits. Our Company may incur additional costs related to the investigations described above and the resulting recommendations and the quantum of such additional costs cannot currently be ascertained.

As a result of the accident, certain of our Company's planned expansion activities, in particular the hot commissioning of the converter, have been delayed, although our Company is endeavouring to minimise any such delay. There can be no assurance that the investigations described above and the implementation of the resulting recommendations will not result in other delays to our expansion plans, which also have been the subject of media reports following the accident. These developments, including legal proceedings and third party claims, could affect our expansion plans, business and results. For details of legal proceedings with the principal project contractor, see "***Outstanding Litigation and Material Developments—Outstanding Litigation/Proceedings Involving our Company—Cases filed against our Company--Civil cases***" on page 310 of this Red Herring Prospectus.

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

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

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

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

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

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

In the event of any adverse order in these proceedings, our Company may have to incur additional liabilities which may result in affecting our business and results of operations.

If our mining leases are not renewed or royalties charged against our leases are increased, we may be forced to purchase such raw materials in the open market or pay increased royalties. For further information on our mining leases, see the risk factors titled *"**Our Company's estimates of our mineral reserves and the mineral reserves of our indirect subsidiaries, OMDC and BSLC, are subject to assumptions, and if the actual amounts of such reserves are less than estimated, our results of operations and financial condition could be adversely affected**"* and *"**If we are unable to obtain the new mining leases applied for, or the related approvals and licences, our expansion plans, and therefore our business, results of operations and financial condition would be adversely affected**"* on pages 27 and 29, respectively, of this Red Herring Prospectus.

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

In order to secure access to raw materials, our Company, in January 2011, acquired a 51.0% share interest in EIL, at a cost of ₹3.61 billion. We are considering acquiring the remaining 49.0% stake in EIL. EIL holds a 50.01% stake in BSLC and a 50.01% stake in OMDC. BSLC and OMDC are both mining companies. While the acquisition of EIL is expected to provide us with additional sources of iron ore, limestone, dolomite and manganese ore, these companies do not currently conduct any active mining operations. Our ability to achieve the benefits we anticipate from this acquisition depends largely upon whether we are able to integrate the acquired businesses into the rest of our Company in an efficient and effective manner.

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

In addition, the mining leases of both BSLC and OMDC have expired, and no mining is being carried out in these companies at present. While renewal applications for these mining leases have been filed with the requisite authorities, we cannot guarantee the renewal of these leases, and if they are not renewed, we shall not be able to secure access to the raw materials from these companies as intended from our acquisition, as a result of which, our business, results of operations and financial condition may be adversely affected. For further information, see "***Business—Raw Material Projects—Acquisition of EIL***" on page 110 of this Red Herring Prospectus.

Additionally, the Collector and District Magistrate, Keonjhar has directed the initiation of a criminal case against OMDC for the mines located at Bhadrasahi village, Barbil tehsil, Keonjhar district for enhancing the production capacity of its mine without obtaining the requisite prior environmental clearance under the EIA Notification 2006. For details of this case, see the section "***Outstanding Litigation and Material Developments***" on page 295 of this Red Herring Prospectus.

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

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

We do not have any captive mines to produce iron ore or coking coal, the two most important raw materials in steel production, and have to depend on third party suppliers to procure these raw materials. Accordingly, our profits are sensitive to changes in raw material prices. The cost of raw materials comprises the single most significant percentage of our manufacturing costs. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012 raw materials accounted for 75.7%, 61.4%, 73.4%, 70.1% and 78.1%, respectively, of our expenditure in the production of steel, excluding certain adjustments for raw material mining costs, depreciation, and interest and finance charges. Volatility in the prices of raw materials, including mismatches between trends in prices for raw materials and steel, as well as limitations on or disruptions in the supply of raw materials, could adversely affect our profitability. In addition, some of our raw materials purchase agreements are short-term in nature and our inability to renew these agreements on terms more favourable, or at all, may constrain our raw material supply, resulting in an adverse effect on our business, financial condition and results of operations.

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

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

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

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

- requires a mining company to pay annual compensation to certain categories of "affected persons," defined as persons holding occupations, usufruct or traditional rights related to the surface of the land over which the company possesses mining licences;
- empowers the relevant State Government to set the aforesaid annual compensation in the event the mining company and such affected persons are unable to agree on such annual compensation;
- requires a mining company to allot at least one free equity share to each member of a family affected by mining related operations of the company;
- obligates the holder of the mining lease to provide employment and other assistance to such affected persons in accordance with the rehabilitation and resettlement policy of the concerned State Government;
- requires the mining lease holder to pay annually to the district mineral foundation, created under the bill, an amount equivalent to the royalty paid during the financial year; and

- proposes to address the eligibility norms for obtaining new mining blocks, renewing existing mining blocks, obtaining new mining licences and determining the levels of compensation and royalties to be paid to the central and State Governments.

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

10. We have had and may in future have a decreasing trend in operating profits.

In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we recorded a profit after taxes of ₹13.16 billion, ₹8.87 billion, ₹6.02 billion, ₹8.04 billion, and ₹1.24 billion, respectively, on a restated consolidated basis. The decrease in our operating profits ratio, from 0.13 in the Financial Year 2009 to 0.08 in the Financial Year 2010 and to 0.05 in the Financial Year 2011 was followed by an increase to 0.06 in the Financial Year 2012. Our operating profits have been affected to a large extent by the rising prices of raw materials, particularly iron ore and coal, which have not been offset by commensurate increases in the prices of steel. During the Calendar Years 2009-11, average iron ore prices increased at a CAGR of 46.7% and coking prices increased by 30.2%. If raw materials prices continue to rise without a corresponding rise in the prices of steel, we may again experience a decrease in our operating profits in the future, which could have a material adverse effect on our business, financial condition and results of operations.

11. Our Company does not own the land on which VSP and our Registered and Corporate Office are located.

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

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

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

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

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

Our Company's business is subject to numerous laws, regulations and contractual commitments relating to the environment in India. Our operations generate large amounts of pollutants and waste, some of which are hazardous. These laws, regulations and contractual commitments concern air emissions, waste water discharges, solid and hazardous waste material handling and disposal, and the investigation and remediation of contamination or other environmental restoration. The risk of incurring substantial costs and liabilities related to compliance with these laws, regulations and contractual commitments is an inherent part of our business. Facilities currently or formerly owned or operated by us, or where wastes have been disposed or materials extracted, are all subject to the risk of environmental cost and liabilities, which includes the costs or liabilities relating to the investigation and remediation of past or present contamination or other environmental restoration. In addition, future environmental conditions and contamination may develop, arise or be discovered that could create substantial compliance, remediation or restoration liabilities and costs. For example, there are currently two environment cases pending against our Company and three environment related cases pending against our Subsidiary, OMDC. In addition, we have also received certain complaints on allegations of environmental pollution against our Company. Further, the Collector and District Magistrate, Keonjhar has directed the initiation of a criminal case against OMDC in relation to the mines located at Bhadrasahi village, Barbil tehsil, Keonjhar district for enhancing the production capacity of its mine without obtaining the requisite prior environmental clearance under the EIA Notification 2006 and on allegations of violation of the Environment Act. For details, see the section titled "***Outstanding Litigation and Material Developments***" on page 295 of this Red Herring Prospectus. Whilst we have made efforts to comply with environmental laws and regulations, in view of the significant consequences resulting from violations of such laws and regulations, we cannot assure you that we may not be liable and accountable for any breaches in relation to such proceedings which may result in us having to incur additional liabilities. Further, there can be no assurance that we will not continue to face significant environmental remediation liabilities and compliance costs in the future.

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

Mr. Gurram Veerabhadram and others have filed a writ petition against our Company, the Government of Andhra Pradesh and the Andhra Pradesh Pollution Control Board ("**APPCB**") before the Andhra Pradesh High Court in 2002, contending that the crushing of large quantities of dolomite at the Madharam dolomite mine resulted in discharge of high pollution effluents and heavy dust into the environment which resulted in health hazards to the petitioners and affected the yield of crops from the agricultural land and gardens of the petitioners who are located near the mines. The petitioners, by way of interim relief, also sought a direction from the Andhra Pradesh High Court to direct the respondents, including our Company, to pay monetary compensation at the rate of ₹0.03 million per acre per year to some of the petitioners, including Mr. Gurram Veerabhadram, and at the rate of ₹0.10 million per acre per year to one other petitioner, commencing from 1989 onwards till date, pending the disposal of the aforementioned writ petition. For further details, see the section titled "***Outstanding Litigation and Material Developments***" on page 295 of this Red Herring Prospectus. The Madharam dolomite mine is the only dolomite mine that our Company currently operates, and any adverse outcome of this writ petition against us could result in our having to incur significant liabilities to settle claims by the petitioners, which may have not been accounted by us in our financial statements, and may also result in the cancellation of our environmental clearance for expansion of the dolomite mine at Madharam, as well as reputational damage to our Company, which would affect our business, results of operations and financial condition.

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

Iron ore is one of the most important raw materials for steel production. We currently do not have any captive iron ore mines, and we purchase most of our iron ore requirement from NMDC's iron ore mining complexes at Kirandul and Bacheli in the state of Chhattisgarh. For more information on the agreement with NMDC, see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus. In the Financial Years 2009, 2010, 2011 and

2012 and the three months ended June 30, 2012, the cost of our iron ore purchases accounted for 27.4%, 34.3%, 38.6%, 33.7% and 39.0%, respectively, of our total raw material purchases.

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

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

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

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

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

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

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

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

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

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

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

The cost of raw materials comprises the single most significant percentage of our manufacturing costs. In the Financial Years 2009, 2010, 2011 and 2012, and the three months ended June 30, 2012 raw materials accounted for 75.7%, 61.4%, 73.4%, 70.1%, and 78.1%, respectively, of expenditure in the production of steel. As a result, we have taken the initiative to form strategic alliances through joint ventures and memorandums of understanding ("**MoUs**") to enhance our raw materials security. For instance, we formed a joint venture company, RINMOIL Ferro Alloys Private Limited ("**RMFA**") with MOIL Limited ("**MOIL**"), pursuant to an agreement entered on May 7, 2009 for the purpose of setting up a ferro alloys unit at Vizianagaram district in the state of Andhra Pradesh, which is envisaged to have the capacity to produce 37,500 tonnes per annum of silico manganese ore and 20,000 tonnes per annum of ferro manganese ore. We also established International Coal Ventures Private Limited ("**ICVL**") with Steel Authority of India Limited ("**SAIL**"), Coal India Limited ("**CIL**"), NMDC and NTPC Limited ("**NTPC**") to acquire overseas coking coal and non-coking coal assets with an aim to secure at least 10.0% of the coal requirement of our Company. For a more complete description of the strategic joint venture partnerships, see the sections titled "***Our Business–Raw Material Projects***" and "***History and Certain Corporate Matters***" on pages 110 and 122, respectively, of this Red Herring Prospectus.

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

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

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

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

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

We sell the majority of our products to the domestic market, with Indian customers accounting for approximately 97.3% of our sales as of June 30, 2012, of which 53.6% was in south India. We have chosen to pursue such a strategy in order to lower transportation and supply costs, since our main production facility, VSP, is also located in south India. Such domestic market concentration has caused significant challenges to our Company. First, there are many small, secondary steel companies supplying long products to the markets in India. These producers comprise mini steel plants, which make steel by melting scrap or sponge iron, or a mixture of the two. Because of their size, these companies have lower overhead costs and fewer investments in facilities and projects. If the overall demand for steel in India decreases, they would suffer less loss compared to our Company, which has a higher fixed cost. Secondly, because we are dependent on our customers, particularly in south India, if the demand for steel products drops in this region, our business and results of operations would be severely affected. We have not yet placed or planned to place exceptional efforts and investments in marketing our products in international markets with a view to expanding our market coverage. Thus, we may not be able to offset any such loss caused by the drop in the demand for steel products in this region by selling more products to export markets.

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

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

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

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

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

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

As per the audited restated consolidated financial statements of the Company for the three months ended June 30, 2012, we have certain contingent liabilities not provided for, amounting to ₹31.09 billion, including tax cases. The contingent liability amounts disclosed in our audited restated consolidated financial statements represent estimates and assumptions of our management based on advice received. If any or all of these contingent liabilities materialise, it could have a material adverse effect on our business, financial condition and results of operations. For further information on such contingent liabilities, see the section titled "***Financial Statements—Statement of Contingent Liabilities***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Contingent Liabilities***" on page 264 and 284, respectively, of this Red Herring Prospectus.

25. Our Subsidiary has incurred losses.

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

(₹ in millions)

Name of the Company	Loss incurred		
	Financial Year 2011	Financial Year 2012	Three months ended June 30, 2012
BSLC	54.51	68.64	43.75

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

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

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

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

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

These operations are also subject to hazards and risks relating to negative environmental consequences such as those resulting from tailings and sludge disposal, effluent management and disposal of mineralised waste water and rehabilitation of land disturbed during mining processes. In addition, environmental awareness throughout the world, including in India and other emerging markets, has grown significantly in recent years, and opposition to mining operations have also increased due to the perceived negative impact they have on the environment. For example, in 2005, there were protests in the state of Odisha (formerly Orissa) against the commencement of mining operations by a bauxite-mining consortium in forest lands. Public protest over our mining operations could result in proceedings being filed against our Company and may also cause operations to slow down, damage our reputation and goodwill with the governments or public in locations where we operate, or cause damage to our facilities. For further information on environmental litigation against us, see the section and the risk factor titled "***Outstanding Litigation and Material Developments***" and "***The environmental clearance obtained from the MOEF for the expansion of our operations in the Dolomite mine located in Madharam village is subject to the outcome of the writ petition filed by Mr. Gurram Veerabhadram and others. Any adverse development in this case could impact the entire environmental clearance at Madharam village and may impact our mining operations***" on pages 295 and 23 of this Red Herring Prospectus, respectively.

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

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

Our expansion plans require substantial capital expenditures. These expenditures include capital expenditures for new facilities and units to be installed and operated, where payments will be made in advance of any additional revenue that will be generated. The expansion target of 6.3 mtpa by the Financial Year 2013 is estimated to cost approximately ₹122.92 billion and as of June 30, 2012 we had spent ₹ 96.05 billion on the expansion. We have so far financed most of the expenses out of our internal accruals. However, considering the scale of the financial resources required for carrying out future expansion plans and our internal sources of liquidity, we may have to raise funds through external financing activities to support the growth of our production capacity and business, such as issuing further equity, equity-related or debt instruments or borrowing loans denominated in rupees or foreign currencies. Our ability to arrange external financing and the cost of such financing is dependent on numerous factors. These factors include general economic and capital market conditions, the relatively high cost of capital for Indian steel producers, interest rates generally, credit availability from banks or other lenders, investor confidence in our Company, the success of our Company, provisions of tax and securities laws that may be applicable to our efforts to raise capital, the then prevailing political and economic conditions in India, the amount of capital that other entities may seek to raise in the capital markets, the liquidity of the capital markets and our financial condition and results of operations.

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

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

We believe that our operations have been among the most competitive in the steel industry and capacity expansion has been one of the key strategies for our Company. VSP has an original liquid steel production capacity of 3.0 mtpa, and expanded liquid steel production capacity of 6.3 mtpa, which is in the advanced stages of completion by the Financial Year 2013, with expansion to 7.3 mtpa planned by the Financial Year 2015. To meet such target, we have drawn up expansion plans to increase our production capacity in phases, which consist of the establishment of new facilities, plants, machinery and equipment, and the improvement of energy efficiency, productivity and yield. For a more complete description of the expansion plans, see the section titled "***Our Business–Expansion and Development Projects–Expansion and Modernisation of Visakhapatnam Steel Plant***" on page 102 of this Red Herring Prospectus.

The success of our expansion plan is subject to various potential problems and uncertainties, including changes in economic conditions, delays in delivery of supplies, delays in completion, cost overruns, shortages in material or labour, timely and proper performance of our third party contractors' obligations, defects in design or construction and delays in obtaining equipment and machinery. We may also face delays as a result of the recent industrial accident at our facilities. For details, see the risk factor titled "***The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company***" on page 18 of this Red Herring Prospectus. Furthermore, our expansion plans in the past have been affected, and may be affected in the future, by unfavourable weather conditions. We have incurred time overruns in relation to some of our projects in the past and may incur time and cost overruns for some of our projects in the future. We cannot assure you that we will be able to implement our expansion and new projects in a timely manner, or at all, and any failure to do so would adversely affect our business and results of operations. Additionally, actual capital expenditures for our capital investment projects may significantly exceed our budgets because of various factors beyond our control. If our actual capital expenditures for expansion programs and capital investment projects significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our Company has implemented OHSAS-18001 standards to support our efforts to create a safe work environment. However, despite our efforts to monitor and reduce accidents at our facilities, there remains a high risk that health and safety incidents may occur, as some of our industrial activities involve the use, storage and transport of hazardous chemicals and toxic substances. Such incidents may include explosions or gas leaks, fires or collapses in underground mining operations, vehicular accidents, and exposure to potentially hazardous materials, any of which could have severe consequences for our workers and facilities as well as people living in the nearby areas and the environment. For example, on May 1, 2012, two fatalities involving contract workers occurred in an accident following a fire in a slag pit near one of the blast furnaces. Subsequently, on June 13, 2012, an industrial accident occurred in the new Steel Melt Shop. For details, see the risk factor titled "***The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company***" on page 18 of this Red Herring Prospectus. Such incidents could damage our Company's reputation and adversely affect our business, financial condition and results of operations.

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

Steel production operations are energy intensive and we consume large amounts of energy in our operations. We own a thermal power plant with a capacity of 247.5 megawatts as of June 30, 2012. This power plant supplied approximately 86%, 84%, 86% and 85% of our total power needs in the Financial Years 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We are dependent on public utilities for the remainder of our power requirements. In Financial Year 2012 and the three months ended June 30, 2012, purchased power accounted for approximately 14% and 15%, respectively, of our total expenditure. An adequate, uninterrupted and cost effective supply of electrical power is critical to our operations.

Although our thermal power plant supplies most of our power needs, in July 2012 power restrictions imposed by the government of Andhra Pradesh affected our production. While we believe that our current supply of electricity will be sufficient to meet our existing and future requirements, and we believe our steel plant has sufficient captive power generation to meet our power requirements, there can be no assurance that we will have an adequate, uninterrupted and cost effective supply of electrical power, the lack of which could disrupt our operations, thereby adversely affecting our business, financial condition and results of operations.

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

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

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

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

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

In addition, we have in the past faced, and may in the future face, strikes or work stoppages, which could have an adverse impact on our operations, particularly given our dependence on our workforce. Further, threats of strikes, work stoppages or other labour actions often have occurred in the past with government companies that were proposing public offerings or other significant transactions in order to disrupt these transactions, and we are facing similar threats in the context of the proposed Offer. On July 9, 2012, our Company received notice from several unions of a strike to protest the proposed disinvestment. While we held meetings and consultations with these unions in an attempt to resolve the threatened action, these unions conducted a one day strike on July 24, 2012. Our operations were temporarily affected during the strike. On September 22, 2012, we received notice of an additional strike on October 12 and 13, 2012 to protest the proposed disinvestment. We also have been threatened with an indefinite strike if we continue with the disinvestment process. We also may face strike action as a result of the recent industrial accident at our facilities. For details, see the risk factor titled "***The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company***" on page 18 of this Red Herring Prospectus.

While we continue to work with our trade unions to resolve such issues and foster good relations with our employees, we cannot assure you that our existing labour agreements will prevent a strike or lockout, work stoppage or decline in productivity by our employees, or the threat of such actions in the future, and any strike or work stoppage by our employees, whether relating to this Offer or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

We require certain statutory and regulatory permits and approvals for our business. For further details, see the section titled "***Government and Other Approvals***" on page 325 of this Red Herring Prospectus. There can be no assurance that the relevant authorities will issue such permits or approvals in the time frame anticipated by our Company, or at all, or fail to renew or maintain existing permits or approvals. Additionally, in relation to the Madharam dolomite mines, our Company had filed an application for renewal of consent to operate under the Air Act and Water Act, for expansion of our mining capacity. However, the APPCB granted its approval only for the existing capacity and not for the expansion. If we are unable to obtain the requisite licences in a timely manner or at all, or are unable to renew or maintain existing permits or approvals, our operations may be materially and adversely affected.

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

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

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

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

As of September 15, 2012, we had total outstanding indebtedness of ₹46.10 billion, the majority of which is to meet working capital requirements. Although we are currently not significantly leveraged, we are planning to incur significant additional indebtedness in the future. For further details, see the section titled "***Financial Indebtedness***" on page 288 of this Red Herring Prospectus and "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness***" on page 283 of this Red Herring Prospectus. Any significant indebtedness in the future could have important consequences, such as a portion of our cash flow being used towards the servicing and repayment of our indebtedness, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements.

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

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

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

Unsecured loans taken by us amounting to ₹35.84 billion were outstanding as of September 15, 2012 and may be recalled by our lenders at any time. Any failure to service our indebtedness, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross-default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. For details of our indebtedness, see the section titled "***Financial Indebtedness***" on page 288 of this Red Herring Prospectus.

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

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

The actual amount and timing of future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes and technological changes, including additional market developments and new opportunities in our industry. Our sources of additional financing, if required, to meet our capital expenditure plans may include the incurrence of debt or the issue of equity or debt securities or a combination of both. For further details, see the risk factor titled "***If we are unable to obtain adequate funding for our expansion plans, our business, results of operations and financial condition would be adversely affected***" on page 28 of this Red Herring Prospectus.

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

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

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

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

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

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

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

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

We operate in an extremely competitive environment, where generating brand recognition is an element of our business strategy. We do not hold a trademark registration for our logo as appearing on the cover page of this Red Herring Prospectus. There can be no assurance that we will be able to register all our trademarks, or that third parties will not infringe on our intellectual property, causing damage to our business prospects, reputation and goodwill. If we fail to protect our intellectual property rights, including patents, trademarks, trade secrets and copyrights, our business and financial condition may be adversely affected. In the event we fail to obtain registration of our trademarks for such logo, or there is otherwise an inability to use such logo in the future, this may result in the loss of any goodwill associated with such logo. Our ability to enforce our trademarks and other intellectual property is subject to general litigation risks and an action for passing-off may not sufficiently protect our trademarks or trade names. If we are not successful in enforcing our intellectual property rights for any reason, it may have an adverse effect on our business and competitive position. For further details on our intellectual property rights, see the section titled "***Government and Other Approvals***" on page 325 of this Red Herring Prospectus.

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

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

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

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

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

46. We may be subject to product liability claims.

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

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

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

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

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

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

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

Our Subsidiary, EIL, is the majority shareholder in BSLC and OMDC. BSLC has experienced negative cash flows of ₹37.30 million in the Financial Year 2011, ₹39.68 million in the Financial Year 2012 and ₹2.67 million in the three months ended June 30, 2012.

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

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

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

The interests of the GoI may be different from our interests or the interests of our other shareholders. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our

Company or our Company's other shareholders' best interests. The GoI could, by exercising its powers of control, delay or defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another public sector undertaking or any other entity.

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

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

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

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

Pursuant to guidelines issued by the Department of Expenditure, Ministry of Finance, GoI in September 2004, all profit making PSUs are required to declare a minimum dividend on equity of 20.0% or a minimum dividend payout of 20.0% of post-tax profits, whichever is higher. According to this guideline, our minimum payout is 20.0% of profits after tax. For the Financial Year 2011, our Company paid only 10.0% of profit after tax as dividend on equity capital, but we also paid a dividend on preference capital. For details of dividends paid in previous years, see the section titled "***Dividend Policy***" on page 164 of this Red Herring Prospectus. However, the amount of our future dividend payments, if any, is subject to the discretion of the Board of Directors, and will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. Additionally, we are restricted by the terms of certain of our debt financing instruments from making dividend payments in the event we default in any of the debt repayment obligations. There can be no assurance as to whether our Company will pay a dividend in the future, and if so, the level of such future dividends.

Risk Factors Relating to the Equity Shares

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

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

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

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

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

Our Equity Shares will be listed on the BSE and the NSE of India. Pursuant to Indian regulations, permission for the listing and trading of our Equity Shares on the Stock Exchanges will not be granted until after certain actions are completed.

Investors' book entry or demat accounts with depository participants in India are expected to be credited within two Working Days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We are required to Allot and list our Equity Shares within 12 Working Days of the Offer Date. The investors can start trading in our Equity Shares only after they have been credited to their demat account and listing and trading permissions are received from the Stock Exchanges. There can be no assurance that our Equity Shares will be credited to investors' demat accounts, or that trading in our Equity Shares will commence, within the time periods specified above. Any delay in obtaining the approvals would restrict investors from disposing of the Equity Shares they subscribed to.

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

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

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

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

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company, including our Equity Shares, are generally taxable in India. Any gain realised on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by the domestic stock exchange on which our Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Furthermore, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares. For further details, see the section titled "***Statement of Possible Tax Benefits Available to our Company and Shareholders***" beginning on page 80 of this Red Herring Prospectus.

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

Under the foreign exchange regulations currently in force in India, transfers of Equity Shares from non-residents to residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the Reserve Bank of India ("**RBI**"). If the transfer of Equity Shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the specified exceptions, then the prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. Our Company may also be subject to restrictions relating to downstream investment under the foreign direct investment policy of the Government. Pursuant to the

FDI Circular issued by the Government, in the event that more than 50.0% of equity interest of our Company comes to be beneficially owned by non-residents, or the majority of our Board is nominated by non-resident shareholders, we would be classified as owned by non-resident entities and the downstream investments made by our Company will be considered indirect foreign investment and will therefore be subject to the sectoral limits of foreign investment.

EXTERNAL RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

India's sovereign foreign currency long-term debt is rated Baaa3 by Moody’s, BBB- by S&P and BBB- by Fitch.

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

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

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

Prominent Notes:

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

- The average cost of acquisition of Equity Shares by our Promoter is ₹ 10.00 which has been calculated on the basis of the average of amounts paid by it to acquire the Equity Shares currently held by it.

- Except as disclosed in the section titled "***Financial Statements***" on page 165 of this Red Herring Prospectus, there have been no transactions between our Company and our Subsidiaries/joint ventures during the last Financial Year.

- The net worth of our Company on a consolidated basis and standalone basis as of June 30, 2012 was ₹126,634.1 million and ₹126,591.0 million, respectively, as per the restated stand-alone financial statements and as per the audited restated consolidated financial statements.

- The NAV/ book value per Equity Share of our Company is as follows:

	NAV/ book value per equity share of ₹10 each as of June 30, 2012
As per our restated stand alone financial statements	₹ 22.5
As per our restated consolidated financial statements	₹ 22.5

For more information, see the section titled "***Financial Statements***" on page 165 of this Red Herring Prospectus.

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

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

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

SECTION III: INTRODUCTION

SUMMARY OF OUR INDUSTRY

The Global Steel Industry

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

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

Global Steel Production

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

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

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

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

The Indian Steel Industry

India is the second largest country in the world, with a population of 1.2 billion people in 2011, according to the IMF, World Economic Outlook 2012. The Indian economy is also one of the fastest growing economies in the world, with a GDP growth of 10.5% in 2010, according to the IMF. Its GDP at current prices is estimated at US$1.8 trillion (₹96.9 trillion) for 2012, according to the IMF. The Indian economy is better insulated from the global economy than several other Asian countries due to the fact that it does not rely heavily on exports to developed markets. This is compounded by strong economic fundamentals, which include high savings and investment rates and a rapidly growing middle class, helping to ensure a relatively stable economic performance for the country. India's economy has grown significantly in recent years with a GDP growth rate estimated at 7.1% in 2011, 6.1% in 2012 and 6.5% in 2013 according to the IMF.

Indian Steel Production

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

SUMMARY OF OUR BUSINESS

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

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

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

We produce a broad range of steel products, including plain wire rods, rebars, rounds, squares, structurals, billets, blooms and pig iron. We sell most of our products domestically, with Indian customers accounting for approximately 97.3% of our sales as of June 30, 2012, of which 53.6% was in south India. Our customers consist mainly of companies in the construction, infrastructure, manufacturing, automobile, general engineering and fabrication sectors.

As of June 30, 2012, we employed 18,007 permanent employees. We sell our products through a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents, four handling contractors and five consignment sales agents. We sell our steel products to project users, industrial users and retailers.

In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we recorded net sales of ₹91.28 billion, ₹98.09 billion, ₹105.79 billion, ₹131.76 billion and ₹26.15 billion, respectively, on a restated consolidated basis. During the same periods, we recorded a profit after tax of ₹13.16 billion, ₹8.87 billion, ₹6.02 billion, ₹8.04 billion and ₹1.24 billion, respectively. As of June 30, 2012, we had total assets and total net worth of ₹231.88 billion and ₹ 126.63 billion, respectively.

For details on our Company's strengths and strategies, see the section titled "***Our Business***" on page 98 of this Red Herring Prospectus.

SUMMARY FINANCIAL INFORMATION

The following tables set forth our selected financial information derived from our Company's standalone financial statements as of and for the three months ended June 30, 2012 and the years ended March 31, 2008, 2009, 2010, 2011 and 2012 and consolidated financial statements as of and for the three months ended June 30, 2012 and the years ended March 31, 2008, 2009, 2010, 2011 and 2012, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with ICDR Regulations, as described in the Auditors' report included in the section titled "***Financial Statements***" on page 165 of this Red Herring Prospectus.

The summary financial information of our Company presented below should be read in conjunction with the restated financial statements and the notes (including accounting policies) thereto included in the sections titled "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 165 and 265, respectively of this Red Herring Prospectus.

ANNEXURE I

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF ASSETS AND LIABILITIES - RESTATED

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
NON-CURRENT ASSETS						
Fixed Assets						
Tangible assets	18,209.3	17,843.9	15,302.9	14,629.6	12,517.9	13,812.7
Intangible assets	30.9	31.9	30.0	29.3	32.2	35.1
Capital work-in-progress	107,793.3	105,889.0	94,660.7	70,334.1	41,008.3	16,085.8
Intangible assets under development	165.6	150.1	-	-	-	-
Non Current Investments	3,625.8	3,625.8	3,616.0	2.5	0.5	0.5
Long term Loans and Advances	2,553.1	2,418.9	2,973.0	7,886.9	8,210.0	7,618.3
Other Non Current assets	109.0	103.3	79.7	61.5	42.5	21.8
Total Non-Current Assets	**132,487.0**	**130,062.9**	**116,662.2**	**92,943.9**	**61,811.4**	**37,574.2**
CURRENT ASSETS						
Inventories	44,773.3	34,031.1	32,547.1	24,641.6	32,342.1	17,797.1
Trade receivables	4,386.6	4,271.5	3,300.6	1,797.5	1,878.1	900.3
Cash and Bank balances	13,831.4	20,683.3	19,989.0	54,155.4	66,241.7	76,991.1
Short term Loans and Advances	25,191.4	23,699.6	15,972.2	10,360.0	12,598.6	16,728.8
Other Current assets	2,638.7	2,269.7	1,839.2	1,428.0	2,640.0	2,972.6
Total Current Assets	**90,821.4**	**84,955.2**	**73,648.1**	**92,382.5**	**115,700.5**	**115,389.9**
NON CURRENT LIABILITES						
Deferred Tax Liabilities (Net)	623.2	614.4	826.9	1,005.3	1,225.8	1,626.6
Other Long term Liabilites	839.1	832.3	485.9	478.2	400.3	318.7
Long term provisions	5,031.0	4,797.3	5,778.2	5,674.7	4,372.2	3,433.6
Total Non-Current Liabilities	**6,493.3**	**6,244.0**	**7,091.0**	**7,158.2**	**5,998.2**	**5,378.9**
CURRENT LIABILITES						
Short term borrowings	38,153.6	25,751.4	11,358.8	12,324.1	10,077.6	4,407.3
Trade payables	7,158.7	3,413.8	5,516.7	5,578.2	4,686.1	2,463.2
Other current liabilities	38,098.7	36,170.2	27,497.8	22,284.6	21,020.4	13,652.6
Short term provisions	6,813.0	6,285.4	6,658.3	8,565.0	11,869.0	12,398.3
Total Current Liabilities	**90,224.0**	**71,620.8**	**51,031.6**	**48,752.0**	**47,653.1**	**32,921.5**
Net Worth	**126,591.0**	**137,153.3**	**132,187.7**	**129,416.3**	**123,860.5**	**114,663.6**
Net Worth Represented by :						
Share capital	65,423.2	77,273.2	78,273.2	78,273.2	78,273.2	78,273.2
Reserves and surplus	61,167.8	59,880.1	53,914.5	51,143.1	45,587.3	36,390.4
	126,591.0	**137,153.3**	**132,187.7**	**129,416.3**	**123,860.5**	**114,663.6**

ANNEXURE II

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
INCOME						
Revenue From Operations	32,469.2	145,701.9	116,163.0	107,653.9	105,277.8	105,313.8
Less: Excise duty	3,094.9	13,191.5	10,458.1	8,254.8	12,822.5	13,447.1
Other Income	726.2	3,283.9	4,259.5	6,240.2	8,573.9	8,041.3
Total Revenue	**30,100.5**	**135,794.3**	**109,964.4**	**105,639.4**	**101,029.2**	**99,908.0**
EXPENSES						
Cost of materials consumed	20,798.5	84,722.2	71,883.6	55,351.1	58,962.5	42,802.2
Consumption of Trail run production	2,993.3	-	-	-	-	-
Changes in Inventories of Semi-finished/Finished goods	(6,652.6)	453.7	(5,323.2)	4,153.4	(9,166.5)	(3,431.7)
Employees' benefits	3,878.6	14,666.7	12,730.0	13,997.4	11,573.5	10,307.3
Other expenses	5,435.3	20,059.7	17,393.7	16,618.6	16,541.1	15,640.8
Total Expenses	**26,453.1**	**119,902.3**	**96,684.1**	**90,120.6**	**77,910.7**	**65,318.6**
Less: Inter account adjustments-raw material mining cost	104.0	500.3	491.0	432.6	380.6	391.5
Net Expenses	26,349.1	119,402.0	96,193.1	89,688.0	77,530.0	64,927.1
Earnings before interest, tax, depreciation&amortisation(EBITDA)	**3,751.4**	**16,392.3**	**13,771.3**	**15,951.4**	**23,499.1**	**34,980.9**
Finance Costs	797.5	1,906.0	1,644.9	775.6	874.7	315.6
Depreciation and Amortisation	404.5	3,448.6	2,659.4	2,771.7	2,404.5	4,715.6
Prior period items - Net credit	(18.6)	(62.4)	(349.6)	(72.4)	(45.9)	(3.9)
Profit after PPI and Before Exceptional & Extraordinary Items and Tax	2,568.0	11,100.1	9,816.6	12,476.5	20,265.9	29,953.6
Exceptional Items	-	-	-	-	-	-
Profit Before Extraordinary Items and Tax	2,568.0	11,100.1	9,816.6	12,476.5	20,265.9	29,953.6
Extraordinary items	-	-	-	-	-	-
Profit Before Tax	**2,567.94**	**11,100.1**	**9,816.6**	**12,476.5**	**20,265.9**	**29,953.6**
Tax Expense						
Current Tax	808.1	3,882.0	3,691.0	4,630.8	7,463.8	11,881.3
Earlier years adjustments		(106.6)	(280.8)	146.2	(213.8)	(116.4)
Fringe Benefit Tax		-	-	(0.5)	46.5	43.0
Deferred Tax	13.4	(189.9)	(178.5)	(266.7)	(386.3)	(1,281.7)
Profit /(loss) for the period from Continuing Operations	1,746.4	7,514.6	6,584.9	7,966.8	13,355.6	19,427.4
Profit /(loss) for the period from Discontinuing Operations	-	-	-	-	-	-
Tax Expense of discontinuing Operations	-	-	-	-	-	-
Profit /(loss) for the period from Discontinuing Operations (after Tax)	-	-	-	-	-	-
Net profit / (Loss) after tax as per audited accounts	**1,746.4**	**7,514.6**	**6,584.9**	**7,966.8**	**13,355.6**	**19,427.4**
Adjustments on account of -						
(a) Changes in accounting policies	-	-	-	-	-	(1,717.4)
(b) Other adjustments & Prior period items	746.0	(1,072.6)	461.1	39.9	41.7	(74.3)
(c)Arrear Salary & Wages	-	-	339.6	(835.7)	145.8	189.6
(d) Current Tax impact of Adjstments	(247.9)	430.4	(130.2)	(155.1)	18.7	(106.0)
(e) Deffered tax impact adjustments	(4.6)	(22.6)	0.2	46.2	(14.5)	655.4
Total of Adjustments after Tax impact	**493.5**	**(664.9)**	**670.7**	**(904.7)**	**191.7**	**(1,052.6)**
Profit after tax (as restated)	**1,253.0**	**8,179.5**	**5,914.2**	**8,871.5**	**13,164.0**	**20,480.0**

ANNEXURE III

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY CASH FLOW STATEMENT - RESTATED

(₹ in Million)

	PARTICULARS	For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
(A)	Cash flow from Operating activities						
	Net Profit / (Loss) before taxation	1,821.9	12,172.7	9,015.9	13,272.4	20,078.4	31,555.7
	Add / (Less) Adjustments for:						
	Depreciation	386.3	3,446.4	2,656.2	2,804.5	2,413.9	3,006.7
	Interest and Finance Charges	797.4	1,906.0	1,644.9	775.5	874.7	315.7
	Provisions	(242.2)	99.5	112.8	(1,071.4)	(3,713.7)	1,131.9
	Unrealised Foreign Exchange (Gain) /Loss	36.0	11.0	(53.0)	(112.1)	478.5	-
	(Profit)/Loss on sale of fixed assets	(0.0)	(17.5)	(32.6)	(10.2)	(4.7)	(0.4)
	Finished goods consumed for capital jobs	(111.3)	(54.8)	(66.5)	(949.0)	(808.7)	-
	Interest Income	(433.5)	(1,989.2)	(3,077.2)	(5,347.1)	(7,872.1)	(7,246.4)
	Dividend Income	-	(4.8)	-	-	-	-
	Operating Profit Before working capital changes	**2254.6**	**15569.3**	**10200.5**	**9362.6**	**11446.3**	**28763.2**
	Adjustments for						
	(Increase) / Decrease in Inventories	(10,742.2)	(1,484.0)	(7,905.5)	7,700.5	(14,545.0)	(5,484.9)
	(Increase) / Decrease in Trade Receivables	(115.0)	(970.9)	(1,503.1)	77.8	(974.5)	1,221.4
	(Increase)/Decrease in Loans & Advances	1,255.8	(1,428.4)	1,337.4	2,131.7	4,019.9	(2,120.5)
	(Increase) / Decrease in Other Non-Current assets	(5.7)	(23.6)	(18.2)	-	-	-
	(Increase) / Decrease in Other Current assets	(49.3)	(364.6)	(890.7)	-	-	(212.5)
	Increase /(Decrease) in Liabilities	4,493.3	1,745.8	(768.6)	1,941.2	3,988.0	6,390.5
	Cash generated from Operations	**(2908.5)**	**13043.7**	**451.8**	**21213.8**	**3934.6**	**28557.2**
	Less: Income Tax paid	(410.3)	(4,958.5)	(4,212.5)	(4,910.0)	(7,160.4)	(10,179.6)
	Net cash from / (used in) Operating activities	**(3318.8)**	**8085.2**	**(3760.7)**	**16303.8**	**(3225.8)**	**18377.6**
(B)	Cash flow from Investing activities						
	Purchase of Fixed Assets	(2,766.5)	(17,628.2)	(24,722.8)	(32,840.6)	(20,502.8)	(15,594.0)
	Investments	(19.0)	(10.3)	(3,635.9)	(2.0)	-	-
	Dividend Received	-	4.8	-	-	-	-
	Proceeds from sale of Fixed Assets	0.0	29.5	35.6	352.8	22.9	5.4
	Interest received	161.9	1,939.7	3,710.3	6,562.2	8,207.3	7,467.5
	Net cash from / (used in) Investing activities	**(2623.6)**	**(15664.5)**	**(24612.8)**	**(25927.6)**	**(12272.6)**	**(8121.1)**
(C)	Cash flow from Financing activities						
	Proceeds from/(Repayment of) Secured Loans	-	-	-	(5,004.4)	5,749.4	(2,716.7)
	Proceeds from/(Repayment of) unsecured Loans	-	-	-	7,252.3	(79.1)	(2,045.6)
	Proceeds from/(Repayment of) short term loans	12,402.2	14,392.6	(965.3)	-	-	-
	Proceeds from Prime Minister's Trophy Fund	-	3.9	12.4	-	-	1.0
	Proceeds from/(Repayment of) share capital	(11,850.0)	(1,000.0)	-	-	-	-
	Interest and Finance charges	(1,461.8)	(1,967.6)	(1,513.3)	(742.2)	(921.3)	(450.9)
	Dividend Paid	-	(2,714.7)	(2,852.9)	(3,391.8)	-	-
	Dividend Tax Paid	-	(440.4)	(473.8)	(576.4)	-	-
	Net cash from / (used in) Financing activities	**(909.6)**	**8273.8**	**(5792.9)**	**(2462.5)**	**4749.0**	**(5212.2)**
	Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(6852.0)**	**694.5**	**(34166.4)**	**(12086.3)**	**(10749.4)**	**5044.3**
	Opening Balance of Cash & Cash equivalents	**20683.4**	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**
	Closing Balance of Cash & Cash equivalents	**13831.4**	**20683.4**	**19989.0**	**54155.4**	**66241.7**	**76991.1**
	(Represented by Cash & Bank Balances - Annexure IV G)						

ANNEXURE A

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF ASSETS AND LIABILITIES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
NON-CURRENT ASSETS						
Goodwill	1,429.2	1,429.2	1,429.2	-	-	-
Fixed Assets						
Tangible assets	18,561.3	18,202.5	15,701.7	14,629.6	12,517.9	13,812.7
Intangible assets	588.6	604.1	655.7	29.3	32.2	35.1
Capital work-in-progress	107,820.8	105,917.6	94,672.2	70,334.1	41,008.3	16,085.8
Intangible assets under development	165.6	150.1	-	-	-	-
Non Current Investments	87.2	87.2	107.3	2.5	0.5	0.5
Long term Loans and Advances	2,582.6	2,459.5	3,010.4	7,886.9	8,210.0	7,618.3
Other Non Current assets	109.0	103.3	79.7	61.5	42.5	21.8
Total Non-Current Assets	**131,344.2**	**128,953.5**	**115,656.1**	**92,943.9**	**61,811.4**	**37,574.2**
CURRENT ASSETS						
Inventories	45,125.6	34,375.8	32,895.6	24,641.6	32,342.1	17,797.1
Trade receivables	4,417.5	4,289.2	3,360.5	1,797.5	1,878.1	900.3
Cash and Bank balances	20,882.4	27,902.6	27,264.7	54,155.4	66,241.7	76,991.1
Short term Loans and Advances	25,657.7	24,161.7	16,729.5	10,360.0	12,598.6	16,728.8
Other Current assets	4,450.8	3,889.8	2,121.5	1,428.0	2,640.0	2,972.6
Total Current Assets	**100,534.1**	**94,619.1**	**82,371.7**	**92,382.5**	**115,700.5**	**115,389.9**
TOTAL ASSETS (A)	**231,878.3**	**223,572.6**	**198,027.8**	**185,326.4**	**177,511.9**	**152,964.0**
MINORITY INTEREST	**5,957.4**	**5,968.4**	**6,144.8**	-	-	-
NON CURRENT LIABILITES						
Deferred Tax Liabilities (Net)	603.8	588.0	789.2	1,005.3	1,225.8	1,626.6
Other Long term Liabilites	957.3	969.5	550.2	478.2	400.3	318.7
Long term provisions	5,103.8	4,869.3	5,836.0	5,674.7	4,372.2	3,433.6
Total Non-Current Liabilities	**6,664.9**	**6,426.8**	**7,175.5**	**7,158.2**	**5,998.2**	**5,378.9**
CURRENT LIABILITES						
Short term borrowings	38,153.6	25,751.4	11,358.8	12,324.1	10,077.6	4,407.3
Trade payables	7,427.8	3,679.6	5,937.9	5,578.2	4,686.1	2,463.2
Other current liabilities	40,045.3	38,117.8	28,023.3	22,284.6	21,020.4	13,652.6
Short term provisions	6,995.3	6,433.9	7,189.6	8,565.0	11,869.0	12,398.3
Total Current Liabilities	**92,622.0**	**73,982.7**	**52,509.6**	**48,752.0**	**47,653.1**	**32,921.5**
TOTAL LIABILITIES (B)	**105,244.3**	**86,377.9**	**65,829.9**	**55,910.1**	**53,651.3**	**38,300.4**
Net Worth (A - B)	**126,634.1**	**137,194.9**	**132,198.1**	**129,416.2**	**123,860.5**	**114,663.7**
Net Worth Represented by :						
Share capital	65,423.2	77,273.2	78,273.2	78,273.2	78,273.2	78,273.2
Reserves and surplus	61,210.9	59,921.7	53,924.9	51,143.1	45,587.3	36,390.4
	126,634.1	**137,194.9**	**132,198.1**	**129,416.3**	**123,860.5**	**114,663.6**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd(EIL) by RINL during the year 2010-11,EIL has become a subsidiary of RINL and accordingly the figures as reported at 30.06.2012;31.03.2012 and 31.03.2011 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE B

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
INCOME						
Revenue From Operations	32,495.6	146,037.6	117,246.2	107,653.9	105,277.8	105,313.8
Less: Excise duty	3,094.9	13,191.5	10,458.1	8,254.8	12,822.5	13,447.1
Other Income	936.7	3,901.3	4,822.7	6,240.2	8,573.9	8,041.3
Total Revenue	**30,337.3**	**136,747.4**	**111,610.8**	**105,639.4**	**101,029.2**	**99,908.0**
EXPENSES						
Cost of materials consumed	20,798.5	84,722.3	71,893.2	55,351.1	58,962.5	42,802.2
Consumption of Trail run production	2,993.3		-	-	-	-
Changes in Inventories of Semi-finished/Finished goods	(6,660.5)	454.9	(5,328.6)	4,153.4	(9,166.5)	(3,431.7)
Employees' benefits	4,000.8	15,107.1	13,195.9	13,997.4	11,573.5	10,307.3
Other expenses	5,510.4	20,575.4	18,164.8	16,618.6	16,541.1	15,640.8
Total Expenses	26,642.4	120,859.7	97,925.3	90,120.6	77,910.7	65,318.6
Less: Inter account adjustments-raw material mining cost	104.0	500.3	491.0	432.6	380.6	391.5
Net Expenses	26,538.4	120,359.4	97,434.3	89,688.0	77,530.0	64,927.1
Earnings before interest, tax, depreciation&amortisation(EBITDA)	3,798.9	16,388.0	14,176.5	15,951.4	23,499.1	34,980.9
Finance Costs	797.5	1,906.0	1,644.9	775.6	874.7	315.6
Depreciation and Amortisation	426.0	3,414.9	2,879.8	2,771.7	2,404.5	4,715.6
Prior period items - Net credit	(18.6)	(69.5)	(339.8)	(72.4)	(45.9)	(3.9)
Profit after PPI and Before Exceptional & Extraordinary Items and Tax	2,594.0	11,136.6	9,991.6	12,476.5	20,265.9	29,953.6
Exceptional Items	-	-	28.7	-	-	-
Profit Before Extraordinary Items and Tax	2,594.0	11,136.6	9,962.9	12,476.5	20,265.9	29,953.6
Extraordinary items	-	-	-	-	-	-
Profit Before Tax	**2,594.0**	**11,136.6**	**9,962.9**	**12,476.5**	**20,265.9**	**29,953.6**
Tax Expense						
Current Tax	839.8	3,887.3	3,761.4	4,630.8	7,463.8	11,881.3
Earlier years adjustments	-	(106.6)	(259.2)	146.2	(213.8)	(116.4)
Fringe Benefit Tax		-	-	(0.5)	46.5	43.0
Deferred Tax	20.4	(141.6)	(210.1)	(266.7)	(386.3)	(1,281.7)
Profit /(loss) for the period from Continuing Operations	1,733.8	7,497.4	6,670.8	7,966.8	13,355.6	19,427.4
Profit /(loss) for the period from Discontinuing Operations	-	-	-	-	-	-
Tax Expense of discontinuing Operations	-	-	-	-	-	-
Profit /(loss) for the period from Discontinuing Operations (after Tax)	-	-	-	-	-	-
Net profit / (Loss) after tax as per audited accounts	**1,733.8**	**7,497.4**	**6,670.8**	**7,966.8**	**13,355.6**	**19,427.4**
Adjustments on account of -						
(a) Changes in accounting policies	-	142.5	(2.7)	-	-	(1,717.4)
(b) Other adjustments & Prior period items	742.9	(1,059.6)	(15.8)	39.9	41.7	(74.3)
(c)Arrear Salary & Wages	-	-	461.1	(835.7)	145.8	189.6
(d) Current Tax impact of Adjstments	(247.9)	393.3	342.9	(155.1)	18.7	(106.0)
(e) Deffered tax impact adjustments	(4.6)	(22.6)	(130.2)	46.2	(14.5)	655.4
Total of Adjustments after Tax impact	**490.4**	**(546.4)**	**655.3**	**(904.7)**	**191.7**	**(1,052.6)**
Profit after tax (as restated)	**1,243.4**	**8,043.8**	**6,015.5**	**8,871.5**	**13,164.0**	**20,480.0**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd (EIL) by RINL during the year 2010-11, EIL has become a subsidiary of RINL and accordingly the figures as reported at 30.06.2012;31.03.2012 and 31.03.2011 are on consolidated basis and for the periods prior to that are on standalone basis.

ANNEXURE C

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY CASH FLOW STATEMENT - RESTATED

(₹ in Million)

	PARTICULARS	For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
(A)	Cash flow from Operating activities						
	Net Profit / (Loss) before taxation	1,848.0	12,053.7	9,180.7	13,272.4	20,078.4	31,555.7
	Add / (Less) Adjustments for:						
	Depreciation	407.8	3,555.2	2,873.9	2,804.5	2,413.9	3,006.7
	Interest and Finance Charges	630.2	1,906.0	1,644.9	775.5	874.7	315.7
	Provisions	(242.2)	108.7	153.1	(1,071.4)	(3,713.7)	1,131.9
	Unrealised Foreign Exchange (Gain) /Loss	35.5	11.0	(53.0)	(112.1)	478.5	-
	(Profit)/Loss on sale of fixed assets	(0.0)	(17.5)	(32.6)	(10.2)	(4.7)	(0.4)
	Finished goods consumed for capital jobs	(111.3)	(54.8)	(66.5)	(949.0)	(808.7)	-
	Interest Income	(433.5)	(2,559.3)	(3,571.1)	(5,347.1)	(7,872.1)	(7,246.4)
	Dividend Income	-	(4.8)	-	-	-	-
	Operating Profit Before working capital changes	**2,134.5**	**14,998.2**	**10,129.4**	**9,362.6**	**11,446.3**	**28,763.2**
	Adjustments for						
	(Increase) / Decrease in Inventories	(10,749.8)	(1,481.6)	(7,907.2)	7,700.5	(14,545.0)	(5,484.9)
	(Increase) / Decrease in Trade Receivables	(176.1)	(933.4)	(1,507.3)	77.8	(974.5)	1,221.4
	(Increase)/Decrease in Loans & Advances	1,072.2	(2,624.3)	1,412.6	2,131.7	4,019.9	(2,120.5)
	(Increase) / Decrease in Other Non-Current assets	(5.7)	(23.6)	(18.2)	-	-	-
	(Increase) / Decrease in Other Current assets	(49.3)	(364.6)	(890.7)	-	-	(212.5)
	Increase /(Decrease) in Liabilities	4,529.5	2,905.3	(713.8)	1,941.2	3,988.0	6,390.5
	Cash generated from Operations	**(3,244.7)**	**12,476.1**	**504.8**	**21,213.8**	**3,934.6**	**28,557.2**
	Less: Income Tax paid	(410.9)	(4,993.9)	(4,188.2)	(4,910.0)	(7,160.4)	(10,179.6)
	Net cash from / (used in) Operating activities	**(3,655.6)**	**7,482.1**	**(3,683.4)**	**16,303.8**	**(3,225.8)**	**18,377.6**
(B)	Cash flow from Investing activities						
	Purchase of Fixed Assets	(2,765.1)	(17,657.6)	(25,578.3)	(32,840.6)	(20,502.8)	(15,594.0)
	Investments	(19.0)	19.7	(3,625.9)	(2.0)	-	-
	Dividend Received	-	4.8	-	-	-	-
	Proceeds from sale of Fixed Assets	0.0	29.5	35.6	352.8	22.9	5.4
	Interest received	329.7	2,509.8	4,097.9	6,562.2	8,207.3	7,467.5
	Net cash from / (used in) Investing activities	**(2,454.4)**	**(15,093.9)**	**(25,070.7)**	**(25,927.6)**	**(12,272.6)**	**(8,121.1)**
(C)	Cash flow from Financing activities						
	Proceeds from/(Repayment of) Secured Loans	-	-	-	(5,004.4)	5,749.4	(2,716.7)
	Proceeds from/(Repayment of) unsecured Loans	-	-	-	7,252.3	(79.1)	(2,045.6)
	Proceeds from/(Repayment of) short term loans	12,402.2	14,392.6	(965.3)	-	-	-
	Proceeds from Prime Minister's Trophy Fund	-	3.9	12.4	-	-	1.0
	Proceeds from/(Repayment of) share capital	(11,850.0)	(1,000.0)	-	-	-	-
	Interest and Finance charges	(1,461.8)	(1,967.6)	(1,513.3)	(742.2)	(921.3)	(450.9)
	Dividend Paid	(0.7)	(2,738.6)	(2,998.4)	(3,391.8)	-	-
	Dividend Tax Paid	-	(440.4)	(473.8)	(576.4)	-	-
	Net cash from / (used in) Financing activities	**(910.3)**	**8,249.9**	**(5,938.4)**	**(2,462.5)**	**4,749.0**	**(5,212.2)**
	Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(7,020.3)**	**638.2**	**(34,692.5)**	**(12,086.3)**	**(10,749.4)**	**5,044.3**
	Opening Balance of Cash & Cash equivalents	**27,902.7**	**27,264.6**	**61,957.1**	**66,241.7**	**76,991.1**	**71,946.8**
	Closing Balance of Cash & Cash equivalents	**20,882.4**	**27,902.6**	**27,264.7**	**54,155.4**	**66,241.7**	**76,991.1**
	(Represented by Cash & Bank Balances - Annexure-D-VII)						

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd(EIL) by RINL during the year 2010-11,EIL has become a subsidiary of RINL and accordingly the figures as reported at 30.06.2012;31.03.2012 and 31.03.2011 are on consolidated basis the and for for the periods prior to that are on standalone basis.

THE OFFER

The following table summarizes the Offer details:

Offer aggregating up to [●] million	488,984,620 Equity Shares[(1)]
Of which	
Employee Reservation Portion [(2)(3)]	48,898,462 Equity Shares
Therefore,	
Net Offer [(2)]	440,086,158 Equity Shares
Of which	
QIB Portion[(4)]	Not more than 220,043,079 Equity Shares[(5)*]
Of which	
Mutual Funds (5% of QIB Portion)	11,002,154 Equity Shares[(5)]
Balance for all QIBs including Mutual Funds	209,040,925 Equity Shares[(5)]
Non-Institutional Portion	Not less than 66,012,924 Equity Shares[(5)]
Retail Portion [(3)]	Not less than 154,030,155 Equity Shares[(5)*]
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	4,889,846,200 Equity Shares
Equity Shares outstanding after the Offer	4,889,846,200 Equity Shares
Use of Offer Proceeds	See the section titled "***Objects of the Offer***" on page 75 of this Red Herring Prospectus. Our Company will not receive any proceeds of this Offer.

** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*

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

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

*(3) The Selling Shareholder and our Company shall offer a discount of ₹ [●] and ₹ [●] to the Retail Individual Investors and the Eligible Employees Bidding under the Employee Reservation Portion at the time of making the Bid. The amount of Retail Discount and Employee Discount shall be advertised in English and Hindi national newspapers and one Telugu newspaper (i.e., all editions of Indian Express, Janasatta and Andhra Bhoomi), each with wide circulation, at least two Working Days prior to the Offer Opening Date. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion Bidding at a price within the Price Band can make payment of the Bid Amount less the Retail Discount and Employee Discount, as applicable. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion should note that while filling the "Bid Option" block in the Bid-cum-Application Form, they must indicate the Bid Price without adjusting the Retail Discount or Employee Discount, as applicable. However, for the purpose of completing the "payment options" or the "SCSB/payment details" block in the Bid-cum-Application Form, Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion must mention the payment amount, i.e. Bid Amount less Retail Discount or Employee Discount, as applicable. For further details, please see the section titled "**Offer Procedure**" on page 356 of this Red Herring Prospectus.*

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

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

GENERAL INFORMATION

Our Company was originally incorporated as a private limited company with the name 'Rashtriya Ispat Nigam Limited' on February 18, 1982 under the Companies Act. Subsequently, pursuant to the approval of the Ministry of Steel (No. 5(5)/2010-VSP) dated December 21, 2011 and a resolution passed by the shareholders at their EGM dated April 21, 2012, our Company was converted into a public limited company and a fresh certificate of incorporation was issued by the RoC on May 10, 2012. For further details in relation to corporate history of our Company, please see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus.

Registered and Corporate Office of our Company

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

For details of the changes to our Registered Office, please refer to the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus.

Corporate Identification Number: U27109AP1982GOI003404
Registration Number: 03404

Address of the RoC

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

Board of Directors

Our Board comprises the following:

Name, Designation and DIN	Age	Address
Mr. A.P. Choudhary *Designation:* Chairman and Managing Director *DIN:* 02697893	58	Steel House, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. Umesh Chandra *Designation:* Director (Operations), executive non independent Director *DIN:* 02398270	58	D-4, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. P. Madhusudan *Designation:* Director (Finance), executive non independent Director *DIN:* 02845996	54	D-6, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. T.K. Chand *Designation:* Director (Commercial), executive non independent Director *DIN:* 01710900	52	D-1, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. Y.R. Reddy *Designation:* Director (Personnel), executive non independent Director *DIN:* 03383459	58	D-7, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Mr. N.S. Rao *Designation:* Director (Projects) executive non independent Director *DIN:* 02548172	58	D-2, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India
Dr. Dalip Singh *Designation:* Government nominee Director, non executive non independent Director *DIN:* 02211894	56	D-1/87, Ravindra Nagar, Near Khan Market, New Delhi - 110 003, India
Mr. A.P.V.N. Sarma *Designation:* Independent Director	62	8-2-601/A/19, Panchavati Colony, Road No.10, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India

Name, Designation and DIN	Age	Address
DIN: 03272585		
Mr. H.S. Chahar *Designation:* Independent Director *DIN:* 01691383	63	B-402, Jagaran Apartments, Plot No.17, Sector-22 Dwarka, New Delhi – 110 075, India
Mr. Swashpawan Singh *Designation:* Independent Director *DIN:* 02600225	63	F-3/10, Vasant Vihar, New Delhi – 110 057, India
Dr. Upendra Dutta Choubey *Designation:* Independent Director *DIN:* 00153988	63	E-1, Antriksh Greens, Sector 50, Noida - 201 301, Uttar Pradesh, India
Mr. Virendra Singh Jain *Designation:* Independent Director *DIN:* 00253196	66	B-12, 2nd Floor, Gyan Bharati School Lane, Saket, New Delhi – 110 017, India
Prof. Sushil *Designation:* Independent Director *DIN*: 05300091	56	32 Vikramshila Apartments, IIT Campus, Shaheed Jeet Singh Marg, Hauz Khas, New Delhi – 110 016, India
Mr. Ashhok Kumar Jain *Designation:* Independent Director *DIN*: 05298647	61	1C/5, New Rohtak Road, New Delhi – 110 005, India

For further details regarding our Board, see the section titled "***Our Management***" on page 142 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. P. Mohan Rao
Company Secretary
D 12, 2nd Floor, D Block
Administrative Building
Visakhapatnam Steel Plant
Visakhapatnam - 530 031
Andhra Pradesh, India
Telephone: +91 891 251 8015
Facsimile: +91 891 251 8249
Email: csipo@vizagsteel.com

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

Book Running Lead Managers

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

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

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

Syndicate Managers

Karvy Stock Broking Limited
"Karvy House"
46, Avenue 4, Street No.1
Banjara Hills, Hyderabad – 500 034
Andhra Pradesh, India
Telephone: +91 40 2331 2454
Facsimile : +91 40 6662 1474
Email: ramapriyanpb@karvy.com
Investor Grievance Email: ksblredressal@karvy.com
Contact Person: Mr. P.B. Ramapriyan
Website: www.karvy.com
SEBI Registration Number: BSE INB010770130/NSE INB230770138

SMC Global Securities Limited
11/6B, Shanti Chamber
Pusa Road, New Delhi – 110 005
Delhi, India
Telephone: +91 11 6607 0400
Facsimile : +91 11 2326 3297
Email: rinl.ipo@smcindiaonline.com
Investor Grievance Email: mkg@ smcindiaonline.com/rinl.ipo@smcindiaonline.com
Contact Person: Mr. Mahesh Gupta/ Mr. Neeraj Khanna
Website: www. smcindiaonline.com/www.smctradeonline.com
SEBI Registration Number: BSE INB011343937/NSE INB230771431

Legal Advisors

Domestic Legal Counsel to our Company and the Selling Shareholder

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

Domestic Legal Counsel to the Underwriters

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Amarchand Towers, 216 Okhla Industrial Estate
Phase – III
New Delhi – 110 020
India
Telephone : +91 11 2692 0500
Facsimile: +91 11 2692 4900

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

International Legal Counsel to the Offer

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

Registrar to the Offer

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

** The SEBI registration of Karvy Computershare Private Limited was valid up to July 31, 2012. An application for grant of permanent registration has been made by Karvy Computershare Private Limited on April 27, 2012, to SEBI, three months before the expiry of the period of the certificate as required under Regulation 8A(2) of clause 6 of the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations, 2011. The approval from SEBI is currently awaited.*

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

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

Experts

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

Auditor

B.V. RAO & Co.
Chartered Accountants
FF-1, 49-28-12
Satya Lakshmi Vinayaka Towers
Madhuranagar
Visakhapatnam – 530016
Andhra Pradesh, India
Telephone: +91 891 254 9707/254 9561
Facsimile: +91 891 2549707
Email: bvraoandco@gmail.com

Mr. B.V. RAO's Membership number: 091318
Firm Registration number: (F.R.N) 003118S

Escrow Collection Banks

HDFC Bank
FIG – OPS Department
Lodha, I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai – 400 042
Maharashtra, India
Telephone: +91 22 3075 2928
Facsimile: +91 22 2579 9809
Email: uday.dixit@hdfcbank.com
Contact Person: Mr. Uday Dixit
Website: www.hdfcbank.com
SEBI Registration Number: INBI00000063

State Bank of India
Videocon Heritage (Killick House)
Ground Floor
Charanjit Rai Marg
Mumbai - 400 001
Maharashtra, India
Telephone: +91 22 2209 4932/2209 4927
Facsimile: + 91 22 2209 4921/2209 4922
Email: nib11777@sbi.co.in/sbi11777@yahoo.co.in
Contact Person: Mr. Anil Sawant
Website: www.statebankofindia.com
SEBI Registration Number: INBI00000038

Axis Bank
148, Statesman House
Barakhamba Road
New Delhi - 110 001
Delhi, India
Telephone: +91 11 2331 1043/4152 1301
Facsimile: +91 11 2331 1054
Email: newdelhi.branchhead@axisbank.com/amit.mishra@axisbank.com/ ashish.dhall@axisbank.com
Contact Person: Mr. Amit Mishra/Mr. Ashish Dhall
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

IDBI Bank Limited
Unit No. 2, Corporate Park
Sion Trombay Road
Chembur
Mumbai - 400 071
Maharashtra, India
Telephone: +91 22 6690 8402
Facsimile: +91 22 2528 6173
Email: ipoteam@idbi.co.in
Contact Person: Mr. V. Jayananthan
Website: www.idbibank.com
SEBI Registration Number: INBI00000076

ICICI Bank Limited
30 Mumbai Samachar Marg,

Fort, Mumbai - 400 001
Maharashtra, India
Telephone: +91 22 6631 0312/ 6631 0322
Facsimile: +91 22 6631 0350/ 2261 1138
Email: viral.bharani@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Viral Bharani
SEBI Registration Number: INBI00000004

Kotak Mahindra Bank Limited
5th Floor, Dani Corporate Park 158
CST Road, Santacruz (E)
Mumbai – 400 098
Maharashtra, India
Telephone: +91 22 6759 5336
Facsimile: +91 22 6759 5374
Email: amit.kr@kotak.com
Contact Person: Mr. Amit Kumar
Website: www.kotak.com
SEBI Registration Number: INBI00000927

Union Bank of India
239 Vidhan Bhavan Marg
Nariman Point
Mumbai - 400 021
Maharashtra, India
Telephone: +91 11 2341 4229/2341 3685/2341 3687
Facsimile: +91 11 2341 3686
Email: hkbehra@unionbankofindia.com
Contact Person: Mr. H.K. Behra
Website: http://unionbankofindia.com
SEBI Registration Number: INBI00000006

Punjab National Bank
Capital Market Services Branch
5, Sansad Marg
New Delhi - 110 001
Delhi, India
Telephone: +91 11 2373 7531/33
Facsimile: +91 11 2373 7528
Email: b04552@pnb.co.in/ajitjain@pnb.co.in
Contact Person: Mr. A.K. Jain
Website: www.pnbindia.in
SEBI Registration Number: INBI00000084

Refund Bankers

HDFC Bank
FIG – OPS Department
Lodha, I Think Techno Campus
O-3 Level, Next to Kanjurmarg Railway Station
Kanjurmarg (East)
Mumbai – 400 042
Maharashtra, India
Telephone: +91 22 3075 2928
Facsimile: +91 22 2579 9809
Email: uday.dixit@hdfcbank.com
Contact Person: Mr. Uday Dixit
Website: www.hdfcbank.com

SEBI Registration Number: INBI00000063

State Bank of India
Videocon Heritage (Killick House)
Ground Floor
Charanjit Rai Marg
Mumbai - 400 001
Maharashtra, India
Telephone: +91 22 2209 4932/2209 4927
Facsimile: + 91 22 2209 4921/2209 4922
Email: nib11777@sbi.co.in/sbi11777@yahoo.co.in
Contact Person: Mr. Anil Sawant
Website: www.statebankofindia.com
SEBI Registration Number: INBI00000038

Axis Bank
148, Statesman House
Barakhamba Road
New Delhi - 110 001
Delhi, India
Telephone: +91 11 2331 1043/4152 1301
Facsimile: +91 11 2331 1054
Email: newdelhi.branchhead@axisbank.com/amit.mishra@axisbank.com
Contact Person: Mr. Amit Mishra/Mr. Ashish Dhall
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time. For details on designated branches of SCSBs collecting the Bid-cum-Application Form, please refer to the above mentioned link.

Bankers to our Company

State Bank of India 43-29-54/8, Balaji Metro Chambers Dondaparthy Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 255 5553 Facsimile: +91 891 255 5584 Email: sbi.14407@sbi.co.in Website: www.statebankofindia.com Contact Person: Mr. R. Srinivas	**State Bank of Hyderabad** Sector – 1, VSP Steel Township Ukkunagaram Visakhapatnam – 530 031 Andhra Pradesh, India Telephone: +91 891 254 8413 Facsimile: +91 891 251 8796 Email: vspsteelplant@sbhyd.co.in Website: www.sbhyd.com Contact Person: Mr. D. Srinivasa Rao	**Canara Bank** Steel Plant Branch Project Office Area Visakhapatnam – 530 031 Andhra Pradesh, India Telephone: +91 891 254 7931 Facsimile: +91 891 254 7930 Email: cb2430@canarabank.com Website: www.canarabank.com Contact Person: Mr. G.V. Ranga Rao
Bank of Baroda Vadlapudi Branch, "C" Block Project Office Complex Visakhapatnam – 530 031 Andhra Pradesh, India Telephone: +91 891 251 9197 Facsimile: +91 891 251 8629 Email: vadvis@bankofbaroda.com Website: www.bankofbaroda.com Contact Person: Mr. K. Nagabhushana Rao	**Andhra Bank** 0955, Steel Plant Township Branch Opposite Sector 5 Shopping Complex, Ukkunagaram Visakhapatnam – 530 032 Andhra Pradesh, India Telephone: +91 891 254 6812 Facsimile: +91 891 258 1142 Email: bmvpm955@andhrabank.co.in Website: www.andhrabank.in Contact Person: Mr. N. P. Sarangi	**UCO Bank Limited** Balacheruvu VSP Township , Sector – III Visakhapatnam – 530 032 Andhra Pradesh, India Telephone: +91 891 251 8560 Facsimile: +91 891 251 9121 Email: balach@ucobank.co.in Website: www.ucobank.in Contact Person: Mr. A. Behera
IDBI Bank Limited 30-15-35, Ground Floor Dabagardens Visakhapatnam – 530 020 Andhra Pradesh, India Telephone: +91 891 669 2845 Facsimile: +91 891 256 5267	**Vijaya Bank** 41/2, M.G. Road Trinity Circle Bengaluru – 560 004 Karnataka, India Telephone: +91 80 2558 4603 Facsimile: +91 80 2558 2915	**The Hongkong and Shanghai Banking Corporation Limited** 76, Cathedral Road Chennai – 600 086 Tamil Nadu, India Telephone: +91 44 4391 2003 Facsimile: +91 44 2811 1845

Email: kanwadeb.das@idbi.co.in Website: www.idbi.com Contact Person: Mr. K. Das	Email: cmmbd@vijayabank.co.in Website: www.vijayabank.com Contact Person: Mr. Sasidharan N.	Email: info@hsbc.co.in Website: www.hsbc.co.in Contact Person: Mr. Amit K. Gupta
Indusind Bank Limited 1st Floor, Mohini Complex Main Road, Gajuwaka Visakhapatnam – 530 026 Andhra Pradesh, India Telephone: +91 891 275 8223 Facsimile: +91 891 251 4124 Email: gaju@indusind.com Website: www.indusind.com Contact Person: Mr. S. Krishnamurthy	**Bank of America N.A.** 8th Floor, EA Chambers Express Avenue, Royapettah Chennai – 600 0014 Tamil Nadu, India Telephone: +91 44 4290 4589 Facsimile: +91 44 4352 8911 Email: Ashwin.narasimhan@baml.com Website: bankofamerica.com Contact Person: Mr. Ashwin Narasimhan	**Citi Bank N.A.** 1st Floor, Queens Plaza Sardar Patel Road, Begumpet Hyderabad – 500 003 Andhra Pradesh, India Telephone: +91 40 4000 5716 Facsimile: +91 40 4003 3240 Email: manish.daruka@citi.com Website: www.citibank.co.in Contact Person: Mr. Manish Daruka
HDFC Bank Limited 48-14-9, I Floor Potluri Castle, Dwarakanagar Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 653 3895 Facsimile: +91 891 271 4005 Email: krishnaprasad.pithani@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Krishna Prasad Pithani	**Deutsche Bank AG** 26-27, Raheja Towers M.G. Road Bengaluru – 560 001 Karnataka, India Telephone: +91 80 7193 5621 Facsimile: +91 80 7193 5594 Email: ravikiran.tanniru@db.com Website: www.db.com/india Contact Person: Mr. Ravi Kiran Tanniru	**Royal Bank of Scotland N.V.** Stamford Park, 8-2-269/4/B, Road No.2 Banjara Hills, Hyderabad – 500 034 Andhra Pradesh, India Telephone: +91 40 6685 8534 Facsimile: +91 40 6666 0567 Email: meher.dwibhashyam@rbs.com Website: www.rbs.in Contact Person: Mr. Meher Dwibhashyam
Bank of Tokyo – Mitsubishi UFJ Limited Seshachalam Centre , 6th and 7th Floor Door No. 636/1, Anna Salai, Nandanam Chennai – 600 035 Tamil Nadu, India Telephone: +91 44 4560 5800/4560 5900 Facsimile: +91 44 4560 5999 Email: sriram_g@in.mufg.jp Website: www.bk.mufg.jp Contact Person: Mr. G. Sriram	**Kotak Mahindra Bank Limited** 6-3-119/1/P, 2nd Floor Jewel Pawani Towers, Raj Bhavan Road, Somajiguda Hyderabad – 500 082 Andhra Pradesh, India Telephone: +91 40 6667 9900 Facsimile: +91 40 4003 7268 Email: Sreesuma.potluri@kotak.com Website: www.kotak.com Contact Person: Ms. Sreesuma Potluri	**JP Morgan Chase Bank NA** JP Morgan Tower Off. C.S.T. Road, Kalina Santacruz East Mumbai – 400 098 Maharashtra, India Telephone: +91 22 6157 3454 Facsimile: +91 22 2654 1083 Email: vinod.p.raghavan@jpmorgan.com Website: www.jpmorgan.com Contact Person: Mr. Vinod Raghavan
Axis Bank Limited D. No. 26-1-2/5, Padmasree Arcade, NH-5, Main Road, Chinagantyada Gajuwaka Visakhapatnam – 530 026 Andhra Pradesh, India Telephone: +91 891 653 3670 Facsimile: +91 891 275 0093 Email: gajuwaka.branchhead@axisbank.com Website: www.axisbank.com Contact Person: Mr. K. N. Gupta	**Standard Chartered Bank** Crescenzo, CMS Department, Plot No. C-38 and 39, 3/F G-Block, Crescenzo BKC, Bandra East Mumbai – 400051 Maharashtra, India Telephone: +91 22 2675 7227 Facsimile: +91 22 2675 7358 Email: ipo.scb@sc.com Website: www.standardchartered.com Contact Person: Ms. Priscilla Dsilva	**ICICI Bank Limited** 47-14-18, Isnar Satyasri Complex First Floor Darakanagar Main Road Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 669 2607 Facsimile: +91 891 669 2608 Email: varaprasad.n@icicibank.com Website: www.icicibank.com Contact Person: Mr. N. G. Vara Prasad
Central Bank of India 50-81-25,Seethammapeta Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 256 3595 Facsimile: +91 891 256 1720 Email: Cmvija0824@centralbank.co.in Website: www.centralbankofindia.co.in Contact Person: Mr. Anand Mohan	**Indian Overseas Bank** 47-15-12, Station Road Dwaraka Nagar Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 255 3330 Facsimile: +91 891 255 2201 Email: vizagbr@vissco.iobnet.co.in Website: www.iob.in Contact Person: Mr. N. Jagadeeswaran	**Indian Bank** 30-9-3, Sarada Street Daba Gardens Visakhapatnam – 530 020 Andhra Pradesh, India Telephone: +91 891 256 5644 Facsimile: +91 891 252 9479 Email: visakhapatnam@indianbank.co.in Website: www.indianbank.in Contact Person: Mr. D. Bhaskar Rao
Bank of India Visakhapatnam Branch Isnar Khazana Towers, II Lane Dwaraka Nagar Visakhapatnam – 530 016 Andhra Pradesh, India Telephone: +91 891 252 5172 Facsimile: +91 891 256 3883 Email: Vskpmain.Visakhapatnam@bankofindia.co.in Website: www.bankofindia.com Contact Person: Mr. N. Samantaray	**Union Bank of India** SME Branch 12-4-32, I Floor, Chandu's Plaza Green Park Road Visakhapatnam – 530 002 Andhra Pradesh, India Telephone:+91 891 270 6762 Fascimile:+91 891 256 0192 Email:cbs-ssivisakhapatnam@unionbankofindia.com Website: www.unionbankofindia.com Contact Person: Mr. A.K. Parichha	**Allahabad Bank**. 30-15-171, Near Saraswathi Park Daba Gardens Visakhapatnam – 530020 Andhra Pradesh, India Telephone: +91 891 273 2511/256 7933 Facsimile: +91 891 273 6515 Email: br.visakhapatnam@allahabadbank.in Website: www.allahabadbank.in Contact Person: Mr. K. G. M. Faizani

Statement of Responsibilities of the Book Running Lead Managers

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

	Activities Responsibility	Responsibility	Coordinating
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	UBS, DEIPL	UBS
2.	Due diligence of the Company's operations/management/ business plans/legal, etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of the Prospectus and filing with the RoC.	UBS, DEIPL	UBS
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	UBS, DEIPL	UBS
4.	Appointment of registrar and grading agencies to the Offer.	UBS, DEIPL	DEIPL
5.	Appointment of all other intermediaries including bankers to the Offer, printers, advertising agency etc.	UBS, DEIPL	UBS
6.	Preparation of road show presentation.	UBS, DEIPL	DEIPL
7.	Institutional Marketing of the Offer • Finalise the list and division of investors for one to one meetings; and • Finalising the international and domestic institutional road show schedule and investor meeting schedules.	UBS, DEIPL	DEIPL
8.	Retail / Non-Institutional marketing strategy which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget; • Finalising media, marketing and public relations strategy; • Finalising centers for holding conferences for brokers, etc.; • Finalising bidding and collection centers; and • Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the issue material.	UBS, DEIPL	DEIPL
9.	Coordination with Stock Exchanges for Book Building software, bidding terminals and mock trading.	UBS, DEIPL	UBS
10.	Finalising of Pricing and Allocation.	UBS, DEIPL	DEIPL
11.	Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, coordination with Registrar and Banks, intimation of allocation and dispatch of refund to Bidders, etc. The post issue activities of the issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Issue, Banker to the Issue and the bank handling refund business. The Book Running Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Issuer Company.	UBS, DEIPL	DEIPL

Credit Rating

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

IPO Grading

This Offer has been graded by India Ratings & Research Private Limited and has been assigned the "IND 4 indicating above average fundamentals, through its letters dated July 10, 2012 and September 17, 2012. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For details in relation to the rationale furnished by India Ratings & Research Private Limited, please refer to "Annexure II".

Expert Opinion

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

Trustees

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

Monitoring Agency

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

Project Appraisal

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

Book Building Process

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

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

The Offer is being made through the Book Building Process where not more than 50% of the Net Offer will be allocated to QIBs on a proportionate basis*. Further, 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than 11,002,154 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Offer Price. Further, not less than 15% and 35% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders*, respectively, subject to valid Bids being received at or above the Offer Price. Further, 48,898,462 Equity Shares will be made available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Offer Price. Any Bidder may participate in the Offer through the ASBA process by providing details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. For more information, see the section titled "***Offer Procedure***" on page 356 of this Red Herring Prospectus.

** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*

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

In accordance with the ICDR Regulations, QIBs are not allowed to withdraw their Bids after the Offer Closing Date. For further details, see the section titled "***Offer Structure***" on page 351 of this Red Herring Prospectus.

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

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

Steps to be taken by the Bidders for Bidding:

(1) Check eligibility for making a Bid. See the section titled "***Offer Procedure***" on page 356 of this Red Herring Prospectus.

(2) Ensure that you have a PAN number and an active demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;

(3) Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form;

(4) Except for Bids (i) on behalf of Central or State Government and the officials appointed by the courts, who, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN Allotted under the I.T. Act in the Bid-cum-Application Form. The exemption for Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors that by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids the Registrar will check under the Depository records for appropriate description under the PAN Field and whether PAN flag has been enabled. The PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (please see the section titled "***Offer Procedure***" on page 356 of this Red Herring Prospectus);

(6) Bids by QIBs and Non-Institutional Bidders shall be submitted only through the ASBA process;

(7) Ensure the correctness of your PAN, DPID and Client ID given in the Bid-cum-Application Form. Based on these three parameters, the Registrar to the Offer will obtain details of the Bidders from the Depositories including Bidder's name, bank account, number etc.; and

(8) Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches, except ASBA Bids in the Syndicate ASBA Bidding Centres. In case of the Syndicate ASBA Bidding Centres, the ASBA Bids may either be submitted with the Designated Branches or with the Syndicate. ASBA Bidders should ensure that their ASBA Accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid-cum-Application Form is not rejected.

Illustration of Book Building and Price Discovery Process

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

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

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

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

Withdrawal of the Offer

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

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

Offer Period

OFFER OPENS ON	**OCTOBER 15, 2012**
OFFER CLOSES FOR QIB BIDDERS ON	**OCTOBER 17, 2012**
OFFER CLOSES FOR NON-QIB BIDDERS ON	**OCTOBER 18, 2012**

The above timetable is indicative and does not constitute any obligation on our Company, Selling Shareholder or the Book Running Lead Managers. Whilst our Company and Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 12 Working Days of the Offer Closing Date, the timetable may change due to various factors, such as extension of the Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable law.

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

Bids and any revision in Bids shall be accepted only between **10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Offer Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form **except that on the Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 4.00 p.m. (Indian Standard Time) in case of Bids by QIBs and Non-Institutional Bidders and (ii) 5.00 p.m. (Indian Standard Time) in case of Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchanges within half an hour of such closure. **Due to limitation of the time available for uploading the Bids on the Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Offer Closing Date.** Bidders are advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. If such Bids are not uploaded, our Company, Book Running Lead Managers and Syndicate members will not be responsible. Bids will be accepted only on Working Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

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

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

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

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

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

Underwriting Agreement

After the determination of the Offer Price but prior to filing of the Prospectus with the RoC, each of our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is expected that pursuant to the terms of the Underwriting Agreement, the Book Running Lead Managers shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. The Underwriting Agreement shall be to the extent of Bids uploaded by the Underwriter, including through their Syndicate/sub-syndicate. Pursuant to the terms of the underwriting agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

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

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ Million)
Karvy Stock Broking Limited "Karvy House" 46, Avenue 4, Street No.1 Banjara Hills, Hyderabad – 500 034 Andhra Pradesh, India Telephone: +91 40 2331 2454 Facsimile : +91 40 6662 1474 Email: ramapriyanpb@karvy.com	[●]	[●]
SMC Global Securities Limited 11/6B, Shanti Chamber Pusa Road, New Delhi – 110 005 Delhi, India Telephone: +91 11 6607 0400 Facsimile : +91 11 2326 3297 Email: rinl.ipo@smcindiaonline.com	[●]	[●]
Total	**[●]**	**[●]**

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

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

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

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

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

CAPITAL STRUCTURE

The share capital of our Company as at the date of filing this Red Herring Prospectus is set forth in the table below.

		Aggregate Nominal Value (₹)	Aggregate Value at Offer Price (₹)
A)	**AUTHORISED SHARE CAPITAL[(a)]**		
	4,890,000,000 Equity Shares	48,900,000,000	-
	3,110,000,000 Redeemable Preference Shares	31,100,000,000	-
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**		
	4,889,846,200 Equity Shares	48,898,462,000	-
	1,610,870,000 Redeemable Preference Shares	16,108,700,000	-
C)	**PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS[(b)]**		
	Offer for sale of 488,984,620 Equity Shares	4,889,846,200	[●]
	Which Comprises		
	Employee Reservation Portion of 48,898,462 Equity Shares[(c)]	488,984,620	[●]
	Net Offer of 440,086,158 Equity Shares	4,400,861,580	[●]
	Of which		
	QIB Portion of not more than 220,043,079 Equity Shares*	2,200,430,790	[●]
	Non-Institutional Portion of not less than 66,012,924 Equity Shares	660,129,240	[●]
	Retail Portion of not less than 154,030,155 Equity Shares*	1,540,301,550	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	4,889,846,200 Equity Shares	48,898,462,000	[●]
	1,610,870,000 Redeemable Preference Shares	16,108,700,000	[●]
E)	**SHARE PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer	Nil	

** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*

(a) For details of the changes in our authorised share capital, see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus.

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

(c) The MoS, through its letter No. 5(5)/2010-VSP dated February 8, 2012 has conveyed the approval of the competent authority for reserving Equity Shares for employees of our Company in accordance with ICDR Regulations. Our Board by its resolution dated May 16, 2012 approved reservation of 10% of the Offer as Employee Reservation Portion. The under-subscription in the Employee Reservation Portion will first be allocated towards over-subscription in the Retail Portion (if any) and thereafter towards over-subscription (if any) in any other category, in the Offer, except if these categories are not adequately over-subscribed. In case of under- subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion.

Notes to the Capital Structure

1. Share Capital History of our Company

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

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

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

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

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

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

On April 21, 2012, the face value of the 7% non-cumulative redeemable preference shares of ₹ 1,000 each was split into ₹ 10 each and consequently, the issued preference capital was split from ₹ 16,524,700,000 divided into 16,524,700 7% non-cumulative redeemable preference shares of ₹ 1,000 each to ₹ 16,524,700,000 divided into 1,652,470,000 7% non-cumulative redeemable preference shares of ₹ 10 each ("**Redeemable Preference Shares**"). On August 5, 2012 and September 7, 2012, our Company redeemed 21,750,000 and 19,850,000 Redeemable Preference Shares, respectively, out of reserves and surplus of our Company. 13,900,000 Redeemable Preference Shares will be redeemed on October 1, 2012.

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

Financial Year	Number of Redeemable Preference Shares	Value (in ₹)
2013	153,900,000	1,539,000,000
2014	606,970,000	6,069,700,000
2015	550,000,000	5,500,000,000
2016	300,000,000	3,000,000,000

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

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

3. Issue of Equity Shares for consideration other than cash

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

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

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

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

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

(a) Build up of equity shareholding of the Promoter

All allotments of Equity Shares were made to the Promoter. For the allotments made to the Promoter, refer to the Equity Share capital history of our Company in the section titled "***Capital Structure***" on page 66 of this Red Herring Prospectus.

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

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

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

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

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

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

i. The Promoter's Contribution has not been acquired in the last three years: (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) have arisen from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's Contribution;

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

iii. Our Company has not been formed by the conversion of partnership firm into a company;

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

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

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

The MoS through its letter dated May 8, 2012 granted approval for the lock-in of its pre-Offer shareholding, less the Promoter's Contribution and Equity Shares being offered in this Offer, i.e. lock-in of 3,422,892,340 Equity Shares from the date of transfer in the Offer, for a period of one year from the date of Allotment.

(d) Other Requirements in respect of Lock-in

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

6. The Shareholding Pattern of our Company

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

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares		Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			Pre-Offer	**Post-Offer**		**Pre-Offer**	**Post-Offer**	**Number of shares**	**As a percentage**
(I)	(II)	(III)	(IV)	(V)	(V)	(VI)	(VII)	(IX)	(X)=(IX)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**								
1	**Indian**								
A	Individuals/Hindu Undivided Family	0	0		0	0.00	0.00	0	0.00
B	Central Government/State Government	7*	4,889,846,200	4,400,861,580	4,889,846,200	100.00	90.00	0	0.00
C	Bodies Corporate	0	0	0	0	0.00	0.00	0	0.00
D	Financial Institutions/Banks	0	0	0	0	0.00	0.00	0	0.00
E	Any Other (specify)	0	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**7***	**4,889,846,200**	**4,400,861,580**	**4,889,846,200**	**100.00**	**90.00**	**0**	**0.00**
2	**Foreign**								
A	Individuals(Non-Resident Individuals)	0	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate *i.e.* OCBs	0	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0	0.00	0.00	0	0.00
D	Any Other (specify)	0	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**7***	**4,889,846,200**	**4,400,861,580**	**4,889,846,200**	**100.00**	**90.00**	**0**	**0.00**
(B)	**Public Shareholding**								
1	**Institutions**	0	0	[●]	0	0.00	[●]	0	0.00
A	Mutual Funds/UTI	0	0	[●]	0	0.00	[●]	0	0.00
B	Financial Institutions/Banks	0	0	[●]	0	0.00	[●]	0	0.00
C	Central Government/State Government(s)	0	0	[●]	0	0.00	[●]	0	0.00
D	Venture Capital Fund	0	0	[●]	0	0.00	[●]	0	0.00
E	Insurance Companies	0	0	[●]	0	0.00	[●]	0	0.00
F	Foreign Institutional Investors	0	0	[●]	0	0.00	[●]	0	0.00
G	Foreign Venture Capital Investors	0	0	[●]	0	0.00	[●]	0	0.00
H	Any Other (specify)	0	0	[●]	0	0.00	[●]	0	0.00
	Sub-Total (B) (1)	**0**	**0**	**[●]**	**0**	**0.00**	**[●]**	**0**	**0.00**
2	**Non-Institutions**								
A	Bodies Corporate	0	0	[●]	0	0.00	[●]	0	0.00
B	Individuals	0	0	[●]	0	0.00	[●]	0	0.00
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	0	0	[●]	0	0.00	[●]	0	0.00
II	Individual Shareholders holding nominal Share Capital value in excess	0	0	[●]	0	0.00	[●]	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares		Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
	of ₹ 100,000								
C	Any Other (specify)	0	0	[●]	0	0.00	[●]	0	0.00
I	Trust	0	0	[●]	0	0.00	[●]	0	0.00
Ii	NRI's	0	0	[●]	0	0.00	[●]	0	0.00
Iii	OCB's	0	0	[●]	0	0.00	[●]	0	0.00
Iv	Foreign Nationals	0	0	[●]	0	0.00	[●]	0	0.00
	Sub-Total (B) (2)	**0**	**0**	**[●]**	**0**	**0.00**	**[●]**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**0**	**0**	**488,984,620**	**0**	**0.00**	**10.00**	**0**	**0.00**
	Total (A)+(B)	**0**	**4,889,846,200**	**4,889,846,200**	**0**	**90.00**	**10**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**7***	**4,889,846,200**	**4,889,846,200**	**4,889,846,20**	**90.00**	**10.00**	**0**	**0.00**

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

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

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

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

*As a nominee of the President of India

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

(i) The top ten shareholders of our Company as of the date of this Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Offer %	Post-Offer %
1.	President of India, acting through the MoS	4,889,845,400	99.99	89.99
2.	Mr. A.P. Choudhary*	300	Negligible	Negligible
3.	Mr. P. Madhusudan*	100	Negligible	Negligible
4.	Mr. S. Machendra Nathan*	100	Negligible	Negligible
5.	Dr. Dalip Singh*	100	Negligible	Negligible
6.	Mr. T.K. Chand*	100	Negligible	Negligible
7.	Mr. Umesh Chandra*	100	Negligible	Negligible

*As a nominee of the President of India

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

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Offer %
1.	President of India, acting through the MoS	4,889,845,400	99.99

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

*As a nominee of the President of India

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

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

*As a nominee of the President of India

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

10. Our Promoter and Directors have not purchased/subscribed or sold any securities of our Company, within three years from the date of this Red Herring Prospectus, which in aggregate is equal to or greater than one percent of the pre-Offer share capital of our Company.

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

12. There has not been and there will not be any further issue of capital whether by way of public issue, bonus shares, preferential allotment, rights issue, qualified institutional placement, or in any other manner during the period commencing from the submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares to be transferred pursuant to the Offer have been listed. Further, our Company does not have any intention, proposal, negotiations or consideration to alter its capital structure by way of split/consolidation of the denomination of the Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities, within a period of six months from the Offer Opening Date except for any issuance in terms of Rule 19(2)(b)(ii) of the SCRR for compliance with the minimum public shareholding requirements set forth thereunder.

13. Our Directors or the relatives of our Directors have not financed the purchase by any other person of the securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

14. None of the Book Running Lead Managers hold any Equity Shares as on the date of this Red Herring Prospectus. The Book Running Lead Managers and their respective affiliates may engage in the transactions with and perform services for our Company and our Subsidiaries in the ordinary course of business and have engaged or may in the future engage, in commercial banking and investment banking transactions with our Company and our Subsidiaries, for which they have received, and may in future receive, customary compensation.

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

16. Except as stated in the Section titled "***Our Management***" on page 142 of this Red Herring Prospectus, none of our Directors and Key Management Personnel hold Equity Shares in our Company.

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

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

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

20. Our Company has not issued Equity Shares out of revaluation reserves.

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

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

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

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

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

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

27. Subject to allocation of not less than 35% of the Net Offer to Retail Individual Bidders* and not less than 15% of the Net Offer to Non-Institutional Bidders, the under-subscription in the Employee Reservation Portion will first be allocated towards over-subscription in the Retail Portion (if any) and thereafter towards over-subscription (if any) in any other category, in the Offer, except if these categories are not adequately over-subscribed. Under-subscription, if any, in any category shall be met with spill-over from other categories, at the sole discretion of the Selling Shareholder and our Company, in consultation with the Book Running Lead Managers. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

    ** In case of over-subscription in the Retail Portion, the Selling Shareholder and our Company, in consultation with the BRLMs, may, at their sole discretion, decide to allocate up to 50% (but in no event less than 35%) of the Net Offer to Retail Individual Bidders. In case of such increased allocation to Retail Individual Bidders, the allocation in the QIB Portion will be proportionately reduced.*

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

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

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

31. No person connected with the Offer shall offer any incentive, whether direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Bidder.

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

33. Oversubscription to the extent of 10% of the Net Offer can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.

OBJECTS OF THE OFFER

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

Offer Related Expenses Activity	**Total Expense***	**As a % of Total Estimated Offer Expenses***	**As a % of Offer***
Book Running Lead Managers' fee	[●]	[●]	[●]
Underwriting and selling commissions, commission/processing fee for SCSBs and Syndicate for ASBA	[●]	[●]	[●]
Registrar to the Offer fees	[●]	[●]	[●]
Advisors to the Offer fees	[●]	[●]	[●]
Fees to Bankers to the Offer	[●]	[●]	[●]
Other (auditor's fees, advertising and marketing expenses, grading expenses, fees for depositories *etc.*)	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

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

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

BASIS FOR OFFER PRICE

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

The Offer Price will be determined by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, on the basis of assessment of market demand from the Bidders for the offered Equity Shares by way of the Book Building Process, and on the basis of the following qualitative and quantitative factors. Bidders should also see sections titled "***Risk Factors***", "***Our Business***" and "***Financial Statements***" on pages 17, 98 and 165 of this Red Herring Prospectus, respectively, to have an informed view before making an investment decision. The financial data presented in this section are based on the Company's audited restated consolidated and unconsolidated financial statements.

Qualitative Factors

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

For further details which form the basis for computing the Offer Price, see sections titled "***Our Business***" and "***Risk Factors***" on pages 98 and 17 of this Red Herring Prospectus, respectively.

Quantitative Factors

The information presentation below relating to the Company is based on the audited restated consolidated and unconsolidated financial statements for Fiscals 2010, 2011 and 2012 prepared in accordance with Indian GAAP. For more information, see "***Financial Statements***" page 165.

1. EARNING PER SHARE ("EPS") of ₹1,000 per share (Unconsolidated):

Fiscal	Basic & Diluted EPS (in ₹)	Weight
2010	132.4	1
2011	72.1	2
2012	140.5	3
Weighted Average	**116.4**	

EARNING PER SHARE ("EPS") of ₹1,000 per share (Consolidated):

Fiscal	Basic & Diluted EPS (in ₹)	Weight
2010	132.4	1
2011	74.1	2
2012	137.7	3
Weighted Average	**115.6**	

Notes:
a) Basic EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of Equity Shares outstanding during the period/year.
b) Diluted EPS has been computed by dividing profit/(loss) after tax and before extraordinary items, by the number of diluted Equity Shares outstanding during the period/year.
c) Face value per share is ₹ 1,000. On April 21, 2012, the face value of the equity shares of our Company was split into ₹10. EPS on the basis of ₹ 10 face value per share is ₹1.3, ₹0.7 and ₹1.4 for 2010, 2011 and 2012 respectively on both consolidated as well as unconsolidated basis.
d) As of June 30, 2012, EPS on the basis of ₹10 face value per share is ₹0.3 on both consolidated as well as unconsolidated basis.
e) EPS calculations have been done in accordance with Accounting Standard 20-"Earning per share" issued by the Institute of Chartered Accountants of India.

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

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

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

Particulars	P/E ratio
For the year ended March 31, 2010	[●]
For the year ended March 31, 2011	[●]
For the year ended March 31, 2012	[●]

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

Particulars	P/E ratio
For the year ended March 31, 2010	[●]
For the year ended March 31, 2011	[●]
For the year ended March 31, 2012	[●]

c. Industry P/E-

Particulars	P/E ratio
Highest	11.1
Lowest	5.6
Industry composite	8.2

Source: Capital Market Vol. XXVI1/15; Sep 17-30, 2012 (Industry- Steel Large) P/E Ratios based on Trailing Twelve Months (TTM) EPS and price as of September 10, 2012.

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

Fiscal	RoNW (%)	Weight
2010	6.9%	1
2011	4.5%	2
2012	6.0%	3
Weighted Average	**5.7%**	

RoNW (Consolidated):

Fiscal	RoNW (%)	Weight
2010	6.9%	1
2011	4.6%	2
2012	5.9%	3
Weighted Average	**5.6%**	

Note: RoNW has been computed by dividing net profit/(loss) after tax by the net worth. Net worth includes Preference Capital of ₹ 28,374.7 Million, ₹ 29,374.7 Million and ₹ 29,374.7 Million for 2012, 2011 and 2010 respectively. RONW as of June 30, 2012 was 0.99% and 0.98% on unconsolidated and consolidated basis, respectively.

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

Based on basic and diluted earning per share:

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

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

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

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

a. As of March 31, 2011 (Unconsolidated): 2,102.6
b. As of March 31, 2012 (Unconsolidated): 2,224.6
c. As of June 30, 2012 (Unconsolidated): 2,250.9
d. As of June 30, 2012 (Unconsolidated)*: 22.5
e. As of March 31, 2011 (Consolidated): 2,102.8
f. As of March 31, 2012 (Consolidated): 2,225.4
g. As of June 30, 2012 (Consolidated): 2,251.8
h. As of June 30, 2012 (Consolidated)*: 22.5
i. Offer Price : ₹ [●]**
j. As of June 30, 2012 (unconsolidated) after the Offer: ₹ [●]
k. As of June 30, 2012 (consolidated) after the Offer: ₹ [●]

** The face value of Equity shares was split from ₹ 1000/- per share to ₹ 10/- per share on 21st April 2012*
*** Since the Offer is being made through the Book Building Process, the Offer Price will be determined on the basis of market demand from the Bidders for the offered Equity Shares, on conclusion of the Book Building Process.*

Note: Net worth includes Preference Share Capital of ₹ 16,524.7 Million, ₹ 28,374.7 Million, ₹ 29,374.7 Million and ₹ 29,374.7 Million for June 2012, March 2012, March 2011 and March 2010 respectively.

NAV per Equity Share has been computed by dividing net worth after deducting Preference Share Capital, by number of Equity Shares outstanding at the end of the period.

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

6. COMPARISON WITH OTHER LISTED COMPANIES

Unconsolidated

Fiscal 2012	Face Value (₹)	Total Income (₹ Millions)	Basic EPS (₹)	NAV (₹)	P/E Multiple [2]	RONW (%)
Rashtriya Ispat Nigam Limited[1]	1,000	135,794	140.5	2,224.6		6.0%
Tata Steel Ltd. [3]	10	348,199	67.8	541.7		12.7%
Steel Authority of India Ltd. [3]	10	478,975	8.6	96.4		8.9%
JSW Steel Ltd. [3]	10	323,020	71.4	829.0		8.8%

Consolidated

Fiscal 2012	Face Value (₹)	Total Income (₹ Millions)	Basic EPS (₹)	NAV (₹)	P/E Multiple [2]	RONW (%)
Rashtriya Ispat Nigam Limited[1]	1,000	136,747	137.7	2,225.4		5.9%
Peer Group						
Tata Steel Ltd. [3]	10	1,344,727	54.3	442.9		12.5%
Steel Authority of India Ltd. [3]	10	479,285	8.6	N.A		N.A
JSW Steel Ltd. [3]	10	344,449	22.7	750.7		8.8%

1) The Face value per equity share, Total Income, Basic EPS, RoNW and NAV per share figures for our Company are based on the restated, unconsolidated and restated, consolidated audited results for the year ended March 31, 2012. Adjusted for Share split of 1:100 on April 21,2012 Basic EPS would be ₹1.4 and NAV would be ₹22.3and ₹ 22.2 on consolidated and unconsolidated basis, respectively.
2) P/E is computed based on the closing price on NSE as on [●] divided by Basic EPS based on the (unconsolidated and consolidated audited results for the year ended March 31, 2012).
3) The Face value per equity share, Total Income Basic EPS (on unconsolidated and consolidated basis), The RONW (on unconsolidated and consolidated basis) and NAV (on unconsolidated and consolidated basis are based on the respective annual filings for the year ended March 31, 2012.For SAIL Consolidated Balance Sheet for FY12 not released.
4) For the peers have been computed based on the respective annual reports for the year ended March 31, 2012 as follows:

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

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND SHAREHOLDERS

AUDITORS REPORT ON STATEMENT OF TAX BENEFITS

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

Dear Sirs,

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

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

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

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

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

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

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

Place: Visakhapatnam
Date: 04-05-2012

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

Statement of Tax Benefit

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

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

A. SPECIAL TAX BENEFITS

1. **SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY**

There are no special tax benefits available to the company

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

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

B. GENERAL TAX BENEFITS

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

A) **BUSINESS INCOME:**

1. Depreciation:

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

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

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

2. Preliminary Expenses:

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

3. Expenditure incurred on voluntary retirement scheme:

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

4. Expenditure on Scientific Research:

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

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

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

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

(b) Under section 35(2AA) of the Act, deduction is allowed for an amount equal to two times of the expenditure contributed to National laboratories, University, IIT, specified person as approved with the direction that the payment should be used for undertaking a scientific research programme approved by the prescribed authority.

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

5. Expenditure on Skill development project :

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

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

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

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

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

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

8. Carry forward of business loss:

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

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

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

10. Credit For Minimum Alternative Tax("MAT"):

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

(B) CAPITAL GAINS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Key Benefits available to Non-Resident Members/Shareholders

(a) Dividend Income:

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

(b) **Capital gains:**

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

(c) **Deduction of STT:**

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

(d) **Tax Treaty Benefits**:

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

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

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

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

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

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

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

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

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

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

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

(a) **Dividend Income:**

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

(b) **Capital Gains:**

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

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

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

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

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

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

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

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

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

(d) Deduction of STT:

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

(e) Tax Treaty Benefits:

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

2.4 <u>Key benefits available to mutual funds</u>

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

3. <u>Wealth Tax Act,1957</u>:

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

<u>Notes:</u>

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

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

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

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

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

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

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The Global Steel Industry

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

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

Global Steel Production

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

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

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

Source: WSA Steel Statistical Yearbook 2011

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

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

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

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

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

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

Global Steel Consumption

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

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

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

Global Steel Prices

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

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

Market Trends

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

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

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

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

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

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

Global Steel Outlook

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

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

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

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

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

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

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

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

f = forecast

The Indian Steel Industry

India is the second largest country in the world, with a population of 1.2 billion people in 2011, according to the IMF, World Economic Outlook 2012. The Indian economy is also one of the fastest growing economies in the world, with a GDP growth of 10.5% in 2010, according to the IMF. Its GDP at current prices is estimated at US$1.8 trillion (₹96.9

trillion) for 2012, according to the IMF. The Indian economy is better insulated from the global economy than several other Asian countries due to the fact that it does not rely heavily on exports to developed markets. This is compounded by strong economic fundamentals, which include high savings and investment rates and a rapidly growing middle class, helping to ensure a relatively stable economic performance for the country. India's economy has grown significantly in recent years with a GDP growth rate estimated at 7.1% in 2011, 6.1% in 2012 and 6.5% in 2013 according to the IMF.

Indian Steel Production

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

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

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

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

Source: Joint Plant Committee (JPC)

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

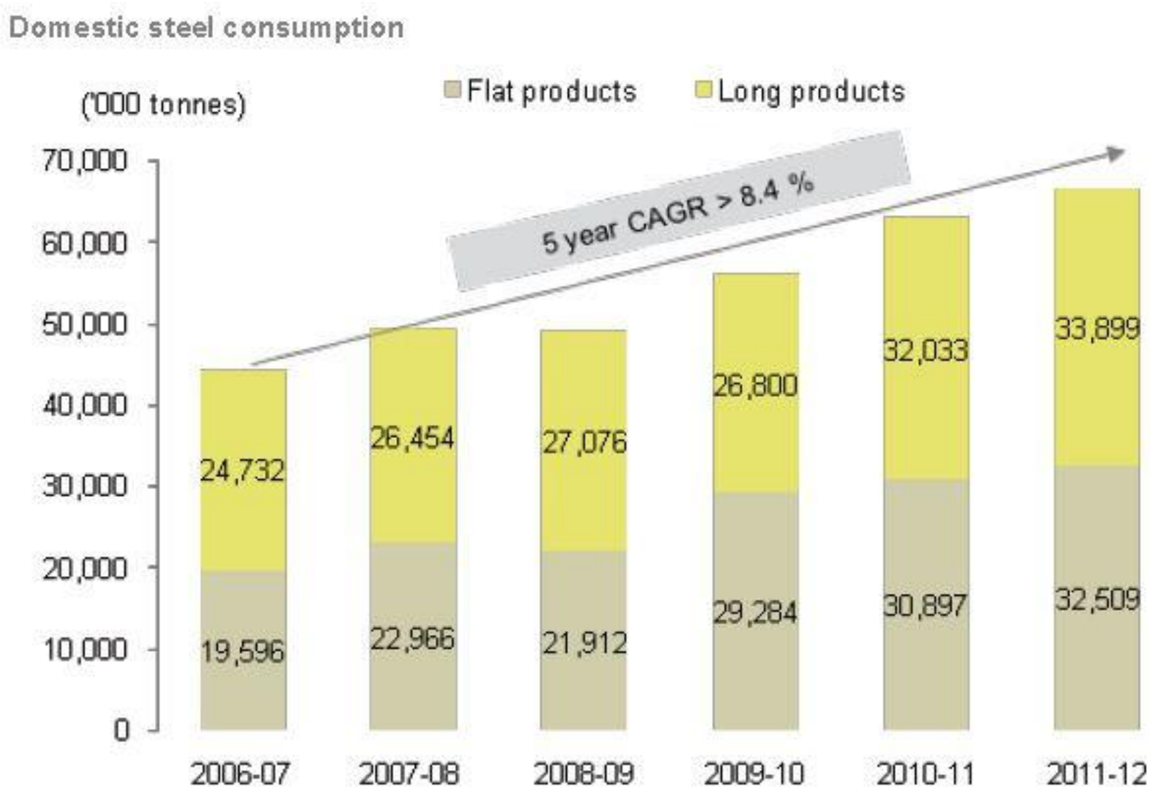
Capacity and Estimated Capacity (mt)		
Company	Capacity 2011-12	Capacity Estimate 2012-13
Tata Steel	6.8	9.7
SAIL	13.6	16.7
JSW Steel	11.0	11.0
RINL	3.3	3.3
JSPL	3.0	4.6
JSW Ispat	3.3	3.3
Bhushan	2.2	2.2
Essar	10.0	10.0
Bhushan Power and Steel	2.3	2.3
Monnet Ispat	0.3	1.5
Others	28.1	29.1
Total	83.9	93.7

Source: CRISIL Research

Indian Steel Consumption

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

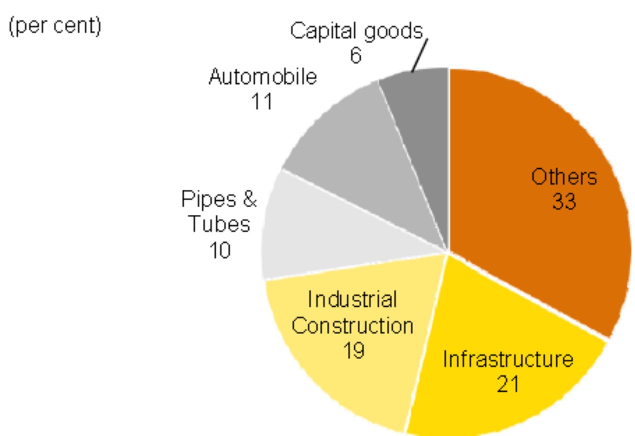
The following chart sets out the domestic steel consumption for the periods indicated:



Source: JPC, CRISIL Research

Among end-user sectors, the infrastructure and industrial construction sectors accounted for 40% of total steel consumption in India in the Financial Year 2012, followed by the pipes and tubes industry, which accounted for 10% of total steel consumption and the automobile sector, which accounted for 11% of total steel consumption in the same period, according to CRISIL Research. (Source: CRISIL Research, Steel Products - Outlook, September 2012)

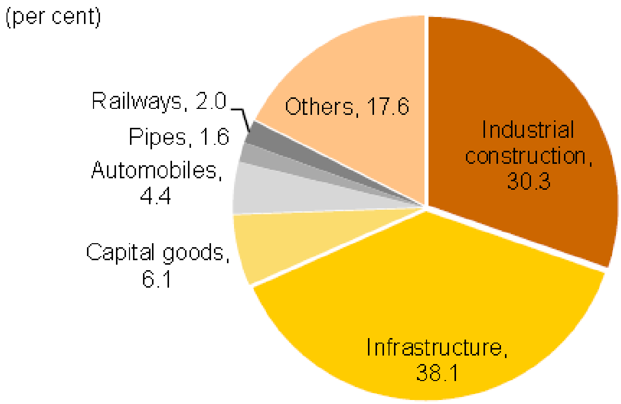
The following chart sets out the percentage of steel consumption each sector accounted for during the Financial Year 2012:



(Source: CRISIL Research, Steel Products – Outlook, September 2012)

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

The following chart sets out the long steel consumption pattern in India during the Financial Year 2012:



(Source: CRISIL Research, Steel Products – Outlook, September 2012)

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

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

Indian Steel Prices

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

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

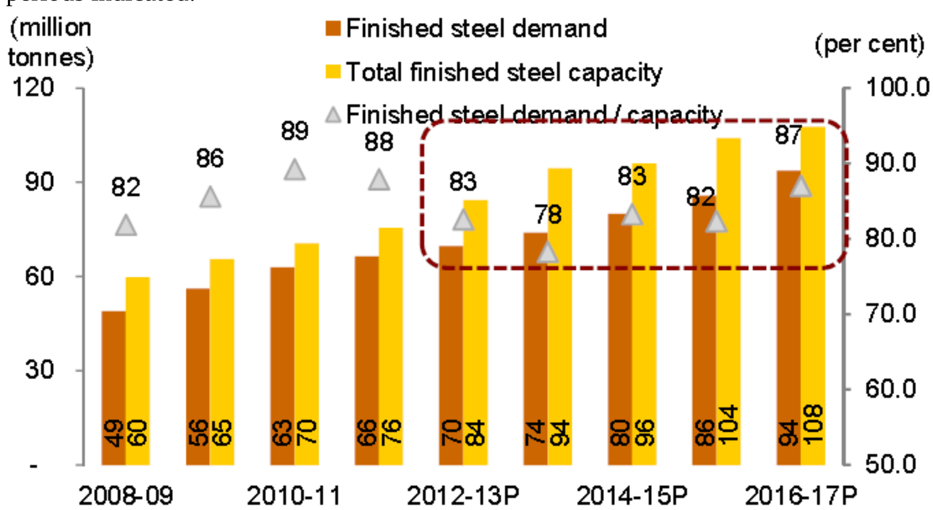
Summary - Price and profitability

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

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

Demand Outlook for the Indian Steel Industry

The following chart sets the demand, supply and demand-to-capacity rates outlook for steel products in India for the periods indicated:



P: Projected

(Source: WSA, CRISIL Research, Steel Products – Outlook, September 2012)

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

Market Trends

• *Expansion in the domestic market.* India has increasingly become an important part of the international steel market, and a key growth area for steel production, based on factors including its strong demand for steel arising from strong economic growth, low per capita steel consumption and abundant iron ore reserves. Increase in demand for steel in India has led to a corresponding increase in steel production in India, which includes the simultaneous commissioning of the brownfield expansions of a number of domestic steel companies, including our Company, SAIL, Tata Steel and JSW Steel. In addition, international steelmakers are looking to enter the market either through greenfield expansions or by forming joint ventures. For example, POSCO obtained permission to set up a steel mill in the Orissa State. JFE Steel, Japan's second largest steelmaker, signed a collaborative pact with JSW that allows JSW to produce automotive steel products with the technological expertise of JFE. Japanese steelmaker Kobe Steel is also planning to sign a joint venture agreement with SAIL to build a 500,000 tonne mill in West Bengal state to manufacture special-grade steel, which will require an investment of US$400 million, according to E&Y 2011. The implementation of these plans may be difficult, however, due to Indian regulations dealing with land acquisition, mining leases and forest clearances. According to CRISIL Research, approximately 35 mt of finished steel capacity and 40 mt of crude steel capacity are expected to be added between 2013 and 2017 (Source: CRISIL Research, Steel Products – Outlook, September 2012).

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

OUR BUSINESS

Overview

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

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

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

We produce a broad range of steel products, including plain wire rods, rebars, rounds, squares, structurals, billets, blooms and pig iron. We sell most of our products domestically, with Indian customers accounting for approximately 97.3% of our sales as of June 30, 2012, of which 53.6% was in south India. Our customers consist mainly of companies in the construction, infrastructure, manufacturing, automobile, general engineering and fabrication sectors.

As of June 30, 2012, we employed 18,007 permanent employees. We sell our products through a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents, four handling contractors and five consignment sales agents. We sell our steel products to project users, industrial users and retailers.

In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we recorded net sales of ₹91.28 billion, ₹98.09 billion, ₹105.79 billion, ₹131.76 billion and ₹26.15 billion, respectively, on a restated consolidated basis. During the same periods, we recorded a profit after tax of ₹13.16 billion, ₹8.87 billion, ₹6.02 billion, ₹8.04 billion and ₹1.24 billion, respectively. As of June 30, 2012, we had total assets and total net worth of ₹ 231.88 billion and ₹126.63 billion, respectively.

Key Strengths

Strong Position in a High Growth Market

We are a well-established producer of steel in the long products category. Factors such as an increasing demand for steel arising from strong economic growth, low per capita steel consumption and abundant iron ore reserves have resulted in a high growth steel industry in India, according to E&Y 2010. Steel consumption in India is projected to increase by 6.9% in the Calendar Year 2012, according to the WSA (Source: WSA Short Range Outlook, April 2012). According to CRISIL Research, domestic demand for long steel products in particular is expected to grow at a CAGR of 5-7% during the Calendar Years 2013-17.

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

Strategically Located Operations

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

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

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

Operational Efficiency

We believe that we have demonstrated a track record of being among the most efficient steel manufacturers in India, consistently operating above our installed capacities. Steel production is a high fixed-cost industry and production rates have a direct impact on unit costs. For the previous ten consecutive years, production in all major units of VSP exceeded 100% of rated capacity. For the Financial Year 2012, average production performance of hot metal, liquid steel and saleable steel was 111.1%, 110.3% and 112.6%, respectively. For the three months ended June 30, 2012, average production performance of hot metal, liquid steel and saleable steel was 92.3%, 104.6% and 98.6%, respectively.

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

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

Diverse Customer Base Served Through an Extensive Marketing Network

We have a diverse customer base of about 3,200 customers, as of June 30, 2012, spread across several industry and business segments. In the Financial Year 2012 and the three months ended June 30, 2012, our ten largest customers accounted for approximately 13.8% and 14.1%, respectively, of our total turnover. Over the same period, our biggest customer accounted for approximately 2.2% and 2.6%, respectively, of our turnover. Several of our customers have been in long-term relationships with us for over ten years. We have entered into MoUs with our principal customers to supply our products. During the Financial Year 2012 and the three months ended June 30, 2012, various MoUs were signed for a total quantity of approximately 2.6 mt and 2.3 mt, respectively, of steel, which accounted for 83.8% and 71.3%, respectively, of our saleable steel. As of June 30, 2012, approximately 90.0% of our customers were repeat customers.

Our broad customer base is supported by our extensive marketing network. We market and provide products to three major categories of customers: project users, industrial users and retailers. As of March 31, 2012, project users, industrial users and retailers accounted for 22.6%, 29.6% and 47.8% of our customers, respectively. As of June 30, 2012, project users, industrial users and retailers accounted for 31.5%, 22.3% and 46.2% of our customers, respectively For a further discussion of these categories, see the section titled "***–Sales***" on page 107 of this Red Herring Prospectus. We have a wide marketing network of five regional offices, 23 branch offices, 18 consignment agents, four handling contractors and five consignment sales agents. We sell our products under the Vizag brand, with the trademarks "VIZAG STEEL," "VIZAG TMT" and "VIZAG UKKU," which we believe enjoys strong brand recognition in India.

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

Experienced Management Team and Skilled Workforce

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

As of June 30, 2012, we had 18,007 permanent employees, comprising 5,923 executives and 12,084 non-executives. Of these non-executives, 6,439 are skilled workers. Our employees are provided training in accordance with the Quality Management System certified by ISO 9001:2008. We regularly provide advanced management training workshops, performance appraisals, competency checklists and surveys to our different employees.

The efforts of our senior management team and workforce have not only resulted in our being recognised with the Prime Minister's Trophy as the best integrated steel plant in the country for the years 2002-03 and 2005-06 and Steel Minister's Trophy as the best integrated steel plant in the country for 2006-07 and 2009-10. We have also been recognised as one of "India's Best Companies to Work For" for three consecutive years from 2009-11 by the Economic Times and Great Place to Work For Institute. Furthermore, certain of our employees are recipients of the Shram Veer awards, given by the Prime Minister of India.

Strategies

Expand Capacity to Benefit from Expected Growth in Demand

Our Company intends to modernise, upgrade and expand our production facilities to more than double the existing liquid steel production capacity of VSP in phases to 6.3 mtpa by the Financial Year 2013 and to 7.3 mtpa by the Financial Year 2015.

We are close to completing the first phase of expansion to increase our capacity from the current 3.0 mtpa to 6.3 mtpa, and we commissioned a new blast furnace in April 2012. We believe that the increase in production capacity will increase the size of our operations, particularly our production of long steel products, in which we have a strong market position, improve our economies of scale and further enable us to compete more effectively with other steel manufacturers, and maintain market share in the face of expected continued growth in steel demand in India, spurred by strong infrastructure sector funding by the government and the revival of the manufacturing and automobile industries. As we have a limited amount of financial indebtedness, we believe we are well positioned to fund our growth. For a further discussion of this expansion, see the section titled "***–Expansion and Development Projects– Expansion and Modernisation of Visakhapatnam Steel Plant***" on page 102 of this Red Herring Prospectus.

Increase Raw Materials Security

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

- As of June 30, 2012, we had submitted a total of 34 mining applications and prospecting licence applications to various State Governments, including 29 applications for iron ore, one application for dolomite, three applications for non-coking coal and one application for manganese ore;
- On May 24, 2012, we entered into an MoU with NMDC to explore the possibility of setting up projects for the pipeline transport of raw materials from Jagdalpur to Visakhapatnam and setting up a filtration and pellet plant at Visakhapatnam;
- In January 2012, we entered into an MoU with the Government of Andhra Pradesh to facilitate the allotment of raw materials to supply our planned increased production capacity;

- On August 31, 2011, we entered into a consortium agreement with other Indian steel producers to cooperate in the submission of a joint bid for iron ore deposits in Afghanistan;
- In January 2011, we acquired a 51.0% stake in EIL, a holding company for OMDC and BSLC, both mining companies which hold iron ore, limestone, dolomite and manganese ore reserves;
- In May 2009, we formed a JVC with MOIL to incorporate RINMOIL Ferro Alloys Private Limited, for the purpose of setting up a ferro alloys unit. Ferro alloy is an essential resource required in quality steel production. RMFA intends to produce 37,500 tonnes per annum of silico manganese ore and 20,000 tonnes per annum of ferro manganese ore; and
- In January 2009, we formed ICVL, a JVC, with other PSUs, comprising SAIL, CIL, NMDC and NTPC. ICVL's objective is to acquire coking and non-coking coal assets abroad.

In addition, we are considering acquiring the remaining 49.0% in EIL and a consultant has been appointed at the subsidiary level to advise on this potential transaction.

For further discussion of the current status of our key raw material initiatives, see the section titled "***–Raw Material Projects***" on page 110 of this Red Herring Prospectus, and for details of the MoUs and other agreements see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus. We intend to continue to collaborate with our partners to pursue our current initiatives and, if suitable opportunities arise, to pursue new initiatives to become more self-sufficient in our raw materials procurement.

Expand Product Mix to Meet Customer Expectations

We plan to expand our operations to improve our product mix and manufacture new products in line with our customers' requirements. In the three months ended June 30, 2012, sales of our value added products, including plain wire rods and rebars, as a percentage of total saleable steel stood at 76.5%. This percentage has increased every year for the past five fiscal years, measuring 62.1%, 75.7%, 75.3%, 78.9% and 79.0% in the Financial Years 2008, 2009, 2010, 2011 and 2012, respectively. We intend to continue to increase our production of value added steel products. To this end, we are constructing three new finishing mills, a wire rod mill, a special bar mill and a structural mill, all of which are planned to be brought into operation during the Financial Years 2013-14. We also are planning to construct a tube mill to produce high-grade seamless tubes for high-end industrial users, including the oil and gas and nuclear industries, and will be among the few Indian producers to offer this product. In addition, our Company has entered into an MoU with Power Grid Corporation of India Limited to set up a joint venture in order to produce end products such as a transmission line tower and tower parts. For details of this MoU, see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus. We are setting up a rail axle plant in the state of West Bengal for the manufacturing of railway axles, which we intend to produce with the large diameter round billets from our upgraded plant. We believe that the diversification of our production capabilities will enable us to increase our sales volume by selling these additional products to our existing and new customers, with an anticipated beneficial impact on our profitability.

Continue to Strengthen Competitive Cost Structure

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

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

Our Company's Facilities

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

VSP comprises the following principal units:

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

Expansion and Development Projects

Expansion and Modernisation of Visakhapatnam Steel Plant

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

Expansion to 6.3 mtpa

We are well advanced in the first phase of expansion for increasing our liquid steel capacity to 6.3 mtpa. The first phase has been divided into two stages. Stage I consists setting up a new blast furnace with advanced technology, a sinter plant and raw material handling systems, a new steel melting shop (Steel Melt Shop) along with enhanced technological facilities to produce clean steel, and a new wire rod mill. For details on the industrial accident which occurred at the Steel Melt Shop, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company***" on page 18 of this Red Herring Prospectus. The commissioning activities of the Stage I units started in November 2011. Our equipment has been supplied by globally reputed contractors from Russia, Luxembourg and the United States. Major units are targeted for commissioning by the end of the Financial Year 2013.

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

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

Mill	Products	Capacity in mt	Stretched Capacity in mt[2]
Wire Rod Mill[(1)]	Plain Wire Rods	0.6	0.75
Special Bar Mill[(1)]	Rounds	0.75	0.9
Structural Mill	Rounds Squares Structurals	0.7	0.85
Total		**2.05**	**2.5**

[1]Our new mills will produce both normal and value-added products.
[2]Envisaged production after stabilisation and under optimum conditions of operation.

The total capital expenditure expected to be incurred in connection with the expansion to 6.3 mtpa is approximately ₹122.92 billion. As of June 30, 2012, we had spent ₹ 96.05 billion on the expansion. While our Company expects to fund the entirety of our current expansion through internal resources, we may need to raise funds through external financing in the future. For further discussion, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–If we are unable to obtain adequate funding for our expansion plans, our business, results of operations and financial condition would be adversely affected***" on page 28 of this Red Herring Prospectus.

We have already entered into a long-term agreement, valid until March 3, 2015, with NMDC for the supply of iron ore in order to meet the requirements of our expanded capacity, and we plan to import our requirement of coking coal from overseas suppliers. Our mines are expected to fulfil our entire requirement for dolomite and BF (blast furnace) grade limestone. We have also recruited approximately 2,670 employees over the Financial Years 2008-12 in anticipation for the additional manpower required by the expansion.

Expansion to 7.3 mtpa

For the modernisation and further enhancement of our plant from 6.3 mtpa to 7.3 mtpa by the Financial Year 2015, we are repairing and upgrading our two existing blast furnaces, which will increase our hot metal production by 1.0 mtpa. In order to convert this additional hot metal into liquid steel, we are also installing another LD converter and continuous casting machine.

Additional Development Projects

Apart from our planned expansion, we are undertaking two independent development projects. This includes building a seamless tube mill in order to expand our product mix. The seamless tube mill, which will produce seamless pipes for high-end industrial users, is estimated to give us an additional specialized capacity of 0.4 mtpa. We are also building a new coke oven battery, which will act as a replacement while we are repairing and modernizing our other coke oven batteries.

Ongoing Productivity Improvement Initiatives

Alongside our expansion plans, we have also adopted a number of measures to improve our levels of productivity. These initiatives include:

- Redeploying experienced employees from our existing units to our expansion units,
- Reducing labour-intensive work through upgrading our technology,
- Outsourcing labour for non-core functions, and
- Introducing IT enabled services and implementing an ERP platform.

Development of Axle Plant

On January 10, 2011, our Company entered into a MoU with Ministry of Railways, GoI, for the manufacture and supply of railway axles and various other railway products. We will produce the axles while Indian Railways will act as a long-term customer. We are setting up a plant with the capability of producing rail axles at New Jalpaiguri in the state of West Bengal, on land to be provided by the Ministry of Railways. The lease agreement for the land provided by the Ministry of Railways has been approved by our Board of Directors. For more information on the MoU, see the section titled "***History and Certain Corporate Matters***" on page 122 of this Red Herring Prospectus.

Our Products

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

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

	Financial Year							
	2010		2011		2012		Three months ended June 30, 2012	
	Net Sales (₹ million)	% of Net Sales	Net Sales (₹ million)	% of Net Sales	Net Sales (₹ million)	% of Net Sales	Net Sales (₹ million)	% of Net Sales
Blooms	2,093.1	2.13%	2,498.4	2.36%	4,150.4	3.15%	804.15	3.07%
Billets	2,378.1	2.42%	972.4	0.92%	1,090.3	0.83%	168.84	0.65%
WRM[1]	28,598.5	29.15%	32,489.6	30.71%	40,215.7	30.52%	7,753.01	29.68%
LMMM[2]	25,817.0	26.32%	28,148.5	26.61%	34,349.7	26.07%	7,567.89	28.97%
MMSM[3]	28,149.3	28.70%	30,976.7	29.28%	36,701.5	27.85%	6,164.09	23.60%
Pig iron	7,817.2	7.97%	5,906.3	5.58%	9,567.8	7.26%	2,195.32	8.40%
Others	3,238.4	3.30%	4,803.1	4.54%	5,687.4	4.32%	1,467.72	5.63%
Total	**98,091.6**	**100.00%**	**105,795.0**	**100.00%**	**131,762.8**	**100.00%**	**26,121.02**	100%

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

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

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

Semi-finished Products

The following table lists our various semi-finished products, including our production for the Financial Year 2012 as well as for the three months ended June 30, 2012 and their end users.

Product	Financial Year 2012 Production (mt)	Three Months Ended June 30, 2012 Production (mt)	Key End User
Blooms	3.1	0.74	Processed further in our mills; surplus is sold to downstream producers
Billets	1.9	0.44	Processed further in our mills; surplus is sold to downstream producers

Blooms

Blooms are semi-finished products used for the manufacturing of long steel products. We produce blooms at our steel melt shop, which are then rolled to produce billets. Blooms not used by us are sold to downstream steel producers, who further process them into steel products that are utilised in a wide variety of construction and manufacturing sectors. In the Financial Year 2012 and the three months ended June 30, 2012, we produced 3.1 mt and 0.74 mt, respectively, of blooms, of which 0.1 mt and 0.032 mt, respectively, was meant for sale, while the rest were further processed in our mills.

Billets

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

Our Company manufactures billets for further rolling into bars and plain wire rods. We sell our non-rollable billets to downstream steel producers who further process them into steel products that are utilised in a wide variety of construction and manufacturing sectors. In the Financial Year 2012 and in the three months ended June 30, 2012, we produced 1.9 mt and 0.44 mt, respectively, of billets, of which 0.03 mt and 0.006 mt, respectively, was meant for sale, while the rest were further processed in our mills.

Long Products

The following table lists our various long steel products, including our production for the Financial Year 2012 as well as for the three months ended June 30, 2012 and their various end users.

Product	Financial Year 2012 Production (mt)	Three Months Ended June 30, 2012 Production (mt)	Key End User
Plain wire rods	0.4	0.05	Broad range of customers who use them for wire drawing, bright bars, fasteners and construction
Rebars	1.3	0.34	Construction and infrastructure projects
Structurals	0.3	0.06	Construction and infrastructure projects
Rounds	0.5	0.08	Mainly sold to manufacturing and automobile industries; some are sold to downstream producers who reroll them
Squares	0.4	0.07	Mainly sold to the automobile and engineering industries; some are sold to downstream producers who reroll them

Plain Wire Rods

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

In the Financial Year 2012 and in the three months ended June 30, 2012, we produced 0.4 mt and 0.05 mt, respectively, of plain wire rods in our Wire Rod Mill.

Rebars

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

In the Financial Year 2012 and in the three months ended June 30, 2012, we produced 0.6 mt and 0.16 mt, respectively, of rebars in our Wire Rod Mill and 0.7 mt and 0.18 mt, respectively, of rebars in our Light and Medium Merchant Mill.

Structurals

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

In the Financial Year 2012 and in the three months ended June 30, 2012 we produced 0.3 mt and 0.06 mt, respectively, of structurals in our Medium Merchant and Structural Mill.

Rounds

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

In the Financial Year 2012 and in the three months ended June 30, 2012, we produced 0.2 mt and 0.02 mt, respectively, of rounds in our Light and Medium Merchant Mill and 0.3 mt and 0.06 mt, respectively, of rounds in our Medium Merchant and Structural Mill.

Squares

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

In the Financial Year 2012 and in the three months ended June 30, 2012, we produced 0.4 mt and 0.07 mt, respectively, of squares.

Pig Iron

We produce hot metal from high grade iron ore and low ash coke. Surplus hot metal produced from blast furnaces is cast into pig iron. Our Company sells pig iron to steel manufacturers as well as foundries. Our installed production capacity for pig iron is 0.6 mtpa. In the Financial Year 2012 and in the three months ended June 30, 2012, we produced approximately 0.4 mt and 0.13 mt, respectively, of pig iron.

By-products

A number of by-products are generated in the process of steelmaking. These products include coke products, benzol products, tar products, ammonium sulphate, granulated blast furnace slag, lime products and gases. Coke by-products are sold to the steel, cement and brick industries. Benzol by-products are used in the solvent, paint, dye, drugs and detergent industries. Tar by-products are sold to the aluminum and manufacturing industries. Ammonium sulphate is used as fertilizer. Granulated blast furnace slag is used for manufacturing slag cement. Lime by-products are sold to the paper industry. Gases such as liquid oxygen are sold for medical and industrial purposes while liquid nitrogen is used for industrial purposes. In the Financial Year 2012 and in the three months ended June 30, 2012, we sold ₹5.33 billion and ₹1.51 billion, respectively, worth of by-products, which accounted for 3.7% and 5.18%, respectively, of our sales turnover.

Production Process

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

Iron making

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

Steel making

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

Product rolling

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

For the previous ten consecutive years, production in all major units of VSP has exceeded 100% of rated capacity. The following table sets forth our capacity utilisation rates for hot metal, liquid steel and saleable steel for the periods indicated:

Unit: %

Financial Year	Hot Metal	Liquid Steel	Saleable Steel
2008	115.1	110.7	115.8
2009	104.3	104.8	101.7
2010	114.7	113.3	119.2
2011	112.7	114.1	115.9
2012	111.1	110.3	112.6

The capacity utilisation rates for hot metal, liquid steel and saleable steel for the three months ended June 30, 2012 were 92.3%, 104.6% and 98.6%, respectively.

Sales

We sell the majority of our products to domestic customers. In the Financial Years 2010, 2011 and 2012 and the three months ended June 30, 2012, sales to domestic customers accounted for approximately 96.7%, 96.3%, 97.1% and 97.3%, respectively, of our turnover. The following table sets forth our sales by region for the periods indicated:

₹ in Millions

Market/Region	Financial Year 2010	% of Total	Financial Year 2011	% of Total	Financial Year 2012	% of Total	Three Months Ended June 30, 2012	% of Total
Domestic	**102,840**	**96.7%**	**110,945**	**96.3%**	**140,467**	**97.1%**	**28,428**	**97.3%**
Andhra Pradesh	40,906	38.5%	40,200	34.9%	49,494	34.2%	9,844	33.69%
North	23,562	22.2%	24,290	21.1%	32,074	22.2%	2,968	10.16%
South[1]	17,785	16.7%	21,876	19.0%	26,437	18.3%	5,816	19.91%
West	14,652	13.8%	16,197	14.1%	20,491	14.2%	5,200	17.8%
East	5,935	5.6%	8,382	7.3%	11,971	8.3%	4,600	15.74%
Export	**3,510**	**3.3%**	**4,225**	**3.7%**	**4,151**	**2.9%**	**788**	**2.7%**
Total	**106,350**		**115,170**		**144,618**		**29,216**	

[1]*Excluding the state of Andhra Pradesh*

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

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

As of March 31, 2012, project users, industrial users and retailers accounted for 22.6%, 29.6% and 47.8% of our customers, respectively. As of June 30, 2012, project users, industrial users and retailers accounted for 31.5%, 22.3% and 46.2% of our customers, respectively.

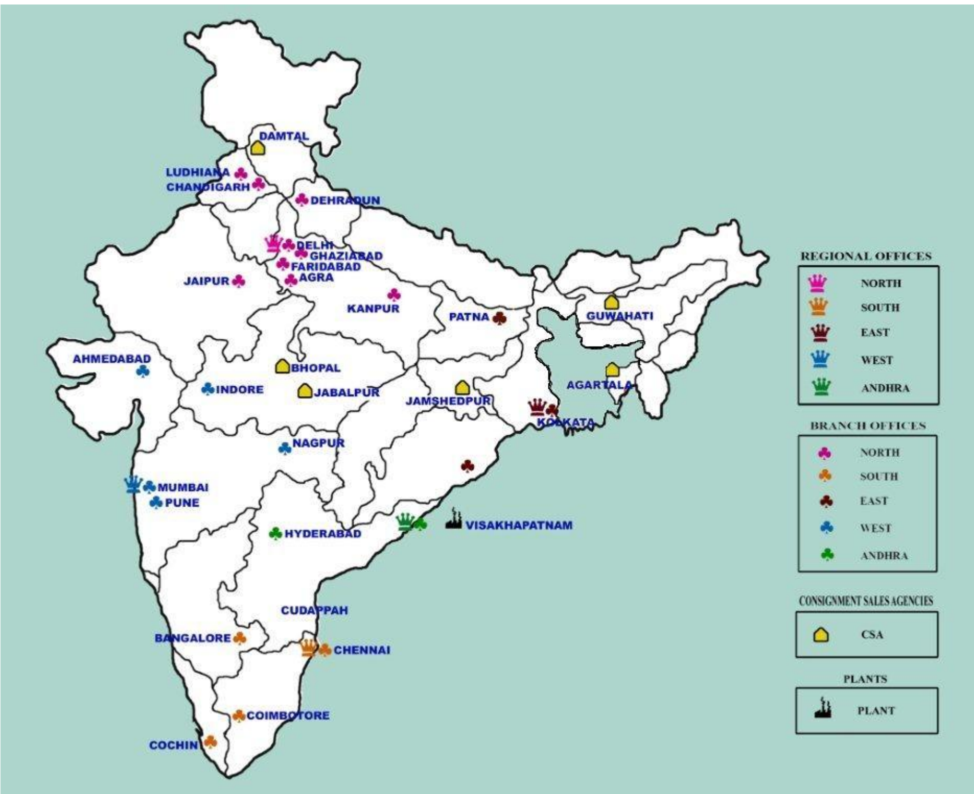
In the Financial Year 2012 and the three months ended June 30, 2012, our ten largest customers accounted for approximately 13.8% and 14.1%, respectively, of our total turnover. Over the same period, our biggest customer accounted for approximately 2.2% and 2.6%, respectively, of our turnover. Several of our customers have been in long-term relationships with us. The following table sets forth the contributions to net sales of our top ten customers for the Financial Year 2012, and the term of our relationships.

Customer	Sales in volume of saleable steel ('000 tons)	Sales in ₹ (million)	Number of years of relationship
1	78	3220	Greater than 10 years
2	56	2310	Greater than 10 years
3	52	2150	Greater than 10 years
4	50	2090	Greater than 10 years
5	48	1970	Greater than 10 years
6	43	1760	Greater than 6 years
7	41	1680	Greater than 10 years
8	41	1680	Greater than 10 years

9	38	1570	Greater than 10 years
10	37	1510	Greater than 10 years

Marketing and Distribution

We sell our steel products either directly to customers or through stockyards located across the country. Our Company has a wide marketing distribution network spread across the country. We have five regional offices located at Visakhapatnam, Chennai, Mumbai, Delhi and Kolkata. Furthermore, we have 23 branch offices and 22 stockyards. Four stockyards, located at Bombay, Chennai, Visakhapatnam and Hyderabad, are owned by us, and the remaining 18 are operated by consignment agents. The consignment agents are chosen through an open national tender, a process by which prospective agents are selected by our Company, and sign seven year contracts with us. We have also signed seven year contracts with six consignment sales agents, where we do not have branch offices. There are also more than 128 retailers as on June 30, 2012 spread across the country. The diagram below illustrates our marketing network.



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

As of June 30, 2012, our Company also has 337 district level dealers and rural dealers for servicing rural customers, who find it difficult to source steel products in the remote regions of India. In Financial Year 2012 we sold approximately 28,600 tonnes steel products to rural dealers. For the three months ended June 30, 2012, we sold approximately 10,800 tonnes of steel products to rural dealers.

Raw Materials

Steel production requires a substantial amount of raw materials and energy, including iron ore, coking coal, limestone and dolomite. Raw materials comprise the single most significant percentage of our Company's manufacturing costs and in the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, raw materials accounted for 75.7%, 61.4%, 73.4%, 70.1% and 78.1%, respectively, of our expenditure in the production of steel excluding certain adjustments for raw material mining costs, depreciation, and interest and finance charges. Iron ore and coking coal are the primary materials used in steel production and the prices of these commodities are subject to significant volatility. During the Calendar Years 2009-11, average iron ore prices increased at a CAGR of 46.7% and coking prices increased by 30.2%, according to E&Y 2010.

For more information, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–Significant increases in prices of key raw materials or our inability to continue to procure raw materials at favourable terms could have an adverse effect on our Company's results of operations and financial position***" on page 21 of this Red Herring Prospectus.

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

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

Iron Ore

We obtain most of our iron ore requirement (comprising iron ore fines, lumps and calibrated lump ore) from NMDC's mining complexes at Kirandul and Bacheli in the state of Chhattisgarh. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, the cost of such purchases accounted for 27.4%, 34.3%, 38.6%, 33.7% and 39.0% of our raw material purchases, respectively. We purchased approximately 5.5, 5.7, 5.8, 5.7 and 1.5 mt of iron ore fines, lumps and calibrated lump ore during the Financial Years 2009, 2010, 2011, and 2012 and the three months ended June 30, 2012, for ₹15.72 billion, ₹17.50 billion, ₹27.91 billion, ₹28.60 billion and ₹8.41 billion, respectively. As of June 30, 2012, we have submitted 29 iron ore mining lease and prospecting licence applications to various State Governments in India.

Coal

In the Financial Years 2009, 2010, 2011, and 2012 and the three months ended June 30, 2012, the cost of our coking coal purchases accounted for 55.7%, 57.0%, 55.8%, 61.2% and 54.7% of our raw material purchases, respectively. We use both imported and domestic coking coal in our steel production process. We import approximately 90.0% of our coking coal from Australia, New Zealand and the United States. In the Financial Years 2009, 2010, 2011, and 2012 and the three months ended June 30, 2012, we imported a total of 2.7, 3.3, 3.5, 3.5 mt and 0.9 mt of coking coal valuing ₹29.85 billion, ₹27.31 billion, ₹38.15 billion, ₹48.85 billion and ₹10.63 billion, respectively. We procure approximately 10.0% of our coking coal from CCL, a subsidiary of CIL. In the Financial Years 2009, 2010, 2011, and 2012 and the three months ended June 30, 2012, we obtained a total of 0.5, 0.3, 0.4, 0.5 and 0.1 mt valuing ₹2.14 billion, ₹1.82 billion, ₹2.19 billion, ₹3.03 billion and ₹0.95 billion, respectively, from CCL. Our Company also procures non-coking coal used in the power generation process from MCL, a subsidiary of CIL. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we obtained a total of 1.3, 1.5, 1.3, 1.3 mt and 0.3 mt valuing ₹1.67 billion, ₹2.14 billion, ₹1.91 billion, ₹2.33 billion and ₹0.58 billion , respectively, from MCL.

As of June 30, 2012, we have submitted three applications for allotment of blocks of non-coking coal in Khammam district in the state of Andhra Pradesh.

Limestone

Two types of limestone are used in the steel production process: BF grade limestone to convert iron ore to iron, and high grade low silica limestone to convert iron to steel. We import high grade limestone from the Ras Al Khaimah Rock Company in the United Arab Emirates. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, the cost of such purchases accounted for 1.3%, 1.3%, 0.8%, 0.7% and 1.1% of our raw material purchases, respectively. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we imported 0.5, 0.5, 0.4, 0.5 and 0.2 mt at a cost of ₹753.29 million, ₹655.61 million, ₹583.59 million, ₹602.43 million and ₹232.13 million, respectively. We source most of our BF grade limestone from our mine in Jaggayyapeta, Krishna district, in the state of Andhra Pradesh. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, our Company obtained a total of 0.4, 0.4, 0.4, 0.4 and 0.1 mt, respectively, from our limestone mine.

Dolomite

As with limestone, two types of dolomite are required in the production of steel; BF grade dolomite is combined with limestone, iron ore and coal in blast furnaces to convert iron ore into liquid iron, and SMS dolomite is used to convert hot metal to steel in LD converters. We currently source most of our dolomite requirement from our mine in Madharam, Khammam district in the state of Andhra Pradesh. In the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we obtained a total of 0.6, 0.6, 0.5, 0.5 and 0.1 mt, respectively, from our dolomite mine. As of June 30, 2012, our Company had submitted one mining application seeking the grant of a mining lease for dolomite in Khammam district, in the state of Andhra Pradesh.

Energy

Our energy consumption accounted for approximately 5.5%, 6.9%, 5.7%, 5.2% and 5.8% of our total raw materials and energy costs during the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. These costs consisted primarily of power and fuel. The cost per megawatt hour we purchased was ₹2,988.01, ₹4,861.57, ₹5,719.09, ₹5,224.69 and ₹6846.75, respectively, for the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012. VSP consumed 526.0 and 548.0 kilowatt hours of gross power per tonne of crude steel in the Financial Year 2012 and the three months ended June 30, 2012, respectively. Our Company currently has four generators, three of which each have a capacity of 60.0 megawatts and one which has a capacity of 67.5 megawatts. We also have facilities to generate 53.0 megawatts of power through waste heat utilisation of our back pressure turbine station and gas expansion turbine station. During the Financial Years 2008, 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we generated 94%, 89%, 86%, 84%, 86% and 85%, respectively, of our power in-house, and we purchased the balance necessary for our operations from public utilities.

Raw Material Projects

Our Company is focused on seeking secure access to raw materials in order to optimise our costs, increase integration in the production process and achieve a higher level of self-sufficiency in raw materials in order to respond better to cyclical fluctuations in demand and reduce volatility in production costs. We have pursued, and plan to continue to pursue, a number of initiatives to gain access to raw materials around the world. These initiatives include applying for mining licences, acquiring or taking interest in entities which have access to raw materials, entering into joint ventures in order to obtain mining licences indirectly, entering into MoUs with State Governments and applying for mining licences abroad. As of June 30, 2012, our key raw material initiatives included the following projects:

Acquisition of EIL

In January 2011, we acquired a 51.0% stake in EIL, the holding company of OMDC and BSLC, both of which are GoI enterprises, for ₹3.61 billion. EIL is the majority shareholder in BSLC and OMDC, holding a 50.01% and 50.01% stake, respectively, in these companies. BSLC is a mining company with both limestone and dolomite in its mines in the state of Odisha. OMDC is a mining company which deals in iron ore and manganese ore in its mines in Odisha. OMDC has iron ore reserves of 245.5 mt and manganese reserves of 32.5 mt, while BSLC has limestone reserves of 192 mt and dolomite reserves of 114 mt.

The acquisition of EIL is expected to provide additional sources of iron ore, limestone, dolomite and manganese ore to our Company. We are considering acquiring the remaining 49.0% stake in EIL and a consultant has been appointed at the subsidiary level to advise on this potential transaction. The board of directors of EIL has approved a possible acquisition by our Company.

No agreement has been entered into with these subsidiaries for the supply of raw materials and at present none of the mines are operational at our subsidiaries. Currently, the leases for the mines of both companies have expired and renewal applications have been filed. For more information, see the sections titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–If we are unable to integrate acquired businesses such as Eastern Investments Limited, ("EIL") successfully, our business, results of operations and financial condition may be adversely affected***", "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and***

Operations–We are involved in a number of legal proceedings that, if determined against us, could have a material adverse impact on our financial condition and results of operations” and “***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–We rely on leased mines to secure certain raw materials and if we are unable to renew these leases, obtain new leases or are required to pay more royalties under these leases, we may be forced to purchase such raw materials for higher prices in the open market or pay increased royalties, which could negatively affect our results of operations and financial condition***” on pages 20, 17 and 19 of this Red Herring Prospectus, respectively.

Afghanistan Consortium

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

ICVL Joint Venture

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

Joint Venture with MOIL

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

Joint Venture with NMDC

On May 24, 2012, we entered into an MoU with NMDC to explore the possibility of setting up a pipeline transport for raw materials from Jagdalpur to Visakhapatnam and setting up a filtration plant and a pellet plant at Visakhapatnam. We are responsible for facilitating the necessary infrastructure and utilities at Visakhapatnam for setting up the filtration plant and the pellet plant, while NMDC will facilitate the necessary infrastructure and utilities for setting up the slurry project at Jagdalpur.

Competition

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

Research and Development and Intellectual Property Rights

Research and development activities are important to producers in the steel industry as these can provide producers with competitive advantages and new business opportunities with new and existing customers. As of June 30, 2012, we have 20 employees engaged in research and development activities in our operations.

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

For the Financial Years 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, we incurred total research and development expenditures of ₹173.50 million, ₹126.60 million, ₹143.30 million, ₹202.94 million and ₹8.84 million, respectively.

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

Insurance

As part of our risk management, our Company maintains a mega-risk insurance policy which covers all sudden and accidental physical loss, destruction or damage to our property. Our mega-insurance policy also covers loss of profits. We currently maintain insurance coverage selectively for third party liability and for the storage of goods For more information, see the section titled “***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–Our insurance policies provide limited coverage, potentially leaving us uninsured or under insured against certain business risks***” on page 31 of this Red Herring Prospectus.

Environment

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

We have taken steps to reduce energy consumption by adopting several energy efficient technologies and initiatives during our expansion phase, including 100% coke dry quenching, 100% LD gas recovery, evaporative cooling systems in our rolling mills and a gas expansion turbine station in our blast furnace to recover the potential energy of blast furnace gas. These technologies have not only reduced energy consumption, but have also reduced greenhouse gas emissions by 13,000 tonnes annually. Our Company believes that we were one of the first Indian steel companies to adopt the Energy Management System BS-EN-16001 for systematic improvement in energy efficiency, which was upgraded to ISO 50001 on August 6, 2012.

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

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

Employees

As of June 30, 2012, we employed approximately 18,007 permanent workers, comprising 5,923 executives and 12,084 non-executives. Of these non-executives, 6,439 are skilled workers, 3,272 are semi-skilled workers and the balance of the employees consists of administrative staff.

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

We believe that we have peaceful amicable relations with our employees, and there have been no Company specific strikes or other cases of industrial action at our production facilities in the last ten years. However, we understand that strikes are being contemplated in response to our proposed Offer. Similar strikes have often occurred in the past with government companies that were proposing public offerings or other significant transactions in order to disrupt these transactions. For more information, see the section titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–We are subject to trade union activity, and labour problems and disputes could adversely affect our results of operations and financial condition***" on page 31 of this Red Herring Prospectus. Furthermore, we have been recognised as one of "India's Best Companies to Work For" for three consecutive years from 2009-11 by the Economic Times and Great Place to Work For Institute.

Quality Control

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

Health and Safety

Health and safety is a priority at all of our facilities, and the implementation of OHSAS-18001 supports our efforts to create a safe work environment. We make continuous efforts in the implementation of safety standards, monitoring of risk control and other measures to reduce and eliminate potential workplace hazards. However, as a steel production company, our operations are inherently hazardous, and we recently have experienced industrial accidents. For more information, see the sections titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–Failure to maintain adequate health and safety standards may cause our Company to incur significant costs and liabilities and may damage our reputation***" and "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company***" on pages 30 and 18 of this Red Herring Prospectus, respectively. In the wake of the recent industrial accidents, we have instituted workplace safety refresher training across our operations.

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

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

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

Corporate Social Responsibility

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

Properties

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

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

Some of our lease agreements and agreements to sell are not adequately stamped and registered and some of our lease agreements have expired. For further details, see the sections titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–Some of our regional and branch offices and stock yards are leased or procured by our Company on an agreement to sell basis***" and "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–Our Company does not own the land on which VSP and our Registered and Corporate Office are located***" on pages 33 and 22 of this Red Herring Prospectus, respectively.

REGULATIONS AND POLICIES

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

Regulatory Regime in India

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

Mines

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

Royalty Payable

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

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

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

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

National Mineral Policy, 2008

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

Mines and Minerals (Development and Regulation) Bill, 2011

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

Clearances for Mining in Forests

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

National Steel Policy

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

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

Environment Regulations

Our Company is required to obtain clearances under the Environment Act, the Forest Act, if any forest land is involved, and other environmental laws, such as, Air (Prevention and Control of Pollution) Act, 1981, as amended, ("**Air Act**"), the Water (Prevention and Control of Pollution) Act, 1974, as amended, ("**Water Act**"), and Water (Prevention and Control of Pollution) Cess Act, 1977, as amended, ("**Water Cess Act**"). This is because the implementation of our projects might have an impact on the environment where they are situated in. before commencing the operations of the mines. Pollution Control Boards ("**PCBs"**) have been constituted in all the states in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant state PCBs for emissions and discharge of effluents into the environment.

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

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

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

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

Water (Prevention and Control of Pollution) Act, 1974

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

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

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

The lessee can draw water from bore wells or from water harvested in open pits within the lease area. However, cess under the Water Cess Act is to be paid by a company to the State Government in which the mine is located.

Air (Prevention and Control of Pollution) Act, 1981

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

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

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

Employment and Labour Laws and Regulations

Factories Act, 1948

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

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

- Contract Labour Act;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Industrial Disputes Act, 1947;
- Industrial Disputes (Central) Rules, 1957;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;
- The Industrial Employment (Standing Orders) Act, 1946;
- Trade Union Act, 1926;
- The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950;
- Public Liability Insurance Act, 1991;
- Shops and Establishments Acts; and
- Employees State Insurance Act, 1948.

Tax Related Legislations

Excise Regulations

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

Customs Regulations

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

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

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

Miscellaneous Laws

Competition Act, 2002

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

Regulations Regarding Foreign Investment in India

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

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

HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate History of our Company

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

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

Changes in the Registered Office of our Company

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

Major Events

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

Awards and Accreditations

Calendar Year	Awards and Accreditations
2012	Our Company received the 'Green Rating Project Award' for the year 2012 by the Centre For Science and Environment.
	Our Company received the 'Commendation Certificate' and was ranked as first by the Government of India, Department of Official Language, the Ministry of Home Affairs in the field of implementation of the Official Language Policy of the Union during the year 2010-2011.
2011	Our Company received the 'National Sustainability Award: Iron & Steel' for overall performance excellence by Indian Institute of Metallurgy Materials Engineering.
	Our Company awarded the Excellence in Energy Management 2011 Award by the Confederation of Indian Industry, which certifies VSP as an 'Excellent Energy Efficient Unit'.
	Our Company received the 'National Sustainability Award: Iron & Steel' for overall performance excellence by Indian Institute of Metallurgy Materials Engineering.
	Our Company obtained 'Excellent' MoU composite score rating for the year 2009-2010 issued by the Ministry of Heavy Industries and Public Enterprises. We have received similar rating for the years 2005-2006, 2004-2005, 2003-2004 and 2002-2003.
	Our Company received BS EN 16001:2009 certification from Beuras Veritas for energy management system.
	Our Company was recognised as one among 'India's best Companies to work for' for the year 2011 by Great Place to Work For Institute and Economic Times.
2010	Our Company has received the 'Commendation Certificate' and was ranked as first by the Government of India, Department of Official Language and Ministry of Home Affairs for their excellent work and commendable achievements in the field of implementation of the Official Language Policy of the Union during the year 2009-2010.
	Our Company received the 'Global Human Resource Development Award' for setting high standards in human resource development.

Calendar Year	Awards and Accreditations
	Our Company was awarded the Prime Minister's Trophy as runners up for the 'Best Performing Integrated Steel Plant in the Country' for the year 2009-2010.
	Our Company was recognised as one among 'India's best Companies to work for' for the year 2010 by Great Place to Work For Institute and Economic Times.
2009	Our Company was certified for 'Capability Maturity Model Integrated – Level 3' by Software Engineering Institute of Carnegie Mellon University, USA.
	Our Company was ranked as 'Top 50 Best Companies to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was ranked as second 'Public Sector Enterprise to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was ranked as fourth in 'Large Organizations (more than 1,000 employees) to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was ranked as sixth in 'Manufacturing and Production Companies to work for in India' for the year 2009 by Great Place to Work For Institute and Economic Times.
	Our Company was awarded the 'Ispat Suraksha Puraskar' for achieving no fatal accident during the year 2008-2009 by JC Security Services Inc. in rolling mills zone.
2008	Our Company received the CII National Award for 'Excellence in Water Management' certifying that our Company is a 'water efficient unit'.
	Our Company received two 'Viswakarma Rashtriya Puraskar Award' for suggestions implemented for modification of plant processes involving 10 employees for the year 2008.
	Some of our employees were awarded the 'Shram Veer Awards' from the Prime Minister for distinguished performance.
2007	Our Company received the CII National Award for 'Excellence in Water Management' for the year 2006-2007.
	Our Company received the CII National Award for 'Excellence in Energy Management' for the year 2007.
2006	Our Company received the 'National Energy Conservation Award' by the Ministry of Power for exemplary performance in energy conservation. Our Company had earlier received this award successively each year from 2000 to 2005.
	Our Company was awarded the 'Prime Minister's Trophy' for the best integrated steel plant for the year 2005-2006.
2004	Our Company received the CII National Award for 'Excellence in Water Management' in 2004.
2003	Our Company was awarded the 'Prime Minister's Trophy' for the best integrated steel plant for the year 2002-2003.

Main Objects of our Company

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

Clause	Particulars
1.	To take over the Visakhapatnam Steel Project from the Steel Authority of India Ltd. with all its assets, liabilities, rights and obligations.
2.	To carry on in India and elsewhere the trade or business or manufacturing, prospecting, raising, operating, buying, selling, importing, exporting, purchasing or otherwise dealing;
(i)	in iron and steel of all qualities, grades, types and kinds as iron mongers, iron masters, steel makers and steel converters;
(ii)	in Ferro Silicon, Ferro-Chrome and/or all products made of Iron and Steel, Coking coal, Manganese, Ferro manganese, Limestone, Refractories, Iron-ore and other alloys;
(iii)	as miners, smelters, iron founders in all respective branches;
(iv)	in stainless steel, silicon steel, special steel, mild steel and in allied products, fireclay, dolomite, limestone, refractories, iron ore, bauxite, cement, chemicals, fertilizers, manures, distilleries, dye making and industrial and non-industrial gas, lime burners, stone quarrying, concrete manufacturing in all respective branches, and other allied input or other materials, and, for that purpose to construct, install, operate, manage and maintain all plants, mines, establishments, works etc.
3	To do consultancy services required to design, establish, provide, maintain and perform engineering and related technical and consultancy services for the development of ferrous and non-ferrous metallurgical enterprises, chemical and petro-chemical enterprises, fertilizer plants, cement plants, refractory plants, laboratories for control and/or research purposes, water works, gas works, sewage disposal plants, thermal and hydro-electric power stations, electrical generators, transmission and distribution and all other types of industrial projects, and for that purpose to prepare and get prepared feasibility reports, detailed project reports, market studies, techno-economic investigations, survey of all types, site selection, planning basic and process engineering, preparing specifications and documents, tender evaluation and purchase assistance, detailed design and working drawing, shop inspection, expediting construction, supervision, project management, commissioning, operation and maintenance, training of personnel, pre and post operation consultancy and any such other services.
4.	To construct, execute, carry out, improve, develop, manage or control iron and steel works and by-products and ancillary plants, fertilizer plants, coke ovens, foundries furnaces, bricks kilns, refractory works, factories, railways, tramways, ropeways, runways, roads, aerodromes, docks, harbours, piers wharves, dams, barrages, weirs, reservoirs, embankments, canals, irrigation, power houses, transmission lines, reclamation, improvement, sewage, drainage, sanitary, water, gas, electric, light, telephone and power supply works and hotels, houses, markets and buildings, private or public, and all other works, conveniences whatsoever, and generally to carry on the business of builders, contractors, engineers, architects, estimators, and designers in all their respective branches and to undertake works on contract basis for civil engineering, mechanical engineering, electrical engineering, erection engineering, water supply, etc. and to tender for such works, and to undertake consultancy services in the above fields, general accounting, material management, industrial engineering and other management services, etc.

Clause	Particulars
5.	To plan, promote, and organize an integrated and efficient development of the iron and steel and its associated input industries such as iron ore, coking coal, manganese, limestone, refractories, etc.
6.	To promote or concur in the promotion of any Company, the promotion of which shall be considered desirable.
7.	To carry on the business of trading in and dealing in any manner whatsoever in all commodities, goods and things, manufactured, produced or dealt with in any manner by any of the subsidiaries of the Company.
8.	To arrange, secure and make available to its subsidiary and other concerned organisations, such facilities, resources, inputs and services as may be required.

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

For further details of our business and operations, competitors, see the section titled "***Our Business***" on page 98 of this Red Herring Prospectus.

Amendments to the Memorandum of Association of our Company

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

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

Other details regarding our Company

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

For details see sections titled "***Our Business***" and "***Our Management***" on pages 98 and 142, of this Red Herring Prospectus, respectively.

Capital raising activities through equity and debt

Except as mentioned in the section titled "***Capital Structure***" on page 66 of this Red Herring Prospectus, our Company has not raised capital through equity. For a description of our Company's debt facilities, see "***Financial Indebtedness***" on page 288 of this Red Herring Prospectus.

Time and Cost Overrun

Our Company and our Subsidiaries may have experienced time and cost overrun in relation to some of the projects executed by them. Our Company may experience time and cost overrun due to the industrial accident that occurred on June 13, 2012. For details of related risks, see "***Risk Factors–Internal Risk Factors–The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings, potentially delayed our expansion plans and resulted in adverse publicity for our Company***" *and* "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–Our expansion plans may not result in expected benefits***" at pages 18 and 28 of this Red Herring Prospectus, respectively.

Defaults or Rescheduling of Borrowings with Financial Institutions/Banks

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

Conversion of loans into equity

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

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

Strikes or Labour Unrest

Our non-executive employees are represented by several labour unions under collective wage settlement agreements which have different terms at different locations and are subject to periodic renegotiation. The majority of our non-executive employees are members of several unions including certain registered trade unions such as All India Trade Union Congress (AITUC), Centre of India Trade Unions (CITU) and Indian National Trade Union Congress (INTUC). The last collective wage settlement agreement, which only applies to our unionised employees, was effective from January 1, 2007 until December 31, 2011 and a new agreement is in the process of being negotiated.

Our Company and our Subsidiaries have lost time on account of strikes or labour unrest, including industrial strikes and *Bandhs*, in the past. Further, threats of strikes, work stoppages or other labour actions often have occurred in the past with government companies that were proposing public offerings or other significant transactions in order to disrupt these transactions, and we are facing similar threats in the context of the proposed Offer. Several unions gave notice on June 9, 2012 of a strike to protest against the disinvestment. The unions conducted a one day strike on July 24, 2012. Our operations were temporarily affected during the strike. On September 22, 2012, we received notice of an additional strike on October 12 and 13, 2012 to protest against the proposed disinvestment. We also have been threatened with an indefinite strike if we continue with the disinvestment process. For details of related risk, see the sections titled "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–We are subject to trade union activity, and labour problems and disputes could adversely affect our results of operations and financial condition***" and "***Risk Factors–Internal Risk Factors–Risk Factors Relating to Our Company's Business and Operations–The recent industrial accident at our facilities has exposed us to possible financial liabilities and possible legal proceedings,***

potentially delayed our expansion plans and resulted in adverse publicity for our Company" on pages 31 and 18 of this Red Herring Prospectus.

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

Except as otherwise stated in the sections "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", on pages 98 and 265 of this Red Herring Prospectus, respectively, there have been no changes in the activities of our Company during the last five years preceding the date of this Red Herring Prospectus, which may have had a material effect on our profits, including discontinuance of any line of business, loss of any agencies or markets and similar factors.

Injunction or Restraining Order

Our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Our Company acquired 51.0% shareholding in EIL on January 5, 2011. EIL is a holding company of OMDC and BSLC. Our Company acquired 736,638 shares of EIL from GoI at a price of ₹ 4,901.05 per share. This acquisition was done pursuant to the approval of the MoS (no. 8(16)/2009-RM II) dated December 23, 2010.

Holding Company

As on the date of this Red Herring Prospectus, we do not have a holding company.

Shareholders

As at the date of this Red Herring Prospectus, we have seven shareholders in our Company of which six hold Equity Shares as nominees of the President of India. For further details, see section titled "***Capital Structure***" on page 66 of this Red Herring Prospectus.

Subsidiaries of our Company

Our Company has two direct Subsidiaries and two indirect Subsidiaries, details of which are provided below. EIL and URRKL are our direct Subsidiaries. OMDC and BSLC are our indirect Subsidiaries, which are held through our Subsidiary, EIL. The board of directors of OMDC and BSLC have proposed a merger of the two companies. However the MoS by its letter (no. 8(15)/2012-RM II) dated August 24, 2012, has asked both the companies to wait until their respective mining leases are renewed.

Details of our Direct Subsidiaries

1. Eastern Investments Limited

EIL was incorporated as a public limited company on January 3, 1927 under the Indian Companies Act (VII of 1913) by a certificate of incorporation issued by the registrar of companies, Kolkata, West Bengal. EIL has its registered office at Sourav Abasan, 2nd floor, Sector-II, Salt Lake City, Kolkata - 700 091, West Bengal, India. EIL is an investment holding company and currently has investments in OMDC and BSLC. EIL was registered as a non-banking financial institution pursuant to a certificate of registration issued by RBI on May 16, 1998.

Capital Structure

Authorised	**Aggregate Nominal Value**
13,500,000 equity shares of ₹10 each	₹ 135 million
Issued, subscribed and paid up	
1,444,387 equity shares of ₹ 10 each	₹ 14.44 million

Shareholding Pattern

Our Company holds 736,638, representing 51%, shares in EIL.

The shareholding pattern of EIL, as on June 30, 2012, is given below:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B	As a percentage A+B+C	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
a	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
b	Central Government/State Government	1	228,114	0	15.79	15.79	0	0.00
c	Bodies Corporate	2	762,072	762,072	52.76	52.76	0	0.00
d	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
e	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**3**	**990,186**	**762,072**	**68.55**	**68.55**	**0**	**0.00**
2	**Foreign**							
a	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**3**	**990,186**	**762,072**	**68.55**	**68.55**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**							
a	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
b	Financial Institutions/Banks	13	8,905	4	0.62	0.62	0	0.00
c	Central Government/State Government(s)	2	1,765		0.12	0.12	0	0.00
d	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
e	Insurance Companies	3	98,757	98, 757	6.84	6.84		
f	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0.00
g	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
h	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
h-1	Custodian of Enemy Property	1	1,861		0.13	0.13	0	0.00
	Sub-Total (B) (1)	**19**	**111,288**	**98,761**	**7.71**	**7.71**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	59	76,586	52,239	5.30	5.30	NA	NA
B	Individuals	0	0	0	0.00	0.00	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	1,281	212,230	96,786	14.69	14.69	0	0.00
II	Individual Shareholders holding nominal Share Capital value in excess of ₹ 100,000	3	46,842	30,447	3.24	3.24	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	1	950	0	0.07	0.07	0	0.00
Ii	NRI's	23	6,305		0.44	0.44		
Iii	OCB's	0	0	0	0.00	0.00	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	**1,367**	**342,913**	**179,472**	**23.74**	**23.74**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**1,386**	**454,201**	**278,233**	**31.45**	**31.45**	**0**	**0.00**
	Total (A)+(B)	**1,389**	**1,444,387**	**1,040,305**	**100**	**100**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**1,389**	**1,444,387**	**1,040,305**	**100**	**100**	**0**	**0.00**

EIL is listed on the Calcutta Stock Exchange Limited. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance within the provisions of the Companies Act. Further, no application has been made in respect of EIL to the RoC for striking off its name.

2. Uttarbanga RINL Rail Karkhana Limited ("URRKL")

URRKL was incorporated as a private company on January 12, 2011 under the Companies Act by a certificate of incorporation issued by the RoC. URRKL has its registered office at Administrative Building, Visakhapatnam Steel Plant, Visakhapatnam – 530 031, Andhra Pradesh. URRKL has not undertaken any business operations since its incorporation.

Capital Structure

Authorised	**Aggregate Nominal Value**
100,000 equity shares of ₹ 10 each	1,000,000
Issued, subscribed and paid up	
Nil*	Nil*

* *Our Company, Mr. P.K. Bishnoi and Mr. P. Madhusudan are initial subscribers of the MoA of URRKL, however no shares have been allotted to them.*

Shareholding Pattern

URRKL does not have any issued share capital.

URRKL is an unlisted company and it has not made any public issue or a rights issue. It has not become a 'sick industrial company' under the SICA. URRKL pursuant to board resolution dated December 27, 2011 has filed an application to the RoC for striking off the name of URRKL under the fast track exit mode as it has not done any business since its incorporation.

Details of our Indirect Subsidiaries

1. Orissa Mineral Development Company Limited ("OMDC")

OMDC was incorporated as a public limited company on August 16, 1918 under the Indian Companies Act (VII of 1913) by a certificate of incorporation issued by the registrar of companies. OMDC has its registered office at Sourav Abasan, 2nd floor, Sector-II, Salt Lake City, Kolkata - 700 091, West Bengal, India. OMDC is engaged in the business of mining iron and manganese ore and has a sponge iron plant and four crushing and screening plants.

Capital Structure

Authorised	**Aggregate Nominal Value**
600,000 equity shares of ₹ 10 each*	₹ 6 million
Issued, subscribed and paid up	
600,000 equity shares of ₹ 10 each*	₹ 6 million

** The board of directors of OMDC by resolution dated August 11, 2012 approved the proposal to split the face value of the equity shares into ₹ 1 each. The record date for the proposed split was approved in the board meeting dated September 13, 2012 as October 30, 2012.*

Shareholding Pattern

The shareholding pattern of OMDC, as on June 30, 2012, is given below:

Category Code	**Category of Shareholders**	**Number of Shareholders**	**Total Number of shares**	**Number of Shares Held in dematerialized form**	**Total Shareholding as a percentage of total number of shares**		**Shares Pledged or otherwise encumbered**	
					As a percentage of A+B	**As a percentage A+B+C**	**Number of shares**	**As a percentage**
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
a	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0.00
b	Central Government/State Government	0	0	0	0.00	0.00	0	0.00
c	Bodies Corporate	1	300,089	300,089	50.01	50.01	0	0.00
d	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
e	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**1**	**300,089**	**300,089**	**50.01**	**50.01**	**0**	**0.00**
2	**Foreign**							
a	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
b	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
c	Institutions	0	0	0	0.00	0.00	0	0.00
d	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**1**	300,089	300,089	**50.01**	**50.01**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**							
a	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
b	Financial Institutions/Banks	9	2107	107	0.35	0.35	0	0
c	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
d	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
e	Insurance Companies	1	92,500	92,500	15.42	15.42	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
f	Foreign Institutional Investors	23	4116	4116	0.69	0.69	0	0
g	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
h	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
h-1	Custodian of Enemy Property	1	1,861	0	0.13	0.13	0	0
	Sub-Total (B) (1)	**33**	**98,723**	**96,723**	**16.46**	**16.46**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	598	42,431	38,280	7.07	7.07	0	0.00
B	Individuals	0	0	0	0.00	0.00	0	0.00
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	11,252	1,52,507	1,22,588	25.42	25.42	0	0.00
II	Individual Shareholders holding nominal Share Capital value in excess of ₹ 100,000	0	0	0	0.00	0.00	0	0.00
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	1	164	164	0.03	0.03	0	0.00
Ii	NRI's	176	2,896	1,346	0.48	0.48	0	0.00
Iii	Clearing Member	341	3,190	3,190	0.53	0.53		
	Sub-Total (B) (2)	**12,368**	**2,01,188**	**165,568**	**33.53**	**33.53**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**12,401**	**299,911**	**262,291**	**49.99**	**49.99**	**0**	**0.00**
	Total (A)+(B)	**12,402**	**600,000**	**562,380**	**100**	**100**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**12,402**	**600,000**	**562,380**	**100**	**100**	**0**	**0.00**

OMDC is listed on the Calcutta Stock Exchange Limited, BSE and NSE. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance within the provisions of the Companies Act. Further, no application has been made in respect of OMDC to the RoC for striking off its name.

2. Bisra Stone Lime Company Limited ("BSLC")

BSLC was incorporated as a public company on October 1, 1910 under the Indian Companies Act (VI of 1913) by a certificate of incorporation issued by the registrar of companies, Kolkata, West Bengal. BSLC has its registered office at Sourav Abasan, 2nd floor, Sector-II, Salt Lake City, Kolkata - 700 091, West Bengal, India. BSLC is engaged in the business of mining and marketing of limestone and dolomite.

Capital Structure

Authorised	**Aggregate Nominal Value**
87,500,000 equity shares of ₹ 10 each	₹ 875 million
Issued, subscribed and paid up	
87,286,252 equity shares of ₹ 10 each	₹ 872.86 million

Shareholding Pattern

The shareholding pattern of BSLC, as on June 30, 2012, is given below:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B	**As a percentage A+B+C**	**Number of shares**	**As a percentage**
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
A	Individuals/Hindu Undivided Family	2	43,336,648		49.65	49.65	0	0.00
B	Central Government/State Government	3	43,882,492	43,834,782	50.27	50.27	0	0.00
C	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
D	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0.00
E	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (1)	**5**	87,219,140	43,834,782	**99.92**	**99.92**	**0**	**0.00**
2	**Foreign**							
A	Individuals(Non-Resident Individuals)	0	0	0	0.00	0.00	0	0.00
B	Bodies Corporate *i.e.* OCBs	0	0	0	0.00	0.00	0	0.00
C	Institutions	0	0	0	0.00	0.00	0	0.00
D	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)	**5**	**87,219,140**	**43,834,782**	**99.92**	**99.92**	**0**	**0.00**
(B)	**Public Shareholding**							
1	**Institutions**							
A	Mutual Funds/UTI	0	0	0	0.00	0.00	0	0.00
B	Financial Institutions/Banks	4	3,907	500	0.00	0.00	0	0.00
C	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
D	Venture Capital Fund	0	0	0	0.00	0.00	0	0.00
E	Insurance Companies	2	29,902	6,075	0.03	0.03	0	0.00
F	Foreign Institutional Investors	0	0	0	0.00	0.00	0	0.00
G	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
H	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
h-1	Custodian of Enemy Property	1	250	0	0.00	0.00	0	0.00
	Sub-Total (B) (1)	**7**	**34,059**	**6,575**	**0.04**	**0.04**	**0**	**0.00**
2	**Non-Institutions**							
A	Bodies Corporate	15	84,93	5,000	0.01	0.01	0	0.00
B	Individuals	0	0	0	0.00	0.00	0	0.00
I	Individual Shareholders holding nominal Share Capital value upto ₹ 100,000	118	23,445	977	0.03	0.03		
II	Individual Shareholders holding nominal Share Capital value in excess	0	0	0	0.00	0.00	0	0.00

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
	of ₹ 100,000							
C	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
I	Trust	0	0	0	0.00	0.00	0	0.00
Ii	NRI's	4	1,115	0	0.00	0.00		
Iii	OCB's	0	0	0	0.00	0.00	0	0.00
Iv	Foreign Nationals	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B) (2)	**137**	**33,053**	**5,977**	**0.04**	**0.04**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**144**	**67,112**	**12,552**	**0.08**	**0.08**	**0**	**0.00**
	Total (A)+(B)	**149**	**87,286,252**	**43,847,334**	**100**	**100**	**0**	**0.00**
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
	Grand Total (A)+(B)+(C)	**149**	**87,286,252**	**43,847,334**	**100**	**100**	**0**	**0.00**

As per applicable law, BSLC is required to comply with minimum public shareholding requirement and is required to increase its public shareholding to at least ten percent by June 2013, else BSLC will be delisted from Calcutta Stock Exchange.

BSLC is listed on the Calcutta Stock Exchange. It has not become a 'sick industrial company' under the SICA and is not under winding up in accordance within the provisions of the Companies Act. Further, no application has been made in respect of BSLC to the RoC for striking off its name.

Accumulated profits or losses not accounted for

There are no profits or losses of Subsidiaries not accounted for by our Company.

Our Subsidiaries and Joint Venture Companies have not contributed more than five percent of revenue/profits/assets of our Company on a consolidated basis in the preceding financial year.

Joint Venture Agreements of our Company

As on date our Company has two joint ventures (i) ICVL and (ii) RMFA and has entered into the following joint venture agreements and MoUs:

1. Joint Venture Agreements

a. ICVL

Joint Venture Agreement dated January 14, 2009 with SAIL, Coal India Limited ("CIL"), NMDC and National Thermal Power Corporation ("NTPC")

Pursuant to an MoU dated August 3, 2007 and a subsequent joint venture agreement dated January 14, 2009 between our Company, SAIL, CIL, NMDC and NTPC, a joint venture company ("**JVC**") by the name of International Coal Ventures Private Limited ("**ICVL**") was incorporated on May 20, 2009 with its registered office situated at 20th Floor, SCOPE Minar, Laxmi Nagar District Centre, Laxmi Nagar, New Delhi - 110092. ICVL is engaged in the business of overseas acquisition and/or operation of coal mines or blocks or assets or properties.

The GoI, Ministry of Steel through its letter no. 1(2)99-VSP dated December 11, 2007, has accorded its approval for the formation of a special purpose vehicle ("**SPV**") for securing metallurgical coal and thermal coal assets from overseas by our Company, SAIL, CIL, NMDC and NTPC with the following objectives:

(i) to ensure supply of imported met coal, of atleast 10% of the 2019-20 requirements of SAIL and our Company i.e., say five million tonnes per annum, from assets overseas as medium term target to be achieved by 2011-12, being a step towards security of supply;

(ii) to be an owner of about 500 million tonnes of metallurgical coal reserves (share of SPV) by 2019-20; and

(iii) to meet the requirements and to serve the organisational aspirations of other participating companies like CIL, NTPC and NMDC by providing a facility for enhancing and leveraging their domain knowledge and human capital for international mining business development and also for procuring high quality thermal coal for companies like NTPC.

Capital Structure

Authorised	**Aggregate Nominal Value**
1,110,000,000 equity shares of ₹ 10 each	₹ 11,100 million
Issued, subscribed and paid up	
9,800,000 equity shares of ₹ 10 each	₹ 98 million

Shareholding Pattern

SL No.	Name of Shareholder	No. of equity shares	Percentage (%) of equity capital
1.	SAIL	28,00,000	28.571
2.	CIL	28,00,000	28.571
3.	RINL	14,00,000	14.286
4.	NMDC	14,00,000	14.268
5.	NTPC	14,00,000	14.268
	Total	**98,00,000**	**100**

The key terms of this joint venture agreement are set forth below:

Board of Directors

The board of directors of the ICVL shall consist of seven directors comprising two each from SAIL and CIL and one each from our Company, NMDC and NTPC.

Further the entitlement of the parties to nominate directors on the board of ICVL shall be regulated in the following manner:

Shareholding (%) in the ICVL	No. of Directors a Party is entitled to nominate
Less than 10	Nil
From 10 to less than 20	1
From 20 to less than 30	2
From 30 to less than 40	3
And so on	

The board of directors of ICVL shall have a minimum of three and a maximum of 12 directors, including any director nominated by a financial institution pursuant to the terms of any financing arrangement. If the shareholding of the parties is diluted, the parties shall be entitled to appoint directors on a pro-rata basis. If dilution of shareholding of the parties jointly falls below 50% due to infusion of capital by any third party(ies), each party shall be entitled to nominate at least one director. Further dilution of shareholding of the parties shall result in amendments in the terms and conditions of the agreement for protecting the right of all parties to nominate at least one director on the board.

Each party holding 10% or more shareholding in ICVL, shall be entitled to nominate the chairman by rotation. The term of the chairman nominated by a party holding 25% or more, shall be two years, and for any party holding share capital between 10%-25%, such period shall be one year. The first chairman shall be appointed by SAIL and subsequently by CIL, our Company, NMDC and NTPC, in such order.

Affirmative vote

The board of directors of ICVL shall not take any decision on the following matters unless at least one director nominated by all parties holding 10% of the fully paid up share capital of ICVL is present and voting in favour thereof:

(a) any reconstruction, re-organization, merger, amalgamation or consolidation of ICVL with any other party;
(b) any amendments to the memorandum and/or articles of association of ICVL;
(c) a material deviation or change in the objects or activities of ICVL and substantial expansion of such activities;
(d) approval or refusal to transfer shares or debentures, except for transfers to an affiliate and/or subsidiary;
(e) selling, leasing, charging or dealing with the whole or a substantial part of ICVL's undertaking, property or assets otherwise than in the ordinary course of business;
(f) any issue of share capital, or debentures, whether or not convertible or altering the capital structure of ICVL;
(g) entering into or amending any agreement or transaction with any of the parties;
(h) abandonment, waiver or settlement of any legal action, suits claims and other legal proceedings except for minor debt collection matters not exceeding ₹ 100 million;
(i) availing long term loans for an amount exceeding ₹ 1,000 million and altering any material term of such loan;
(j) filling vacancies on the board of directors other than those of directors nominated or appointed by either party;
(k) capital investment in any scheme, purchasing, leasing or otherwise acquiring machinery, equipment or other assets beyond ₹ 1,000 million;
(l) forming or dissolving a subsidiary of ICVL or subscribing to the shares or debentures or investing the funds of ICVL in any other company;
(m) creating any mortgage, charge or other encumbrance in respect of the properties and assets except with respect to loans from banks against current assets;
(n) granting loans to third parties or guaranteeing the obligations of third parties except giving advances to third parties in the ordinary course of business; and
(o) appointing or removal of ICVL's auditors or any other external agency appointed for conducting audits.

Restriction on transfer of shares

No party is permitted to transfer its shares in ICVL to a third party for a period of five years commencing from the date of incorporation of ICVL. However, at all times, the parties are free to transfer the shares held by it in ICVL to any of its affiliates with prior notice to the other parties. On expiry of the aforesaid five years period (or such other period spanning more than five years, as provided in a non-disposal undertaking given by a party to a bank or financial institution), if any of the party sells or otherwise disposes of the shares held by it in ICVL then such a party (offeror) shall offer the first right of purchase/refusal to the other parties (offeree) in the same proportion at which the offerees are holding shares in ICVL. If any of the offeree fails to accept the offer within 90 days, it would be deemed that the said offeree is not interested in purchasing the shares. In case of such failure of the offeree to accept the offer to purchase shares, the offeror and the offeree shall jointly appoint an independent auditor/valuer to determine the fair market price, within 60 days from the date to accept the offer. Where such independent auditor/valuer is appointment, a fresh offer shall be made by the offeror to the offeree to purchase the shares at a price determined by the independent auditor/valuer. In the event the offeror and/or offeree fail to complete the sale of shares, the whole process mentioned above would have to be repeated.

Management deadlock

In the event three consecutive meetings of the board are unable to be held due to want of quorum and/or any resolution on the matters requiring affirmative votes not passed in two consecutive board meetings due to any director of any party not casting an affirmative vote upon the remaining members insisting on passing of such resolution, the chief executive officer or chairman of each of the five parties shall constitute a committee to resolve the deadlock. If no solution is reached within 30 days, such dissenting party shall be given 60 days to either consent, or to sell its shares in ICVL.

Termination

The agreement may be terminated either by mutual consent or in the event a resolution for winding up of ICVL has been passed. NTPC has applied to exit the joint venture.

b. RMFA

Joint Venture Agreement dated May 7, 2009 with MOIL

Pursuant to a joint venture agreement dated May 7, 2009 our Company and MOIL have established RINMOIL Ferro Alloys Private Limited ("**RMFA**") as a joint venture company. RMFA was incorporated on July 29, 2009 with its registered office situated at Ground Floor, Old Health Center, Sector-2, Ukkunagaram, Visakhapatnam – 530032, Andhra Pradesh, India. RMFA is engaged in the business of manufacturing. The joint venture agreement was entered into to synergise the resources (inclusive of technical expertise, skilled manpower and available infrastructures) of our Company and MOIL, with a view to meet the uninterrupted requirement of ferro alloys, which is essentially required for quality steel production by our Company. RMFA has been incorporated to set up ferro alloys plant at APIIC Growth Centre, Bobbilli, Vizianagaram, Andhra Pradesh, India. Our Company has represented and warranted that it shall provide coke, coal, dolomite and quartz as per requirements and shall make efforts to provide support services and MOIL has represented and warranted that it shall provide approximately 100 acres of land at Bobbili on long term lease for 33 years for a consideration equivalent to the cost of acquisition and lease rent of one percent thereon, and it shall provide the required quantity of manganese ore to RMFA at the agreed price.

Capital Structure

Authorised	**Aggregate Nominal Value**
200,000 equity shares of ₹ 10 each	₹ 2 million
Issued, subscribed and paid up	
200,000 equity shares of ₹ 10 each	₹ 2 million

Shareholding Pattern

SL No.	Name of Shareholder	No. of equity shares	Percentage (%) of equity capital
1.	RINL	100,000	50
2.	MOIL	100,000	50
	Total	**200,000**	**100**

The key terms of this joint venture agreement are set forth below:

Restriction on Share transfer

Neither MOIL nor our Company shall sell, transfer, give away, assign, pledge, mortgage, create charge, donate or otherwise encumber its shareholdings/voting rights in RMFA for an initial period of five years from the date of acquisition of shares. MOIL and our Company agree that after the initial lock-in period of five years there will be a restriction on transfer of shares to the extent that neither of them will be entitled to transfer its shareholding, wholly or in part, to any other person or party unless the said shares have first been offered to the other party at fair value determined by an independent and reputed valuation agency as mutually agreed between our Company and MOIL.

Board of Directors

The board of directors of RMFA shall initially have two nominee directors of our Company and MOIL each. The number of the directors will later on be increased to a maximum of six directors wherein three directors will be from our Company and three from MOIL. Directors on RMFA board shall be nominated by our Company and MOIL in the ratio of their respective shareholding, provided neither our Company nor MOIL shall be entitled to nominate a director if their shareholding is reduced below 10% of the paid-up capital of RMFA. The chairman shall be appointed by our Company and MOIL alternatively every two years by rotation. The first such chairman shall be appointed by our Company.

Reserved Matters

Neither RMFA, its board of directors nor a committee thereof (whether at a Board meeting or at a committee meeting or by a circular resolution or otherwise) nor its CEO, nor any other person purporting to act on behalf of RMFA shall take any action in respect of reserved matters except with the affirmative vote of the majority of RMFA’s directors, which majority shall include at least one director appointed by both MOIL and our Company. The reserved matters *inter alia* include the following:

(a) any reconstruction, re-organization, merger, amalgamation or consolidation of RMFA with another entity;
(b) sale of substantial assets of RMFA other than in the ordinary course of business;
(c) any amendment to the Memorandum of Association and/or Article of Association of RMFA;
(d) capital investment by RMFA beyond the value of ₹ 50 million in any scheme;
(e) a material deviation or change in the objects or activities of RMFA and substantial expansion of its activities;
(f) approval or refusal to transfer shares or debentures except for transfers to an affiliate and/or subsidiary, as may be provided in the RMFA Agreement;

(g) capital expenditure for the purchase, demolition, lease, sale, disposition or alteration of fixed assets or tooling where the expenditure or net book value exceeds ₹ 50 million;
(h) any issue of share capital, or debentures, whether or not convertible, or alerting the share capital of RMFA;
(i) any change in the corporate name of RMFA;
(j) changing or re-locating the registered office or principal place of business of RMFA;
(k) taking term loans for a term not exceeding 12 months for an amount exceeding ₹ 100 million or altering any material term or condition of any such loan;
(l) declaration of dividend;
(m) forming a subsidiary of RMFA or subscribing to the shares or debentures or investing the funds of RMFA in any other company;
(n) creating any mortgage, charge or other encumbrance in respect of RMFA's properties and assets except with respect to loans from banks from current assets;
(o) granting loans to third parties or guaranteeing the obligations of third parties expect giving advances to third parties in the ordinary course of business;
(p) appointment or removal of RMFA's auditors or any other external agency appointed by RMFA for conducting audits as may be required;
(q) granting to third parties licences/sub-licences and rights with respect to patents, manufacturing technology, trademarks and other intellectual property for an amount exceeding ₹ 20 million per transaction; and
(r) approving any matter concerning the winding-up of RMFA or the notification of its financial status to any statutory authority.

Termination

This agreement may be terminated by mutual consent of our Company and MOIL. If at any time the shareholding of any party falls below 10% of the paid up equity share capital of the RMFA, the other party may terminate the agreement by written notice. If either MOIL or our Company committed or knowingly permitted a material breach of any of the covenants or conditions contained in the agreement, the other party may serve a notice in writing requiring the defaulting party to remedy the breach within 90 days or to promptly pay a reasonable compensation in case the breach cannot be remedied and if the defaulting party fails to do so then the agreement would automatically stand terminated.

2. Memorandum of Understandings

MoU dated January 10, 2011 with the Ministry of Railways, GoI

Our Company has entered into a MoU dated January 10, 2011 with the Ministry of Railways for setting up a facility at Jalpaiguri, West Bengal for manufacturing of railway axles and other various railway products to be used by railway partly or fully and also any other products at mutually agreed terms and conditions. Our Company and Ministry of Railways have come to an understanding that this facility would be set up by our Company under its own aegis as a separate unit. This facility shall be built on the land belonging to the Ministry of Railways, which shall be leased to our Company for 30 years and renewable thereafter. The Ministry of Railways has assured to procure pro rata monthly deliveries of 20,000 rail axles per annum on assured off-take basis from the start of the commercial operation of the facility till the expiry of the land lease. The Ministry of Railway reserves the right to procure further additional quantity of up to 5,000 rail axles per annum. Our Company shall have the first right of supply of the additional quantity of axles required by the Ministry of Railway. The price of the axles shall be determined by mutual consultations between the parties on the basis of the costing procedure adopted by the Ministry of Railway for procurement of axles from the Durgapur steel plant. The MoU is valid for a period of 12 months or the date of execution of the last agreement for the implementation of the MoU whichever is later unless either party notifies the other party of the termination thereof at least 30 days before such expiration.

MoU dated December 14, 2011 with Power Grid Corporation of India Limited ("PGCIL")

Our Company has entered into a MoU dated December 14, 2011 with PGCIL for setting up a JVC for the purpose of manufacturing of transmission line tower and tower parts including research and development at a mutually agreed location subject to confirmation of viability through detailed project report and necessary approvals. The equity stake in the JVC will be decided by the parties on mutually negotiated terms and conditions. As per the terms of the MoU, our Company has to prepare a feasibility report to assess economic and technical viability of the in association with PGCIL and supply steel billets/blooms/sections/plates/rounds at mutually agreed price to the JVC. PGCIL has agreed to provide necessary data related to the requirements of tower and tower parts for its own consumption and to consider sourcing of tower and tower parts from the JVC at the mutually agreed price. All expenses incurred by the parties are to be borne by the respective parties and all expenses incurred in the formation of the JVC shall be shared in proportion to the stake of equity held by each party. This MoU will remain valid for a period of three years from December 14, 2011 and may be amended or extended in writing through mutual consent between the parties. The MoU shall cease to be in force on signing of detailed agreements by the parties. Further, the MoU may be terminated at any time by either party by giving a written notice to the other party or of its intention to terminate this MOU at least one month prior to such termination. Further, the parties acknowledge that the points mentioned in this agreement are merely statements of intentions of the Parties and this MoU does not in any way constitutes a legally binding commitment on either party.

Consortium Agreement August 30, 2011 with SAIL, NMDC, JSWL, JSPL, JISL and MIEL

Our Company has entered into a consortium agreement with SAIL, NMDC, JSWL, JSPL, JISL and MIEL (together the "**Consortium Parties**") dated August 30, 2011 to align, collaborate and co-operate with each other for the submission of a joint bid for the Hajigak iron ore deposit in Afghanistan with SAIL as its lead partner. The Consortium's Parties have participated in the expression of interest invited by the Islamic Republic of Afghanistan and have been selected as the preferred bidder for three blocks of the iron ore project and the reserve bidder for one block.

The key terms of this consortium agreement are set forth below:

Bidding

If the bid submitted by the Consortium Parties materializes into an award then SAIL, NMDC, JSW, JSPL, JISL, MIEL and our Company shall have equity participation of 20%, 18%, 16%, 16%, 8%, 4% and 18%, respectively in the project. In case any Consortium Party withdraws from the consortium agreement, then it shall offer its share of equity in proportion to SAIL, NMDC and our Company in that order.

This is expressly understood by all the Consortium Parties that as long as they are a part of the consortium, their right/ownership to the minerals/reserves in the blocks awarded to them shall be in proportion to the proposed equity mentioned above.

Duration

This consortium agreement is valid for a period of twelve months from August 29, 2012 or till the date of execution of definitive agreements, whichever is earlier.

MoU dated January 13, 2012 with Government of Andhra Pradesh

Our Company has entered into an MoU dated January 13, 2012 with the Government of Andhra Pradesh for the establishment of the following projects in Andhra Pradesh:

1. Seamless tube mill.
2. Coke oven battery-V, by-product plant and associated facilities.
3. Addition of a converter and continuous caster and modernization and up gradation of existing units to add additional mt capacity.
4. Setting up of captive jetty, cement plant, transmission tower manufacturing unit, wire drawing unit, steel processing unit, steel service centers, pelletization plant, slurry pipe line, expansion of Jaggayaapeta limestone mine.
5. Expansion to 11.5 mtpa (indicative, subject to iron ore linkages).
6. Investment on 6.3 mtpa expansion (balance).

The Government of Andhra Pradesh has agreed to facilitate our Company in obtaining necessary permissions/registration/approvals/clearances from the concerned departments of the state, as per the existing policies/rules and regulations of the State Government of Andhra Pradesh. The Government of Andhra Pradesh will also facilitate allotment of iron ore mines including other raw material mines, supply of water, power etc., to our Company on priority. The total estimated investment in the above projects is ₹ 424,000 million.

MOU dated May 24, 2012 with NMDC

Our Company has entered into a MoU dated May 24, 2012 with the NMDC for setting up a JVC for pipeline transport of materials from Jagdalpur to Visakhapatnam and setting up filtration and pellet plant at Visakhapatnam. For this purpose both NMDC and our Company have conducted studies and will conduct further feasibility studies for the proposed project. The shareholding in the JVC will be decided after the feasibility study and the expense of the feasibility study will be borne by the parties in proportion of their shareholding in the JVC. Our Company will facilitate the necessary infrastructure and utilities at Visakhapatnam for setting up the filtration plant and pellet plant. NMDC shall facilitate the necessary infrastructure and utilities for setting the slurry project at Jagdalpur. NMDC will enter into a long term supply agreement for supply of input material to JVC. The JVC will have arms length relationship with our Company and NMDC. The JVC shall offer finished products to our Company and NMDC in proportion to their shareholding and they can use these products either for captive consumption or for free trade. The cost of setting up of the slurry pipeline shall be borne proportionately by both NMDC and our Company. The MoU will remain valid for a period of two years and further extension can be made based on mutual written consent of both parties. If the operation of this MoU causes any hardship to either party, the parties shall negotiate immediately in good faith and use their endeavors to remove the hardship or part ways in good faith.

MoU dated July 27, 2012 with PGCIL

Our Company has entered into a MoU dated July 27, 2012 with PGCIL for setting up a JVC for the purpose of establishing Cold Rolled Grain Oriented ("**CRGO**")/Cold Rolled Non-Grain Oriented ("**CRNO**") steel production unit at Visakhapatnam. The equity stake in the JVC will be decided by the parties on mutually negotiated terms and conditions. The parties have agreed to constitute a joint steering committee which will scout for technology supplier for setting up a CRGO/CRNO grade steel production unit. All third party/direct expenses, expenses towards consultancies, preparation of feasibility/detailed project report, financial appraisal and expenses towards incorporation of the JVC and obtaining clearances and approvals, etc., are to be shared by the respective parties in proportion to the equity held by each party. It will be our Company's obligation to undertake the process of selection of the consultant/technology partner, arrange land and infrastructure related inputs to the consultant/technology partner, to make available steel for manufacturing CRGO and CRNO steel on a preferential basis and to nominate steering committee members. PGCIL's obligations under the MoU includes the responsibility to provide necessary data related to the requirements of CRGO and CRNO steel, consider sourcing of CRGO/CRNO steel and other graded electrical steel from the JVC, provide technical inputs for preparation of techno-economic feasibility report and nominate steering committee members. This MoU will remain valid for a period of two years and may be amended or extended through mutual written consent of both parties. Further, the MoU may be terminated at any time by either party by giving a written notice to the other party of its intention to terminate the MoU at least one month prior to such termination.

Material Agreements

In this section, unless the context requires otherwise, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements. Our Company has entered into various agreements for the procurement of raw material for the manufacture of steel. Details of the material agreements with respect to its iron ore, coal and limestone procurement are as below.

Iron Ore

Agreement dated November 25, 2011 between NMDC and our Company for supply of iron ore

<u>*Purpose*</u>

Our Company has entered into an agreement dated November 25, 2011 with NMDC for the supply of iron ore of two kinds i.e., Baila ROM and Baila Fines from NMDC's Bailadila complex in Chattisgarh for use in our Company's steel plant at Visakhapatnam for a period of five years from April 1, 2010 to March 31, 2015.

<u>*Quantity and Price*</u>

The quantity of iron ore to be delivered by NMDC is to be mutually agreed amongst the parties at the time of annual review of the agreement and is subject to availability of the iron ore and the validity of the mining leases for whose renewal NMDC must take all appropriate steps. The agreement provides for the determination of price and the precise chemical and physical composition of iron ore to be supplied. The quantity of the iron ore to be supplied is agreed upon for each quarter and if our Company fails to take delivery of the same then our Company shall have no right to demand that quantity in the subsequent quarters. However, NMDC may at his discretion supply that quantity in the subsequent quarters within the financial year subject to availability.

Our Company is required to obtain railway clearance and coordinate with railways for transportation of the iron ore at our Company's cost from Bacheli/Kirandul. In case there is any delay in payment interest at the rate of 12% per annum or one percent above the bank borrowing rate applicable to NMDC whichever is higher will be to the account of our Company. NMDC has to arrange at its own expense weighment at loading station through electronic weightometer.

Transfer of title and Right to Use

The title with respect to iron ore shall pass from NMDC to our Company when NMDC has negotiated the concerned documents and has received sale proceeds from the negotiating bank with retrospective effect to the loading of the iron ore. The risk with respect to the iron ore shall pass to our Company when the iron ore is loaded into the rake at Kirandul/Bacheli. Our Company is required to use the iron ore as actual user and does not have the right to resell or loan or gift or export or use in full or in part for any purpose other than for its use in its integrated steel plant at Visakhapatnam except with specific approval and consent of NMDC in writing.

Governing Laws

The agreement is subject to the laws of India and the disputes shall be subject to arbitration as per the DPE Guidelines, as laid down by the GoI from time to time. The price of the iron ore offered by NMDC is the price offered to its long term customers.

Termination

Our Company will cease to be a long term customer of NMDC if (i) the yearly lifting of iron ore is less than 90% of the minimum range specified in the agreement, provided allocated quantity for the particular year is more than the minimum range specified in the agreement; (ii) our Company violates the condition on re-sale and restriction on use of products; and (iii) the agreement is terminated before its natural expiry or foreclosed at the option of NMDC owing to a breach or default by our Company.

Coal

Our Company imports coking coal from Australia, New Zealand and the United States. For this purpose our Company has entered into the following agreements:

i. Letter of Intent dated February 26, 2011 issued by our Company in favour of M/s BM Alliance Coal Marketing Pty Limited ("BM Alliance") and BHP Billiton for supply of soft coking coal from Australia

Our Company has issued a letter of intent dated February 26, 2011 in favor BM Alliance and BHP Billiton for supply of black water soft coking coal for a period of four years from April 2010. The quantity agreed to be supplied during the first delivery period is 350,000 metric tonnes and the base quantity of 400,000 metric tonnes during the second delivery period and each subsequent delivery period for the next four years. The consideration for the supply of black water soft coking coal is to be determined by BM Alliance on the basis of the quarterly price settlement achieved with international buyers. BM Alliance has given an undertaking that the prices settled by them for our Company shall not be higher than the prices settled by them with the other buyers, and if the price settled for our Company is higher, then our Company shall have the right to renegotiate the price to obtain the lower price. Our Company shall at his own expense arrange for suitable marine insurance cover for the materials delivered by BM Alliance and BHP Billiton. In the event of failure to deliver or dispatch black water soft coking coal or in the event of any breach our Company is entitled to, *inter alia*, after giving a notice of 60 days, take such action as it considers fit and reasonable including taking risk purchase action for supply of similar materials, mitigating any losses, at the risk and cost of the BM Alliance and BHP Billiton.

ii. Letter of intent dated July 2, 2009 issued by our Company in favour of BM Alliance and BHP Billiton for supply of hard coking coal from Australia

Our Company has issued a letter of intent dated July 2, 2009 in favor BM Alliance and BHP Billiton for supply of hard coking coal for a period of five years from April 2009. The base quantity agreed to be supplied is 1,660,000 metric tonnes during the first delivery period and each subsequent delivery period for the next five years. BM Alliance has given an undertaking that the prices settled by them for our Company shall not be higher than the prices settled by them with the other buyers and if the price settled for our Company is higher then our Company shall have the right to renegotiate the price to obtain the lower price. Our Company shall at his own expense, arrange for suitable marine insurance cover for the materials delivered by BM Alliance and BHP Billiton. Subject to the terms and conditions of this letter, if BM Alliance and BHP Billiton neglects or fails to perform the Agreement for any reason other than force majeure, our Company having come to know of such negligence or non-performance, after giving a notice of 60 days, take such action as it considers fit and reasonable including taking risk purchase action for supply of similar materials, mitigating any losses, at the risk and cost of the BM Alliance and BHP Billiton.

iii. Agreement dated August 30, 2008 between Anglo American Metallurgical Coal Pty Limited ("Anglo American") and our Company for supply of coking coal from Australia.

Our Company has entered into an agreement with Anglo American on August 30, 2008 for purchase of coking coal for the period from July 1, 2008 to June 30, 2013. The quantity agreed to be supplied is 900,000 metric tonnes per annum. The price for the quantity of the materials supplied as stated in the schedule of the agreement is to be mutually discussed and settled by the parties. The price for delivery shall be fixed and it shall not be subject to any escalation for any reason until completion of delivery in the delivery period. The parties must not sublet, transfer, assign or otherwise part with the agreement or any part thereof, either directly or indirectly without the prior written permission of the other party. If either of the parties commits a material breach of any provisions of the agreement, the other party must notify the party in breach to remedy such breach within a reasonable period. If breach continues to occur, the party not in breach shall have the right to terminate this agreement. The parties have mutually agreed that if the objectives of the agreement are not being fulfilled then the agreement can be foreclosed. In the event of Anglo American's failure to deliver the required materials within the time specified in this agreement, Anglo American must pay as liquidated damages, a sum equivalent to one percent of the price of materials which Anglo American has failed to deliver for each month of delay. Further, the maximum amount of liquidated damages levied on any shipment must not exceed 10% of the value of materials in that shipment.

iv. Agreement dated December 24, 2010 between Solid Energy New Zealand Limited ("Solid Energy") and our Company for supply of low ash semi soft coking coal from New Zealand

Our Company has entered into an agreement dated December 24, 2010 with Solid Energy for purchase and sale of 150,000 metric tonnes of freshly mined New Zealand low ash semi soft coking for the period from April 2010 to March 2013. The consideration for the supply of coking coal is to be mutually discussed and settled by the parties prior to the commencement of each delivery period. In the event of Solid Energy's failure to deliver the required materials within the time specified in this agreement for delivery, Solid Energy will be required to pay, as liquidated damages, a sum equivalent to one percent of the price of any materials which Solid Energy had failed to deliver, for each month of delay. Solid Energy shall not sublet, transfer, assign or otherwise part with the agreement either directly or indirectly without the prior written permission of our Company. Solid Energy shall be entirely responsible for the execution of the agreement by the subcontractor if any permitted by our Company. If Solid Energy neglects or fails to perform its obligations under the agreement, our Company, after giving a notice, shall have the right to terminate this agreement at the risk and cost of Solid Energy. All risks in respect of the coal delivered under this contract shall pass to our Company when the coal passes the ship's rail during loading. If Solid Energy ceases to be the owner of the mines from where the freshly mined coking coal is being supplied, our Company shall have the right to terminate this agreement without giving any notice. It shall be the responsibility of Solid Energy to obtain the requisite export license and comply with other relevant laws of New Zealand for export of coking coal and shall keep our Company indemnified for any losses which may accrue to our Company because of any defect therein.

v. Agreement dated October 18, 2008 between Logan & Kanawha Coal Company, LLC ("Logan & Kanawha") and our Company for supply of mid volatile hard coking coal from United States of America.

Our Company has entered into an agreement dated October 18, 2008 with Logan & Kanawha for the purchase of freshly mined prime quality washed/unwashed L&K mid volatile hard coking coal for a period of five year. The price is to be mutually discussed and settled between the parties prior to commencement of the relevant delivery period. The agreement provides for the supply of a total quantity of 290,000 metric tonnes of coal during the first delivery period and during each of the subsequent delivery periods. This quantity of coal to be supplied by Logan & Kanawha has been re-negotiated by the parties pursuant to various amendments to the agreement. The tenure of the agreement is from October 18, 2008 up to June, 2013. The maximum amount of liquidated damages levied on any shipment will not exceed ten percent of the value of the coal in that shipment. If Logan & Kanawha commits breach of any provisions of this agreement, our Company shall notify them to remedy such breach within a reasonable period. If breach continues to occur, our Company shall have the right to terminate this agreement.

vi. Agreement dated October 31, 2011 between M/s. Alpha Coal Sales Co., LLC, USA ("Alpha Coal") and our Company for supply of Soft Coking Coal.

Our Company has entered into an agreement with Alpha Coal on October 31, 2011 for purchase of freshly mined prime quality washed/unwashed cambria creek medium volatile hard coking coal for the period from April, 2011 up to April,

2014. The quantity of the materials to be supplied during the delivery period beginning from April 2012 shall be approximately 225,000 metric tonnes per annum. The price for the quantity of the materials supplied as stated in the schedule of the agreement is to be mutually discussed and settled by the parties. The parties must not sublet, transfer, assign or otherwise part with the agreement or any part thereof, either directly or indirectly without the prior written permission of the other party. If either of the parties commits a material breach of any provisions of the agreement, the party not in breach shall have the right to terminate this agreement. In case the umpire analysis of the sample is at adverse variance in any two consignments, then our Company shall have the right to terminate this agreement at the risk and cost of Alpha Coal. The parties have mutually agreed that if the objectives of the agreement are not being fulfilled then the agreement can be foreclosed. In the event of Alpha Coal's failure to deliver the required materials within the time specified in this agreement, Alpha Coal must pay as liquidated damages, a sum equivalent to one percent of the price of materials which Alpha Coal has failed to deliver for each month of delay.

Additionally, our Company has also entered into a fuel supply agreement dated June 25, 2008 with Mahanadi Coalfields Limited for supply of 1,680,000 tonnes of boiler coal per year for a period of five years, unless terminated earlier, for our Company's captive power plant and an MoU with Central Coalfields Limited for supply of washed coking coal.

Limestone

Acceptance to tender dated October 29, 2010 placed by our Company for the supply of low silica limestone by M/s Ras Al Khaimah Rock Company, United Arab Emirates ("Ras Al Khaimah")

Our Company has placed the acceptance to tender dated October 29, 2010 for the supply of a total quantity of 525,000 metric tonnes of low silica limestone by Ras Al Khaimah at a consideration of USD 9.90 per tones, FOB trimmed and USD 23.75 per tonnes CFR(FO). For any delay in clearance at the port of destination on account of non-supply of shipping documents in time or due to faulty documents, Ras Al Khaimah will be held responsible for any demurrage which our Company may become liable to pay to the authorities at the discharge port in India. Ras-Al Khaimah shall not sublet, transfer, assign or otherwise part with the agreement either directly or indirectly without the prior written permission of our Company. Ras Al Khaimah shall be entirely responsible for the execution of the agreement by the subcontractor if any permitted by our Company. Our Company is required to arrange suitable marine insurance cover for the entire material to be delivered by Ras Al Khaimah at its own expense. In the event Ras Al Khaimah fails to deliver the agreed amount of limestone within the agreed time, Ras Al Khaimah shall have to pay as liquidated damages a sum equivalent to 0.5% of the price of the limestone that Ras Al Khaimah has failed to deliver for each week during which the limestone is not delivered. The maximum amount of liquidated damages will be 10% of the value of the limestone in the shipment. If Ras Al Khaimah before the award of contract or during the execution of contract has committed a transgression that puts its reliability or credibility in question, our Company is entitled to disqualify it from the tender process or to terminate the contract, if already signed, moreover, the earnest money deposit/bid security furnished, if any, along with the offer as per the terms of the invitation to tender shall be forfeited. If Ras Al Khaimah fails to provide low silica limestone within the stipulated time or fails to perform the acceptance to tender or in case a receiver is appointed on its assets, our Company shall have the power to declare the acceptance to tender as at an end at the risk and cost of Ras Al Khaimah. Our Company reserves the option to enhance the quantity by another 525,000 tonnes (FOB basis only for the extended period) other terms and conditions remain unchanged before the date of bill of lading of the last shipment of supply of the initial firm order quantity.

Strategic and Financial Partners

Our Company has currently does not have any strategic or financial partners.

Details of past performance

For further details in relation to the financial performance of our Company in the previous five financial years, including details of non-recurring items of income, see the section titled "***Financial Statements***" on page 165 of this Red Herring Prospectus.

OUR MANAGEMENT

Under the Articles of Association, our Company shall not have less than five Directors and more than 16 Directors. Our Company currently has 14 Directors, of whom six are whole-time Directors, one non-executive and non-independent Director and seven are non-executive and independent Directors. Our Chairman is an executive and non-independent Director.

Our Board

The following table sets forth certain details of our Directors as of the date of this Red Herring Prospectus:

Name, Designation and Occupation	Age	Address	Directors Identification Number	Other Directorships
Mr. A.P. Choudhary *Designation:* Chairman and Managing Director *Occupation:* Service	58	Steel House, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02697893	1. ICVL 2. RMFA 3. URRKL 4. EIL 5. OMDC 6. BSLC
Mr. Umesh Chandra *Designation:* Director (Operations), executive non independent Director *Occupation:* Service	58	D-4, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02398270	1. OMDC 2. RMFA 3. URRKL
Mr. P. Madhusudan *Designation:* Director (Finance), executive non independent Director *Occupation:* Service	54	D-6, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02845996	1. EIL 2. RMFA 3. URRKL
Mr. T.K. Chand *Designation:* Director (Commercial), executive non independent Director *Occupation:* Service	52	D-1, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	01710900	1. BSLC
Mr. Y.R. Reddy *Designation:* Director (Personnel), executive non independent Director *Occupation:* Service	58	D-7, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	03383459	Nil
Mr. N.S. Rao *Designation:* Director (Projects), executive non independent Director *Occupation:* Service	58	D-2, Directors Bungalow, Sector 7, Ukkunagaram, Visakhapatnam - 530 032, Andhra Pradesh, India	02548172	1. Andhra Pradesh Heavy Machinery and Engineering Limited
Dr. Dalip Singh *Designation:* Government nominee Director, non executive non independent Director *Occupation:* IAS Officer	56	D-1/87, Ravindra Nagar, Near Khan Market, New Delhi - 110 003, India	02211894	1. MOIL 2. Hindustan Steelworks Construction Limited
Mr. A.P.V.N. Sarma *Designation:* Independent Director *Occupation:* Retired IAS Officer	62	8-2-601/A/19, Panchavati Colony, Road No.10, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India	03272585	1. Neyveli Lignite Corporation Limited 2. GATI Limited 3. SEW Vizag Port Terminal Limited 4. APGAS Power Corporation Limited 5. Seaways Shipping and Logistics Limited 6. Allahabad Bank Limited
Mr. H.S. Chahar	63	B-402, Jagaran Apartments, Plot No.17, Sector-22	01691383	1. S.E.C. Limited

Name, Designation and Occupation	Age	Address	Directors Identification Number	Other Directorships
Designation: Independent Director *Occupation: Retired IAS Officer*		Dwarka, New Delhi – 110 075, India		
Mr. Swashpawan Singh *Designation:* Independent Director *Occupation*: Retired IFS Officer	63	F-3/10, Vasant Vihar, New Delhi – 110 057, India	02600225	1. KSP Sound Designs Solutions Private Limited
Dr. Upendra Dutta Choubey *Designation:* Independent Director *Occupation:* Service	63	E-1, Antriksh Greens, Sector 50, Noida - 201 301, Uttar Pradesh, India	00153988	Nil
Mr. Virendra Singh Jain *Designation:* Independent Director *Occupation:* Service	66	B-12, 2nd Floor, Gyan Bharati School Lane, Saket, New Delhi – 110 017, India	00253196	1. Dalmia Bharat Enterprises Limited
Prof. Sushil *Designation:* Independent Director *Occupation:* Professor	56	32 Vikramshila Apartments, IIT Campus, Shaheed Jeet Singh Marg, Hauz Khas, New Delhi – 110 016, India	05300091	Nil
Mr. Ashhok Kumar Jain *Designation:* Independent Director *Occupation:* Chartered Accountant	61	1C/5, New Rohtak Road, New Delhi – 110005, India	05298647	Nil

Nationality

All our Directors are Indian nationals.

Brief Profile of our Directors

A brief profile of each member of our Board of Directors is given below:

Mr. A.P. Choudhary, aged 58 years, is the Chairman and Managing Director of our Company. He holds a post graduate degree in mechanical engineering with specification in machine design and analysis from Regional Engineering College, Rourkela. Mr. A.P. Choudhary has 30 years of experience in various management positions in the steel industry. He has previously worked with SAIL and was responsible for resolving various issues relating to technical, financial, commercial and industrial relations of the units under SAIL. Mr. A.P. Choudhary joined our Company on June 1, 2009 as Director (Projects) and has been responsible for the 6.3 mtpa project expansion. He became the Chairman and Managing Director of our Company on August 1, 2011 and has been responsible for commissioning of all expansion units.

Mr. Umesh Chandra, aged 58 years, is the Director (Operations) of our Company. Mr. Umesh Chandra holds a bachelor’s degree in engineering (mechanical) from the University of Roorkee, Roorkee. Mr. Umesh Chandra has 34 years of experience of working in various management positions in the steel industry. Prior to joining our Company, Mr. Umesh Chandra has worked with SAIL for 12 years at various positions. While in SAIL, he worked in the hot strip mill and the captive power plant. Mr. Umesh Chandra joined our Company in 1990 as manager and was given the task of setting up and heading the power engineering maintenance department. The department was setup to take care of the maintenance of high speed rotating machines like fans, blowers, compressors, turbo blowers, etc. throughout the VSP units. In 2006, he became the general manager and headed three departments namely, thermal power plant, distribution network and power engineering maintenance departments. He became the Director (Operations) of our Company on November 1, 2008 and is responsible for the operations of the entire VSP.

Mr. P. Madhusudan, aged 54 years, is the Director (Finance) of our Company. He holds a bachelor’s degree in commerce from Andhra University. He qualified as a chartered accountant in 1982 and became a member of the Institute of Chartered Accountants of India in 1983 and Institute of Costs and Works Accountants of India in 1984. He also qualified as a member of the Institute of Company Secretaries of India in 1986. Mr. P. Madhusudan started his career as a junior manager (finance) in the Bhilai Steel Plant of SAIL from June 30, 1983 and worked there for 24 years in various capacities. While working with the Bhilai Steel Plant, he was instrumental in taking various decisions in key financial areas and made significant contributions through prudential financial management. Mr. P. Madhusudan was later transferred to SAIL's IISCO Steel Plant at Burnpur as general manager (finance), where he was actively associated with the modernization of the plant, exploring new coal blocks and initiating cost reduction and profit improvement measures. He became the Director (Finance) of our Company on November 2, 2009 and has played a key role in the ongoing expansion of our Company and is setting long term growth strategies for our Company.

Mr. T.K. Chand, aged 52 years, is the Director (Commercial) of our Company. Mr. T.K. Chand holds a bachelor's of arts degree in history and a master's degree in arts, public administration and history from Utkal University, Bhubaneswar. He also holds a bachelor's degree in law from Andhra University, Visakhapatnam and a diploma in social welfare (labour welfare) from University of Calcutta. Mr. T.K. Chand has done a certificate course in corporate governance by SCOPE and Department of Public Enterprises and a course on international human resources at Queensland University, Australia. Additionally, he has also undergone training in advanced management programme on capacity building in marketing management and quality management in enterprises by International Centre for Promotion of Enterprises, Slovenia (Western Europe). He also won the 'Jawaharlal Nehru Award' for outstanding performance as an executive of our Company. Mr. T.K. Chand has more than 24 years of experience in the steel industry in different capacities. Mr. T.K. Chand began his career with our Company in the year 1983 as a management trainee (administration) and in the course of his employment undertook various human resource initiatives including introduction of productive work culture, organization restructuring, introduction of non-unionized supervisory cadre, incentive scheme for beyond capacity utilization, etc. Mr. T.K. Chand joined Central Coalfields Limited as director (personnel) on July 12, 2007 and was credited with various human resource initiatives. While in Central Coalfields Limited, he also worked in the areas of sales and marketing and was the director (sales and marketing) from April 1, 2009 until September 21, 2010. He became the Director (Commercial) of our Company on September 22, 2010 and has been responsible for both materials management and marketing departments of our Company.

Mr. Y.R. Reddy, aged 58 years is the Director (Personnel) of our Company. Mr. Y.R. Reddy holds a master of arts degree in industrial relation and labour welfare and a masters degree in business administration from Andhra University, Visakhapatnam. He also has a certificate in German language from Max Mueller Bhavan, Rourkela. Mr. Y.R. Reddy joined SAIL as a management trainee in November, 1977 in the Rourkela steel plant and was later transferred to Visakhapatnam steel project unit of SAIL in 1980. Mr. Y.R. Reddy has more than 34 years of experience in the area of human resource management including manpower planning, recruitment, policy and rules, industrial relations, corporate personnel, employee benefits and human resource development. He has been involved in several human resource initiatives in our Company, including shop-floor employee development, social counselling and effectively using HRM for managing the turnaround of the Company. He led our Company's team at International Convention on Quality Control Circles, Yokohoma, Japan in 2011. Mr. Y.R. Reddy was awarded the IPE HR Leadership Award for his outstanding contribution to the Human Resource function. He became Director (Personnel) of our Company from December 22, 2010 and has been responsible for human resource management of the organization.

Mr. N.S. Rao, aged 58 years, is Director (Projects) of our Company. Mr. N.S. Rao holds a bachelor's degree in metallurgical engineering with honors and master's degree in metallurgical engineering from Regional Engineering College, Rourkela. He has 32 years of experience in the steel industry. Mr. N.S. Rao has worked with the Regional Engineering College, Sri Nagar as a lecturer and with the Regional Research Laboratory, Bhubaneswar as a research scholar. He started his career in the steel industry by joining SAIL's Durgapur steel plant as a management trainee (technical) in November, 1979. He joined our Company on May 20, 1981 as a Junior Manager on transfer terms and in the course of his career he has held key positions such as Assistant General Manager (Operations), Assistant General Manager (Blast Furnace), Deputy General Manager (Blast Furnace) in-charge, Deputy General Manager (Blast Furnace and Sinter Plant) in-charge, General Manager (Iron), General Manager (Operations) in-charge, General Manager (Projects and Commissioning) and Executive Director (Projects and Commissioning). He has worked in different capacities in the projects implementation, operations and also contributed significantly in strategic business and management. He became Director (Projects) of our Company from April 19, 2012 and is in charge of projects implementation and commissioning of expansion units of our Company.

Dr. Dalip Singh, aged 56 years, is a non-executive, non-independent nominee Director of GoI on our Board. Dr. Dalip Singh holds a master of philosophy in psychology and a doctorate in management from the University of Delhi, New Delhi for his work on 'Indian Managers'. Dr. Dalip Singh has being conferred the post doctoral degree of Doctor of Letters by Bundelkhand University, Jhansi. Dr. Singh has been a teaching faculty at the Faculty of Management Studies, New Delhi. He joined the Indian Administrative Service in 1982 and has a professional experience of about 28 years. He is the recipient of the Prime Minister's National Award for excellent work in the field of woman's empowerment. He has also authored the book 'Emotional Intelligence at Work'. Dr. Dalip Singh has served on various State and Central administrative positions in various departments including Industry Department, Irrigation Department, Public Health

Department, Social Justice Department, Food Processing Co-operation Department, etc. He is currently the Joint Secretary in the MoS. He became the Director of our Company from March 2, 2010.

Mr. A.P.V.N. Sarma, aged 62 years, is an independent Director of our Company. Mr. A.P.V.N. Sarma holds a bachelor's degree in law degree from Osmania University, Hyderabad. He has also attended a leadership program at Harvard University for senior administrators and leaders from all over the world. He joined the Indian Administrative Services in July 1974 and held various positions in his three decade career with the Indian Administrative Services, including Secretary in the Ministry of Shipping, special chief secretary, Department of Social Welfare and joint secretary in the Department of Coal. As Secretary in Ministry of Shipping, Mr. A.P.V.N. Sarma was responsible for governmental policy relating to merchant shipping, ports and inland waterways. During his tenure as Secretary in Ministry of Shipping, a new academic Indian Maritime University was set up for the first time to improve the academic standards and focus on higher maritime education. Mr. A.P.V.N. Sarma is currently on the boards of various companies including Neyveli Lignite Corporation Limited and GATI Limited. He became the Director of our Company from September 30, 2010.

Mr. H.S. Chahar, aged 63 years, is an independent Director of our Company. Mr. H.S. Chahar holds a bachelor's and a master's degree in economics from Punjab University, Chandigarh. He started his career as a lecturer of economics in Government Nehru College, Faridabad. He joined the Indian Administrative Services in the year 1976 and was allotted the Orissa Cadre, where he held various field postings including sub-collector, project administrator, collector and district magistrate. He has 18 years of experience as Secretary in various Government departments including the Agricultural Department, Transport and Commerce Department, Housing and Urban Development Department, Steel and Mines Department, Forest and Environmental Department, Rural Development Department and General Administrative Department. He is currently a director on the board of S.E.C. Limited. He became the Director of our Company from September 30, 2010.

Mr. Swashpawan Singh, aged 63 years, is an independent Director of our Company. Mr. Swashpawan Singh holds a bachelor's degree in arts (honours course) from University of Delhi, New Delhi and graduated from National Defence College, New Delhi. Mr. Swashpawan Singh started his career with the DCM group where he worked from 1969 until 1972 and then taught english literature at St. Stephens College from 1972 until 1974. He joined the Indian Foreign Service in the year 1974 and over the course of three decades held various posts in the Ministry of External Affairs, Indian Embassies in Kabul, Washington D.C, Cairo and as consul general in Houston. Mr. Swashpawan Singh served as a director in the office of the Minister of External Affairs, joint secretary on deputation to the Ministry of Defence and as joint secretary for Gulf and Haj division. He was appointed as ambassador of India to Kuwait and was part of the team that negotiated the release of the Indian hostages held in Iraq. He was also appointed as the ambassador and permanent representative of India to the United Nations. He was the leader of several delegations in conferences/meetings held in World Health Organisation, International Labour Organisation, United Nations Conference on Trade and Development, International Trade Center, World Intellectual Property Organisation, United Nations High Commission for Refugees, Inter-Parliamentary Union, International Committee on the Red Cross, International Telecommunication Union and in the area of Human Rights and Humanitarian Affairs. He was also the leader of the Indian delegation to the 62nd session of the Commission of Human Rights and was member of the ministerial delegation at the first session of the Human Rights Council. He was also appointed as honorary advisor to the director general of the World Intellectual Property Organisation and honorary advisor to the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy, Ministry of Health and Family Welfare. He is currently the chairman of KSP Sound Design solutions Private Limited, a media production house. He became the Director of our Company from October 1, 2010.

Dr. Upendra Dutta Choubey, aged 63 years, is an independent Director of our Company. Mr. Upendra Dutta Choubey holds a bachelor of law degree from University of Delhi, master's degree in chemistry from Patna University, Patna and a doctor of philosophy degree from Indian School of Mines, Dhanbad. He also has a masters in business administration degree from Indian Institute of Business Management, Patna. Additionally, he has a diploma in distribution system design and engineering by the Consumers' Gas Company Toronto, Canada. He has more than 37 years of experience in working with public sector enterprises. He worked with Project Development of India Limited from 1973 until 1986. Thereafter, he joined GAIL (India) Limited ("**GAIL**") on April 29, 1986 as senior deputy manager (marketing) and worked at various key positions. He was the chairman and managing director of GAIL from February 2007 until July 2009. During the course of his association with GAIL, Mr. Upendra Dutta Choubey was instrumental in the implementation of various successful marketing strategies, formation of joint ventures, expansion of business, encouraging research and development and performance oriented work culture. He is currently the director general of SCOPE. He became the Director of our Company from October 11, 2010.

Mr. Virendra Singh Jain, aged 66 years, is an independent Director of our Company. Mr. Virendra Sign Jain holds a graduate degree in commerce from Delhi University and is a fellow member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. Mr. Virendra Singh Jain joined Indian Oil Corporation Limited in October 1969 and worked there for 26 years in various capacities. During his tenure with Indian Oil Corporation Limited he was involved in international negotiations for procurement of crude and petroleum products and contributed considerably in formulating the corporate policies and developing plans for the organization. He was the chairman of SAIL from September 30, 2002 to July 31, 2006. Mr. Virendra Singh Jain was also the member of Public Enterprises Selection Board from March 2008 to July 2011. He became the Director of our Company from May 14, 2012.

Prof. Sushil, aged 56 years, is an independent Director of our Company. Prof. Sushil holds a bachelor of engineering degree in mechanical engineering from Madhav Institute of Technology and Sciences, Jiwaji University, Gwalior and a master in technology degree in industrial engineering from Indian Institute of Technology, Delhi. He has a doctor of philosophy degree from Indian Institute of Technology, Delhi in systems modeling of waste management in national planning. He has 24 years of experience as a professor. Prof. Sushil is currently a professor in Indian Institute of Technology, New Delhi and is also a visiting/adjunct professor in various other institutions. He has authored publications on topics like core competence and flexibility in strategic formulation and flexible enterprise for global business. He became the Director of our Company from May 14, 2012.

Mr. Ashhok Kumar Jain, aged 61 years, is an independent Director of our Company. Mr. Ashhok Kumar Jain is a fellow associate of the Institute of Chartered Accountants of India since 1976. He has more than 34 years of experience as an income tax practitioner. He is a senior partner in the chartered accountant firm of Jain Kapila Associates, Chartered Accountants. He became the Director of our Company from May 14. 2012.

Permanent Invitees to the meetings of the Board

There are no permanent invitees to the meeting of the Board.

Relationship between Directors

None of our Directors are related to each other.

Details of Appointment of our Directors

Name of Director	Appointment Letter from the MoS	Term
Mr. A.P. Choudhary	1(10)2010-VSP dated July 26, 2011	Five years from the date of assumption of charge, i.e. August 1, 2011, or until the date of his superannuation, i.e. December 31, 2013 or until further orders from the MoS, whichever is earlier.
Mr. Umesh Chandra	1(4)2007-VSP dated September 2, 2008	Five years from the date of assumption of charge, i.e. November 1, 2008, or until the date of his superannuation, i.e. July 31, 2014 or until further orders from the MoS, whichever is earlier.
Mr. P. Madhusudan	1(9)2008-VSP dated September 3, 2009	Five years from the date of assumption of charge, i.e. November 2, 2009, or until the date of his superannuation, i.e. May 31, 2018 or until further orders from the MoS, whichever is earlier.
Mr. T.K. Chand	1(5)2009-VSP dated September 20, 2010	Five years from the date of assumption of charge, i.e. September 22, 2010, or until the date of his superannuation, i.e. November 30, 2019 or until further orders from the MoS, whichever is earlier.
Mr. Y.R. Reddy	1(10)2009-VSP dated December 22, 2010	Five years from the date of assumption of charge, i.e. December 22, 2010, or until the date of his superannuation, i.e. April 30, 2014 or until further orders from the MoS, whichever is earlier.
Mr. N.S. Rao	1(9)2011-VSP dated April 19, 2012	Until the date of his superannuation, i.e. October 31, 2013 or until further orders from the MoS, whichever is earlier.
Dr. Dalip Singh	1(5)2007-VSP dated March 2, 2010	From March 2, 2010, until further orders of the MoS.
Mr. A.P.V.N. Sarma	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. September 30, 2010, or until further orders from the MoS, whichever is earlier.
Mr. H.S. Chahar	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. September 30, 2010, or until further orders from the MoS, whichever is earlier.
Mr. Swashpawan Singh	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. October 1, 2010, or until further orders from the MoS, whichever is earlier.
Dr. Upendra Dutta Choubey	1(1)2009-VSP dated September 28, 2010	Three years from the date of assumption of charge i.e. October 11, 2010, or until further orders from the MoS, whichever is earlier.
Mr. Virendra Singh Jain	1(1)2009-VSP dated May 14, 2012	Three years from the date of appointment i.e. May 14, 2012 or until further orders from the MoS, whichever is earlier.
Prof. Sushil	1(1)2009-VSP dated May 14, 2012	Three years from the date of appointment i.e. May 14, 2012 or until

Name of Director	Appointment Letter from the MoS	Term
		further orders from the MoS, whichever is earlier.
Mr. Ashhok Kumar Jain	1(1)2009-VSP dated May 14, 2012	Three years from the date of appointment i.e. May 14, 2012 or until further orders from the MoS, whichever is earlier.

Remuneration Details of our Directors

The following table sets forth the details of the gross remuneration of Directors for the Fiscal 2012. Our executive Directors are also entitled to benefits/facilities such as official vehicle, medical reimbursements, leave travel concession and gratuity.

S. No.	Name	Basic Salary in ₹	Allowances and Perquisites in ₹ ^	Sitting Fees in ₹	Total in ₹
1.	Mr. A.P. Choudhary	953,028.04	1,577,504.61	-	2,530,532.65
2.	Mr. Umesh Chandra	958,858.37	1,977,573.92	-	2,936,432.29
3.	Mr. P. Madhusudan	938,702.66	1,363,007.18	-	2,301,709.84
4.	Mr. T.K. Chand	900,000	1,052,002.77	-	1,952,002.77
5.	Mr. Y.R. Reddy	900,000	1,585,807.39	-	2,485,807.39
6.	Mr. N.S. Rao*	Nil	Nil	-	Nil
7.	Dr. Dalip Singh**	Nil	Nil	Nil	Nil
8.	Mr. A.P.V.N. Sarma***	-	-	380,000	380,000
9.	Mr. H.S. Chahar***	-	-	580,000	580,000
10.	Mr. Swashpawan Singh***	-	-	620,000	620,000
11.	Dr. Upendra Dutta Choubey***	-	-	420,000	420,000
12.	Mr. Virendra Singh Jain#	Nil	Nil	Nil	Nil
13.	Prof. Sushil#	Nil	Nil	Nil	Nil
14.	Mr. Ashhok Kumar Jain#	Nil	Nil	Nil	Nil

** As Mr. N.S. Rao was appointed on our Board as Director (Projects) on April 19, 2012, no remuneration was paid by our Company to him in Fiscal 2012 in the capacity of a Director.*
*** As Dr. Dalip Singh is a Government nominee Director on our Board, he is not entitled to any remuneration from our Company, including in the nature of salaries or sitting fees.*
**** Being Independent Directors only sitting fees was paid by our Company to them in Fiscal 2012.*
^ Includes leave travel concession encashment and leave encashment paid by our Company.
 # As Mr. Virendra Singh Jain, Prof. Sushil and Mr. Ashhok Kumar Jain were appointed on our Board as independent Directors on May 14, 2012, no sitting fees was paid by our Company to them in Fiscal 2012.

Our Government nominee Directors are not entitled to any remuneration or fees from us as they have been nominated on our Board by the MoS. Apart from a sitting fee of ₹ 20,000 paid for attending each meeting of our Board and ₹ 20,000 for attending the meetings of the sub-committee of the Board and empowered joint committee on coal, the independent Directors of our Company do not receive any other remuneration from our Company. The sitting fee for our Directors has been fixed pursuant to a Board resolution dated December 18, 2009.

Details of terms and conditions of appointment of our executive Directors

The terms and conditions governing the appointment of Mr. A.P. Choudhary, Mr. Umesh Chandra, Mr. P. Madhusudan, Mr. T. K. Chand, Mr. Y. R. Reddy and Mr. N.S. Rao are set forth below:

Mr. A.P. Choudhary was appointed as the Chairman and Managing Director of our Company with effect from August 1, 2011 until five years from the date of assumption of charge or until the date of his superannuation, i.e. December 31, 2013 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(10)2010-VSP) dated July 26, 2011 issued by the MoS. The terms of employment of Mr. A.P. Choudhary as the Chairman and Managing Director of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of Central Public Sector Enterprises ("**CPSE**") notified by the DPE by their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment, subject to MoS, approval of Mr. A.P. Choudhary are as under:

Basic Salary	In the existing scale of ₹ 80,000 - ₹125,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.

Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. Umesh Chandra was appointed as the Director (Operations) of our Company with effect from November 1, 2008 until five years from the date of assumption of charge or until the date of his superannuation, i.e. July 31, 2014 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(4)2007-VSP) dated June 21, 2010 issued by the MoS which also stated the terms of his employment. The significant terms and conditions of employment of Mr. Umesh Chandra are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated June 5, 2003, November 26, 2008 and April 12, 2009.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. P. Madhusudan was appointed as the Director (Finance) of our Company with effect from November 2, 2009 until 5years from the date of assumption of charge or until the date of his superannuation, i.e. May 31, 2018 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(9)2008-VSP) dated September 3, 2009 issued by the MoS. The terms of employment of Mr. P. Madhusudan was set out in letter (no. 1(9)2008-VSP) dated June 21, 2010 issued by the MoS. The significant terms and conditions of employment of Mr. P. Madhusudan are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation.

	Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. T.K. Chand was appointed as the Director (Commercial) of our Company with effect from September 22, 2010 until five years from the date of assumption of charge or until the date of his superannuation, i.e. November 30, 2019 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(5)2009-VSP) dated September 20, 2010 issued by the MoS. The terms of employment of Mr. T.K. Chand as the Director (Commercial) of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of CPSE notified by the DPE by their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. T.K. Chand are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. Y.R. Reddy was appointed as the Director (Personnel) of our Company with effect from December 22, 2010 until five years from the date of assumption of charge or until the date of his superannuation, i.e. April 30, 2014 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(10)2009-VSP) dated December 22, 2010 issued by the MoS. The terms of employment of Mr. Y.R. Reddy as the Director (Personnel) of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of CPSE notified by the DPE by their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. Y.R. Reddy are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.

Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Mr. N.S. Rao was appointed as the Director (Projects) of our Company with effect from April 19, 2012 until the date of his superannuation, i.e. October 31, 2013 or until further orders from the MoS, whichever is earlier, by the President of India pursuant to letter (no. 1(9)/2011-VSP) dated April 19, 2012 issued by the MoS. The terms of employment of Mr. N.S. Rao as the Director (Projects) of our Company have not been conveyed by the MoS till date. In terms of the standard terms of employment applicable to board level executives of CPSE notified by the DPE by their letter no. 2(30)09-DPE(WC) dated December 30, 2009, the terms of employment subject to MoS approval of Mr. N.S. Rao are as under:

Basic Salary	In the existing scale of ₹75,000 - ₹100,000.
Dearness Allowance	In accordance with the new 'Industrial Dearness Allowance Scheme' mentioned in the DPE's office memoranda dated November 26, 2008 and April 2, 2009.
Annual Increment	At 3% of basic pay on the anniversary date of appointment in the scale and further increments on the same date in subsequent years until the maximum of the pay-scale is reached.
Housing and Furnishing	Entitled to suitable residential accommodation from our Company including company leased accommodation. Accommodation can also be taken on self lease basis provided that a lease deed in favour of our Company is executed or on the basis of existing lease deeds. Housing rent allowance at the rates indicated in the DPE's office memorandum dated November 26, 2008.
Superannuation Benefits	Eligible for superannuation benefit based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Other Allowances/Perks	Entitled to allowances and perks subject to a maximum ceiling of 50 % of basic pay as per DPE's office memorandum dated November 26, 2008 and April 2, 2009.
Conveyance	Entitled to staff car for private use subject to a ceiling of 750 km per month.
Performance Related Payment	Eligible for approved performance related payment as per DPE's office memorandum dated November 26, 2008, February 9, 2009 and April 2, 2009.
Leave and Vacation	As per the leave rules of our Company.
Restriction on Joining Private	After retirement or resignation from the service of our Company, shall not accept any appointment or post whether advisory or administrative, in any firm or company, whether Indian or foreign, with which our Company has or had business relations within one year from the date of his retirement or resignation, without prior approval of the GoI.
Conduct Discipline and Appeal	Subject to the conduct, discipline and appeal rules framed by our Company, with the disciplinary authority being the President of India.
Termination	The appointment may be terminated by either party on 3 months' notice or on payment of three months' salary in lieu thereof.

Details of Service Contracts

There are no service contracts entered into by our Company with any Director for the provision of benefits or payments of any amount upon termination of employment or retirement.

Shareholding of Directors in our Company

Other than Mr. A.P. Choudhary who holds 300 Equity Shares as nominee of the President of India and Mr. P. Madhusudan, Dr. Dalip Singh, Mr. Umesh Chandra and Mr. T. K. Chand who hold 100 Equity Shares each as nominees of the President of India, acting through the MoS, GoI, none of our other Directors have any shareholding in our Company. For further details, see section titled "***Capital Structure***" on page 66 of this Red Herring Prospectus.

Borrowing Powers of our Board of Directors

As per the Articles of Association and subject to the approval of the President of India and the provisions of the Companies Act, the Board of Directors may by means of a resolution passed at a meeting of the Board from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company provided that no approval of the President of India would be necessary for borrowing from the banks for the purposes of meeting the working capital requirements on the hypothecation of our Company's current assets. The Board of Directors are also empowered to exercise the powers conferred under Navratna status. Our Board of Directors pursuant to resolutions dated January 11, 2012 and March 19, 2012 has approved the borrowing limits of ₹ 60,000 million and ₹ 70,000 million for capital expenditure and working capital, respectively.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Except for our executive Directors who are entitled to statutory benefits upon termination of their tenure in the board, or upon their resignation or retirement, along with certain post retirement benefits, no other Director is entitled to any benefit upon termination of their tenure in the board, or upon their resignation or retirement, as the case may be.

All the independent Directors are entitled to receive sitting fees for attending the Board/committee meetings within the limits laid down in the Companies Act and as decided by our Board.

Our Directors have no interest in any property acquired by our Company or its Subsidiaries within two years of the date of filing of this Red Herring Prospectus or presently intended to be acquired by our Company or its Subsidiaries as disclosed in this Red Herring Prospectus.

None of the Directors were interested in any transaction by our Company involving acquisition of land, construction of building or supply of any machinery.

Except as stated in this section, no amount or benefits were paid or were intended to be paid to our Directors during the last two years preceding the date of filing of this Red Herring Prospectus.

Except as stated below, none of our Directors are directors on the board of our Subsidiaries:

S. No.	Name	Subsidiary
1.	Mr. A.P. Choudhary	1. EIL 2. OMDC 3. BSLC 4. URRKL
2.	Mr. Umesh Chandra	1. OMDC 2. URRKL
3.	Mr. P. Madhusudan	1. EIL 2. URRKL
4.	Mr. T. K. Chand	1. BSLC

Our executive Directors may also be interested in the Equity Shares, if any, that may be subscribed by them in the Offer. Such executive Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

Changes in our Board of Directors during the last three years

The changes in our Board in the last three years are as follows:

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. Virendra Singh Jain, Independent Director	May 14, 2012	-	Appointed pursuant to letter no. 1(1)2009-VSP dated May 14, 2012
2.	Prof. Sushil, Independent Director	May 14, 2012	-	Appointed pursuant to letter no. 1(1)2009-VSP

S. No.	Name	Date of Appointment	Date of Cessation	Reason
				dated May 14, 2012
3.	Mr. Ashhok Kumar Jain, Independent Director	May 14, 2012	-	Appointed pursuant to letter no. 1(1)2009-VSP dated May 14, 2012
4.	Mr. S. Machendra Nathan, Government Nominee Director	May 24, 2010	May 14, 2012	Withdrawal of appointment by the MoS
5.	Mr. N.S. Rao, Director (Projects)	April 19, 2012	-	Appointed pursuant to letter no. 1(9)/2011-VSP dated April 19, 2012
6.	Mr. A.P. Choudhary, Chairman cum Managing Director*	August 1, 2011	-	Change in Designation (appointed as the Chairman cum Managing Director)
		June 1, 2009	-	Appointed pursuant to letter no. 1(10)2010-VSP dated July 26, 2011
7.	Mr. P. K. Bishnoi, Chairman cum Managing Director**	April 1, 2004	July 31, 2011	Retirement
8.	Mr. Y.R. Reddy, Director (Personnel)	December 22, 2010	-	Appointed pursuant to letter no. 1(10)2009-VSP dated December 22, 2010
9.	Dr. Upendra Dutta Choubey, Independent Director	September 28, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
10.	Mr. Swashpawan Singh, Independent Director	October 1, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
11.	Mr. H. S. Chahar, Independent Director	September 28, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
12.	Mr. A.P. V.N. Sarma, Independent Director	September 30, 2010	-	Appointed pursuant to letter no. 1(1)2009-VSP dated September 28, 2010
13.	Mr. Y. Manohar, Director (Personnel)	March 20, 2007	September 30, 2010	Retirement
14.	Prof. Ramesh Chandra, Independent Director	August 03, 2009	September 28, 2010	Retirement
15.	Mr. T.K. Chand, Director (Commercial)	September 22, 2010	-	Appointed pursuant to letter no. 1(5)2009-VSP dated September 20, 2010
16.	Mr. B. S. Meena, Government Nominee Director	December 20, 2007	March 31, 2010	Resignation
17.	Dr. Jagatpal, Independent Director	March 12, 2007	March 2, 2010	Resignation
18.	Mr. Dalip Singh, Government Nominee Director	March 2, 2010	-	Appointed pursuant to letter no. 1(5)2007-VSP dated March 2, 2010
		November 7, 2008	November 12, 2009	Resignation
19.	Mr. C.G. Patil, Director (Commercial)	September 1, 2007	February 28, 2010	Retirement
20.	Mr. U.P. Singh, Government Nominee Director	November 12, 2009	January 20, 2010	Resignation
21.	Mr. P. Madhusudan, Director (Finance)	November 2, 2009	-	Appointed pursuant to letter no. 1(9)2008-VSP dated September 3, 2009
22.	Mr. K.S. Shankar, Director (Finance)	October 29, 2007	October 31, 2009	Retirement

** Mr. A.P. Choudhary was the Director (Projects) during the period from June1, 2009 until July 31, 2011. He assumed the charge of Chairman cum Managing Director on August 1, 2011.*
***Mr. P. K. Bishnoi was the Director (Finance) during the period from April 1, 2004 until April 30, 2007. He assumed the charge of Chairman cum Managing Director on May 1, 2007.*

Further Confirmations

None of the Directors is or was a director of any listed company during the five years preceding the date of Red Herring Prospectus, whose shares have been or were suspended from being traded or delisted from the BSE or the NSE during the term of their directorship in such company.

Corporate Governance

The provisions of the Listing Agreements with respect to corporate governance and the ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to appointment of independent Directors to our Board and constitution of the audit committee, the shareholders'/investors' grievance committee and the remuneration committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement.

Our Board has 14 Directors and the Chairman of our Board is an executive Director. In compliance with the requirements of Clause 49 of the Listing Agreement, our Company has six executive Directors, one non-executive and non-independent Directors and seven non-executive and independent Directors.

In terms of the Clause 49 of the Listing Agreement, our Company has constituted the following committees:

1. Audit Committee;
2. Remuneration Committee; and
3. Shareholders'/Investors' Grievance Committee.

Audit Committee

The audit committee was first constituted by our Board of Directors at a meeting held on July 26, 2006 ("**Audit Committee**"). It was reconstituted on October 15, 2010 and further reconstituted on May 16, 2012 and July 12, 2012. The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the listing agreements and other applicable law. All the members of the Audit Committee are independent directors. All the members are financially literate and at least one member has accounting or related financial management expertise.

The composition of the Audit Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. A. P. V. N. Sarma	Independent Director
2.	Dr. Upendra Dutta Choubey	Independent Director
3.	Mr. H. S. Chahar	Independent Director
4.	Mr. Ashhok Kumar Jain	Independent Director

Mr. A. P. V. N. Sarma is the chairman of the Audit Committee. Our Board of Directors at a meeting held on July 12, 2012, resolved that Mr. Ashhok Kumar Jain will be the chairman of the Audit Committee for meetings held in and after October 2012. Mr. A. P. V. N. Sarma will continue as a member of the Audit Committee.

The powers of the Audit Committee include the following:

(i) To investigate any activity within its terms of reference;
(ii) To seek information from any employee;
(iii) To obtain outside legal or other professional advice; and
(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role and responsibilities of Audit Committee are:

(i) Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
(ii) Recommending to the Board the fixation of audit fees;
(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
(iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

    (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
    (b) Changes, if any, in accounting policies and practices and reasons for the same;
    (c) Major accounting entries involving estimates based on the exercise of judgement by management;
    (d) Significant adjustments made in the financial statements arising out of audit findings;
    (e) Compliance with legal requirements relating to financial statements;
    (f) Disclosure of any related party transactions; and
    (g) Qualifications in the Draft Audit Report.

(i) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
(ii) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
(iii) Reviewing the adequacy of the internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(iv) Discussion with internal auditors and/or auditors about any significant findings and follow up thereon;
(v) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
(vi) Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
(vii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
(viii) To review the functioning of the whistle blower mechanism, in case the same is existing in our Company;
(ix) To review the follow up action on the audit observations of the Comptroller and Auditor General, India;
(x) To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament;
(xi) Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors;
(xii) Review and pre-approve all related party transactions in our Company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions;
(xiii) Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources;
(xiv) Consider and review the following with the independent auditor and the management:

(a) The adequacy of internal controls including computerised information system controls; and
(b) Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

(xv) Consider and review the following with the management, internal auditor and the independent auditor:

(a) Significant findings during the year, including the status of previous audit recommendations; and
(b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

(xvi) Provide recommendations on working capital arrangements and term loans; and
(xvii) Provide recommendations on investment of surplus funds.
(xviii) Carrying out any other functions as is mentioned in the terms of reference.

The Audit Committee is to mandatorily review the following information:

(i) Management discussion and analysis of financial condition and results of operations;
(ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
(i) Management letters/letters of internal control weaknesses issued by the statutory auditors;
(ii) Internal audit reports relating to internal control weaknesses;
(iii) The appointment and removal of the chief internal auditor shall be placed before the Audit Committee; and
(iv) Certification/declaration of financial statements by the Chairman and Managing Director or the Director (Finance)

The Audit Committee is required to meet at least four times in a year, including once before the finalisation of annual accounts and once every four months. The quorum for the meetings is two members or one-third of the total number of members, whichever is higher, provided that at least two independent members are present.

Remuneration Committee

The remuneration committee was constituted by our Board of Directors at a meeting held on October 15, 2010 ("**Remuneration Committee**"). The composition of the Remuneration Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. Swashpawan Singh	Independent Director
2.	Mr. A. P. V. N. Sarma	Independent Director
3.	Dr. Upendra Dutta Choubey	Independent Director

Mr. Swashpawan Singh is the chairman of the Remuneration Committee.

The Remuneration Committee decides the annual bonus/variable pay and pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits and oversee the implementation of new directives concerning implementation of latest pay and perks on a continuous basis.

Shareholders'/Investors' Grievance Committee

The shareholders'/investors' grievance committee was constituted by our Board at its meeting held on May 16, 2012 ("**Shareholders'/Investors' Grievance Committee**"). The scope and function of the Shareholders'/Investors' Grievance Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreements.

The composition of the Shareholders'/Investors' Grievance Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. Ashhok Kumar Jain	Independent Director
2.	Mr. P. Madhusudan	Executive Non-Independent Director
3.	Mr. Y.R. Reddy	Executive Non-Independent Director

Mr. Ashhok Kumar Jain is the Chairman of the Shareholders'/Investors' Grievance Committee.

The terms of reference of the Shareholders'/Investors' Grievance Committee is as follows:

(i) Redressal of shareholder's and investors' complaints;
(ii) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
(iii) Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc;
(iv) Non-receipt of declared dividends, balance sheets of our Company, etc; and
(v) Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

IPO Committee

The Board has constituted an IPO committee ("**IPO Committee**") by a Board resolution dated May 16, 2012 so as to expedite the decision making process in relation to the Offer. The composition of the IPO Committee is as follows:

S. No.	Name of Director	Designation
1.	Mr. Umesh Chandra	Executive Director
2.	Mr. P. Madhusudan	Executive Director
3.	Mr. Y.R. Reddy	Executive Director

Mr. Umesh Chandra is the Chairman of the IPO Committee.

The terms of reference of the IPO Committee are as follows:

(i) to note on the actual size of the IPO, including offer for sale by promoters/shareholders, and/or reservation on a competitive basis, and/or any discount to be offered to retail individual bidders or eligible employees participating in the IPO and all the terms and conditions of the IPO, including without limitation timing, opening and closing dates of the issue, price band and to accept any amendments, modifications, variations or alterations thereto, as determined by the Government of India;
(ii) to finalise and arrange for submission of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;
(iii) to issue advertisements in such newspapers as it may deem fit and proper conforming to the regulations and guidelines issued by SEBI;
(iv) to decide the total number of Equity Shares to be reserved for allocation to employees of our Company in the proposed issue and on permitting existing shareholders to sell any Equity Shares of our Company held by them;
(v) to open separate current accounts name or style, as may be necessary, with scheduled commercial banks to receive applications along with application monies in relation to the IPO;
(vi) to finalise, sign and execute the issue agreement, syndicate agreement, escrow agreement and the underwriting agreement and any other agreements or documents required in relation to the IPO;
(vii) the opening of a bank account of our Company for handling of refunds for the IPO;
(viii) to make any applications to the FIPB, RBI and such other authorities, as may be required, for the purpose of issue of shares by our Company to non-resident investors, including NRIs and FIIs;

(ix) to make applications for listing of the Equity Shares of our Company on one or more stock exchange(s), to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the concerned stock exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing;

(x) to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and issue of share certificates in accordance with the relevant rules;

(xi) to seek the admission of our Company's Equity Shares into the Central Depository Services (India) Limited and the National Securities Depository Limited and taking any further action as may be necessary or required for the dematerialization of our Company's Equity Shares;

(xii) to approve the code of conduct, suitable insider trading policy and corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable laws;

(xiii) to seek, if required, the consent of our Company's lenders, parties with whom our Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the IPO in accordance with the applicable regulations;

(xiv) to settle all questions, difficulties or doubts that may arise in relation to the IPO, as it may in its absolute discretion deem fit;

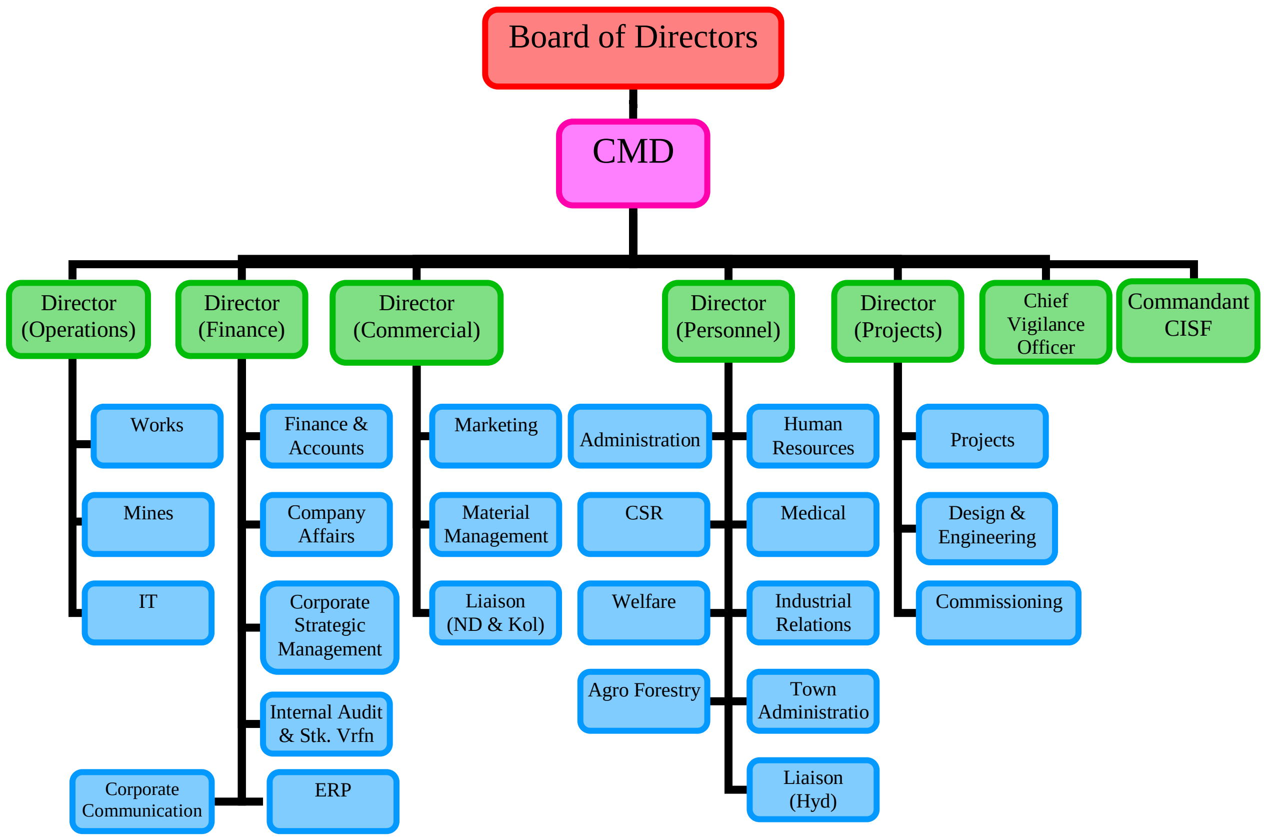
(xv) to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the IPO;

(xvi) to authorize and approve the incurring of expenditure and payment of fees in connection with the IPO;

(xvii) to submit undertaking/certificates or provide clarifications to the SEBI and the relevant stock exchanges where the Equity Shares of our Company are to be listed; and

(xviii) to authorize and empower officers of our Company, for and on behalf of our Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto in connection with the IPO, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreements, the registrar's agreement and memorandum of understanding, the depositories agreements, the issue agreement with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the stabilization agreement, the escrow agreement, confirmation of allocation notes with the book running lead managers, and all such acts or things that may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the IPO.

Management Organisation Structure



Key Management Personnel

The details of our Key Management Personnel, as of the date of this Red Herring Prospectus, are set forth below.

Mr. M.S. Sudhakar, aged 57 years, is an Executive Director (Projects) of our Company. Mr. M.S. Sudhakar holds a bachelor's degree in mechanical engineering from Bengaluru University, Bengaluru. He has 35 years of experience in the steel industry**.** Prior to joining our Company, Mr. M.S. Sudhakar has worked in the research and development department of Motor Industries Company-BOSCH, Bengaluru in 1976 for one year. He was then selected as a graduate engineer trainee in SAIL's Bhilai Steel Plant in March 1977. He joined our Company on March 23, 1981 as an assistant designs engineer and in the course of his career has held key positions such as assistant general manager (public health and utilities) and deputy general manager (design and engineering) in-charge. He was elevated to the position of the Executive Director (Projects) of our Company on August 10, 2011 and is currently responsible for overlooking the functioning of design and engineering, project contracts, mines and township construction departments of our Company. Mr. M.S. Sudhakar was paid a remuneration of ₹ 2,350,288 in Fiscal 2012.

Mr. Ravindra Ranjan, aged 58 years, is an Executive Director (Works) of our Company. Mr. Ravindra Ranjan holds a bachelor's degree in metallurgical engineering from Bihar Institute of Technology, Sindri. He has 32 years of experience in the steel industry**.** Mr. Ravindra Ranjan started his career in SAIL as a graduate engineer on May 2, 1979 and joined our Company on November 17, 1980 as a junior manager (metallurgy) and in the course of his career has held key positions such as assistant general manager (operations), assistant general manager (blast furnace), deputy general manager and general manager in-charge for quality assurance, research and development, raw materials planning and logistics. He was elevated to the position of Executive Director (Works) of our Company on August 10, 2011. Mr. Ravindra Ranjan is responsible for overlooking plant operations at VSP and is also designated as the factory occupier. Mr. Ravindra Ranjan was paid a remuneration of ₹ 2,514,664 in Fiscal 2012.

Mr. P.C. Mohapatra, aged 53 years, is an Executive Director (Maintenance) of our Company. Mr. P.C. Mohapatra holds a bachelor's degree in mechanical engineering from Regional Engineering College, Rourkela. He has more than 23 years of experience in the steel industry**.** Prior to joining our Company, Mr. P.C. Mohapatra was working with Bharat Heavy Electricals Limited from December, 1980 until December 1988, where he held the positions of engineer and senior engineer. Mr. P.C. Mohapatra joined our Company on December 19, 1988 and in the course of his career has held key positions such as assistant general manager (mechanical) thermal power plant, deputy general manager (wire rod mill), deputy general manager (mechanical) in-charge, general manager (mechanical) and general manager (maintenance). He was elevated to the position of Executive Director (Maintenance) of our Company on August 10, 2011. Mr. P.C. Mohapatra is currently responsible for overlooking mechanical, electrical, electronics, power, civil, structural and contracts division of VSP. Mr. P.C. Mohapatra was paid a remuneration of ₹ 2,384,928 in Fiscal 2012.

Dr. G.B.S. Prasad, aged 55 years, is an Executive Director (Personnel and Industrial Relations) of our Company. Dr. G.B.S. Prasad holds a bachelor's degree in arts (economics) and bachelor's degree in law, a master's degree in industrial relations and labor welfare, and a doctor of philosophy in industrial relations and personnel management from Andhra University, Visakhapatnam. He also has a master of philosophy degree in labour studies from Madurai Kamraj University, Madurai and masters in business administration in human resource management from Dr. B. R. Ambedkar Open University, Hyderabad. He has 20 years of experience in matters relating to personnel and industrial relations in the steel industry. Prior to joining our Company, Dr. G.B.S. Prasad worked for 12 years in three different organizations (C.C.S. LTD, Hindustan Aeronautics Limited and National Thermal Power Corporation Limited) in the personnel and administration departments. Dr. G.B.S. Prasad joined our Company on September 3, 1991 and in the course of his career has held key positions such as assistant general manager (personnel), deputy general manager (personnel), general manager (personnel and industrial relations). He was elevated to the position of Executive Director (Personnel and Industrial Relations) of our Company on March 20, 2007. Dr. G.B.S. Prasad is currently looking after plant personnel and industrial relations area. Dr. G.B.S. Prasad was paid a remuneration of ₹ 2,528,259 in Fiscal 2012.

Mr. B. Siddhartha Kumar, aged 52 years, is the Chief Vigilance Officer of our Company and joined our Company on deputation on January 2, 2012. Mr. B. Siddhartha Kumar holds a master's degree in science (agriculture) from Andhra Pradesh Agricultural University, Hyderabad. Mr. B. Siddhartha Kumar joined the Indian Forest Service in the year 1986. In the course of his career, Mr. B. Siddhartha Kumar has held various positions such as additional secretary to the GoI in the Energy Department, Women and Child Welfare Department, Government of Andhra Pradesh on State deputation. He has also worked as the managing director of the Power Finance Corporation Limited and as the divisional forest officer, conservator of forest and chief conservator of forest in Jammu and Srinagar Area. As the Chief Vigilance Officer of our Company, Mr. B. Siddhartha Kumar heads the Vigilance Department of our Company set up in accordance with the Central Vigilance Commission Act, 2003 and acts as a link between our Company and the Central Vigilance Commission. He assists our Company in developing and streamlining procedures to improve efficiency, transparency and ethics in working. He also carries out various activities that broadly include: (i) surveillance and detection of existence or likelihood of corruption in the organization (ii) pro-active / preventive vigilance and (iii) punitive vigilance to identify and eliminate corruption and system loopholes that can cause leakages. Mr. B. Siddhartha Kumar was paid a remuneration of ₹ 499,091 in Fiscal 2012.

Mr. P. Mohan Rao aged 57 years, is the Deputy General Manager (Company Affairs) and Company Secretary. Mr. P. Mohan Rao holds a bachelor's degree in law from Utkal University, Bhubaneswar. He is a Fellow Member from the Institute of Cost Accountants of India and a Fellow Member of Institute of Company Secretaries of India, New Delhi. Mr. P. Mohan Rao joined our Company in July 1984 and has over 28 years of experience of which he has worked for 20 years in the finance and accounts department in various functional areas like internal audit, cost accounting, operations finance, cash and loans, purchase bills areas covering indigenous and import suppliers, taxation issues of contracts relating to foreign suppliers, finance concurrence relating to project contracts, works and general finance and worked as the finance chief of the strategic business unit for coke and coal chemicals division for three years looking after sales, costing, budgeting, concurrence matters etc. Mr. P. Mohan Rao took over as our Company Secretary in April 2004 and for the last eight years is the head of the company affairs department and is responsible for, among other things, corporate governance compliances, functioning of the Board and its committees, statutory compliances, intellectual property rights matters, joint venture agreements, incorporation of subsidiary companies and joint venture companies, matters relating to acquisition of subsidiary companies and coordination with MoS for matters relating to the company affairs department. Mr. P. Mohan Rao became the Deputy General Manager (Company Affairs) on June 30, 2005 and was paid a remuneration of ₹ 2,175,435 in Fiscal 2012.

Mr. G.N. Murty, aged 57 years, is the General Manager in-charge of Finance and Accounts Department. He is a member of Institute of Chartered Accountants of India and passed the final examination of Institute of Company Secretaries of

India. Mr. G.N. Murty holds a bachelor's degree in commerce form Andhra University, master of business administration degree from Andhra University and a post graduate diploma in computer applications from Pondicherry University. Mr. G.N. Murty joined our Company in January 1981 and has over 30 years of experience in the finance and accounts department functions of our Company, which includes treasury management, foreign exchange management, financial evaluation of the strategic initiatives taken by our Company in the areas of acquisition of mines, joint ventures, capital restructuring exercises of our Company, ensuring funds for expansions as well as working capital requirements, issue of commercial papers, obtaining ratings from the recognised agencies, establishment matters, etc. He is also in-charge of overlooking the process of initial public offering by our Company. Mr. G.N. Murty has experience in investments of provident fund and other trusts of our Company and is a member of the project implementation committee for implementation of ERP. He has been instrumental in developing various functional policies and accounting systems. Mr. G.N. Murty is the management representative for ISO procedures of the finance and accounts department. Mr. G.N. Murty became the General Manager in-charge of Finance and Accounts Department on May 1, 2012 and was paid a remuneration of ₹ 2,343,675 in Fiscal 2012.

Except Mr. B. Siddhartha Kumar, who is on deputation, all our Key Management Personnel are permanent employees of our Company.

Service Contracts

No service contracts have been entered into with any Key Management Personnel for provision of benefits or payments of any amount upon termination of employment.

Changes in our Key Management Personnel in the Past Three Years

Name	Designation	Date of Appointment as a Key Management Personnel	Date of cessation as a Key Management Personnel	Reason
Mr. G.V.N. Reddy	Executive Director (Materials Management)	August 10, 2011	June 30, 2012	Superannuation
Mr. Kesava Rao J.	Executive Director (Finance and Accounts)	January 15, 2009	April 30, 2012	Superannuation
Mr. B. Siddhartha Kumar	Chief Vigilance Officer	January 2, 2012	-	Deputation
Mr. M.S. Sudhakar	Executive Director (Projects)	August 10, 2011	-	Promotion
Mr. Ravindra Ranjan	Executive Director (Works)	August 10, 2011	-	Promotion
Mr. N.S. Rao	Executive Director (Projects and Commissioning)	August 10, 2011	April 19, 2012	Elevation as Director (Projects)
Mr. P.C. Mohapatra	Executive Director (Maintenance)	August 10, 2011	-	Promotion
Mr. K. Vidyasagar	Chief Vigilance Officer	August 4, 2008	June 29, 2011	Transferred
Mr. S.K. Poulose	Executive Director (Projects)	January 15, 2009	April 30, 2011	Superannuation
Mr. G. Brahmaiah	Executive Director (Material Management)	January 15, 2009	April 30, 2011	Superannuation
Mr. T. Prabhakara Rao	Executive Director (Works)	January 15, 2009	July 31, 2010	Superannuation
Mr. G.N. Murty	General Manager (Finance and Accounts)	March 31, 2010	-	Promotion

Turnover of our Key Management Personnel

The changes in our Key Management Personnel in the last three years have been on account of promotions, superannuation or deputation, and not on account of appointments or resignations. Accordingly, the turnover of our Key Management Personnel for the last three years has been nil.

Shareholding and Interest of the Key Management Personnel

None of the Key Management Personnel hold any Equity Shares in our Company as of the date of filing this Red Herring Prospectus.

Bonus or profit sharing plan for our Directors and Key Management Personnel

There is no bonus or profit sharing plan for our Key Management Personnel and our Directors except the performance related pay scheme, as laid down in the DPE Guidelines OM No. 2(70)/08-DPE (WC) –GLXVI/08 dated November 26, 2008. The above mentioned guidelines seek to link the performance related pay to the profits of our Company. The performance related pay is based on the performance of both the employees and our Company and is determined out of the profits of our Company.

Interest of our Key Management Personnel

Except as disclosed in this section, none of our Key Management Personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except as disclosed in this Red Herring Prospectus and any statutory payments made by our Company, our Company has not paid any amounts to any of its officers in connection with superannuation payments, awards or any non-salary amounts or benefits in the past two years.

None of our Key Management Personnel are directors in our Subsidiaries.

Our Key Management Personnel may be interested in the Equity Shares, if any, that may be subscribed by them in the Offer under the Employee Reservation Portion. Such Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any.

Payment of benefit to officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our Company since the incorporation of our Company or is intended to be paid, other than in the ordinary course of their employment.

Employee Stock Option Plan

We do not have any employee stock option schemes as on the date of filing this Red Herring Prospectus.

Arrangements and understanding with major shareholders, customers, suppliers or others

As per Article 75 of the Articles of Association, our Directors are appointed by the President of India. Pursuant to the DPE Guidelines, one-sixth of the total strength of the directors of any Government company, subject to a maximum limit of two directors will be Government nominees. In this regard, Dr. Dalip Singh has been appointed as the Government nominee Director on our Board. Except as stated above, none of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Loans taken by Directors and Key Management Personnel

Other than as mentioned below, there are no outstanding loans taken by our Directors and Key Management Personnel from our Company:

S. No.	Name	Amount (in ₹)
1.	Mr. A.P. Choudhary	69,772.00
2.	Mr. Umesh Chandra	3,598.00
3.	Mr. N.S. Rao	11,654.00
4.	Mr. M.S. Sudhakar	49,158.00
5.	Mr. Ravindran Ranjan	4,608.00
6.	Mr. G.B.S. Prasad	2,000.00
7.	Mr. B. Siddhartha Kumar	120,000.00
8.	Mr. P. Mohan Rao	91,024.00

Relationships among Key Management Personnel

None of our Key Management Personnel are related to each other.

Termination/Retirement benefits paid to Key Management Personnel

Except statutory benefits and contractual payments upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post retirement benefits like medical insurance and extended medical facilities at our Company's health centres, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

OUR PROMOTER AND GROUP COMPANIES

Our Promoter is the President of India acting through the MoS. Our Promoter currently holds, directly and indirectly, 100% of the pre-Offer paid-up equity share capital of our Company. Assuming the sale of all Equity Shares offered pursuant to this Offer, our Promoter shall hold 90% of the post-Offer paid-up equity share capital of our Company. As our Promoter is the President of India acting through the MoS, disclosures on our group companies as defined under Schedule VIII of the ICDR Regulations has not been provided.

RELATED PARTY TRANSACTIONS

For details of Related Party Transactions, see the section titled "***Financial Statements***" on page 165 of this Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements, contractual obligations, restrictive covenants under our loan and financing arrangements and the overall financial condition of our Company. As per the Office Memorandum (F.No. 7(5)/E-Coord/2004) dated September 24, 2004 issued by the Department of Expenditure, Ministry of Finance, GoI, all profit making CPSE are required to declare a minimum dividend on equity of 20% or a minimum dividend payout of 20% of post tax profits, whichever is higher.

The dividend and dividend tax paid by our Company during the Financial Years 2012, 2011 and 2010 is presented below.

	Financial Year 2012	Financial Year 2011	Financial Year 2010
Equity Shares			
Face value of Equity Shares (in ₹ per Equity Share)*	1,000	1,000	1,000
Dividend (in ₹ Million) (A)	751.46	658.50	796.68
Dividend per Equity Share (₹)	15.37	13.47	16.29
Dividend Rate (%)	1.54	1.35	1.63
Dividend Tax (in ₹ Million) (B)	121.91	106.82	132.32
Redeemable Preference Shares			
Face Value of Redeemable Preference Shares (in ₹ per Redeemable Preference Share)*	1,000	1,000	1,000
Dividend (in ₹ Million) (C)	1,127.61	2,056.23	2,056.23
Dividend per Redeemable Preference Shares (₹)	70.00	70.00	70.00
Dividend Rate (%)	7.00	7.00	7.00
Dividend Tax (in ₹ Million) (D)	182.93	333.57	341.51
Total Dividend (in ₹ Million) (A + C)	**1,879.07**	**2,714.73**	**2,852.91**
Total Dividend Tax (in ₹ Million) (B + D)	**304.83**	**440.40**	**473.83**

** The face value of the equity shares of our Company was split from ₹ 1,000 per share to ₹ 10 per share on April 21, 2012.*

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT

To
The Board of Directors
Rashtriya Ispat Nigam Limited
Administrative Building
Visakapatnam- 530031

Dear Sirs,

1. We have examined the attached Stand alone Restated Financial Information (the "**Financial Information**") of **Rashtriya Ispat Nigam Limited** (**RINL**), as approved by the Board of Directors of RINL prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (**the "Act")** and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the "**SEBI Regulations**") and terms of our engagement agreed with you in accordance with our letter dated 28/06/2012 in connection with the proposed Equity offering by the selling Shareholder, the Government of India, in Rashtriya Ispat Nigam Limited.

2. These information have been extracted by the Management from the financial statements for the three months period ended 30th June 2012 and years ended 31st March 2012, 2011, 2010, 2009 and 2008. Audit for the years ended 31st March 2009 and 2008 was conducted by M/s .Rao & Kumar, Chartered Accountants ("the previous auditors"). The financial information included for these financial years i.e. ended 31st March 2009 and 2008 are based on the Reports submitted by the previous auditors and have been relied upon by us while expressing our opinion and reporting on various Restated Financial Information and Annexures there of expressly stated in the following paragraphs.

3. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you; we further report that:

    a) The Standalone Restated Summary Statement of Assets and Liabilities of RINL as at 30th June 2012, 31st March 2012,2011,2010,2009 and 2008 as set out in Annexure-I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for the Restated Financial Information (Annexure VI), Notes on Adjustments not made for the Restated Financial Information (Annexure VII) and Other Notes on the Restated Financial Information (Annexure VIII).

    b) The Standalone Restated Summary Statement of Profit and Loss of RINL for the three months period ended 30th June 2012 and years ended 31st March, 2012 , 2011, 2010, 2009 and 2008 as set out in Annexure-II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure V), Notes on Adjustments made for the Restated Financial Information (Annexure VI), Notes on Adjustments not made for the Restated Financial Information (Annexure VII) and Other Notes on the Restated Financial Information (Annexure VIII).

    c) The Standalone Restated Summary Statement of Cash Flow of RINL for the three months period ended 30th June 2012 and years ended 31st March, 2012, 2011, 2010, 2009 and 2008 as set out in Annexure-III to this report are after making adjustments and regrouping as in our opinion were appropriate.

    d) Based on above and also as per the reliance placed on the reports submitted by the previous auditors, we confirm that the Standalone Restated Financial Information has been made after incorporating:

        i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

        ii. Adjustments for the material amounts in respective financial years to which they relate.

e) There are no extra-ordinary items.

f) There are no qualifications in the Auditors' reports which require adjustments.

4. We have also examined the following other Restated Financial Statements relating to RINL prepared by the management and approved by the Board of Directors for the three months period ended 30th June 2012 and years ended 31st March 2012, 2011, 2010, 2009, and 2008. In respect of the years ended 31st March 2009, and 2008, these information have been included based upon the Reports submitted by previous auditors and relied upon by us.

   i. Statement of Fixed Assets and Capital Work in Progress (Annexure IV-A).
   ii. Statement of Non-current Investments (Annexure IV-B).
   iii. Statement of Long-term Loans and Advances (Annexure IV-C).
   iv. Statement of Other Non-current Assets (Annexure IV-D).
   v. Statement of Inventories (Annexure IV-E).
   vi. Statement of Trade Receivables (Annexure IV-F).
   vii. Statement of Cash and Bank Balances (Annexure IV-G).
   viii. Statement of Short Term Loans and Advances (Annexure IV-H).
   ix. Statement of Other Current Assets (Annexure IV-I).
   x. Statement of Long Term Liabilities & Provisions (Annexure IV-J).
   xi. Statement of Short Term Borrowings (Annexure IV-K).
   xii. Statement of Trade Payables (Annexure IV-L).
   xiii. Statement of Other current Liabilities & Short Term Provisions (Annexure IV-M).
   xiv. Statement of Share Capital (Annexure IV-N).
   xv. Statement of Reserves & Surplus (Annexure IV-O).
   xvi. Statement of Other Expenses (Annexure IV-P).
   xvii. Statement of Revenue (Annexure IV-Q).
   xviii. Statement of Employee Benefits (Annexure IX).
   xix. Statement of Related party Transactions (Annexure X).
   xx. Statement of Dividend Paid/Proposed (Annexure XI).
   xxi. Statement of Capitalization (Annexure XII).
   xxii. Statement of Accounting Ratios of the Company (Annexure XIII).
   xxiii. Statement of Tax Shelter (Annexure XIV).
   xxiv. Statement of Financial Indebtedness (Annexure XV)
   xxv. Statement of Prior Period Adjustments (Annexure XVI).
   xxvi. Statement of Contingent Liability and Capital Commitments (Annexure XVII).

   In our opinion the financial information contained in Annexure IV-A to IV-Q of this report read along with the Significant Accounting Policies (Annexure V), Notes on Adjustments made for the Restated Financial Information (Annexure VI), Notes on Adjustments not made for the Restated Financial Information (Annexure VII) and Other Notes on the Restated Financial Information (Annexure VIII) have been prepared after making adjustments and regrouping as considered appropriate in accordance with paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

5. This report should not, in any way, be constructed as a re-issuance or re-dating of any of the previous Audit Reports nor should be constructed as a new opinion on any of the financial statements referred to herein.

6. Our report is intended solely for use of the management and for inclusion in the offer document in connection to the proposed offering of equity shares of the Company. Our report should not be used for any other purpose except with our consent in writing.

For B.V.RAO & CO.
Chartered Accountants
F.R.No.003118S

Place: New Delhi
Date: 22.09.2012

(CA. B.A.S.P.RANGA)
Partner
Membership No.022649

ANNEXURE I

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF ASSETS AND LIABILITIES - RESTATED

(` in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
NON-CURRENT ASSETS						
Fixed Assets						
Tangible assets	18,209.3	17,843.9	15,302.9	14,629.6	12,517.9	13,812.7
Intangible assets	30.9	31.9	30.0	29.3	32.2	35.1
Capital work-in-progress	107,793.3	105,889.0	94,660.7	70,334.1	41,008.3	16,085.8
Intangible assets under development	165.6	150.1	-	-	-	-
Non Current Investments	3,625.8	3,625.8	3,616.0	2.5	0.5	0.5
Long term Loans and Advances	2,553.1	2,418.9	2,973.0	7,886.9	8,210.0	7,618.3
Other Non Current assets	109.0	103.3	79.7	61.5	42.5	21.8
Total Non-Current Assets	**132,487.0**	**130,062.9**	**116,662.2**	**92,943.9**	**61,811.4**	**37,574.2**
CURRENT ASSETS						
Inventories	44,773.3	34,031.1	32,547.1	24,641.6	32,342.1	17,797.1
Trade receivables	4,386.6	4,271.5	3,300.6	1,797.5	1,878.1	900.3
Cash and Bank balances	13,831.4	20,683.3	19,989.0	54,155.4	66,241.7	76,991.1
Short term Loans and Advances	25,191.4	23,699.6	15,972.2	10,360.0	12,598.6	16,728.8
Other Current assets	2,638.7	2,269.7	1,839.2	1,428.0	2,640.0	2,972.6
Total Current Assets	**90,821.4**	**84,955.2**	**73,648.1**	**92,382.5**	**115,700.5**	**115,389.9**
NON CURRENT LIABILITES						
Deferred Tax Liabilities (Net)	623.2	614.4	826.9	1,005.3	1,225.8	1,626.6
Other Long term Liabilites	839.1	832.3	485.9	478.2	400.3	318.7
Long term provisions	5,031.0	4,797.3	5,778.2	5,674.7	4,372.2	3,433.6
Total Non-Current Liabilities	**6,493.3**	**6,244.0**	**7,091.0**	**7,158.2**	**5,998.2**	**5,378.9**
CURRENT LIABILITES						
Short term borrowings	38,153.6	25,751.4	11,358.8	12,324.1	10,077.6	4,407.3
Trade payables	7,158.7	3,413.8	5,516.7	5,578.2	4,686.1	2,463.2
Other current liabilities	38,098.7	36,170.2	27,497.8	22,284.6	21,020.4	13,652.6
Short term provisions	6,813.0	6,285.4	6,658.3	8,565.0	11,869.0	12,398.3
Total Current Liabilities	**90,224.0**	**71,620.8**	**51,031.6**	**48,752.0**	**47,653.1**	**32,921.5**
Net Worth	**126,591.0**	**137,153.3**	**132,187.7**	**129,416.3**	**123,860.5**	**114,663.6**
Net Worth Represented by :						
Share capital	65,423.2	77,273.2	78,273.2	78,273.2	78,273.2	78,273.2
Reserves and surplus	61,167.8	59,880.1	53,914.5	51,143.1	45,587.3	36,390.4
	126,591.0	**137,153.3**	**132,187.7**	**129,416.3**	**123,860.5**	**114,663.6**

For and on behalf of Board of Directors

(A.P.Choudhary)
Chairman-cum-Managing Director

(P.Madhusudan)
Director (Finance)

(P.Mohan Rao)
Company Secretary

Place : New Delhi
Date : 22/09/2012

As per our report of even date
For B.V. RAO & CO
Chartered Accountants
Regn. No (F.R.N) 003118S

(CA B.A.S.P. RANGA)
Partner
M.No: 022649

ANNEXURE II

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(` in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
INCOME						
Revenue From Operations	32,469.2	145,701.9	116,163.0	107,653.9	105,277.8	105,313.8
Less: Excise duty	3,094.9	13,191.5	10,458.1	8,254.8	12,822.5	13,447.1
Other Income	726.2	3,283.9	4,259.5	6,240.2	8,573.9	8,041.3
Total Revenue	**30,100.5**	**135,794.3**	**109,964.4**	**105,639.4**	**101,029.2**	**99,908.0**
EXPENSES						
Cost of materials consumed	20,798.5	84,722.2	71,883.6	55,351.1	58,962.5	42,802.2
Consumption of Trail run production	2,993.3	-	-	-	-	-
Changes in Inventories of Semi-finished/Finished goods	(6,652.6)	453.7	(5,323.2)	4,153.4	(9,166.5)	(3,431.7)
Employees' benefits	3,878.6	14,666.7	12,730.0	13,997.4	11,573.5	10,307.3
Other expenses	5,435.3	20,059.7	17,393.7	16,618.6	16,541.1	15,640.8
Total Expenses	**26,453.1**	**119,902.3**	**96,684.1**	**90,120.6**	**77,910.7**	**65,318.6**
Less: Inter account adjustments-raw material mining cost	104.0	500.3	491.0	432.6	380.6	391.5
Net Expenses	26,349.1	119,402.0	96,193.1	89,688.0	77,530.0	64,927.1
Earnings before interest, tax, depreciation&amortisation(EBITDA)	**3,751.4**	**16,392.3**	**13,771.3**	**15,951.4**	**23,499.1**	**34,980.9**
Finance Costs	797.5	1,906.0	1,644.9	775.6	874.7	315.6
Depreciation and Amortisation	404.5	3,448.6	2,659.4	2,771.7	2,404.5	4,715.6
Prior period items - Net credit	(18.6)	(62.4)	(349.6)	(72.4)	(45.9)	(3.9)
Profit after PPI and Before Exceptional & Extraordinary Items and Tax	2,568.0	11,100.1	9,816.6	12,476.5	20,265.9	29,953.6
Exceptional Items	-	-	-	-	-	-
Profit Before Extraordinary Items and Tax	2,568.0	11,100.1	9,816.6	12,476.5	20,265.9	29,953.6
Extraordinary items	-	-	-	-	-	-
Profit Before Tax	**2,567.94**	**11,100.1**	**9,816.6**	**12,476.5**	**20,265.9**	**29,953.6**
Tax Expense						
Current Tax	808.1	3,882.0	3,691.0	4,630.8	7,463.8	11,881.3
Earlier years adjustments		(106.6)	(280.8)	146.2	(213.8)	(116.4)
Fringe Benefit Tax		-	-	(0.5)	46.5	43.0
Deferred Tax	13.4	(189.9)	(178.5)	(266.7)	(386.3)	(1,281.7)
Profit /(loss) for the period from Continuing Operations	1,746.4	7,514.6	6,584.9	7,966.8	13,355.6	19,427.4
Profit /(loss) for the period from Discontinuing Operations	-	-	-	-	-	-
Tax Expense of discontinuing Operations	-	-	-	-	-	-
Profit /(loss) for the period from Discontinuing Operations (after Tax)	-	-	-	-	-	-
Net profit / (Loss) after tax as per audited accounts	**1,746.4**	**7,514.6**	**6,584.9**	**7,966.8**	**13,355.6**	**19,427.4**
Adjustments on account of -						
(a) Changes in accounting policies	-	-	-	-	-	(1,717.4)
(b) Other adjustments & Prior period items	746.0	(1,072.6)	461.1	39.9	41.7	(74.3)
(c)Arrear Salary & Wages	-	-	339.6	(835.7)	145.8	189.6
(d) Current Tax impact of Adjstments	(247.9)	430.4	(130.2)	(155.1)	18.7	(106.0)
(e) Deffered tax impact adjustments	(4.6)	(22.6)	0.2	46.2	(14.5)	655.4
Total of Adjustments after Tax impact	**493.5**	**(664.9)**	**670.7**	**(904.7)**	**191.7**	**(1,052.6)**
Profit after tax (as restated)	**1,253.0**	**8,179.5**	**5,914.2**	**8,871.5**	**13,164.0**	**20,480.0**

For and on behalf of Board of Directors

(A.P.Choudhary)
Chairman-cum-Managing Director

(P.Madhusudan)
Director (Finance)

(P.Mohan Rao)
Company Secretary

Place : New Delhi
Date : 22/09/2012

As per our report of even date
For B.V. RAO & CO
Chartered Accountants
Regn. No (F.R.N) 003118S

(CA B.A.S.P. RANGA)
Partner
M.No: 022649

ANNEXURE III

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

SUMMARY CASH FLOW STATEMENT - RESTATED

(` in Million)

	PARTICULARS	For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
(A)	Cash flow from Operating activities						
	Net Profit / (Loss) before taxation	1,821.9	12,172.7	9,015.9	13,272.4	20,078.4	31,555.7
	Add / (Less) Adjustments for:						
	Depreciation	386.3	3,446.4	2,656.2	2,804.5	2,413.9	3,006.7
	Interest and Finance Charges	797.4	1,906.0	1,644.9	775.5	874.7	315.7
	Provisions	(242.2)	99.5	112.8	(1,071.4)	(3,713.7)	1,131.9
	Unrealised Foreign Exchange (Gain) /Loss	36.0	11.0	(53.0)	(112.1)	478.5	-
	(Profit)/Loss on sale of fixed assets	(0.0)	(17.5)	(32.6)	(10.2)	(4.7)	(0.4)
	Finished goods consumed for capital jobs	(111.3)	(54.8)	(66.5)	(949.0)	(808.7)	-
	Interest Income	(433.5)	(1,989.2)	(3,077.2)	(5,347.1)	(7,872.1)	(7,246.4)
	Dividend Income	-	(4.8)	-	-	-	-
	Operating Profit Before working capital changes	**2254.6**	**15569.3**	**10200.5**	**9362.6**	**11446.3**	**28763.2**
	Adjustments for						
	(Increase) / Decrease in Inventories	(10,742.2)	(1,484.0)	(7,905.5)	7,700.5	(14,545.0)	(5,484.9)
	(Increase) / Decrease in Trade Receivables	(115.0)	(970.9)	(1,503.1)	77.8	(974.5)	1,221.4
	(Increase)/Decrease in Loans & Advances	1,255.8	(1,428.4)	1,337.4	2,131.7	4,019.9	(2,120.5)
	(Increase) / Decrease in Other Non-Current assets	(5.7)	(23.6)	(18.2)	-	-	-
	(Increase) / Decrease in Other Current assets	(49.3)	(364.6)	(890.7)	-	-	(212.5)
	Increase /(Decrease) in Liabilities	4,493.3	1,745.8	(768.6)	1,941.2	3,988.0	6,390.5
	Cash generated from Operations	**(2908.5)**	**13043.7**	**451.8**	**21213.8**	**3934.6**	**28557.2**
	Less: Income Tax paid	(410.3)	(4,958.5)	(4,212.5)	(4,910.0)	(7,160.4)	(10,179.6)
	Net cash from / (used in) Operating activities	**(3318.8)**	**8085.2**	**(3760.7)**	**16303.8**	**(3225.8)**	**18377.6**
(B)	Cash flow from Investing activities						
	Purchase of Fixed Assets	(2,766.5)	(17,628.2)	(24,722.8)	(32,840.6)	(20,502.8)	(15,594.0)
	Investments	(19.0)	(10.3)	(3,635.9)	(2.0)	-	-
	Dividend Received	-	4.8	-	-	-	-
	Proceeds from sale of Fixed Assets	0.0	29.5	35.6	352.8	22.9	5.4
	Interest received	161.9	1,939.7	3,710.3	6,562.2	8,207.3	7,467.5
	Net cash from / (used in) Investing activities	**(2623.6)**	**(15664.5)**	**(24612.8)**	**(25927.6)**	**(12272.6)**	**(8121.1)**
(C)	Cash flow from Financing activities						
	Proceeds from/(Repayment of) Secured Loans	-	-	-	(5,004.4)	5,749.4	(2,716.7)
	Proceeds from/(Repayment of) unsecured Loans	-	-	-	7,252.3	(79.1)	(2,045.6)
	Proceeds from/(Repayment of) short term loans	12,402.2	14,392.6	(965.3)	-	-	-
	Proceeds from Prime Minister's Trophy Fund	-	3.9	12.4	-	-	1.0
	Proceeds from/(Repayment of) share capital	(11,850.0)	(1,000.0)	-	-	-	-
	Interest and Finance charges	(1,461.8)	(1,967.6)	(1,513.3)	(742.2)	(921.3)	(450.9)
	Dividend Paid	-	(2,714.7)	(2,852.9)	(3,391.8)	-	-
	Dividend Tax Paid	-	(440.4)	(473.8)	(576.4)	-	-
	Net cash from / (used in) Financing activities	**(909.6)**	**8273.8**	**(5792.9)**	**(2462.5)**	**4749.0**	**(5212.2)**
	Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(6852.0)**	**694.5**	**(34166.4)**	**(12086.3)**	**(10749.4)**	**5044.3**
	Opening Balance of Cash & Cash equivalents	**20683.4**	**19988.9**	**54155.4**	**66241.7**	**76991.1**	**71946.8**
	Closing Balance of Cash & Cash equivalents	**13831.4**	**20683.4**	**19989.0**	**54155.4**	**66241.7**	**76991.1**
	(Represented by Cash & Bank Balances - Annexure IV G)						

For and on behalf of Board of Directors

(A.P.Choudhary)
Chairman-cum-Managing Director

(P.Madhusudan)
Director (Finance)

(P.Mohan Rao)
Company Secretary

Place : New Delhi
Date : 22/09/2012

As per our report of even date
For B.V. RAO & CO
Chartered Accountants
Regn. No (F.R.N) 003118S

(CA B.A.S.P. RANGA)
Partner
M.No: 022649

ANNEXURE IV A

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS

(₹ in Million)

	DESCRIPTION	As at 30-06-2012	As at March 31st 2012	2011	2010	2009	2008
	TANGIBLE ASSETS :						
A	**LAND**						
	(a) Freehold (Including cost of development)						
	Gross Block	555.2	555.2	511.6	514.8	856.7	517.4
	Less : Accumulated Depreciation	-	-	-	-	-	-
	Net Block	**555.2**	**555.2**	**511.6**	**514.8**	**856.7**	**517.4**
	(b) Leasehold						
	Gross Block	16.5	16.5	16.5	16.5	16.5	17.2
	Less : Accumulated Depreciation	6.8	6.7	6.4	6.1	5.8	5.5
	Net Block	**9.7**	**9.8**	**10.1**	**10.4**	**10.7**	**11.7**
B	Railway Lines & sidings						
	Gross Block	536.9	537.0	479.0	480.5	480.5	480.5
	Less : Accumulated Depreciation	478.6	477.4	468.4	465.6	445.2	421.3
	Net Block	**58.3**	**59.6**	**10.6**	**14.9**	**35.3**	**59.2**
C	Roads, Bridges & Culverts						
	Gross Block	1,526.8	1,526.8	1,532.0	1,346.6	1,312.0	1,190.9
	Less : Accumulated Depreciation	308.8	302.2	282.7	258.5	235.9	214.1
	Net Block	**1,218.0**	**1,224.6**	**1,249.3**	**1,088.1**	**1,076.0**	**976.8**
D	Buildings						
	Gross Block	10,671.9	10,594.4	10,262.2	9,425.0	9,351.7	9,336.9
	Less : Accumulated Depreciation	5,804.6	5,729.1	5,425.5	5,141.3	4,864.3	4,588.6
	Net Block	**4,867.3**	**4,865.3**	**4,836.7**	**4,283.8**	**4,487.4**	**4,748.3**
E	Plant & Machinery						
	Gross Block	79,597.9	79,226.3	75,922.4	74,267.8	70,137.4	69,858.5
	Less : Accumulated Depreciation	72,442.3	72,193.7	69,368.2	67,371.5	65,467.1	63,856.3
	Net Block	**7,155.6**	**7,032.5**	**6,554.1**	**6,896.3**	**4,670.3**	**6,002.2**
F	Furniture & Fittings						
	Gross Block	205.6	204.3	196.7	192.3	184.7	167.5
	Less : Accumulated Depreciation	145.6	144.1	137.6	130.0	123.5	113.9
	Net Block	**60.0**	**60.2**	**59.1**	**62.3**	**61.2**	**53.6**
G	Locomotives						
	Gross Block	1,325.9	1,325.9	1,308.6	984.4	665.7	649.0
	Less : Accumulated Depreciation	699.0	687.9	640.3	599.4	568.7	538.2
	Net Block	**626.9**	**638.0**	**668.3**	**385.0**	**97.0**	**110.8**
H	Vehicles						
	Gross Block	134.0	132.6	132.4	129.6	127.6	114.5
	Less : Accumulated Depreciation	105.1	102.9	95.4	87.9	79.6	76.5
	Net Block	**28.9**	**29.7**	**37.0**	**41.7**	**48.0**	**38.0**
I	Electrical Installations						
	Gross Block	5,569.5	5,569.2	3,466.3	3,262.2	3,041.7	2,943.0
	Less : Accumulated Depreciation	2,916.5	2,871.6	2,747.8	2,650.5	2,498.1	2,348.4
	Net Block	**2,653.0**	**2,697.6**	**718.5**	**611.6**	**543.6**	**594.6**
J	Water Supply & Sewerage systems						
	Gross Block	2,963.4	2,628.1	2,734.8	2,773.7	2,617.0	2,615.2
	Less : Accumulated Depreciation	2,397.6	2,386.3	2,414.9	2,422.2	2,299.2	2,166.1
	Net Block	**565.8**	**241.8**	**319.9**	**351.4**	**317.8**	**449.1**
K	Miscellaneous Assets						
	Gross Block	1,417.1	1,413.6	1,238.7	1,270.5	1,142.6	999.8
	Less : Accumulated Depreciation	1,006.3	984.1	911.1	901.3	828.8	748.7
	Net Block	**410.8**	**429.5**	**327.7**	**369.3**	**313.8**	**251.2**
	Total Tangible Assets (i)	**18,209.3**	**17,843.9**	**15,302.9**	**14,629.6**	**12,517.9**	**13,812.7**

Contd............

.........Contd from Annexure IV A

	INTANGIBLE ASSETS:						
A	Software (Intangible Assets)						
	Gross Block	76.0	75.5	68.4	-	-	-
	Less : Accumulated Depreciation	67.9	67.1	64.8	-	-	-
	Net Block	**8.1**	**8.4**	**3.6**	-	-	-
B	Mining lease rights (Intangible Asset)						
	Gross Block	58.3	58.3	58.3	58.3	58.3	58.3
	Less : Accumulated Depreciation	35.5	34.8	31.9	29.0	26.1	23.2
	Net Block	**22.8**	**23.5**	**26.4**	**29.3**	**32.2**	**35.1**
	Total Intangible Assets (ii)	**30.9**	**31.9**	**30.0**	**29.3**	**32.2**	**35.1**
	CAPITAL WORK-IN-PROGESS						
	C.W.I.P	108,020.9	106,116.6	94,886.3	70,573.3	41,237.8	16,333.7
	Less: Provisions	227.6	227.6	225.6	239.2	229.5	247.9
	Total C.W.I.P (iii)	**107,793.3**	**105,889.0**	**94,660.7**	**70,334.1**	**41,008.3**	**16,085.8**
	Intangible under Development (iv)	**165.6**	**150.1**	-	-	-	-
	Total Fixed Assets {(i) + (ii) + (iii) + (iv)}	**126,199.1**	**123,914.9**	**109,993.5**	**84,993.0**	**53,558.4**	**29,933.6**

ANNEXURE IV B

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF NON-CURRENT INVESTMENTS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Traded						
Investment In Equity Instruments						
Quoted (A)						
Subsidiary						
Eastern Investments Ltd	3,610.2	3,610.2	3,610.2	-	-	-
Others						
Bisra Stone Lime Company Ltd *	-	-	-	-	-	-
Total (A)	3,610.2	3,610.2	3,610.2	-	-	-
Unquoted (B)						
Joint Ventures						
Rinmoil Ferro Alloys Private Limited	1.0	1.0	1.0	1.0	-	-
International Coal Ventures Pvt. Ltd	14.0	14.0	4.3	1.0	-	-
Others						
Free Press House Limited #	-	-	-	-	-	-
Steelscape Consultancy Pvt. Ltd	0.5	0.5	0.5	0.5	0.5	0.5
Total (B)	15.5	15.5	5.8	2.5	0.5	0.5
Total (A+B)	**3,625.8**	**3,625.8**	**3,616.0**	**2.5**	**0.5**	**0.5**

Note: * Investment amounted to ₹1000/- hence rounded off to zero
Investment amounted to ₹ 2380/- hence rounded off to zero and include one fully paid up equity share of in Anakapalli Rural Electric Co-operative society Ltd

ANNEXURE IV- C

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF LONG-TERM LOANS AND ADVANCES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Capital advances						
Advances & other recoverables						
(Recoverable in cash or in kind or for value to be received)						
Government departments	134.1	124.4	51.1	65.9	65.8	43.3
Less:Provision for doubtful advances	-	-	-	-	-	-
Contractors	525.1	436.5	719.8	4,689.6	5,280.8	4,795.4
Less:Provision for doubtful advances	-	-	-	-	-	-
Suppliers	-	-	46.1	198.9	-	-
Less:Provision for doubtful advances	-	-	-	-	-	-
Others	5.8	5.8	4.5	4.6	5.8	2.4
Less:Provision for doubtful advances	-	-	-	-	-	-
Security Deposits	306.3	254.8	231.4	209.0	109.9	108.2
Loans and Advances to Related parties						
Directors	-	-	-	-	-	-
Joint venture Companies	41.9	22.9	22.4	-	-	-
Other Loans and Advances						
Loans						
Employees	469.7	454.3	434.5	382.9	347.9	269.1
Others	1,070.2	1,120.2	1,463.2	2,336.1	2,400.0	2,400.0
Total	**2,553.1**	**2,418.9**	**2,973.0**	**7,886.9**	**8,210.0**	**7,618.3**

ANNEXURE IV- D

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF OTHER NON-CURRENT ASSETS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Interet Accured on loans to employees	109.0	103.3	79.7	59.4	40.4	19.3
Trade Receivables	-	-	-	2.1	2.1	2.5
Total	**109.0**	**103.3**	**79.7**	**61.5**	**42.5**	**21.8**

ANNEXURE IV E

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF INVENTORIES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Semi Finished/ Finished goods	24,388.6	17,736.0	18,189.7	12,866.6	17,083.6	7,917.0
Raw materials	16,565.6	12,257.6	11,376.6	8,651.0	11,943.1	6,920.9
Stores & Spares	3,819.0	4,037.4	2,980.7	3,124.1	3,315.4	2,959.2
Total	**44,773.3**	**34,031.1**	**32,547.1**	**24,641.6**	**32,342.1**	**17,797.1**

ANNEXURE IV F

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF TRADE RECEIVABLES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Debts over six months	203.7	203.4	209.4	207.9	210.4	223.5
Other debts	4,386.6	4,271.8	3,299.7	1,798.9	1,905.3	897.7
Less : Provision for doubtful debts	203.7	203.7	208.5	209.3	237.6	220.9
Total--Unsecured & Considered good	**4,386.6**	**4,271.5**	**3,300.6**	**1,797.5**	**1,878.1**	**900.3**

ANNEXURE IV G

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF CASH AND BANK BALANCES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Cash and cash equivalents						
Balances with Banks	306.5	44.7	82.2	212.8	41.3	106.5
Cheques, Drafts on hand	27.1	391.4	351.7	510.3	367.7	19.9
Cash on Hand	0.9	0.3	0.4	0.9	0.5	1.0
Remittances in-transit	-	-	-	0.0	-	6.4
Term deposits with Banks	26.8	17,426.8	10,474.7	49,545.0	35,382.2	76,437.2
Earmarked Balances with Banks	-	-	-	-	-	-
Dividend	-	-	-	-	-	-
Prime Ministers Trophy Fund	40.1	40.1	-	-	-	-
Court Deposits	-	-	-	-	-	-
Other bank balances						
Term deposits pledged with Banks	13,380.0	2,730.0	9,030.0	3,336.4	29,680.0	-
Margin Money with Banks	50.0	50.0	50.0	550.0	770.0	420.0
Total	**13,831.4**	**20,683.3**	**19,989.0**	**54,155.4**	**66,241.7**	**76,991.1**

ANNEXURE IV- H

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF SHORT-TERM LOANS AND ADVANCES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Loans and Advances to Related Parties						
Directors	-	-	-	-	-	-
Joint venture Companies	1.1	1,560.5	2.1	6.5	2.5	2.5
Others						
Material issued on loan	64.4	78.9	-	-	-	11.0
Advances & other recoverables						
(Recoverable in cash or in kind or for value to be received)						
Government departments	114.7	95.1	81.0	174.3	154.8	100.2
Less:Provision for doubtful advances	6.2	6.2	6.2	6.2	6.2	6.2
Contractors	166.1	189.6	175.2	35.6	33.1	81.6
Less:Provision for doubtful advances	37.5	37.5	33.4	33.4	33.4	26.0
Suppliers	934.4	482.4	474.2	468.4	483.4	602.6
Less:Provision for doubtful advances	73.2	70.3	63.4	63.0	65.0	76.4
Employees	82.9	81.9	101.9	16.2	250.1	264.3
Less:Provision for doubtful advances	1.6	1.6	1.6	1.6	1.6	1.6
Others	18,147.1	16,054.8	10,325.8	4,062.8	3,017.2	2,905.5
Less:Provision for doubtful advances	340.3	338.5	298.3	297.3	278.8	282.7
Advance Income Tax & Fringe Benefit Tax	4,760.0	4,350.0	3,800.0	4,327.3	7,386.4	11,537.4
Prepaid expenses	85.1	18.1	54.8	30.7	16.6	3.2
Claims recoverable	482.0	484.5	503.2	498.0	379.3	378.8
Less: Provision for doubtful claims	169.3	165.1	85.5	62.6	55.5	54.7
Deposits	981.7	922.9	942.4	1,204.3	1,315.6	1,289.1
Total	**25,191.4**	**23,699.6**	**15,972.2**	**10,360.0**	**12,598.6**	**16,728.8**

ANNEXURE IV- I

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF OTHER CURRENT ASSETS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Current maturities of Long term Loans						
Employees	141.2	142.4	122.7	98.3	85.4	58.8
Others	1,265.9	1,215.9	873.0	4.8	4.7	7.8
Interest accrued on loans to employees	8.0	7.2	5.1	4.7	2.7	6.2
Interest accrued -- others	1,061.3	788.7	739.2	1,372.3	2,607.8	2,959.4
Less: Provision for Non recoverable interest	62.4	62.4	62.4	62.4	62.4	62.4
Other income accrued	-	0.3	1.3	3.4	1.3	2.2
Assets Retired from active use and held for disposal	1.2	1.2	0.3	0.5	0.5	0.5
Deferred Premium on Forward contracts	223.5	176.4	160.0	6.3	-	-
Total	**2,638.7**	**2,269.7**	**1,839.2**	**1,428.0**	**2,640.0**	**2,972.6**

ANNEXURE IV - J

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF LONG-TERM LIABILITIES & PROVISIONS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Security deposits	553.0	542.6	485.9	456.5	378.9	305.3
Other Liabilities	286.1	289.7	-	21.7	21.4	13.4
Total	**839.1**	**832.3**	**485.9**	**478.2**	**400.3**	**318.7**
Provision for Employee Benefits						
Compensated Absences	2,144.0	2,025.9	3,374.3	3,464.6	2,530.0	1,846.1
Post-retirement Benefits	1,821.1	1,772.3	1,631.9	1,433.9	1,236.8	1,066.8
Employee Family Benefit Scheme	912.5	850.2	643.4	641.4	533.2	459.0
Long Service Awards	116.4	112.6	97.5	70.5	51.1	44.0
Leave Travel Concession	8.2	8.0	5.0	40.0	-	-
Others						
Mines Closure	28.8	28.3	26.1	24.3	21.1	17.7
Total	**5,031.0**	**4,797.3**	**5,778.2**	**5,674.7**	**4,372.2**	**3,433.6**

ANNEXURE IV - K

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF SHORT TERM BORROWINGS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Loans repayable on demand						
From Banks						
Secured Loans						
Working Capital Borrowings	9,297.7	7,552.2	1,966.1	3,493.6	3,341.9	3,327.8
(Secure by hypothecation of current assets)						
Short Term Loans	509.7	2,471.8	782.8	579.2	5,735.3	-
(secured by term deposits)						
Unsecured Loans						
Working Capital Borrowings	156.4	852.5	-	-	-	-
Short Term Loans	8,780.8	2,231.2	1,851.2	5,999.6	1,000.4	1,079.5
Short Term Foreign currency facilities	13,498.3	11,161.6	6,758.7	2,251.8	-	-
Other Loans and Advances						
Secured	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-
Commercial Papers	5,910.7	1,482.1	-	-	-	-
Total	**38,153.6**	**25,751.4**	**11,358.8**	**12,324.1**	**10,077.6**	**4,407.3**

ANNEXURE IV - L

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF TRADE PAYABLES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
MSME	45.9	65.1	15.4	3.6	-	-
Others	7,112.8	3,348.7	5,501.3	5,574.6	4,686.1	2,463.2
Total	**7,158.7**	**3,413.8**	**5,516.7**	**5,578.2**	**4,686.1**	**2,463.2**

ANNEXURE IV - M

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF OTHER CURRENT LIABILITIES & SHORT TERM PROVISIONS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Current Liabilities:						
Interest accrued but not due						
Short term borrowings	41.3	34.1	9.2	25.1	1.4	48.9
Income Tax	18.9	18.9	10.7	-	-	-
Other payables	5,369.1	5,478.0	6,036.0	7,329.9	7,031.6	2,776.5
Advances from customers	1,346.9	1,728.7	1,358.8	1,393.9	1,359.5	1,369.7
Other advances	8.6	0.4	2.6	5.4	0.8	2.3
Earnest money, security & other deposits	2,697.3	2,716.2	2,392.2	1,620.5	997.1	684.1
Current Liabilities of Long Term Employee Benefits						
Compensated Absences	1,023.2	1,482.9	458.0	-	-	-
Post-retirement Benefits	121.8	124.6	27.8	-	-	-
Employee family Benefit Scheme	113.3	128.2	139.8	-	-	-
Long Service Awards	3.5	3.4	4.0	-	-	-
Leave Travel Concession	74.1	72.7	45.2	-	-	-
Other liabilities	27,280.7	24,382.1	17,013.5	11,909.8	11,630.1	8,771.1
Total	**38,098.7**	**36,170.2**	**27,497.8**	**22,284.6**	**21,020.4**	**13,652.6**

Provisions:						
Provision for Employee Benefits						
Gratuity to employees	-	-	56.6	722.1	345.5	450.7
Others						
Current Income Tax	4,623.2	4,063.0	3,441.7	4,511.7	7,499.8	11,898.6
Fringe Benefit Tax	-	-	-	-	46.7	44.3
Wealth Tax	5.8	4.6	4.9	4.5	8.9	4.8
Interim Dividend	-	-	-	1,000.1	-	-
Proposed Dividend (Final)	1,879.2	1,908.2	2,714.7	1,852.8	3,391.8	-
Tax on Interim Dividend	-	-	-	166.1	-	-
Tax on proposed Dividend (Final)	304.8	309.6	440.4	307.7	576.4	-
Total	**6,813.0**	**6,285.4**	**6,658.3**	**8,565.0**	**11,869.0**	**12,398.3**

ANNEXURE IV - N

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF SHARE CAPITAL

(₹ in Million)

	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
AUTHORISED						
489,00,00,000 Equity Shares of ₹ 10 each	48,900.0	48,900.0	48,900.0	48,900.0	48,900.0	48,900.0
311,00,00,000 Preference Shares of ₹10 each	31,100.0	31,100.0	31,100.0	31,100.0	31,100.0	31,100.0
Total	**80,000.0**	**80,000.0**	**80,000.0**	**80,000.0**	**80,000.0**	**80,000.0**
ISSUED, SUBSCRIBED & PAID-UP						
488,98,46,200 Equity Shares of ₹ 10 each.	48,898.5	48,898.5	48,898.5	48,898.5	48,898.5	48,898.5
1,65,24,70,000 7 % Non-Cumulative redeemable Preference Shares of ₹ 10 each redeemable at par	16,524.7	28,374.7	29,374.7	29,374.7	29,374.7	29,374.7
Total	**65,423.2**	**77,273.2**	**78,273.2**	**78,273.2**	**78,273.2**	**78,273.2**

ANNEXURE IV - O

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF RESERVES AND SURPLUS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Capital Redemption Reserve	12,850.0	1,000.0	-	-	-	-
Reserve for Redeeming Preference Share Capital	16,524.7	28,374.7	29,374.7	29,374.7	29,374.7	-
Prime Minister's Trophy Award Fund	41.1	40.1	36.2	23.8	12.9	11.7
Surplus as per Profit and Loss Account	31,752.0	30,465.3	24,503.6	21,744.5	16,199.7	36,378.7
Total	**61,167.8**	**59,880.1**	**53,914.5**	**51,143.1**	**45,587.3**	**36,390.4**

ANNEXURE IV - Q

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF REVENUE

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Revenue from operations						
Net Sales(Gross sales net of Excise Duty)	26,121.4	131,427.2	104,711.8	98,091.5	91,283.8	90,883.7
Internal Consumption	3,237.2	1,003.0	877.0	1,210.7	1,141.0	884.6
Export Benefits	15.8	80.2	116.1	96.9	30.5	98.4
Sub-total	**29,374.3**	**132,510.4**	**105,704.9**	**99,399.2**	**92,455.3**	**91,866.7**
Other Income						
Interest Income	531.1	2,495.6	3,475.4	5,347.1	7,872.1	7,246.4
Other Income	195.1	788.3	784.1	893.1	701.8	794.8
Sub-total	**726.2**	**3,283.9**	**4,259.5**	**6,240.2**	**8,573.9**	**8,041.2**
Total	**30,100.5**	**135,794.3**	**109,964.4**	**105,639.4**	**101,029.2**	**99,908.0**
Profit before tax,before Extra Ordinary Items	**3751.4**	**16392.3**	**13771.3**	**15951.4**	**23499.1**	**34980.9**
Total Other Income as % of Profit before tax & Extraoridanry Items	**19%**	**20%**	**31%**	**39%**	**36%**	**23%**

ANNEXURE IV - P

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF OTHER EXPENSES

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Consumption of Stores and Spares	1,316.3	5,183.0	4,712.2	4,664.8	5,012.3	3,640.6
Power and Fuel	1,273.6	4,623.6	4,250.3	4,082.7	3,403.1	2,588.1
Repairs and Mainatanance	368.2	1,684.8	1,451.8	1,421.3	1,498.1	1,257.9
Freight Outwards	1,056.1	3,563.5	3,007.2	3,126.5	2,865.3	3,069.6
Other expenses & Provisions	1,421.1	5,004.9	3,972.2	3,323.3	3,762.2	5,084.6
Total	**5,435.3**	**20,059.8**	**17,393.7**	**16,618.6**	**16,541.1**	**15,640.8**

Annexure - V

RASHTIRYA ISPAT NIGAM LIMITED (STANDALONE)

SIGNIFICANT ACCOUNTING POLICIES

1.0 GENERAL

1.1 Financial Statements are prepared under the historical cost convention in accordance with fundamental accounting assumptions and Generally Accepted Accounting Principles (GAAP) in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified there-under.

1.2 The preparation of financial statements in conformity with Generally Accepted Accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

2.0 FIXED ASSETS

2.1Fixed assets are stated at historical cost less depreciation.

2.2Expenditure attributable / relating to construction, to the extent not directly identifiable to any specific Plant Unit, is kept under 'Expenditure During Construction' for allocation to Fixed Assets and is grouped under 'Capital Work-in- Progress'.

3.0 INVESTMENTS

3.1 Current investments are carried at lower of cost and fair value.

3.2 Longterm investments are carried at cost. Diminution in value, other than temporary, is provided for.

4.0 INVENTORIES

4.1 Inventories are valued at lower of cost and net realizable value.

4.2 The basis of determining cost is:

4.2.1 Finished / Semi-finished goods - Weighted Average cost

4.2.2 Raw material, Stores & Spares, Loose Tools - Monthly weighted average cost and those in transit at cost.

4.3 Obsolete / Surplus / Non-moving inventory are adequately provided for.

5.0 REVENUE RECOGNITION

5.1 Sales are recognized when all significant risks and rewards of ownership have been transferred to the buyer.

5.2 Export incentives under various schemes are recognized as Income on certainty of realisation.

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RASHTIRYA ISPAT NIGAM LIMITED (STANDALONE)

6.0 CLAIMS

6.1 Claims against outside agencies are accounted on certainty of realisation.

7.0 FOREIGN CURRENCY TRANSACTIONS

7.1 Foreign currency monetary items are recorded at the closing rate.

7.2 Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognised as expense or income in the period in which they arise.

8.0 EMPLOYEE BENEFITS

8.1 Actuarial gains and losses on defined benefit plans are recognized during the year.

9.0 DEPRECIATION AND AMORTISATION

9.1 Depreciation is provided on straight line method (SLM), upto full value of the cost of the asset over the specified period derived in accordance with the provisions of Schedule XIV of the Companies Act, 1956, except the following:

9.1.1 Assets costing up to ₹ 5000/-are fully depreciated in the year of capitalisation.

9.1.2 Depreciation on the following categories of assets is provided up to full value of the cost of asset on SLM over the period of their useful life based on the Management's estimate given in brackets:.

Photo Copiers & Fax Machines, Telecom Equipment (5 Years); Cranes, Slag Pot Carriers, Audio & Visual Equipment (10Years); Other Office Equipment, Earth Moving Equipment, Forklift Trucks, Air Conditioners, Refrigerators, Water Coolers, Air Coolers, Freezers(7 Years); Cars (6 Years); Safety Equipment, Other light vehicles (8 Years); Computers [including system Software] (4 Years); Coke Ovens & Coal Chemical Plant (15 Years).

9.2 Amortisation of "Intangible Assets" is accounted as follows:

9.2.1 Mining lease rights are amortised over the period of lease.

9.2.2 Software which is not an integral part of related hardware is treated as intangible asset and amortised over a period of four years or its license period, whichever is less.

10.0BORROWING COSTS

10.1 Borrowing costs incurred for obtaining assets which take more than 12 months to get ready for its intended use are capitalised to the respective assets wherever the costs are directly

........Contd. from previous page (Annexure V)

RASHTIRYA ISPAT NIGAM LIMITED (STANDALONE)

attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

10.2 Other borrowing costs are treated as expense for the year.

11.0 PRIOR PERIOD ADJUSTMENTS

11.1 Items of Income / Expenditure which arise in the current period as a result of errors or omissions in the preparation of Financial Statements of one or more prior periods, exceeding ₹ 5, 00,000/- in value, in each case are treated as prior period adjustments.

ANNEXURE VI

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

NOTES ON ADJUSTMENTS MADE FOR RESTATED FINANCIAL STATEMENTS

1 Adjustments on changes in Accounting Policies,prior period items and other adjustments

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
(A) Net profit after tax as per audited accounts	**1,746.4**	**7,514.6**	**6,584.9**	**7,966.8**	**13,355.6**	**19,427.4**
Adjustments on account of -						
(a) Changes in accounting policies	-	-	-	-	-	(1,717.4)
(b) Other adjustments & Prior period items	746.0	(1,072.6)	461.1	39.9	41.7	(74.3)
(c) Arrear Salary & Wages	-	-	339.6	(835.7)	145.8	189.6
(d) Current Tax impact of Adjustments	(247.9)	430.4	(130.2)	(155.1)	18.7	(106.0)
(e) Deferred tax impact adjustments	(4.6)	(22.6)	0.2	46.2	(14.5)	655.4
(B) Total of Adjustments after Tax impact	493.5	(664.9)	670.7	(904.7)	191.7	(1,052.6)
(C) Net Adjusted Profit after tax(A-B)	**1,253.0**	**8,179.5**	**5,914.2**	**8,871.5**	**13,164.0**	**20,480.0**

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RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

2.0 Notes on adjustments made for Restated Financial Statements:

2.1 The prior period items in the Profit and Loss Account have been restated to the respective years to which they relate.

2.2 In the Financial year 2007-08 there has been change in Accounting Policy related to "Depreciation calculation", which envisages providing depreciation for full value of the asset cost over the specified period derived in accordance with the provision of Schedule XIV of Companies Act, 1956. In line with the policy, depreciation has been recomputed and adjusted accordingly in the restated financial statements.

2.3 In the Financial year 2007-08 there has been change in Accounting Policy related to Inventory valuation with respect to "determining of finished goods cost on annual weighted average cost instead of last 6 months weighted average". In line with the changed policy, the valuation of inventory has been recomputed and adjusted accordingly in the restated financial statements.

2.4 Consequent upon issue of Accounting Standard 26 by the Institute of Chartered Accountants of India on "Intangible Assets", which is mandatory from the financial year 2003-04 the concept of 'deferred revenue expenditure', is discontinued. However, Standard permitted to continue the charge off balance deferred expenditure in the subsequent years as per the transitional provision. Accordingly, the deferred revenue expenditure charged off in the subsequent years as per transitional provision has been adjusted in the restated financial statements.

2.5 In the Financial year 2010-11 there has been change in Accounting practice related to "Assets not owned by an Enterprise" based on the Expert Advisory Committee of Institute of Chartered Accountants of India. As per such opinion, the expenditure incurred on Assets not owned by an Enterprise is to be recognized as revenue expenditure on incurrence. In line with the changed accounting practice adjustments were carried out in the restated financial statements.

2.6 Arrears of expenses in respect of Salary and Wages paid to the executives as per DPE Guidelines, and for nonexecutives arising out of wage agreement under National Joint Committee for Steel Industries Agreement and expenditure on pay revision for the executives/non-executiveshave beencharged through provision in the earlier years, the same have now been restated taking into respective years to which they relate.

2.7 The company has accounted for the deferred tax assets & liabilities in terms of 'Accounting for Taxes on Income' (AS22) issued by the Institute of Chartered Accountants of India (ICAI). Current tax and deferred tax impact on the adjustments made have been computed on the restated profit at the rates applicable to respective years.

2.8 The Accounts for the years have been restated considering the Guidance Note on "Reports inCompany Prospectuses" issued by Institute of Chartered Accountants of India. Effect of these changes has been shown as separate line items under para 1(Annexure-VI) referred above. Effect of changes for financial years prior to 2007-08 have been adjusted in the surplus profit & loss account *unde*r Reserves & Surplus as on 31.03.2007 net of taxes including deferred tax relatable to financial years prior to 2007-08.

Annexure VII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

Notes on adjustments not made for Restated Financial Statements

1. As per the Notification dated 26.11.2008 of Ministry of Heavy Industries and Public Enterprises, Govt. of India, while reviewing the pay scales of the employees of PSUs, inter alia revised the ceiling of gratuity to ₹1.0 million from ₹0.35 million w.e.f. 01.07.2007. Accordingly, gratuity liability as per AS-15 has been accounted under Employees cost in the year 2008-09 and such amount has not been recast to the relevant earlier years as the same has not been ascertained, further presenting of breakup of figures for long-term and short-term provision as required by revised schedule VI has not been done as it is not ascertained for the financial years 2009-10, 2008-09, 2007-08 respectively.However, the total post superannuation defined benefits are shown under long term provision for the said years.

2. Further arrear liability on account of Gratuity and other Employee Benefitsarising out of revision of salary and wages for executives and non-executives in 2008-09 has been charged in the Accounts of 2008-09 and the restatement of same to respective years has not been made as the same has not been ascertained.

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)
OTHER NOTES ON RESTATED FINANCIAL STATEMENTS

1.0 Land at a cost of ₹399.9 million is being held in the name of President of India. The Company is holding Power of Attorney issued by Govt. of India for utilization of this land acquired for the Project and related purposes incidental thereto.

2.0 Land includes 367.072 acres allotted to various agencies on lease basis.

2.1 Sale deeds in respect of the following assets are yet to be executed:

a)	Stockyard at Chennai	₹23.7 million
b)	i) Office building at New Delhi	₹10.9 million
	ii) Office building at New Delhi	₹ 242.3 million
c)	Office buildings at Ahmadabad	₹1.8 million
d)	Residential buildings at Kolkata	₹9.5 million
e)	i) Stockyard at Hyderabad	₹10.0 million
	ii) Site for Liaison Office	₹13.0 million

3.0 Loans and advances, Sundry Debtors / Creditors, Stock with some Contractorsare subject to reconciliation / confirmation.

4.0 As per section 441A of the Companies Act 1956, cess on turnover is leviable. Government of India has not yet framed any rules / guidelines in this regard and hence no amount has been provided and / or paid.

5.0 The Company has a regular programme of Physical verification of Inventories, the adjustments arsing out of which are carried out in the Books upon verification.

5.1 In line with industry practice, no credit is taken for the value of material in process except those lying at mills.

5.2 No credit is taken in the accounts for the stock of run of mines ore and rejects at Mines.

5.3 Since the Coke Breeze is used for internal consumption, the same has been valued at 60% of the production cost of BF coke.

5.4 Coke and other By products are valued at net realisable value, wherever cost is not determinable and at cost, where net realisable value is not available, except in the case of Stock of BF Granulated slag at dump yard for which no value is assigned.

5.5 The stock of production related iron scrap and steel scrap has been considered in the accounts on the basis of visual survey / estimates and are valued at 75 % and 90 % respectively, at lower of the cost of Pig Iron and of the domestic net realisable value of Pig Iron.

6.0 Sale of products doesnotincude Sale of Trial run production of ₹ 547.7 million.

Annexure IX

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF EMPLOYEE BENEFITS

Disclosures pursuant to AS 15 -Employee benefits

Defined Contribution plans:

An amount of An amount of ₹15.5 million recognized in the Statement of Profit and Loss and ₹0.5 million in Capital Work in Progress, ₹ 0.1 million in Intangible Assets under Development are towards Superannuation Benefit Scheme (Post Employment Benefit - Defined Contribution Plan).

Defined Benefit Plans:

General Description of the Post Employment Benefits-Defined Benefit Plans

Provident Fund	-	Company pays fixed contribution to Provident Fund, at predetermined rates, to a separate trust, which invests the Funds in permitted securities. On Contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India. The obligation of the Company is limited to the shortfall in the rate of interest on the Contribution based on its return on investments as compared to the declared rate.
Gratuity	-	Payable to employees, who render continuous service of 5 years or more, on separation, @ 15 days of last drawn pay for each completed year of service.
Post Retirement Medical Benefits	-	Available to retired employees at Company's hospital and / or under the Health Insurance Policy.
Retirement Settlement Benefits	-	The retired employees, their dependents, as also the dependents of the employees expired while in service are entitled for travel and transport expenses to their place of permanent residence. At the time of retirement, employees will be given 10 gms of gold.
Employee Family Benefit Scheme	-	Monthly payments, till the notional date of superannuation, to employees separated upon disablement / legal heirs of deceased employees at their option who fulfill the criteria of prescribed amount of deposit.

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RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

Expenses recognized in the Statement of Profit and Loss Account: (₹Inmillion)

Particulars	Gratuity	Retirement Medical Benefits	Retirement Settlement Benefits	Employee Family Benefit Scheme
Amount charged to :				
Statement of Profit & Loss Account	(15.1)	32.9	18.2	70.2
Expenditure During Construction	(0.3)	0.6	0.3	1.3
Capital Work – in - Progress	-	0.1	-	0.1

Disclosure as required by the Accounting Standard (AS) 15 " Employee Benefits " , are made as far as practicable and the liability is provided for the stub period ending 30/06/2012 proportionately based on valuation made by the actuary for the year.

ANNEXURE X

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF RELATED PARTY TRANSACTION

(₹ in Million)

	SALARIES						COMPANIES CONTRIBUTION TO PF AND OTHER FUNDS						MEDICAL BENFITS					
	For the three months ended	For the year ended March 31 st					For the three months ended	For the year ended March 31 st					For the three months ended	For the year ended March 31 st				
PARTICULARS	30-06-2012	2012	2011	2010	2009	2008	30-06-2012	2012	2011	2010	2009	2008	30-06-2012	2012	2011	2010	2009	2008
Shri A P Choudhary, CMD	0.5	2.3	2.2	0.7	-	-	0.1	0.2	0.2	0.1	-	-	-	0.0	-	-	-	-
Shri P K Bishnoi, CMD	-	0.8	2.6	1.1	0.6	0.9	-	0.1	0.2	0.1	0.1	0.1	-	-	0.0	-	-	-
Shri Umesh Chandra, Director (O)	0.5	2.8	2.2	0.9	0.2	-	0.1	0.2	0.2	0.1	0.0	-	-	0.0	-	-	0.0	-
Shri P Madhusudan, Director (F)	0.6	2.1	2.0	0.2	-	-	0.0	0.2	0.2	0.0	-	-	-	-	-	-	-	-
Shri T K Chand, Director (Comm)	0.5	1.8	0.9	-	-	-	0.0	0.2	0.1	-	-	-	-	-	-	-	-	-
Shri Y R Reddy, Director (P)	0.5	2.3	0.4	-	-	-	0.0	0.2	0.0	0.0	0.0	0.0	-	0.0	-	-	-	-
Shri NS Rao, Director(Proj.)	0.3	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-
Shri Y Manohar, Director (P)	-	-	1.5	1.0	0.6	0.8	-	-	2.8	0.1	0.1	0.1	-	-	-	-	-	0.0
Shri K S Shankar, Director (F)	-	-	-	0.6	0.6	0.5	-	-	-	3.4	0.1	0.1	-	-	-	0.0	-	-
Shri C G Patil, Director (Comm)	-	-	-	0.7	0.6	0.7	-	-	-	3.2	0.1	0.0	-	-	-	-	-	-
Shri Y Siva Sagar Rao, CMD	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-	-	-	-	-	0.0
Shri H S Chatwal, Director (Comm)	-	-	-	-	-	0.4	-	-	-	-	-	0.1	-	-	-	-	-	-
Shri K K Rao, Director (O)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shri Ayyappa Naidu, Director (P)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shri P K Mishra, Director (O)	-	-	-	-	0.4	1.1	-	-	-	-	1.8	0.1	-	-	-	-	-	-

ANNEXURE XI

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF DIVIDEND PAID/PROPOSED

(₹ in Million), Unless otherwise Stated)

PARTICULARS		For the three months ended	For the year ended March 31 st				
		30-06-2012	**2012**	**2011**	**2010**	**2009**	**2008**
Face Value of Equity Shares (in Rs Per Equity Share)		10	1000	1000	1000	1000	1000
Number of Shares (units)		4,88,98,46,200	4,88,98,462	4,88,98,462	4,88,98,462	4,88,98,462	4,88,98,462
Dividend	(A)	-	751.5	658.5	796.7	1335.6	-
Dividend per Equity Share (₹)		-	15.4	13.5	16.3	27.3	-
Dividend Rate (%)		-	1.54	1.35	1.63	2.73	-
Dividend Tax	(B)	-	121.9	106.8	132.3	227.0	-
Face Value of Preference Shares (in ₹ Per Preference Share)		10	1000	1000	1000	1000	1000
Number of Shares(units)		1,65,24,70,000	2,83,74,700	2,93,74,700	2,93,74,700	2,93,74,700	2,93,74,700
Dividend*	(C)	-	1127.6	2056.2	2056.2	2056.2	-
Dividend per Preference Share (₹)		-	70.00	70.00	70.00	70.00	-
Dividend Rate (%)		-	7.00	7.00	7.00	7.00	-
Dividend Tax	(D)	-	182.9	333.6	341.5	349.5	-
Total Dividend	**(A) + (C)**	-	**1879.1**	**2714.7**	**2852.9**	**3391.8**	-
Total Dividend Tax	**(B) + (D)**	-	**304.8**	**440.4**	**473.8**	**576.4**	-

 # The face values of Equity shares and preference shares are split from ₹1000/- per share to ₹ 10/- per share on 21st April 2012

*** Dividend paid, for the year 2011-12, on Preference Share Capital outstanding as on record date**

ANNEXURE XII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF CAPITILISATION AS AT 30.06.2012

(₹ in Million)

PARTICULARS	PRE ISSUE AS AT 30-06-2012	POST ISSUE
Debt		
Secured Loans	9,807.4	9,807.4
Unsecured Loans	28,346.2	28,346.2
Total	38,153.6	38,153.6
SHAREHOLDER'S FUNDS		
Share Capital	65,423.2	65,423.2
Reserves and Surplus	61,167.8	61,167.8
Total	**126,591.0**	**126,591.0**
Debt/Equity Ratio	**0.3**	**0.3**

Notes :

1. As the IPO is only offer for sale by Government of India, there would be no change in Debt and Shareholders fund Post Issue
2. The above has been computed on the basis of the restated financial statements of company.

ANNEXURE XIII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF ACCOUNTING RATIOS OF THE COMPANY

(₹ in Million), Unless otherwise Stated)

	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Net Profit After Tax (Restated)	1,253.0	8,179.5	5,914.2	8,871.5	13,164.0	20,480.0
Networth	1,26,591.0	1,37,153.3	1,32,187.7	1,29,416.3	1,23,860.5	1,14,663.6
No of Equity Shares(units of ₹ 10/- face value)#	4889846200	48898462	48898462	48898462	48898462	48898462
Earning per Share (₹)*	0.3	140.5	72.1	132.4	220.0	418.8
Diluted Earning per Share (₹)*	0.3	140.5	72.1	132.4	220.0	418.8
Return on Networth (%)	1.0	6.0	4.5	6.9	10.6	17.9
Net Asset Value Per Share (₹)(₹ 1000/- face value)@	2250.9	2224.6	2102.6	2045.9	1932.3	1744.2
Net Asset Value Per Share (₹)(₹ 10/- face value)#@	22.5	22.2	21.0	20.5	19.3	17.4

 # The face value of Equity shares are split from ₹1000/- per share to ₹ 10/- per share on 21st April 2012
*** EPS is not Annualized for the three months ended 30-06-2012**
`@ Calculated after deducting preference share capital

Formula

Earning per share before extraordianry item(Rs) $\dfrac{\text{Restated Profit after tax and before extarodinary items less dividend to preference share holders}}{\text{No of Equity Shares}}$

Earning per share after extraordianry item(Rs) $\dfrac{\text{Restated Profit after tax and after extarodinary items less dividend to preference share holders}}{\text{No of Equity Shares}}$

Return on Networth $\dfrac{\text{Restated Profit After Tax}}{\text{Net worth}}$ X100

Net Asset Value Per Share (Rs) $\dfrac{\text{Net Worth}^{@}}{\text{No of Equity Shares}}$

ANNEXURE - XIV

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF TAX SHELTER OF THE COMPANY

(₹ in Million)

PARTICULARS		For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
Profit before Tax as per Audited accounts		2,567.9	11,100.1	9,816.6	12,476.5	20,265.9	29,953.6
Adjustments		(746.0)	1,072.6	(800.8)	795.9	(187.5)	1,602.1
Restated Profit Before Tax	**(A)**	**1,821.9**	**12,172.7**	**9,015.8**	**13,272.4**	**20,078.4**	**31,555.7**
Applicable tax rate		0.3	0.3	0.3	0.3	0.3	0.3
Tax liability on Restated Profit		591.0	3,949.0	2,995.0	4,511.0	6,825.0	10,726.0
Adjustments							
Permanent Differences (B)							
Dividend Income		-	(4.8)	-	-	-	-
Income from sale of Assets		-	(17.5)	(32.6)	(10.2)	(11.7)	(5.0)
Donation		3.4	13.7	1.6	17.0	55.7	54.6
Other Adjustments		-	-	-	-	-	-
Total Permanent Differences	**(B)**	**3.4**	**(8.6)**	**(31.0)**	**6.8**	**44.1**	**49.6**
Timing Differences (C)							
Difference between tax depreciation and book depreciation		(165.5)	404.8	633.3	308.5	1,338.4	1,917.4
Difference of gratuity provision and payment of gratuity		-	-	-	-	-	-
Difference of leave encashment provision and payment provision		-	-	-	-	-	-
Deferred Installments of Voluntary retirement scheme u/s 35DDA		(0.1)	(1.2)	(2.6)	(3.6)	(2.2)	0.8
Provision of doubtful debts, Claims, Advances, land reclamation e.t.c (Net off return back)		9.7	74.8	29.4	(19.2)	(39.1)	758.9
Disallowances/ Allowances u/s 43B		55.9	248.9	223.5	-	(0.5)	(49.0)
Amount inadmissible / Admissible u/s 40(a)(ia)		-	-	-	-	-	-
Other adjustments		1.2	19.2	13.1	33.1	(32.8)	64.0
Total Timing Differences	**(C)**	**(98.8)**	**746.5**	**896.7**	**318.7**	**1,263.8**	**2,692.1**
Net Adjustments :	**D (B+C)**	(95.4)	737.9	865.6	325.5	1,307.9	2,741.6
Taxable Income from Business	**(F) (A+D)**	**1,726.5**	**12,910.6**	**9,881.4**	**13,597.9**	**21,386.3**	**34,297.3**
Tax (Saving) / Outgo thereon	**(E) (D* Tax Rate)**	(31.0)	239.4	287.5	110.6	444.6	931.9
Tax on Business Income		**560.2**	**4,188.9**	**3,282.4**	**4,621.9**	**7,269.2**	**11,657.7**

ANNEXURE XV

FINANCIAL INDEBTEDNESS

Borrowings of our Company

Set forth below, is a brief summary of our Company's borrowings (both, fund based and non-fund based) as of June 30, 2012, together with a brief description of certain significant terms of such financing arrangements. Our Company's borrowings consist of mostly working capital facilities availed from the banks mentioned below. The total amount outstanding as on June 30, 2012 is 38,153.64 million.

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
1.	SBI	Our Company has entered into a multiple banking arrangement with SBI on April 18, 2005 for availing working capital loans.[1]	Fund based: i. Cash credit/export packing credit - 1,000.00 million ii. Short Term Loan (as a sub-limit of letter of credit). Non- Fund based: i. Letter of credit - 9,000.00 million ii. Bank guarantee - 1,000.00 million iii. Forward cover - 145.00 million (One way interchangeability of non-fund based limit to fund based limit of 5,000.00 million and interchangeability of 100% fund based limits to non fund based limits).	i. 7.85 million ii. 5,536.04 million i. 140.09 million ii. 120.67 million iii. Nil	i. 11.00 ii. 10.10	November 22, 2012	Hypothecation of current assets and assets created out of project letter of credit on *pari-passu* basis with other banks under multiple banking arrangements by composite hypothecation agreement dated April 18, 2005 which was last amended on January 8, 2010.
2.	State Bank of Hyderabad	Our Company has entered into a multiple banking arrangement with State Bank of Hyderabad, dated October 16, 2009 for working capital requirements.[2]	Fund based: i. Cash credit - 2,000.00 million ii. Short Term loan (as a sub limit of cash credit and letter of credit limits) iii. Over Draft Against TDr	i. 0.01 million ii. 3,025.89 million iii. 272.31 million	i. 12.00 ii. 10.50 iii.10.40	March 14, 2013	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by hypothecation agreement dated October 16, 2009.

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			270.00 million				
			Non fund based: i. Letter of credit - 3,700.00 million ii. Bank guarantee - 300.00 million (Full interchangeability from fund based limits to non fund based limits).	i. 21.96 million ii. 10.00 million			
3.	Canara Bank	Our Company has entered into a multiple banking arrangement with Canara Bank dated March 11, 2005 for working capital requirements.[3]	Fund based: i. Cash credit - 2,000.00 million.	i. 218.17 million	i. 10.50	March 25, 2013	Hypothecation of current assets by common hypothecation agreement, dated April 18, 2005 and supplemental agreements dated August 3, 2006, May 19, 2007, August 1, 2009 and September 16, 2010.
			Non- Fund based: i. Inland letter of credit/foreign letter of credit - 1,000.00 million ii. Bank guarantee - 150.00 million iii. Letter of credit for Capital equipment- 4300.00 million.	i. Nil ii. Nil iii. 4,277.09 million			
4.	Bank of Baroda	Our Company has entered into a multiple banking arrangement with Bank of Baroda, on December 19, 2005 for the purpose of working capital requirements.[4]	Fund based: - i. Cash credit - 338.5.00 million ii. Pre-shipment packing credit - 200.00 million. iii. Over Draft Against TDr 237.50 million	i. 504.93 million ii. Nil iii. 237.42 million	i. 10.50	March 29, 2013	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by composite hypothecation agreement dated December 19, 2005 (as amended on January 6, 2006 and August 10, 2006)
			Non-fund based: i. Letter of credit - 2,000.00 million ii. Bank guarantee - 10.00 million. (Cash credit/ pre-shipment packing credit is interchangeable to letter of credit	i. 409.19 million ii. Nil			

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			and vice versa).				
5.	Andhra Bank	Our Company has entered into a composite loan agreement with Andhra Bank dated November 12, 2008 for renewal of working capital facilities.[5] Further, the bank has sanctioned short term loan vide letter dated March 19, 2012.	Fund based: i. Cash credit - 140.00 million ii. Working capital demand loan - 210.00 million iii. Export packing credit - 115.00 million.	i. Nil ii. Nil iii. Nil	11.50	One year till April 20, 2012 [6]	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by composite hypothecation agreement dated September 8, 2006.
			Non- Fund based: i. Letter of credit - 4000.00 million (Out of this secured limit is 450.00 million) ii. Bank Guarantee - 30.00 million (Non fund based interchangeable to fund based and vice versa).	i. 10.40 million ii. Nil			
			Short Term loan - 3,000.00 million.	2,015.78 million	10.50		
6.	UCO	Our Company entered into an agreement with UCO on April 18, 2005 for availing working capital facility.[7]	Fund based: i. Cash credit - 50.00 million ii. Working capital demand loan - 200.00 million iii. Export packing credit - 150.00 million.	Nil[19]	12.75	January 20, 2013	Hypothecation of stock of raw materials, finished goods and stores, spaces and receivables, including all products, goods and movable property of any kind by composite hypothecation agreement dated April 18, 2000 which was last amended on January 21, 2012.
			Non- fund based: i. Letter of credit - 350.00 million ii. Bank guarantee - 50.00 million.				
7.	IDBI	IDBI has through sanction letter dated September 27, 2010 sanctioned working capital loans and cash management services to our Company.[8]	Fund based: i. Cash credit - 2,000.00 million ii. Working capital demand loan	i. 156.35 million ii. Nil	10.50	March 2, 2013	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			(sub-limit of cash credit) - 1,800.00 million iii. Forward cover - 200.00 million iv. Current Account - 1,000.00 million. (One way interchangeability of cash credit to letter of credit/buyer's credit)	iii. Nil iv. 710.57million			
			Non- Fund based: i. Letter of credit /buyers' credit – 3,500.00 million ii. Bank guarantee (sub-limit of letter of credit) – 750.00 million.	i. 650.27 million. ii. 119.86 million.			
8.	Vijaya Bank	Vijaya Bank through sanction letter dated June 22, 2011 has sanctioned working capital loan to our company.[9]	3,000.00 million (with an overdraft facility of 2,000.00 million).	i. 1,996.02 million	10.45	June 29, 2012[(18)]	Nil
9.	HSBC	Our Company and HSBC have entered into a loan agreement pursuant to a sanction letter dated January 31, 2011 for availing working capital facilities.	1,000.00 million which includes foreign exchange lines of 500.00 million (fund based)	Nil[(19)]	As per tariff. Interest shall be payable at monthly rests on the first day of the subsequent month for which it pertains.	Continuing with yearly review	Nil
10.	IndusInd	IndusInd has issued a sanction letter dated September 27, 2010 for working capital facilities.	Line of credit - 4,500.00 million (non-fund based and working capital demand loan of 2,500.0 as sub-limit of non-fund based limit)	Nil[(19)]	To be decided from time to time.	12 months and subject to yearly review[10.]	Nil
11.	Citi Bank	Our Company has entered into a loan agreement with Citi Bank, dated September 28, 2010 for availing working	1,940.00 million (interchangeable between fund based and non fund based	923.40 million (USD 16.60 million)[16]	1.58	12 months and subject to yearly review.	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
		capital credit facilities.[11]	facilities).				
12.	HDFC	Our Company and HDFC have entered into a loan agreement dated November 19, 2010 for availing revolving working capital facility and further the fund based limits have been converted into revolving credit facilities vide loan agreement dated January 6, 2012.	i. 1,000.00 million (fund based) ii. 1,000.00 million (Non fund based)	i. 1,004.45 million ii. 15.48 million (Euro 0.22 million)	10.15	12 months and subject to yearly review.	Nil
13.	Deutsche Bank	Our Company and Deutsche Bank have entered into a loan agreement dated May 6, 2010 for availing buyer's credit for imports.[12]	1,950.00 million/ Equivalent foreign currency (fund and non-fund based)	i. 919.77 million (USD 16.54 million)[16] ii. 912.63 million (USD 16.41 million)[16]	i. 0.65 ii. 1.17	12 months and subject to yearly review[13].	Nil
14.	RBS	RBS has issued a sanction letter dated June 22, 2011 for availing buyer's credit for import.	USD 38.00 million.	i. 1039.91 million (USD 18.7 million)[16] ii. 575.20 million (USD 10.34 million)[16]	i. 0.72 ii. .0.79	Up to one year from the date of shipment for import of non capital goods.	Nil
15.	Bank of Tokyo	Bank of Tokyo has issued a sanction letter dated March 1, 2011 for availing revolving foreign currency loan for import financing.[16]	USD 125.00 million/ Equivalent Indian rupees.	i. 1599.19 million (USD 28.76 million)[16] ii. 955.05 million (USD 17.17 million)[16] iii. 1062.92 million (USD 19.11 million)[16] iv. 961.34 million (USD 17.29 million)[16] v. 1692.59 million (USD 30.44 million)[16]	i. 1.39 ii. 1.39 iii. 1.30 iv. 1.39 v. 1.38	February 28, 2013	Nil
16.	Kotak Mahindra	Kotak Mahindra through sanction letter dated September 19, 2011 has sanctioned working capital facilities to our company.	2,000.0 million.	Nil[(19)]	To be decided from time to time.	12 months	Nil
17.	JP Morgan	Our Company and JP Morgan have entered into an agreement dated May 9, 2011 for availing working capital facilities.	450.00 million.	i. 446.82million	i. 9.60	Current until terminated by JP Morgan and subject to annual review.	Nil
		JP Morgan has issued a sanction letter dated March 21, 2011 for	USD 40.00 million.	i. 1043.46 million (USD 18.76 million)[(15)]	i. 1.49	February 28, 2013	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
		availing buyer's credit facility.		ii. 834.33 million (USD 15.00 million)(15)(16)	ii. 1.47		
18.	Standard Chartered Bank	Standard Chartered Bank has issued a sanction letter dated May 7, 2010 for availing buyer's credit facility.	Letter of Credit of USD 25.00 million (Financial Guarantee of USD 25.00 million as a sublimit of letter of credit.)	i. 978.52 million (USD 17.60 million)	1.55	One year[17]	Nil
19.	Union Bank of India	Union bank of India has issued a sanction letter dated March 7, 2012 for availing loan for the purpose of capital expenditure and expansion.	3,000.00 million.	2,612.04 million	10.50	12 months	Nil
20.	Commercial paper		10,000 million.	5910.68 million.	9.68	90 days	Nil

[1] The loan agreement dated April 18, 2005 was last renewed on November 23, 2011.
[2] The loan agreement was a renewal and enhancement of an earlier facility provided by the State Bank of Hyderabad and was further renewed through letters date December 30, 2010, March 31, 2011 and March 15, 2012.
[3] Canara Bank has renewed the working capital facility sanctioned to our Company through letter dated March 26, 2012.
[4] The loan agreement was renewed last through a letter dated April 9, 2012.
[5] The loan agreement was renewed last through a letter dated May 2, 2011.
[6] Our Company has requested Andhra Bank to renew the existing working capital limits through its letter dated November 10, 2011.
[7] The loan agreement dated April 18, 2005 was last renewed on January 21, 2012.
[8] The sanction letter dated September 27, 2010 was renewed on December 20, 2010, June 8, 2011 and March 6, 2012.
[9] Our Company has entered into an agreement dated July 30, 2011 with Vijaya Bank for release of an overdraft of 1,000 million. Vijaya Bank vide its letter dated May 22, 2012 enhanced this overdraft facility to 2,000 million and entered into a supplementary agreement with our Company dated May 23, 2012 in this regard.
[10] IndusInd Bank has renewed the existing limits through its letter dated April 25, 2012.
[11] Citi Bank has renewed the existing working capital limits by letter dated May 7, 2012. Subsequently, the facilities limit was increased to 1,940 million through an amendatory agreement dated June 14, 2012 entered into between our Company and Citi Bank.
[12] Loan agreement dated May 6, 2010 was amended on September 13, 2010. Our Company requested the bank to renew the existing limits. The bank is continuing the sanctioned limits and formal sanction letter from the bank is yet to be received by our Company.
[13] Deutsche Bank renewed the working capital limits with effect from May 8, 2012.
[14] Bank of Tokyo renewed the working capital limits with effect from February 29, 2012.
[15] The forward contracts are entered with State Bank of India.
[16] The forward contracts are entered with the banks for import of raw material .
[17] The loan agreement dated May 7, 2010 was last renewed May 8, 2012.
[18] Our Company has requested Vijaya Bank to renew the existing limits through its letter dated May 25, 2012.
[19] As of June 30, 2012, no amount has been drawn down under this facility.

ANNEXURE XVI

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

STATEMENT OF PRIOR PERIOD ADJUSTMENTS

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
(A) DEBIT						
CLAIMS FOR FINISHED PRODUCTS	-	-	0.7	-	-	3.2
DEPRECIATION	-	28.0	26.7	-	3.2	15.0
OTHER EXPENSES	-	5.0	-	0.8	2.8	35.1
SALE OF PRODUCTS	-	-	2.3	6.1	-	-
REPAIRS&MAINTENANCE	-	-	26.9	-	39.2	1.6
	-	**33.0**	**56.6**	**7.0**	**45.3**	**55.0**
(B) CREDIT						
CLAIMS FOR FINISHED PRODUCTS	-	-	-	-	1.5	-
OTHER EXPENSES	-	35.6	101.1	9.5	-	-
OTHER REVENUES	-	6.6	52.1	-	29.8	10.0
SALE OF PRODUCTS	-	15.7	-	-	-	8.0
RAW MATERIALS	18.6	2.0	82.0	-	59.9	21.8
REPAIRS&MAINTENANCE	-	35.6	-	6.3	-	-
STORES&SPARES	-	-	126.4	-	-	19.2
INTERNAL CONSUMPTION	-	-	44.5	63.5	-	-
	18.6	**95.5**	**406.1**	**79.4**	**91.1**	**58.9**
TOTAL (A) - (B)	**(18.6)**	**(62.4)**	**(349.6)**	**(72.4)**	**(45.9)**	**(3.9)**

ANNEXURE XVII

RASHTRIYA ISPAT NIGAM LIMITED (STANDALONE)

CONTIGENT LIABILITY AND CAPITAL COMMMITMENTS
AS AT 30-06-2012

(₹ in Million)

SINO	DESCRIPTION	AMOUNT
1	Capital Commitments) (The amount to be executed on capital account)	45,463.2
2	Contigent Liabilities# (Claims against the company not acknowledged as debts)	28,505.6

Notices under Income Tax Act, 1961 have been received by company to re-assess the income of the Assessment Years 2005-06 and 2006-07 regarding set-off of unabsorbed depreciation, the tax implication of which is about ₹ 19090.0 million including interest. This is not considered as contingent liability as the notices are barred by limitation and based on judgement of Hon'ble Gujarat High Court in the case of General Motors India Pvt. Ltd. Vs Dy. Commissioner of Income Tax in a identical issue.

AUDITOR’S REPORT

To
The Board of Directors
Rashtriya Ispat Nigam Limited
Administrative Building
Visakapatnam- 530031

Dear Sirs,

1. We have examined the attached **Consolidated Restated Financial Information of Rashtriya Ispat Nigam Limited** (RINL) and it’s subsidiaries Eastern Investments Limited(EIL), Orissa Mining Development Corporation Limited(OMDC) and Bisra Stone Lime Company Limited (BSLC) (collectively referred to as the “**Group**”), for the three months period ended 30^{th} June 2012 and financial years ended as on 31/03/2012 and 31/03/2011 as approved by the Board of Directors of RINL prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the “**Act**”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the “**SEBI Regulations**”) and terms of our engagement agreed with you in accordance with our letter dated 28/06/2012 in connection with the proposed Equity offering by the selling Shareholder, the Government of India, in **Rashtriya Ispat Nigam Limited**.

2. These Consolidated Restated Financial Information have been prepared by the Management by consolidating the Stand alone Restated Financial Information of RINL for the three months period ended 30^{th} June 2012 and years ended 31^{st} March 2012, 31st March 2011 and the Consolidated Restated Financial Information of EIL and it’s subsidiary companies, namely OMDC & BSLC for the three months period ended 30^{th} June 2012 and years ended 31^{st} March 2012 and 31^{st} March 2011.The Stand alone Restated Financial Information of RINL and Consolidated Restated Financial Information of EIL and it’s subsidiaries are prepared in terms of the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (the “**Act**”) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date (the “**SEBI Regulations**”) by the respective companies. The Stand alone Restated Financial Information of RINL are examined by us and the Consolidated Restated Financial Information of EIL and it’s subsidiaries are examined by M/s. Sarma & Co, Chartered Accountants(“other auditors”) and accordingly reliance has been placed on the Consolidated Restated Financial Information of EIL and it’s subsidiaries examined by them for the said period and we relied on the Report submitted by them.

   We did not audit the Consolidated Restated Financial Information of the EIL and its subsidiaries. These financial information have been audited by other auditors, whose Report has been furnished to us and our opinion in so far as it relates to the amounts included in these Consolidated Restated Summary Statement of Asset & Liabilities and Consolidated Restated Summary Statement of Profit & Loss Account and Consolidated Restated Summary Statement of Cash Flow are based solely on the Report of other auditors.

   The financial information relating to the joint ventures of RINL (except the value of the investments in joint ventures) are not included in the Consolidated Restated Financial Information.

3. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you; we further report that:

   a) The Consolidated Restated Summary Statement of Assets and Liabilities of RINL and its subsidiaries as at 30^{th} June 2012, 31^{st} March 2012 and 31^{st} March 2011 as set out in Annexure-A to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Information (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Information (Annexure G) and Other Notes on Consolidated Restated Financial Information (Annexure H).

   b) The Consolidated Restated Summary Statement of Profit & Loss of RINL and its subsidiaries for the three months period ended 30^{th} June 2012 and years ended 31^{st} March, 2012,31^{st} March, 2011 as set out in Annexure-B to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Information (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Information (Annexure G) and Other Notes on Consolidated Restated Financial Information (Annexure H).

c) The Consolidated Restated Summary Statement of Cash Flow of RINL and its subsidiaries for the three months period ended 30th June 2012 and years ended 31st March, 2012, 31st March , 2011 as set out in Annexure-C to this report are after making adjustments and regrouping as in our opinion were appropriate.

d) Based on the above and also as per the reliance placed on the Report submitted by other auditors , we confirm that the Consolidated Restated Financial Information has been made after incorporating:

   i. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
   ii. Adjustments for the material amounts in respective financial years to which they relate.

e) Extra-ordinary items have been disclosed separately.

f) There are no qualifications in the Auditors' reports which require adjustments.

4. We have also examined the following other Consolidated Restated Financial Statements relating to the group prepared by the Management and approved by the Board of Directors for the three months period ended 30th June 2012 and years ended 31st March, 2012, 31st March, 2011.

   i. Statement of Fixed Assets and Capital Work in Progress (Annexure D-I).
   ii. Statement of Non-Current Investments (Annexure D-II).
   iii. Statement of Long-Term Loans and Advances (Annexure D-III).
   iv. Statement of Other Non-Current Assets (Annexure D-IV).
   v. Statement of Inventories (Annexure D-V).
   vi. Statement of Trade Receivables (Annexure D-VI).
   vii. Statement of Cash and Bank Balances (Annexure D-VII).
   viii. Statement of Short Term Loans and Advances (Annexure D-VIII).
   ix. Statement of Other Current Assets (Annexure D-IX).
   x. Statement of Long Term Liabilities & Provisions (Annexure D-X).
   xi. Statement of Short Term Borrowings (Annexure D-XI).
   xii. Statement of Trade Payables (Annexure D-XII)
   xiii. Statement of Other Current Liabilities & Short Term Provisions (Annexure D-XIII)
   xiv. Statement of Share Capital (Annexure D-XIV)
   xv. Statement of Reserves and Surplus (Annexure D-XV)
   xvi. Statement of Revenue (Annexure D-XVI)
   xvii. Statement of Other Expenses (Annexure D-XVII)
   xviii. Statement of Significant Accounting Policies (Annexure E).
   xix. Statement of Notes on Adjustments made for Restated Financial Information (Annexure F).
   xx. Statement of Notes on Adjustments not made for Restated Financial Information (Annexure G).
   xxi. Statement of Other Notes on Restated Financial Information (Annexure H).
   xxii. Statement of Employee Benefits (Annexure I).
   xxiii. Statement of Related Party Transactions (Annexure J).
   xxiv. Statement of Dividend Paid/Proposed (Annexure K).
   xxv. Statement of Capitalization (Annexure L).
   xxvi. Statement of Accounting Ratios of the Company (Annexure M).
   xxvii. Statement of Tax Shelter of the Company (Annexure N).
   xxviii. Statement of Financial Indebtedness (Annexure O).
   xxix. Statement of Prior Period Adjustments (Annexure P).
   xxx. Statement of Contingent Liabilities and Capital Commitments (Annexure Q).

In our opinion the Other Consolidated Restated Financial Statements contained in Annexure D-I to D-XVII and Annexure I to Q of this report read along with the Significant Accounting Policies (Annexure E), Notes on Adjustments made for Consolidated Restated Financial Information (Annexure F), Notes on Adjustments not made for Consolidated Restated Financial Information (Annexure G) and Other Notes on Consolidated Restated Financial Information (Annexure H) have been prepared after making adjustments and regrouping as considered appropriate in accordance with paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulations.

5. This report should not, in any way, be constructed as a re-issuance or re-dating of any of the previous Audit Reports nor should be constructed as a new opinion on any of the financial statements referred to herein.

6. Our report is intended solely for use of the Management and for inclusion in the offer document in connection to the proposed offering of equity shares of RINL. Our report should not be used for any other purpose except with our consent in writing.

For B.V.RAO & CO.
Chartered Accountants
F.R.No.003118S

Place: New Delhi
Date: 22.09.2012

(CA. B.A.S.P.RANGA)
Partner
Membership No.022649

ANNEXURE A

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF ASSETS AND LIABILITIES

(` in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
NON-CURRENT ASSETS						
Goodwill	1,429.2	1,429.2	1,429.2	-	-	-
Fixed Assets						
Tangible assets	18,561.3	18,202.5	15,701.7	14,629.6	12,517.9	13,812.7
Intangible assets	588.6	604.1	655.7	29.3	32.2	35.1
Capital work-in-progress	107,820.8	105,917.6	94,672.2	70,334.1	41,008.3	16,085.8
Intangible assets under development	165.6	150.1	-	-	-	-
Non Current Investments	87.2	87.2	107.3	2.5	0.5	0.5
Long term Loans and Advances	2,582.6	2,459.5	3,010.4	7,886.9	8,210.0	7,618.3
Other Non Current assets	109.0	103.3	79.7	61.5	42.5	21.8
Total Non-Current Assets	**131,344.2**	**128,953.5**	**115,656.1**	**92,943.9**	**61,811.4**	**37,574.2**
CURRENT ASSETS						
Inventories	45,125.6	34,375.8	32,895.6	24,641.6	32,342.1	17,797.1
Trade receivables	4,417.5	4,289.2	3,360.5	1,797.5	1,878.1	900.3
Cash and Bank balances	20,882.4	27,902.6	27,264.7	54,155.4	66,241.7	76,991.1
Short term Loans and Advances	25,657.7	24,161.7	16,729.5	10,360.0	12,598.6	16,728.8
Other Current assets	4,450.8	3,889.8	2,121.5	1,428.0	2,640.0	2,972.6
Total Current Assets	**100,534.1**	**94,619.1**	**82,371.7**	**92,382.5**	**115,700.5**	**115,389.9**
TOTAL ASSETS (A)	**231,878.3**	**223,572.6**	**198,027.8**	**185,326.4**	**177,511.9**	**152,964.0**
MINORITY INTEREST	**5,957.4**	**5,968.4**	**6,144.8**	-	-	-
NON CURRENT LIABILITES						
Deferred Tax Liabilities (Net)	603.8	588.0	789.2	1,005.3	1,225.8	1,626.6
Other Long term Liabilites	957.3	969.5	550.2	478.2	400.3	318.7
Long term provisions	5,103.8	4,869.3	5,836.0	5,674.7	4,372.2	3,433.6
Total Non-Current Liabilities	**6,664.9**	**6,426.8**	**7,175.5**	**7,158.2**	**5,998.2**	**5,378.9**
CURRENT LIABILITES						
Short term borrowings	38,153.6	25,751.4	11,358.8	12,324.1	10,077.6	4,407.3
Trade payables	7,427.8	3,679.6	5,937.9	5,578.2	4,686.1	2,463.2
Other current liabilities	40,045.3	38,117.8	28,023.3	22,284.6	21,020.4	13,652.6
Short term provisions	6,995.3	6,433.9	7,189.6	8,565.0	11,869.0	12,398.3
Total Current Liabilities	**92,622.0**	**73,982.7**	**52,509.6**	**48,752.0**	**47,653.1**	**32,921.5**
TOTAL LIABILITIES (B)	**105,244.3**	**86,377.9**	**65,829.9**	**55,910.1**	**53,651.3**	**38,300.4**
Net Worth (A - B)	**126,634.1**	**137,194.9**	**132,198.1**	**129,416.2**	**123,860.5**	**114,663.7**
Net Worth Represented by :						
Share capital	65,423.2	77,273.2	78,273.2	78,273.2	78,273.2	78,273.2
Reserves and surplus	61,210.9	59,921.7	53,924.9	51,143.1	45,587.3	36,390.4
	126,634.1	**137,194.9**	**132,198.1**	**129,416.3**	**123,860.5**	**114,663.6**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd(EIL) by RINL during the year 2010-11,EIL has become a subsidiary of RINL and accordingly the figures as reported at 30.06.2012;31.03.2012 and 31.03.2011 are on consolidated basis and for the periods prior to that are on standalone basis.

For and on behalf of Board of Directors

(A.P.Choudhary)
Chairman-cum-Managing Director

(P.Madhusudan)
Director (Finance)

(P.Mohan Rao)
Company Secretary

Place : New Delhi
Date : 22/09/2012

As per our report of even date
For B.V. RAO & CO
Chartered Accountants
Regn. No (F.R.N) 003118S

(CA B.A.S.P. RANGA)
Partner
M.No: 022649

ANNEXURE B

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY STATEMENT OF PROFIT AND LOSS - RESTATED

(` in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
INCOME						
Revenue From Operations	32,495.6	146,037.6	117,246.2	107,653.9	105,277.8	105,313.8
Less: Excise duty	3,094.9	13,191.5	10,458.1	8,254.8	12,822.5	13,447.1
Other Income	936.7	3,901.3	4,822.7	6,240.2	8,573.9	8,041.3
Total Revenue	**30,337.3**	**136,747.4**	**111,610.8**	**105,639.4**	**101,029.2**	**99,908.0**
EXPENSES						
Cost of materials consumed	20,798.5	84,722.3	71,893.2	55,351.1	58,962.5	42,802.2
Consumption of Trail run production	2,993.3		-	-	-	-
Changes in Inventories of Semi-finished/Finished goods	(6,660.5)	454.9	(5,328.6)	4,153.4	(9,166.5)	(3,431.7)
Employees' benefits	4,000.8	15,107.1	13,195.9	13,997.4	11,573.5	10,307.3
Other expenses	5,510.4	20,575.4	18,164.8	16,618.6	16,541.1	15,640.8
Total Expenses	26,642.4	120,859.7	97,925.3	90,120.6	77,910.7	65,318.6
Less: Inter account adjustments-raw material mining cost	104.0	500.3	491.0	432.6	380.6	391.5
Net Expenses	26,538.4	120,359.4	97,434.3	89,688.0	77,530.0	64,927.1
Earnings before interest, tax, depreciation&amortisation(EBITDA)	3,798.9	16,388.0	14,176.5	15,951.4	23,499.1	34,980.9
Finance Costs	797.5	1,906.0	1,644.9	775.6	874.7	315.6
Depreciation and Amortisation	426.0	3,414.9	2,879.8	2,771.7	2,404.5	4,715.6
Prior period items - Net credit	(18.6)	(69.5)	(339.8)	(72.4)	(45.9)	(3.9)
Profit after PPI and Before Exceptional & Extraordinary Items and Tax	2,594.0	11,136.6	9,991.6	12,476.5	20,265.9	29,953.6
Exceptional Items	-	-	28.7	-	-	-
Profit Before Extraordinary Items and Tax	2,594.0	11,136.6	9,962.9	12,476.5	20,265.9	29,953.6
Extraordinary items	-	-	-	-	-	-
Profit Before Tax	**2,594.0**	**11,136.6**	**9,962.9**	**12,476.5**	**20,265.9**	**29,953.6**
Tax Expense						
Current Tax	839.8	3,887.3	3,761.4	4,630.8	7,463.8	11,881.3
Earlier years adjustments	-	(106.6)	(259.2)	146.2	(213.8)	(116.4)
Fringe Benefit Tax	-	-	-	(0.5)	46.5	43.0
Deferred Tax	20.4	(141.6)	(210.1)	(266.7)	(386.3)	(1,281.7)
Profit /(loss) for the period from Continuing Operations	1,733.8	7,497.4	6,670.8	7,966.8	13,355.6	19,427.4
Profit /(loss) for the period from Discontinuing Operations	-	-	-	-	-	-
Tax Expense of discontinuing Operations	-	-	-	-	-	-
Profit /(loss) for the period from Discontinuing Operations (after Tax)	-	-	-	-	-	-
Net profit / (Loss) after tax as per audited accounts	**1,733.8**	**7,497.4**	**6,670.8**	**7,966.8**	**13,355.6**	**19,427.4**
Adjustments on account of -						
(a) Changes in accounting policies	-	142.5	(2.7)	-	-	(1,717.4)
(b) Other adjustments & Prior period items	742.9	(1,059.6)	(15.8)	39.9	41.7	(74.3)
(c)Arrear Salary & Wages	-	-	461.1	(835.7)	145.8	189.6
(d) Current Tax impact of Adjstments	(247.9)	393.3	342.9	(155.1)	18.7	(106.0)
(e) Deffered tax impact adjustments	(4.6)	(22.6)	(130.2)	46.2	(14.5)	655.4
Total of Adjustments after Tax impact	**490.4**	**(546.4)**	**655.3**	**(904.7)**	**191.7**	**(1,052.6)**
Profit after tax (as restated)	**1,243.4**	**8,043.8**	**6,015.5**	**8,871.5**	**13,164.0**	**20,480.0**

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd (EIL) by RINL during the year 2010-11, EIL has become a subsidiary of RINL and accordingly the figures as reported at 30.06.2012;31.03.2012 and 31.03.2011 are on consolidated basis and for the periods prior to that are on standalone basis.

For and on behalf of Board of Directors

(A.P.Choudhary)
Chairman-cum-Managing Director

(P.Madhusudan)
Director (Finance)

(P.Mohan Rao)
Company Secretary

Place : New Delhi
Date : 22/09/2012

As per our report of even date
For B.V. RAO & CO
Chartered Accountants
Regn. No (F.R.N) 003118S

(CA B.A.S.P. RANGA)
Partner
M.No: 022649

ANNEXURE C

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SUMMARY CASH FLOW STATEMENT - RESTATED

(` in Million)

	PARTICULARS	For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
(A)	Cash flow from Operating activities						
	Net Profit / (Loss) before taxation	1,848.0	12,053.7	9,180.7	13,272.4	20,078.4	31,555.7
	Add / (Less) Adjustments for:						
	Depreciation	407.8	3,555.2	2,873.9	2,804.5	2,413.9	3,006.7
	Interest and Finance Charges	630.2	1,906.0	1,644.9	775.5	874.7	315.7
	Provisions	(242.2)	108.7	153.1	(1,071.4)	(3,713.7)	1,131.9
	Unrealised Foreign Exchange (Gain) /Loss	35.5	11.0	(53.0)	(112.1)	478.5	-
	(Profit)/Loss on sale of fixed assets	(0.0)	(17.5)	(32.6)	(10.2)	(4.7)	(0.4)
	Finished goods consumed for capital jobs	(111.3)	(54.8)	(66.5)	(949.0)	(808.7)	-
	Interest Income	(433.5)	(2,559.3)	(3,571.1)	(5,347.1)	(7,872.1)	(7,246.4)
	Dividend Income	-	(4.8)	-	-	-	-
	Operating Profit Before working capital changes	**2,134.5**	**14,998.2**	**10,129.4**	**9,362.6**	**11,446.3**	**28,763.2**
	Adjustments for						
	(Increase) / Decrease in Inventories	(10,749.8)	(1,481.6)	(7,907.2)	7,700.5	(14,545.0)	(5,484.9)
	(Increase) / Decrease in Trade Receivables	(176.1)	(933.4)	(1,507.3)	77.8	(974.5)	1,221.4
	(Increase)/Decrease in Loans & Advances	1,072.2	(2,624.3)	1,412.6	2,131.7	4,019.9	(2,120.5)
	(Increase) / Decrease in Other Non-Current assets	(5.7)	(23.6)	(18.2)	-	-	-
	(Increase) / Decrease in Other Current assets	(49.3)	(364.6)	(890.7)	-	-	(212.5)
	Increase /(Decrease) in Liabilities	4,529.5	2,905.3	(713.8)	1,941.2	3,988.0	6,390.5
	Cash generated from Operations	**(3,244.7)**	**12,476.1**	**504.8**	**21,213.8**	**3,934.6**	**28,557.2**
	Less: Income Tax paid	(410.9)	(4,993.9)	(4,188.2)	(4,910.0)	(7,160.4)	(10,179.6)
	Net cash from / (used in) Operating activities	**(3,655.6)**	**7,482.1**	**(3,683.4)**	**16,303.8**	**(3,225.8)**	**18,377.6**
(B)	Cash flow from Investing activities						
	Purchase of Fixed Assets	(2,765.1)	(17,657.6)	(25,578.3)	(32,840.6)	(20,502.8)	(15,594.0)
	Investments	(19.0)	19.7	(3,625.9)	(2.0)	-	-
	Dividend Received	-	4.8	-	-	-	-
	Proceeds from sale of Fixed Assets	0.0	29.5	35.6	352.8	22.9	5.4
	Interest received	329.7	2,509.8	4,097.9	6,562.2	8,207.3	7,467.5
	Net cash from / (used in) Investing activities	**(2,454.4)**	**(15,093.9)**	**(25,070.7)**	**(25,927.6)**	**(12,272.6)**	**(8,121.1)**
(C)	Cash flow from Financing activities						
	Proceeds from/(Repayment of) Secured Loans	-	-	-	(5,004.4)	5,749.4	(2,716.7)
	Proceeds from/(Repayment of) unsecured Loans	-	-	-	7,252.3	(79.1)	(2,045.6)
	Proceeds from/(Repayment of) short term loans	12,402.2	14,392.6	(965.3)	-	-	-
	Proceeds from Prime Minister's Trophy Fund	-	3.9	12.4	-	-	1.0
	Proceeds from/(Repayment of) share capital	(11,850.0)	(1,000.0)	-	-	-	-
	Interest and Finance charges	(1,461.8)	(1,967.6)	(1,513.3)	(742.2)	(921.3)	(450.9)
	Dividend Paid	(0.7)	(2,738.6)	(2,998.4)	(3,391.8)	-	-
	Dividend Tax Paid	-	(440.4)	(473.8)	(576.4)	-	-
	Net cash from / (used in) Financing activities	**(910.3)**	**8,249.9**	**(5,938.4)**	**(2,462.5)**	**4,749.0**	**(5,212.2)**
	Net Increase / (decrease) in Cash & Cash equivalents (A+B+C)	**(7,020.3)**	**638.2**	**(34,692.5)**	**(12,086.3)**	**(10,749.4)**	**5,044.3**
	Opening Balance of Cash & Cash equivalents	**27,902.7**	**27,264.6**	**61,957.1**	**66,241.7**	**76,991.1**	**71,946.8**
	Closing Balance of Cash & Cash equivalents	**20,882.4**	**27,902.6**	**27,264.7**	**54,155.4**	**66,241.7**	**76,991.1**
	(Represented by Cash & Bank Balances - Annexure-D-VII)						

Note: Consequent upon acquisition of majority stake in M/s Eastern Investment Ltd(EIL) by RINL during the year 2010-11,EIL has become a subsidiary of RINL and accordingly the figures as reported at 30.06.2012;31.03.2012 and 31.03.2011 are on consolidated basis the and for for the periods prior to that are on standalone basis.

For and on behalf of Board of Directors

(A.P.Choudhary)
Chairman-cum-Managing Director

(P.Madhusudan)
Director (Finance)

(P.Mohan Rao)
Company Secretary

Place : New Delhi
Date : 22/09/2012

As per our report of even date
For B.V. RAO & CO
Chartered Accountants
Regn. No (F.R.N) 003118S

(CA B.A.S.P. RANGA)
Partner
M.No: 022649

ANNEXURE D I

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF FIXED ASSETS AND CAPITAL WORK IN PROGRESS

(₹ in Million)

	DESCRIPTION	As at 30-06-2012	As at March 31 st 2012	2011	2010	2009	2008
	TANGIBLE ASSETS :						
A	**LAND**						
	(a) Freehold (Including cost of development)						
	Gross Block	556.4	556.4	512.8	514.8	856.7	517.4
	Less : Accumulated Depreciation	-	-	-	-	-	-
	Net Block	**556.4**	**556.4**	**512.8**	**514.8**	**856.7**	**517.4**
	(b) Leasehold						
	Gross Block	81.7	81.7	49.0	16.5	16.5	17.2
	Less : Accumulated Depreciation	42.5	41.8	6.4	6.1	5.8	5.5
	Net Block	**39.2**	**39.9**	**42.6**	**10.4**	**10.7**	**11.7**
B	Railway Lines & sidings						
	Gross Block	587.9	588.0	511.1	480.5	480.5	480.5
	Less : Accumulated Depreciation	501.1	498.8	468.4	465.6	445.2	421.3
	Net Block	**86.8**	**89.2**	**42.7**	**14.9**	**35.3**	**59.2**
C	Roads, Bridges & Culverts						
	Gross Block	1,526.8	1,526.8	1,532.0	1,346.6	1,312.0	1,190.9
	Less : Accumulated Depreciation	308.8	302.2	282.7	258.5	235.9	214.1
	Net Block	**1,218.0**	**1,224.6**	**1,249.3**	**1,088.1**	**1,076.0**	**976.8**
D	Buildings						
	Gross Block	10,803.7	10,725.4	10,381.2	9,425.0	9,351.7	9,336.9
	Less : Accumulated Depreciation	5,832.3	5,756.1	5,425.5	5,141.3	4,864.3	4,588.6
	Net Block	**4,971.4**	**4,969.3**	**4,955.7**	**4,283.8**	**4,487.4**	**4,748.3**
E	Plant & Machinery						
	Gross Block	80,091.0	79,718.8	76,120.3	74,267.8	70,137.4	69,858.5
	Less : Accumulated Depreciation	72,758.4	72,505.6	69,368.2	67,371.5	65,467.1	63,856.3
	Net Block	**7,332.6**	**7,213.2**	**6,752.1**	**6,896.3**	**4,670.3**	**6,002.2**
F	Furniture & Fittings						
	Gross Block	222.6	222.4	210.8	192.3	184.7	167.5
	Less : Accumulated Depreciation	151.4	149.7	137.6	130.0	123.5	113.9
	Net Block	**71.2**	**72.7**	**73.2**	**62.3**	**61.2**	**53.6**
G	Locomotives						
	Gross Block	1,325.9	1,325.9	1,308.6	984.4	665.7	649.0
	Less : Accumulated Depreciation	699.0	687.9	640.3	599.4	568.7	538.2
	Net Block	**626.9**	**638.0**	**668.3**	**385.0**	**97.0**	**110.8**
H	Vehicles						
	Gross Block	138.2	136.8	132.4	129.6	127.6	114.5
	Less : Accumulated Depreciation	109.3	107.1	95.4	87.9	79.6	76.5
	Net Block	**28.9**	**29.7**	**37.0**	**41.7**	**48.0**	**38.0**
I	Electrical Installations						
	Gross Block	5,569.5	5,569.2	3,466.3	3,262.2	3,041.7	2,943.0
	Less : Accumulated Depreciation	2,916.5	2,871.6	2,747.8	2,650.5	2,498.1	2,348.4
	Net Block	**2,653.0**	**2,697.6**	**718.5**	**611.6**	**543.6**	**594.6**
J	Water Supply & Sewerage systems						
	Gross Block	2,963.4	2,628.1	2,734.8	2,773.7	2,617.0	2,615.2
	Less : Accumulated Depreciation	2,397.6	2,386.3	2,414.9	2,422.2	2,299.2	2,166.1
	Net Block	**565.8**	**241.8**	**319.9**	**351.4**	**317.8**	**449.1**
K	Miscellaneous Assets						
	Gross Block	1,432.3	1,428.8	1,240.5	1,270.5	1,142.6	999.8
	Less : Accumulated Depreciation	1,021.1	998.8	911.1	901.3	828.8	748.7
	Net Block	**411.2**	**430.0**	**329.4**	**369.3**	**313.8**	**251.2**
	Total Tangible Assets (i)	**18,561.5**	**18,202.5**	**15,701.6**	**14,629.6**	**12,517.9**	**13,812.7**

..........Contd from Annexure D I

	INTANGIBLE ASSETS:						
A	Software (Intangible Assets)						
	Gross Block	76.0	75.5	68.4	-	-	-
	Less : Accumulated Depreciation	67.9	67.1	64.8	-	-	-
	Net Block	**8.1**	**8.4**	**3.6**	**-**	**-**	**-**
B	Mining lease rights (Intangible Asset)						
	Gross Block	902.0	902.0	684.0	58.3	58.3	58.3
	Less : Accumulated Depreciation	321.6	306.3	31.9	29.0	26.1	23.2
	Net Block	**580.5**	**595.7**	**652.1**	**29.3**	**32.2**	**35.1**
	Total Intangible Assets (ii)	**588.6**	**604.1**	**655.7**	**29.3**	**32.2**	**35.1**
	CAPITAL WORK-IN-PROGESS						
	C.W.I.P	108,048.4	106,145.2	94,897.8	70,573.3	41,237.8	16,333.7
	Less: Provisions	227.6	227.6	225.6	239.2	229.5	247.9
	Total C.W.I.P (iii)	**107,820.8**	**105,917.6**	**94,672.2**	**70,334.1**	**41,008.3**	**16,085.8**
	Intangible under Development (iv)	**165.6**	**150.1**	**-**	**-**	**-**	**-**
	Total Fixed Assets {(i) + (ii) + (iii) + (iv)}	**127,136.5**	**124,874.3**	**111,029.5**	**84,993.0**	**53,558.4**	**29,933.6**

ANNEXURE D II

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF NON-CURRENT INVESTMENTS

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Traded						
Investment In Equity Instruments						
Quoted (A)						
Others						
Bisra Stone Lime Company Ltd *	-	-	-	-	-	-
Total (A)	-	-	-	-	-	-
Unquoted (B)						
Joint Ventures						
Rinmoil Ferro Alloys Private Limited	1.0	1.0	1.0	1.0	-	-
International Coal Ventures Pvt. Ltd	14.0	14.0	4.3	1.0	-	-
Others	-	-				
Free Press House Limited #	-	-	-	-	-	-
Steelscape Consultancy Pvt. Ltd	0.5	0.5	0.5	0.5	0.5	0.5
Others	71.6	71.6	101.5	-	-	-
Total (B)	87.1	87.1	107.3	2.5	0.5	0.5
Total (A+B)	**87.1**	**87.1**	**107.3**	**2.5**	**0.5**	**0.5**

Note: * Investment amounted to ₹1000/- hence rounded off to zero
Investment amounted to ₹ 2380/- hence rounded off to zero and include one fully paid up equity share of in Anakapalli Rural Electric Co-operative society Ltd

ANNEXURE D - III

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF LONG-TERM LOANS AND ADVANCES

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Capital advances						
Advances & other recoverables						
(Recoverable in cash or in kind or for value to be received)						
Government departments	134.1	124.4	51.1	65.9	65.8	43.3
Less:Provision for doubtful advances	-	-	-	-	-	-
Contractors	525.1	436.5	719.8	4,689.6	5,280.8	4,795.4
Less:Provision for doubtful advances	-	-	-	-	-	-
Suppliers	-	-	46.1	198.9	-	-
Less:Provision for doubtful advances	-	-	-	-	-	-
Others	5.8	5.8	4.5	4.6	5.8	2.4
Less:Provision for doubtful advances	-	-	-	-	-	-
Security Deposits	331.1	285.1	261.3	209.0	109.9	108.2
Loans and Advances to Related parties						
Directors	-	-		-	-	-
Joint venture Companies	41.9	22.9	22.4	-	-	-
Other Loans and Advances						
Loans						
Employees	469.7	454.3	434.5	382.9	347.9	269.1
Others	1,074.9	1,130.5	1,470.7	2,336.1	2,400.0	2,400.0
Total	**2,582.6**	**2,459.6**	**3,010.4**	**7,886.9**	**8,210.0**	**7,618.3**

ANNEXURE D - IV

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF OTHER NON-CURRENT ASSETS

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Interet Accured on loans to employees	109.0	103.3	79.7	59.4	40.4	19.3
Trade Receivables	-	-	-	2.1	2.1	2.5
Total	**109.0**	**103.3**	**79.7**	**61.5**	**42.5**	**21.8**

ANNEXURE D - V

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF INVENTORIES

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Semi Finished/ Finished goods	24,718.6	18,058.1	18,514.1	12,866.6	17,083.6	7,917.0
Raw materials	16,570.4	12,262.4	11,381.5	8,651.0	11,943.1	6,920.9
Stores & Spares	3,836.6	4,055.3	3,000.0	3,124.1	3,315.4	2,959.2
Total	**45,125.6**	**34,375.8**	**32,895.6**	**24,641.6**	**32,342.1**	**17,797.1**

ANNEXURE D - VI

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF TRADE RECEIVABLES

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Debts over six months	257.2	231.9	234.2	207.9	210.4	223.5
Other debts	4,398.9	4,296.0	3,366.3	1,798.9	1,905.3	897.7
Less : Provision for doubtful debts	238.7	238.7	240.1	209.3	237.6	220.9
Total--Unsecured & Considered good	**4,417.5**	**4,289.2**	**3,360.5**	**1,797.5**	**1,878.1**	**900.3**

ANNEXURE D - VII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF CASH AND BANK BALANCES

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Cash and cash equivalents						
Balances with Banks	450.4	119.0	145.2	212.8	41.3	106.5
Cheques, Drafts on hand	27.1	391.4	351.7	510.3	367.7	19.9
Cash on Hand	0.9	0.5	0.5	0.9	0.5	1.0
Remittances in-transit	-	-	-	0.0	-	6.4
Term deposits with Banks	6,919.5	24,557.2	17,673.5	49,545.0	35,382.2	76,437.2
Earmarked Balances with Banks			-	-	-	-
Dividend	6.8	6.8	6.1	-	-	-
Prime Ministers Trophy Fund	40.1	40.1	-	-	-	-
Court Deposits			-	-	-	-
Other bank balances						
Term deposits pledged with Banks	13,387.7	2,737.7	9,037.7	3,336.4	29,680.0	-
Margin Money with Banks	50.0	50.0	50.0	550.0	770.0	420.0
Total	**20,882.4**	**27,902.6**	**27,264.7**	**54,155.4**	**66,241.7**	**76,991.1**

ANNEXURE D - VIII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF SHORT-TERM LOANS AND ADVANCES

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Loans and Advances to Related Parties						
Directors	-	-	-	-	-	-
Joint venture Companies	1.1	1,560.5	2.1	6.5	2.5	2.5
Others						
Material issued on loan	64.4	78.9	-	-	-	11.0
Advances & other recoverables						
(Recoverable in cash or in kind or for value to be received)						
Government departments	114.7	95.1	81.0	174.3	154.8	100.2
Less:Provision for doubtful advances	6.2	6.2	6.2	6.2	6.2	6.2
Contractors	166.1	189.6	175.2	35.6	33.1	81.6
Less:Provision for doubtful advances	37.5	37.5	33.4	33.4	33.4	26.0
Suppliers	934.4	482.4	474.2	468.4	483.4	602.6
Less:Provision for doubtful advances	73.2	70.3	63.4	63.0	65.0	76.4
Employees	82.9	81.9	101.9	16.2	250.1	264.3
Less:Provision for doubtful advances	1.6	1.6	1.6	1.6	1.6	1.6
Others	18,206.9	16,113.7	10,388.2	4,062.8	3,017.2	2,905.5
Less:Provision for doubtful advances	363.8	367.5	327.3	297.3	278.8	282.7
Advance Income Tax & Fringe Benefit Tax	5,187.2	4,776.1	4,520.8	4,327.3	7,386.4	11,537.4
Prepaid expenses	88.0	24.2	58.0	30.7	16.6	3.2
Claims recoverable	482.0	484.5	503.2	498.0	379.3	378.8
Less: Provision for doubtful claims	169.3	165.1	85.5	62.6	55.5	54.7
Deposits	981.7	922.9	942.4	1,204.3	1,315.6	1,289.1
Total	**25,657.7**	**24,161.7**	**16,729.5**	**10,360.0**	**12,598.6**	**16,728.8**

ANNEXURE D - IX

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF OTHER CURRENT ASSETS

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Current maturities of Long term Loans						
Employees	141.2	142.4	122.7	98.3	85.4	58.8
Others	1,267.8	1,217.6	875.2	4.8	4.7	7.8
Interest accrued on loans to employees	8.0	7.2	5.1	4.7	2.7	6.2
Interest accrued -- others	1,462.4	1,036.1	1,017.7	1,372.3	2,607.8	2,959.4
Less: Provision for Non recoverable interest	63.0	62.4	62.4	62.4	62.4	62.4
Other income accrued	-	0.3	2.9	3.4	1.3	2.2
Assets Retired from active use and held for disposal	2.8	1.2	0.3	0.5	0.5	0.5
Deferred Premium on Forward contracts	223.5	176.4	160.0	6.3	-	-
Grant-In-Aid-Receivable	1,408.0	1,371.0	-	-	-	-
Total	**4,450.8**	**3,889.8**	**2,121.5**	**1,428.0**	**2,640.0**	**2,972.6**

ANNEXURE D - X

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF LONG-TERM LIABILITIES & PROVISIONS

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Security deposits	577.0	584.5	543.0	456.5	378.9	305.3
Other Liabilities	380.3	385.0	7.2	21.7	21.4	13.4
Total	**957.3**	**969.5**	**550.2**	**478.2**	**400.3**	**318.7**
Provision for Employee Benefits						
Compensated Absences	2,144.0	2,025.9	3,374.3	3,464.6	2,530.0	1,846.1
Post-retirement Benefits	1,860.4	1,810.8	1,656.2	1,433.9	1,236.8	1,066.8
Employee Family Benefit Scheme	912.5	850.2	643.4	641.4	533.2	459.0
Long Service Awards	116.4	112.6	97.5	70.5	51.1	44.0
Leave Travel Concession	8.2	8.0	5.0	40.0	-	-
Others						
Mines Closure	62.3	61.8	59.6	24.3	21.1	17.7
Total	**5,103.8**	**4,869.3**	**5,836.0**	**5,674.7**	**4,372.2**	**3,433.6**

ANNEXURE D - XI

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF SHORT TERM BORROWINGS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Loans repayable on demand						
From Banks						
Secured Loans						
Working Capital Borrowings	9,297.7	7,552.2	1,966.1	3,493.6	3,341.9	3,327.8
(Secure by hypothecation of current assets)	-					
Short Term Loans	509.7	2,471.8	782.8	579.2	5,735.3	-
(secured by term deposits)						
Unsecured Loans	-					
Working Capital Borrowings	156.4	852.5	-	-	-	-
Short Term Loans	8,780.8	2,231.2	1,851.2	5,999.6	1,000.4	1,079.5
Short Term Foreign currency facilities	13,498.3	11,161.6	6,758.7	2,251.8	-	-
Other Loans and Advances						
Secured	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-
Commercial Papers	5,910.7	1,482.1	-	-	-	-
Total	**38,153.6**	**25,751.4**	**11,358.8**	**12,324.1**	**10,077.6**	**4,407.3**

ANNEXURE D - XII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF TRADE PAYABLES

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
MSME	45.9	65.1	15.4	3.6	-	-
Others	7,381.9	3,614.5	5,922.5	5,574.6	4,686.1	2,463.2
Total	**7,427.8**	**3,679.6**	**5,937.9**	**5,578.2**	**4,686.1**	**2,463.2**

ANNEXURE D - XIII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF OTHER CURRENT LIABILITIES & SHORT TERM PROVISIONS

(₹ in Million)

PARTICULARS	As at	As at March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Current Liabilities:						
Interest accrued but not due						
Short term borrowings	41.3	34.1	9.2	25.1	1.4	48.9
Income Tax	1,426.9	1,390.2	11.1	-	-	-
Other payables	5,370.1	5,478.7	6,036.6	7,329.9	7,031.6	2,776.5
Advances from customers	1,594.3	1,974.9	1,512.9	1,393.9	1,359.5	1,369.7
Other advances	8.6	0.4	2.6	5.4	0.8	2.3
Earnest money, security & other deposits	2,835.9	2,901.0	2,610.9	1,620.5	997.1	684.1
Current Liabilities of Long Term Employee Benefits	-	-	-			
Compensated Absences	1,023.2	1,482.9	458.0	-	-	-
Post-retirement Benefits	193.4	124.6	27.8	-	-	-
Employee family Benefit Scheme	113.3	193.8	219.0	-	-	-
Long Service Awards	3.5	3.4	4.0	-	-	-
Leave Travel Concession	74.1	72.7	45.2	-	-	-
Other liabilities	27,360.7	24,461.1	17,086.0	11,909.8	11,630.1	8,771.1
Total	**40,045.3**	**38,117.8**	**28,023.3**	**22,284.6**	**21,020.4**	**13,652.6**
Provisions:						
Provision for Employee Benefits						
Gratuity to employees	-	-	56.6	722.1	345.5	450.7
Others						
Current Income Tax	4,755.9	4,165.4	3,929.6	4,511.7	7,499.8	11,898.6
Fringe Benefit Tax	-	-	-	-	46.7	44.3
Wealth Tax	5.8	4.6	4.9	4.5	8.9	4.8
Interim Dividend	-	-	-	1,000.1	-	-
Proposed Dividend (Final)	1,883.0	1,912.0	2,730.9	1,852.8	3,391.8	-
Tax on Interim Dividend	0.8	-	-	166.1	-	-
Tax on proposed Dividend (Final)	304.8	310.4	443.9	307.7	576.4	-
Other Provisions	44.9	41.4	23.7			
Total	**6,995.3**	**6,433.9**	**7,189.6**	**8,565.0**	**11,869.0**	**12,398.3**

ANNEXURE D XIV

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF SHARE CAPITAL

(₹ in Million)

	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
AUTHORISED						
489,00,00,000 Equity Shares of ₹ 10 each	48,900.0	48,900.0	48,900.0	48,900.0	48,900.0	48,900.0
311,00,00,000 Preference Shares of ₹10 each	31,100.0	31,100.0	31,100.0	31,100.0	31,100.0	31,100.0
Total	**80,000.0**	**80,000.0**	**80,000.0**	**80,000.0**	**80,000.0**	**80,000.0**
ISSUED, SUBSCRIBED & PAID-UP						
488,98,46,200 Equity Shares of ₹ 10 each.	48,898.5	48,898.5	48,898.5	48,898.5	48,898.5	48,898.5
1,65,24,70,000 7 % Non-Cumulative redeemable Preference Shares of ₹ 10 each redeemable at par	16,524.7	28,374.7	29,374.7	29,374.7	29,374.7	29,374.7
Total	**65,423.2**	**77,273.2**	**78,273.2**	**78,273.2**	**78,273.2**	**78,273.2**

ANNEXURE D - XV

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF RESERVES AND SURPLUS

(₹ in Million)

PARTICULARS	As at	As at March 31st				
	30-06-2012	2012	2011	2010	2009	2008
Capital Redemption Reserve	12,850.0	1,000.0	-	-	-	-
Reserve for Redeeming Preference Share Capital	16,524.7	28,374.7	29,374.7	29,374.7	29,374.7	-
Prime Minister's Trophy Award Fund	41.1	40.1	36.2	23.8	12.9	11.7
General Reserve	4.5	4.5	2.7	-	-	-
Special Reserve	3.2	3.2	1.5	-	-	-
Surplus as per Profit and Loss Account	31,787.4	30,499.2	24,509.8	21,744.5	16,199.7	36,378.7
Total	**61,210.9**	**59,921.7**	**53,924.9**	**51,143.1**	**45,587.3**	**36,390.4**

ANNEXURE D-XVI

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF REVENUE

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Revenue from operations						
Net Sales(Gross sales net of Excise Duty)	26,147.7	131,762.9	105,795.0	98,091.5	91,283.8	90,883.7
Internal Consumption	3,237.2	1,003.0	877.0	1,210.7	1,141.0	884.6
Export Benefits	15.8	80.2	116.1	96.9	30.5	98.4
Sub-total	**29,400.6**	**132,846.1**	**106,788.1**	**99,399.2**	**92,455.3**	**91,866.7**
Other Income						
Interest Income	703.0	3,085.7	3,984.3	5,347.1	7,872.1	7,246.4
Other Income	233.7	815.6	838.4	893.1	701.8	794.8
Sub-total	**936.7**	**3,901.3**	**4,822.7**	**6,240.2**	**8,573.9**	**8,041.2**
Total	**30,337.3**	**136,747.4**	**111,610.8**	**105,639.4**	**101,029.2**	**99,908.0**
Profit before tax,before Extra Ordinary Items	**2,594.0**	**11,136.6**	**9,962.9**	**12,476.5**	**20,265.9**	**29,953.6**
Total Other Income as % of Profit before tax & Extraoridanry Items	**36%**	**35%**	**48%**	**50%**	**42%**	**27%**

ANNEXURE D-XVII

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF OTHER EXPENSES

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Consumption of Stores and Spares	1,316.3	5,192.5	4,729.4	4,664.8	5,012.3	3,640.6
Power and Fuel	1,273.6	4,678.9	4,311.0	4,082.7	3,403.1	2,588.1
Repairs and Mainatanance	368.2	1,699.6	1,479.0	1,421.3	1,498.1	1,257.9
Freight Outwards	1,056.1	3,563.5	3,007.2	3,126.5	2,865.3	3,069.6
Other expenses & Provisions	1,496.2	5,441.0	4,638.3	3,323.3	3,762.2	5,084.6
Total	**5,510.4**	**20,575.5**	**18,164.8**	**16,618.6**	**16,541.1**	**15,640.8**

Annexure - E

RASHTIRYA ISPAT NIGAM LIMITED (CONSOLIDATED)

SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED)

GROUP COMPANIES (RINL AND ITS SUBSIDIARIES EIL, OMDC AND BSLC)

1.0 GENERAL

1.1 Financial Statements are prepared under the historical cost convention in accordance with fundamental accounting assumptions and Generally Accepted Accounting Principles (GAAP) in India and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified there-under.

1.2 The preparation of financial statements in conformity with Generally Accepted Accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

2.0 FIXED ASSETS

2.1 Fixed assets are stated at historical cost (or revalued amounts, as the case may be) less depreciation and impairment.

2.2 Expenditure attributable / relating to construction, to the extent not directly identifiable to any specific Plant Unit, is kept under 'Expenditure during Construction' for allocation to Fixed Assets and is grouped under 'Capital Work-in- Progress'.

2.3 Prospecting and development expenses incurred to prepare the mine ready for commercial exploration (i.e. in the nature of preliminary and preoperative expenses) are capitalized.

2.4 Expenditure incurred for obtaining required clearance to operate the mines subsequent to the allotment of their lease is capitalized as intangible assets.

2.5 Expenditure incurred for renewable of mining lease are capitalized under Mining Lease.

3.0 INVESTMENTS

3.1 Current investments are carried at lower of cost and fair value.

3.2 Long-term investments are carried at cost. Diminution in value, other than temporary, is provided for.

4.0 INVENTORIES

4.1 Inventories are valued at lower of cost and net realizable value.

4.2 The basis of determining cost is:

4.2.1 Finished / Semi-finished goods - Weighted Average cost

...... Contd. from previous page (Annexure E)

RASHTIRYA ISPAT NIGAM LIMITED (CONSOLIDATED)

4.2.2 Raw material, Stores & Spares, Loose Tools - Monthly weighted average cost and those in transit at cost.

4.3 Obsolete / Surplus / Non-moving inventory are adequately provided for.

5.0 REVENUE RECOGNITION

5.1 Sales are recognized when all significant risks and rewards of ownership have been transferred to the buyer.

5.2 Export incentives under various schemes are recognized as Income on certainty of realisation.

6.0 CLAIMS

6.1 Claims against outside agencies are accounted on certainty of realisation.

7.0 FOREIGN CURRENCY TRANSACTIONS

7.1 Foreign currency monetary items are recorded at the closing rate.

7.2 Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognised as expense or income in the period in which they arise.

8.0 EMPLOYEE BENEFITS

8.1 Actuarial gains and losses on defined benefit plans are recognized during the year.

9.0 DEPRECIATION AND AMORTISATION**

9.1 Depreciation is provided on straight line method (SLM), up to full value of the cost of the asset over the specified period derived in accordance with the provisions of Schedule XIV of the Companies Act, 1956, except the following:

9.1.1 Assets costing up to ₹5000/- are fully depreciated in the year of capitalisation.

9.1.2 Depreciation on the following categories of assets is provided up to full value of the cost of asset on SLM over the period of their useful life based on the Management's estimate given in brackets:.

Photo Copiers & Fax Machines, Telecom Equipment (5 Years); Cranes, Slag Pot Carriers, Audio & Visual Equipment (10Years); Other Office Equipment, Earth Moving Equipment, Forklift Trucks, Air Conditioners, Refrigerators, Water Coolers, Air Coolers, Freezers(7 Years); Cars (6 Years); Safety Equipment, Other light vehicles (8 Years);

...... Contd. from previous page (Annexure E)

RASHTIRYA ISPAT NIGAM LIMITED (CONSOLIDATED)

Computers [including system Software] (4 Years); Coke Ovens & Coal Chemical Plant (15 Years).

9.2 Leasehold land is amortized over the period of lease.

9.3 Prospecting and development expenditure is amortized at the rate of 10% using written down value method in case of OMDC. In case of BSLC, the same is amortized over a period of ten years.

9.4 Amortisation of "Intangible Assets" is accounted as follows:

9.4.1 Mining lease rights are amortised over the period of lease.

9.4.2 Software which is not an integral part of related hardware is treated as intangible asset and amortised over a period of four years or its license period, whichever is less..

10.0BORROWING COSTS

10.1 Borrowing costs incurred for obtaining assets which take more than 12 months to get ready for its intended use are capitalised to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

10.2Other borrowing costs are treated as expense for the year.

11.0 PRIOR PERIOD ADJUSTMENTS

11.1 Items of Income / Expenditure which arise in the current period as a result of errors or omissions in the preparation of Financial Statements of one or more prior periods, exceeding ₹5, 00,000/- in value, in each case are treated as prior period adjustments.

11.2 In case of Subsidiaries, no threshold limit is prescribed for an item to be treated as prior period adjustment.

12.0 GRANTS AND SUBSIDIES

12.1 When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

12.2 Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

** refer para 11(a) of Annexure H

ANNEXURE F

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

NOTES ON ADJUSTMENTS MADE FOR RESTATED FINANCIAL STATEMENTS

1 Adjustments on changes in Accounting Policies,prior period items and other adjustments

(₹ in Million)

PARTICULARS	For the three months	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
(A) Net profit after tax as per audited accounts	**1,733.8**	**7,497.4**	**6,670.8**	**7,966.8**	**13,355.6**	**19,427.4**
Adjustments on account of -						
(a) Changes in accounting policies	-	142.5	(2.7)	-	-	(1,717.4)
(b) Other adjustments & Prior period items	742.9	(1,059.6)	(15.8)	39.9	41.7	(74.3)
(c) Arrear Salary & Wages	-	-	461.1	(835.7)	145.8	189.6
(d) Current Tax impact of Adjustments	(247.9)	393.3	342.9	(155.1)	18.7	(106.0)
(e) Deferred tax impact adjustments	(4.6)	(22.6)	(130.2)	46.2	(14.5)	655.4
(B) Total of Adjustments after Tax impact	**490.4**	**(546.4)**	**655.3**	**(904.7)**	**191.7**	**(1,052.6)**
(C) Net Adjusted Profit after tax(A-B)	**1,243.4**	**8,043.8**	**6,015.5**	**8,871.5**	**13,164.0**	**20,480.0**

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RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

2.0 Notes on adjustments made for Restated Financial Information:

2.1 The prior period items in the Profit and Loss Account have been restated to the respective years to which they relate.

2.2 In the Financial year 2007-08 there has been change in Accounting Policy related to "Depreciation calculation", which envisages providing depreciation for full value of the asset cost over the specified period derived in accordance with the provision of Schedule XIV of Companies Act, 1956. In line with the policy, depreciation has been recomputed and adjusted accordingly in the restated financial information.

2.3 In the Financial year 2007-08 there has been change in Accounting Policy related to Inventory valuation with respect to "determining of finished goods cost on annual weighted average cost instead of last 6 months weighted average". In line with the changed policy, the valuation of inventory has been recomputed and adjusted accordingly in the restated financial information.

2.4 Consequent upon issue of Accounting Standard 26 by the Institute of Chartered Accountants of India on "Intangible Assets", which is mandatory from the Financial year 2003-04 the concept of 'deferred revenue expenditure', is discontinued. However, Standard permitted to continue the charge off balance deferred expenditure in the subsequent years as per the transitional provision. Accordingly, the deferred revenue expenditure charged off in the subsequent years as per transitional provision has been adjusted in the restated financial information.

2.5 In the Financial year 2010-11 there has been change in Accounting practice related to "Assets not owned by an Enterprise" based on the Expert Advisory Committee of Institute of Chartered Accountants of India. As per such opinion, the expenditure incurred on Assets not owned by an Enterprise is to be recognized as revenue expenditure on incurrence. In line with the changed accounting practice adjustments were carried out in the restated financial information.

2.6 Arrears of expenses in respect of Salary and Wages paid to the executives as per DPE Guidelines, and for nonexecutives arising out of wage agreement under National Joint Committee for Steel Industries Agreement and expenditure on pay revision for the executives/non-executiveshave beencharged through provision in the earlier years, the same have now been restated taking into respective years to which they relate.

2.7 The company has accounted for the deferred tax assets & liabilities in terms of 'Accounting for Taxes on Income' (AS22) issued by the Institute of Chartered Accountants of India (ICAI). Current tax and deferred tax impact on the adjustments made have been computed on the restated profit at the rates applicable to respective years.

2.8 The Accounts for the years have been restated considering the Guidance Note on "Reports inCompany Prospectuses" issued by Institute of Chartered Accountants of India. Effect of these changes has been shown as separate line items under para 1(Annexure-VI) referred above. Effect of changes for financial years prior to 2007-08 have been adjusted in the surplus profit & loss account *unde*r Reserves & Surplus as on 31.03.2007 net of taxes including deferred tax relatable to financial years prior to 2007-08.

2.9 Depreciation for Eastern Investments Limited (EIL)has provided originally in Written down Value (WDV) method as per the company policy but this has been changed from WDV to Straight Line Method (SLM) for the purpose of restated accounts as per accounting policy of M/s RINL. In line with the RINL Deprecation policy, depreciation has been recomputed and adjusted accordingly in the restated financial information.

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

Notes on adjustments not made for Restated Financial Information

1. As per the Notification dated 26.11.2008 of Ministry of Heavy Industries and Public Enterprises, Govt. of India, while reviewing the pay scales of the employees of PSUs, inter alia revised the ceiling of gratuity to ₹1.0 million from ₹0.35 million w.e.f. 01.07.2007. Accordingly, gratuity liability as per AS-15 has been accounted under Employees cost in the year 2008-09, in case of M/s EIL this has been charged in the year 2010-11 and such amount has not been recast to the relevant earlier years as the same has not been ascertained.

2. Further arrear liability on account of Gratuity and other Employee Benefits arising out of revision of salary and wages for executives and non-executives in 2008-09 has been charged in the Accounts of 2008-09, in case of EIL it has been charged in the year 2009-10 and the restatement of same to respective years has not been made as the same has not been ascertained.

Annexure H

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

OTHER NOTES ON RESTATED FINANCIAL INFORMATION

BASIS OF PREPARATION OF FINANCIAL INFORMATION

1.1 The financial information of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, i.e. period ending 30th June, 2012.

1.2 The financial information have been prepared under the historical cost convention and on the accrual basis of accounting. The accounts of the subsidiaries have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and on the basis of accounting principles generally accepted in India.

2.0 PRINCIPLES OF CONSOLIDATION

2.1 The consolidated financial information relate to RASHTIRYA ISPAT NIGAM LIMITED (RINL) and its subsidiary company Eastern Investments Limited (EIL). Further, the position of investment and other current account as at 30/06/2012 are as under:

(₹ inMillion)

Name of Subsidiary	Country of Incorporation	Stake in Subsidiary	Date of Incorporation	Address	Minority Interest as per consolidated accounts as on 30/06/2012
Eastern Investments Ltd	India	51%	3rd January, 1927	SouravAbasan 2nd Floor AG-104 Sector-II, Salt Lake City Kolkata-700091	5957.4

2.2 The financial information of the Company and its subsidiary companies are combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard - 21 "Consolidated Financial Statements" issued by the Institute of Chartered accountants of India.

Significant Accounting Policies and Notes to these Consolidated Financial information are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognizing this purpose, the Company has disclosed only such Policies and Notes from individual financial information, which fairly present the needed disclosure.

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3.0 Land at a cost of ₹ 399.9 million is being held in the name of President of India. The Company is holding Power of Attorney issued by Govt. of India for utilisation of the land acquired for the Project and related purposes incidental thereto.

4.0 Land includes 367.072 acres allotted to various agencies on lease basis.

5.0 Sale deeds in respect of the following assets are yet to be executed:

a)	Stockyard at Chennai	₹ 23.7 million
b)	i) Office building at New Delhi	₹ 10.9 million
	ii) Office building at New Delhi	₹ 242.3 million
c)	Office buildings at Ahmedabad	₹ 1.8 million
d)	Residential buildings at Kolkata	₹ 9.5 million
e)	i) Stockyard at Hyderabad	₹ 10.0 million
	ii) Site for Liaison Office	₹ 13.0 million

6.0 Loans and advances, Sundry Debtors / Creditors, Stock with some Contractorsare subject to reconciliation / confirmation.

7.0 As per section 441A of the Companies Act 1956, cess on turnover is levable. Government of India has not yet framed any rules / guidelines in this regard and hence no amount has been provided and / or paid.

8.0 The Company has a regular programme of Physical verification of Inventories, the adjustments arsing out of which are carried out in the Books upon verification.

8.1 In line with industry practice, no credit is taken for the value of material in process except those lying at mills.

8.2 No credit is taken in the accounts for the stock of run of mines ore and rejects at Mines.

8.3 Since the Coke Breeze is used for internal consumption, the same has been valued at 60% of the production cost of BF coke.

8.4 Coke and other By products are valued at net realisable value, wherever cost is not determinable and at cost, where net realisable value is not available, except in the case of Stock of BF Granulated slag at dump yard for which no value is assigned.

8.5 The stock of production related iron scrap and steel scrap has been considered in the accounts on the basis of visual survey / estimates and are valued at 75 % and 90 % respectively, at lower of the cost of Pig Iron and of the domestic net realisable value of Pig Iron.

9.0 Sale of products does not include Sale of Trial run production of ₹ 547.7 million.

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Notes of Subsidiary Companies:

10.0 In terms of the Memorandum of Understanding (MOU) dated 24.04.1992 between the Orissa Minerals and Development Company Ltd (OMDC) and Usha Rectifier Corporation (I) Limited (now Usha India Limited) a Joint Venture Company (JVC) was formed namely East India Minerals Limited (EIML), and subsequently vide an agreement dated 04.10.1993 between OMDC and East India Minerals Limited (EIML), certain facilities in the form of land for construction of plant, railways siding etc. were provided to EIML on right to use basis, initially for a period of 20 years as consideration towards of 26% of the paid up equity shares of the JVC. As per the terms of the MOU as well as the agreement, permission for mining in the leasehold areas was also extended to the JVC against establishment charges to be paid by them for such permission, Necessary charges payable by EIML in this regard has been taken into income as establishment charges in the books of OMDC. Minerals raised by EIML in terms of the said arrangement NIL M.T. (Previous Year 2, 04,158 M.T.) however has not been included to arrive at OMDC's production.

11.0 List of related parties of Subsidiary company:

	Subsidiary Company:	
(A)	Holding in	
	The Orissa Minerals Development Company Ltd.	50.01%
	The Bisra Stone Lime Company Ltd.	50.01%
	The Borrea Coal Co. Ltd. (In Liquidation) Ordinary Shares	56.43%
(B)	Holding of Subsidiary in the Paid up Capital of EIL	
	The Orissa Minerals Development Company Ltd.	1.76%
(C)	Stake of Holding Company in the Paid up Capital of EIL	
	Rashtriya Ispat Nigam Ltd.	51.00%
(D)	Other Associates in which Shares are held	
	The Karanpura Development Co. Ltd. (under liquidation)	39.93%
	The Burrakur Coal Co. Ltd. (under liquidation)	39.33%
(E)	Key Management Personnel	
	1. Dr. Satish Chandra, MD from 29.10.2009 (A/N)	
(F)	Employees Benefit Funds where there is significant influence	
	i) The Orissa Minerals Development Co. Ltd. Provident Institution.	
	ii) The Orissa Minerals Development Co. Ltd. Superannuation Fund.	

12.0 (a) The Company has changed the accounting policy for charging of depreciation from WDV to SLM as provided in Schedule XIV of the Companies Act, 1956.The cumulative impact of such change is that an amount of ₹ 142.5 Million being excess depreciation charged till 31.03.2011,have been written back in the statement of profit & loss account. If there had no such change in accounting for depreciation, company would have incurred further loss of ₹ 142.5 Million in the year 2011-12. During the quarter ended 30.06.2012 the company charged depreciation of straight line Method.

(b) In case of Eastern Investments Ltd., company has changed the accounting policy for

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charging of depreciation from WDV to SLM as provided in Schedule XIV of the Companies Act, 1956.The cumulative impact of such change is that an amount of ₹ 6273/- has shown as Extra Ordinary Item in Profit & loss accounts related Up to Previous year 2011-12.

(c) Certain Fixed Assets of Holding Company comprising of Land, Building, Railway Siding etc are under subject matter of litigation/dispute and ultimate impact of the same on the consolidated financial statements is unascertained.

(d) Provision for rent & cess on Lawrence Property has not been provided in the books of the holding company and the exact amount is unascertainable.

13.0. In case of Bisra Stone Lime Co Ltd (BSLC), a subsidiary of the Company the Income Tax Department has demanded an amount of ₹ 1408 million towards Income Tax (MAT) including interest upto 30.06.2012 on the unpaid tax. The tax was assessed on book profit resulted due to waiver of accumulated interest on Government Loan in F.Y. 2009-10 (A.Y. 2010-11). As per the communication received from the Ministry of Steel, Government of India, instead of waiver of the demand, grant-in-aid will be received from the Central Government for payment of the said income tax demand and hence both the tax liability and grant receivable have been recognized in the accounts. The probable tax liability of around ₹ 409.9 million on the current year's income including such grant-in-aid is adjustable against MAT credit of ₹ 1046.3 million available from the year A.Y. 2010-11 and hence no further provision for tax is made in the accounts. No deferred tax asset of the balance amount of MAT credit is considered, as there is no virtual certainty of the Company to be able to avail the credit within the specified period.

DEFFERED TAX (BSLC)

14.0 Provision for income tax comprises of current tax and deferred tax charged or realized. Deferred tax is recognized, subject to the consideration of prudence on timing differences, being the differences between taxable and accounting income / expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized. The Company has substantial carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961 and accordingly deferred tax asset of ₹ 19.13 million has arisen as on 31st March 2012 as per AS-22. However, in consideration of prudence, the deferred tax asset has not been recognized in the financial statements and the same would be considered on the availability of sufficient taxable income against which such deferred tax assets can be realized.

15.0 In case of Orissa Mineral Development Co Ltd (OMDC), a subsidiary of the Company as per the report dated 15/05/2012 of physical verification of fixed assets done by CA firm an amount of ₹ 12.92 million has been charged off as Loss in Profit & Loss Account on account of Impairment of assets during the period 2011-12.

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16.0 During the year 2011-12, the company (OMDC) made a payment of ₹ 27.5 million and admitted a liability on account of interior and modeling work for ₹ 5.73 million for Delhi office which is situated in SCOPE Minar New Delhi for an office space measuring about 2500 sq. ft. These amounts have been shown under short term Loans & advances Depreciation or Amortisation will be considered from next year.

17.0 A liability (OMDC) for loss of ₹ 87 million has been created in the books of accounts and charged off in Profit and Loss account on the basis of judicial judgments of different Courts.

18.0 The following balances of OMDC lying as unpaid liability (Under trade payables) are under dispute hence they were not paid or adjusted:

i. VAT credit refundable to customers since 2004-05 ₹ 0.52 million.

ii. Interest claimed on PF payment not admitted. ₹0.13 million.

19.0 **CONTINGENT LIABILITIES –SUBSIDIARIES**

	As on 30.06.2012
Claims Not acknowledged as debt	
I. Suits against the Company	2390.47
II. Sales Tax/ Income Tax, Excise etc.	2.51
III. Others	192.03*

*Contingent Liability contain ₹131.0 million due to non-fulfilment of the provisions of minimum granted quantity of export since 2007-08, the Port Authorities of Haldia Dock Complex have auctioned the stock of Iron Ore fines to the tune of 15569.68 M.T. to liquidate their dues towards demurrage imposed on OMDC by Port Authorities as on 15.12.2009.The value of the stock as on the date of disposal was ₹12.2 million. Though Port Authorities have not raised any demand for any demurrage but they have retained the sale proceeds of said stock of Iron ore towards settlement of their claim for demurrage, rent etc. however no claim papers against the company have been submitted.

Further, contingent liability contains ₹87.3 million in respect of payment of Regional Wildlife Management Plan related to 2009; out of which ₹131.0 million has been paid in current year and the balance amount has not been acknowledged by the company and the company filed suit.

Pursuant to the amendments of the Orissa Land Reforms Act, the Sub-Collector, Champua had served a Notice against the Company for alleged unauthorized possession of 10.79 acres of leasehold land on the ground that the said land belongs to Adivasis and based on that, the Revenue Inspector asked OMDC to vacate the land. The Company filed an appeal before the Addl. District Magistrate but the appeal was not allowed. During April, 1999 the Company filed a writ application and obtained Stay Order from the Hon'ble High Court of Orissa to maintain the status quo about the possession of the land until further order

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Rent and Cess on Land Revenue (EIL)

The company had continued to pay Rent and Cess on Land Revenue on Lawrence Property at Bauria @ ₹ 2,012 per year till 31.03.2001 with the office of the Revenue Inspector. The company though not accepted the substantial increase in such charges from 2001-02, continued to provide liability on the basis of claims received. In absence of any formal claim by the concerned department, amount of such claim, if any, has neither been ascertained nor considered in the accounts from the financial year 2008 – 09 onwards. In the event of claim raised by the appropriate authority there is an contingent liability to the tune of ₹3.39 million calculated on the basis of claim last raised.

20.0 Lease Matters (omdc)

Status of grant of renewal of mining lease of area totaling 4365.262 hectors including lease rights granted to erstwhile Bharat Process and Mechanical Engineers Ltd. (BPEML), which is under liquidation covering 2068.27 hectare is detailed below :

Lease area	Status
Thakurani Iron &Mn. Mines (1546.55 hects.) M/s. B.P.M.E.Ltd (Revised RML application submitted over 778.762 hects.)	The validity of 2nd RML period was up to 30.09.2004. 3rd RML application was filed for 20years w.e.f 01.10.2004. The application is under process in the steel and mines Department Govt. of Orissa. The mining operation was stopped due to suspension order issued by state Forest Department and IBM. The suspension order by IBM was lifted on 17/09/2010.We have deposited an amount of ₹ 260.01 million towards NPV as per Hon'ble Supreme Court's directive following CEC recommendations. The State Forest Dept. has permitted for operation in non-forest only on 17/09/2010. by lifting the suspension order. The FDP and TWP in respect of the lease hold area is under process in the office of the Regional Chief Conservator of Forest, Raurkela. However, DDM, Joda categorically seeking environmental clearance in respect of the area so as to allow for working in the non-forest area only. Accordingly work could not be resumed over the area. The TOR in respect of the lease hold area has been duly accepted by EAC of MOEF, GOI. The EIA and EMP report has already been submitted with OSPCB. The Public Hearing for environment clearance scheduled on 25.02.2011 was conducted successfully. Environmental project for environment clearance was presented before EAC on 29.11.2011, which has been submitted. The proposal is under consideration of MOEF
DalkiMn. Mines (266.77 Hects.) M/s. B.P.M.E.Ltd	Lease period expired on 30.09.1994. The 3rd RML application filed for 20years w.e.f01.10.1994. The forest clearance obtained from MOEF, Govt. of India is valid up to 30.09.2014.The mining operation has been stopped after rejection of RML application by the state Govt. vide letter no.12764/SM dated 24.08.2006. The revision application filed with

	Ministry of Mines, Govt. of India was disposed off 14/05/2010 setting aside the rejection order of the state Govt. and directed to maintain the status quo prior to rejection order. The Office of the Director of Mines has given its views on the subject which is pending with Dept. of Steel and Mines, Govt. of Orissa. The application for obtaining Environment Clearance in view of enhancement of production and renewal of mining lease is under process. The Public Hearing for environment clearance on 25/02/2011 was conducted successfully. The EC proposal of Dalki was heard by EAC on 20.07.2011 and the same was approved. However formal EC order has not been issued so far.
KolhaRoida Iron &Mn. Mines (254.952 hects.) M/s. B.P.M.E.Ltd	The lease period expired on 14/08/1996. The 3rd RML application was filed for 20years w.e.f 15.08.1996. The Forest Clearance is valid up to 14.08.2016. The mining operation had been stopped after rejection of RML application by the State Govt. vide order No. III(A)/SM-14/03-16733 dated 16.11.2006. The Revision Application filed with Central Tribunal has been disposed off on dated 02.02.2009 setting aside the rejection order directing the state Govt. to maintain the status quo prior to the rejection order which was duly complied by Steel & Mines Dept. Govt. Of Orissa on dated 21.01.2010. On receiving the aforesaid order necessary steps are being taken to restore mining operation. The matter regarding resumption of mining activity in the lease hold area has been disposed off by Hon'ble high court, Orissa with a clear directive to take up the same by fresh tendering. However, DDM, Joda is insisting for our environmental clearance for commencement of mining operations. The application for obtaining environmental clearance for enhancement of production and renewal of mining lease is under process in MOEF, Govt. Of India and Public Hearing for the purpose was conducted on 03.11.2010 successfully. The NPV amount of ₹50.73 million has been deposited with DFO, Keonjhar in compliance to the Hon'ble Supreme Court direction following CEC recommendations. The EC proposal of Kolha –Rodia was heard by EAC on 20.07.2011 and the same was approved. However formal EC order has not been issued so far.
Belkundi Iron &Mn. Mines (1276.79 hect.) **M/s. O.M.D.Co.Ltd**	Lease period expired on 15.08.2006. The 3rd renewal was filed for 20 years w.e.f 16.08.2006. The application has been duly recommended by Collector, Keonjhar& Director of Mines, Orissa. Same is under process in the department of Steel & Mines, Govt. Of Orissa. The Forest Clearance was co-terminus with lease period ending on 15.08.2006. Application for renewal of forest diversion proposal (FDP) is under process in the office of DFO Keonjhar, The required non forest land/degraded forest land for compensatory Afforestation have been identified under TelkoiTahsil and allotted in our favour. The NPV amount of ₹ 327.24 million has been deposited with DFO Keonjhar in compliance to the Hon'ble supreme Court direction following CEC recommendations. The Public Hearing for

	environment clearance on 25/02/2011 was conducted successfully. Environmental project for Environmental clearance was presented before EAC on 24.01.2012. But some additional information have been asked by EAC which is being complied.
Bagiaburu Iron Mines (21.52 hects.) M/s. O.M.D.Co.Ltd	The lease period of expired on 30.09.2010. The forest clearance co-terminus with lease period also expired on 30.09.2010. The RML application under M C Rule, 1960 &F C Act 1980 has been filed with in the stipulated time and the same is under process in the office of the collector. Keonjhar& DFO Keonjhar respectively. The required non forest land has already been allotted in our favour. The FDP & TWP has been forwarded by DFO, Keonjhar to RCCF, Raurkela by DFO Keonjhar. The NPV amount of ₹3.24 million has been deposited with DFO Keonjhar in compliance to theHon'ble supreme Court direction following CEC recommendations. The Public Hearing for environment clearance on 25/02/2011 was conducted successfully. Environmental project for Environmental clearance was presented before EAC on 04.11.2011and the same has been approved by the Committee subject to first stage forest clearance which is to be recommended from Government of Orissa to MOF.
Bhadrasai Iron &Mn. Mines (998.70 hects.) M/s. O.M.D.Co.Ltd	The lease period expired on 30.09.2010. The Forest Clearance co-terminus with lease period also expired on 30.09.2010. The RML application under M C Rule, 1960 &F C Act 1980 has been filed with in the stipulated time and the same is under process in the office of the collector. Keonjhar& DFO Keonjhar respectively The required non forest land/degraded forest land for Compensatory Afforestation have been identified under TelkoiTahsil and on verification & recommendation by the forest & Revenue department of the district, same shall be allowed in our favour.The NPV amount of ₹ 127.94 million has been deposited with DFO Keonjhar in compliance to theHon'ble supreme Court direction following CEC recommendations. The application for obtaining environment clearance for enhancement of production and renewal of mining lease is under process in MOEF, Govt. Of India. The public hearing to this effect was conducted on dated 03.11.2010 successfully. The Environmental clearance project was heard by the EAC on 23.12.2011, which has asked for some additional information, and the same is being complied.

Notes on Joint Venture Companies

21.0 RINL has entered into a Joint venture agreement (vide approval from its Board in 238th meeting held on 02/02/2009) regarding formation of Special Purpose Vehicle (SPV) through joint venture involving Rashtriya Ispat Nigam Limited, Coal India Limited, Steel Authority of India Limited, National Thermal Power Corporation & National Mineral Development

......Contd. from previous page (Annexure H)

Corporation for acquisition of coal properties abroad. The formation of the SPV had been approved by the Cabinet, Govt. of India; vide its approval dated 8th November 2007.

21.1 The aforesaid SPV viz. International Coal Ventures Pvt Ltd. (ICVL) has been formed by incorporation under Companies Act, 1956 on 20th May, 2009 with an authorized capital of ₹98.00 Million and Paid up Capital of ₹98.00 Million. Out of above Paid up Capital, Rashtriya Ispat Nigam Ltd. is owning 1/7th share i.e. worth ₹14.0 Million equity shares.

21.2 Operational activities of (ICVL) is yet to be started, as such, all expenses are debited to Pre-operative Expenses account. The consolidated accounts do not include assets and liabilities of ICVL in accordance with AS-27. Since the amount being not very significant, 'Net Interest in Joint Venture' - ICVL is shown separately. Proportionate share of Rashtriya Ispat Nigam Limited in assets and liabilities of ICVL as on 30.06.2012 is as under, as certified by their Chief Financial Officer:

(₹in Million)

Items	ICVL	RINL's Share	Other's Share
	As on	As on	As on
	30.06.2012	30.06.2012	30.06.2012
Share Capital	98.00	14.00	84.00
Share Application Money pending allotment	78.00	11.14	66.86
Total	**176.00**	**25.14**	**150.86**
Fixed Assets	135.01	19.29	115.72
Investments	0.99	0.14	0.85
Current Assets	63.85	9.12	54.73
Current Liabilities	23.85	3.41	20.44
Total	**176.00**	**25.14**	**150.86**

21.3 RINL has entered into a Joint venture agreement with Manganese Ore (India) Limited (MOIL) (vide approval from its Board in 241st meeting held on 04/07/2009) regarding formation of joint venture company viz RINMOIL Ferro Alloys (P) Ltd. The formation of the Joint Venture had been approved by the Cabinet, Govt. of India; vide its approval dated 8th November 2007.

21.4 The aforesaid Joint Venture Company viz. RINMOIL Ferro Alloys (P) Ltd has been formed by incorporation under Companies Act, 1956 on 29th July, 2009 with an authorized capital of ₹ 2.00 Million and Paid up Capital of₹ 2.0 Million. Out of above Paid up Capital, Rashtriya Ispat Nigam Ltd. is owning 50% share i.e. worth ₹1.0 Million equity shares.

21.5 Operational activities of (RINMOIL) is yet to be started, as such, all expenses are debited to Pre-operative Expenses account. The consolidated accounts do not include assets and liabilities of RINMOIL in accordance with AS-27. Since the amount being not very significant, 'Net Interest in Joint Venture' - RINMOIL is shown separately. Proportionate share of Rashtriya Ispat Nigam Limited in assets and liabilities of RINMOIL as on 30.06.2012 is as under, as certified by their Chief Financial Officer:

......Contd. from previous page (Annexure H)

(₹in Million)

Items	**RINMOIL**	**RINL's Share**	**Other's Share**
	As on	**As on**	**As on**
	30.06.2012	**30.06.2012**	**30.06.2012**
Share Capital	2.00	1.00	1.00
Profit and Loss Account (Loss)	-0.06	-0.03	-0.03
Non-Current Liabilities	16.24	8.12	8.12
Current Liabilities	0.53	0.265	0.265
Total	18.70	9.35	9.35
Non-Current Assets	13.42	6.71	6.71
Current Assets	5.28	2.64	2.64
Total	18.70	9.35	9.35

Annexure I

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF EMPLOYEE BENEFITS

Disclosures pursuant to AS 15 -Employee benefits

Defined Contribution plans:

An amount of An amount of ₹ 15.5 million recognized in the Statement of Profit and Loss and ₹ 0.5 million in Capital Work in Progress, ₹ 0.1 million in Intangible Assets under Development are towards Superannuation Benefit Scheme (Post Employment Benefit - Defined Contribution Plan).

Defined Benefit Plans:

General Description of the Post Employment Benefits-Defined Benefit Plans

Provident Fund	-	Company pays fixed contribution to Provident Fund, at predetermined rates, to a separate trust, which invests the Funds in permitted securities. On Contributions, the trust is required to pay a minimum rate of interest, to the members, as specified by Govt. of India. The obligation of the Company is limited to the shortfall in the rate of interest on the Contribution based on its return on investments as compared to the declared rate.
Gratuity	-	Payable to employees, who render continuous service of 5 years or more, on separation, at 15 days of last drawn pay for each completed year of service.
Post Retirement Medical Benefits	-	Available to retired employees at Company's hospital and / or under the Health Insurance Policy.
Retirement Settlement Benefits	-	The retired employees, their dependents, as also the dependents of the employees expired while in service are entitled for travel and transport expenses to their place of permanent residence. At the time of retirement, employees will be given 10 gms of gold.
Employee Family Benefit Scheme	-	Monthly payments, till the notional date of superannuation, to employees separated upon disablement / legal heirs of deceased employees at their option who fulfill the criteria of prescribed amount of deposit.

……Contd. from previous page Annexure I

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

Expenses recognized in the statement of Profit and Loss Account: (₹ In million)

Particulars	Gratuity	Retirement Medical Benefits	Retirement Settlement Benefits	Employee Family Benefit Scheme
Amount charged to :				
Statement of Profit & Loss Account	5.88	32.9	20.78	70.55
Expenditure During Construction	(0.3)	0.6	0.3	1.3
Capital Work in Progress	-	0.1	-	0.1

Disclosure as required by the Accounting Standard (AS) 15 " Employee Benefits " , are made as far as practicable and the liability is provided for the stub period ending 30/06/2012 proportionately based on valuation made by the actuary for the year.

ANNEXURE J

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF RELATED PARTY TRANSACTION

(₹ in Million)

	SALARIES						COMPANIES CONTRIBUTION TO PF AND OTHER FUNDS						MEDICAL BENFITS					
	For the three months ended	For the year ended March 31 st					For the three months ended	For the year ended March 31 st					For the three months ended	For the year ended March 31 st				
PARTICULARS	30-06-2012	2012	2011	2010	2009	2008	30-06-2012	2012	2011	2010	2009	2008	30-06-2012	2012	2011	2010	2009	2008
Shri A P Choudhary, CMD	0.5	2.3	2.2	0.7	-	-	0.1	0.2	0.2	0.1	-	-	-	0.0	-	-	-	-
Shri P K Bishnoi, CMD	-	0.8	2.6	1.1	0.6	0.9	-	0.1	0.2	0.1	0.1	0.1	-	-	0.0	-	-	-
Shri Umesh Chandra, Director (O)	0.5	2.8	2.2	0.9	0.2	-	0.1	0.2	0.2	0.1	0.0	-	-	0.0	-	-	0.0	-
Shri P Madhusudan, Director (F)	0.6	2.1	2.0	0.2	-	-	0.0	0.2	0.2	0.0	-	-	-	-	-	-	-	-
Shri T K Chand, Director (Comm)	0.5	1.8	0.9	-	-	-	0.0	0.2	0.1	-	-	-	-	-	-	-	-	-
Shri Y R Reddy, Director (P)	0.5	2.3	0.4	-	-	-	0.0	0.2	0.0	0.0	0.0	0.0	-	0.0	-	-	-	-
Shri NS Rao, Director(Proj.)	0.3	-	-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-
Shri Y Manohar, Director (P)	-	-	1.5	1.0	0.6	0.8	-	-	2.8	0.1	0.1	0.1	-	-	-	-	-	0.0
Shri K S Shankar, Director (F)	-	-	-	0.6	0.6	0.5	-	-	-	3.4	0.1	0.1	-	-	-	0.0	-	-
Shri C G Patil, Director (Comm)	-	-	-	0.7	0.6	0.7	-	-	-	3.2	0.1	0.0	-	-	-	-	-	-
Shri Y Siva Sagar Rao, CMD	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-	-	-	-	-	0.0
Shri H S Chatwal, Director (Comm)	-	-	-	-	-	0.4	-	-	-	-	-	0.1	-	-	-	-	-	-
Shri K K Rao, Director (O)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shri Ayyappa Naidu, Director (P)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shri P K Mishra, Director (O)	-	-	-	-	0.4	1.1	-	-	-	-	1.8	0.1	-	-	-	-	-	-
Dr Satish Chandra, MD(EIL)	0.3	1.8	1.1	0.0	0.0	0.0	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0

ANNEXURE K

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF DIVIDEND PAID/PROPOSED

(₹ in Million), Unless otherwise Stated)

PARTICULARS		For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
Face Value of Equity Shares (in Rs. Per Equity Share)		10	1000	1000	1000	1000	1000
Number of Shares (units)		4,88,98,46,200	4,88,98,462	4,88,98,462	4,88,98,462	4,88,98,462	4,88,98,462
Dividend	(A)	-	751.46	658.50	796.68	1335.56	-
Dividend per Equity Share (₹)		-	15.37	13.47	16.29	27.31	-
Dividend Rate (%)		-	1.54	1.35	1.63	2.73	-
Dividend Tax	(B)	-	121.91	106.82	132.32	226.98	-
Face Value of Preference Shares (in Per Preference Share)		10	1000	1000	1000	1000	1000
Number of Shares(units)		1,65,24,70,000	2,83,74,700	2,93,74,700	2,93,74,700	2,93,74,700	2,93,74,700
Dividend*	(C)	-	1,127.6	2,056.2	2,056.2	2,056.2	-
Dividend per Preference Share (₹)		-	70.00	70.00	70.00	70.00	-
Dividend Rate (%)		-	7.00	7.00	7.00	7.00	-
Dividend Tax	(D)	-	182.9	333.6	341.5	349.5	-
Total Dividend	**(A) + (C)**	**-**	**1,879.1**	**2,714.7**	**2,852.9**	**3,391.8**	**-**
Total Dividend Tax	**(B) + (D)**	**-**	**304.8**	**440.4**	**473.8**	**576.4**	**-**

 # The face values of Equity shares and preference shares are split from ₹ 1000/- per share to ₹ 10/- per share on 21st April 2012
*** Dividend paid, for the year 2011-12, on Preference Share Capital outstanding as on record date**

ANNEXURE L

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF CAPITILISATION AS AT 30.06.2012

(₹ in Million)

PARTICULARS	PRE ISSUE AS AT 30.06.2012	POST ISSUE
Secured Loans	9,807.4	9,807.4
Unsecured Loans	28,346.2	28,346.2
Total	**38,153.6**	**38,153.6**
SHAREHOLDER'S FUNDS		
Share Capital	65,423.2	65,423.2
Reserves and Surplus	61,210.9	61,210.9
Total Shareholders Funds	**126,634.1**	**126,634.1**
Debt/Equity Ratio	**0.3**	**0.3**

Notes :

1. As the IPO is only offer for sale by Government of India, there would be no change in Debt and Shareholders fund Post Issue
2. The above has been computed on the basis of the restated financial statements of company.

ANNEXURE M

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF ACCOUNTING RATIOS OF THE COMPANY

(₹ in Million), Unless otherwise Stated)

	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
Net Profit After Tax (Restated)	1,243.4	8,043.8	6,015.5	8,871.5	13,164.0	20,480.0
Networth	1,26,634.1	1,37,194.9	1,32,198.1	1,29,416.3	1,23,860.5	1,14,663.6
No of Equity Shares(units of ₹ 10/- face value)#	4,88,98,46,200	4,88,98,462	4,88,98,462	4,88,98,462	4,88,98,462	4,88,98,462
Earning per Share (₹)*	0.3	137.7	74.1	132.4	220.0	418.8
Diluted Earning per Share (₹)*	0.3	137.7	74.1	132.4	220.0	418.8
Return on Networth (%)	1.0	5.9	4.6	6.9	10.6	17.9
Net Asset Value Per Share (₹)(₹ 1000/- face value)@	2,251.8	2,225.4	2,102.8	2,045.9	1,932.3	1,744.2
Net Asset Value Per Share (₹)(₹ 10/- face value)#@	22.5	22.3	21.0	20.5	19.3	17.4

 # The face value of Equity shares are split from ₹ 1000/- per share to ₹ 10/- per share on 21st April 2012
*** EPS is not Annualized for the three months ended 30-06-2012**
`@ Calculated after deducting preference share capital

Formula

Earning per share before extraordianry item(Rs) = Restated Profit after tax and before extarodinary items less divendend to preference share holders / No of Equity Shares

Earning per share after extraordianry item(Rs) = Restated Profit after tax and after extarodinary items less divendend to preference share holders / No of Equity Shares

Return on Networth = Restated Profit After TaxX100 / Net worth

Net Asset Value Per Share (Rs) = Net Worth@ / No of Equity Shares

ANNEXURE - N

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF TAX SHELTER OF THE COMPANY

(₹ in Million)

PARTICULARS		For the three months ended	For the year ended March 31 st				
		30-06-2012	2012	2011	2010	2009	2008
Profit before Tax as per Audited accounts		2,595.9	11,136.5	9,962.9	12,476.5	20,265.9	29,953.6
Adjustments		(749.1)	1,228.1	(819.4)	795.9	(187.5)	1,602.1
Restated Profit Before Tax	**(A)**	**1,846.8**	**12,364.6**	**9,143.6**	**13,272.4**	**20,078.4**	**31,555.7**
Tax liability on Restated Profit		599.2	4,011.7	3,037.3	4,511.0	6,825.0	10,726.0
Adjustments							
Permanent Differences (B)							
Dividend Income		-	(10.9)	(56.2)	-	-	-
Income from sale of Assets		-	(17.5)	(32.6)	(10.2)	(11.7)	(5.0)
Donation		3.4	13.7	1.6	17.0	55.7	54.6
Other Adjustments		-	1,325.1	13.1	-	-	-
Total Permanent Differences	**(B)**	**3.4**	**1,310.5**	**(74.2)**	**6.8**	**44.1**	**49.6**
Timing Differences (C)							
Difference between tax depreciation and book depreciation		(146.8)	102.5	615.0	308.5	1,338.4	1,917.4
Difference of gratuity provision and payment of gratuity		-	19.4	8.4	-	-	-
Difference of leave encashment provision and payment provision		-	4.6	7.2	-	-	-
Deferred Installments of Voluntary retirement scheme u/s 35DDA		(0.1)	(1.2)	(2.6)	(3.6)	(2.2)	0.8
Provision of doubtful debts, Claims, Advances, land reclamation e.t.c (Net off return back)		9.7	78.5	40.4	(19.2)	(39.1)	758.9
Disallowances/ Allowances u/s 43B		55.9	248.7	223.1	-	(0.5)	(49.0)
Amount inadmissible / Admissible u/s 40(a)(ia)		(1.0)	-	-	-	-	-
Other adjustments		1.2	42.0	13.1	33.1	(32.8)	64.0
Total Timing Differences	**(C)**	**(81.1)**	**494.5**	**904.7**	**318.7**	**1,263.8**	**2,692.1**
Net Adjustments :	**D (B+C)**	(77.8)	1,804.9	830.5	325.5	1,307.9	2,741.6
Taxable Income from Business		**1,687.2**	**14,226.6**	**10,024.6**	**13,597.9**	**21,386.3**	**34,297.3**
Tax (Saving) / Outgo thereon	**(E) (D* Tax Rate)**	(25.2)	585.6	275.9	110.6	444.6	931.9
Tax on Business Income		**588.5**	**4,615.8**	**3,329.9**	**4,621.9**	**7,269.2**	**11,657.7**

Note : (1) The above statement is based on consolidated figures of Subsidiaries and RINLstandalone accounts which falls under different jurisdiction of Tax Authorities. different jurisdiction of Tax Authoriites.

Note : (2) Applicable tax rate under normal provisions of Income Tax Act was 33.99% for FY 2007-08, 2008-09 & 2009-10, 33.2175% for FY 2010-11, 32.445% for FY 2011-12 and FY 2012-13. Further the above includes one subsidiary which is having no taxable income due to loss incurred and having unabsorbed losses.

Note : (3) Return of Income for the Quarter ending 30.06.2012 is not required to be filed.

FINANCIAL INDEBTEDNESS

Borrowings of our Company

Set forth below, is a brief summary of our Company's borrowings (both, fund based and non-fund based) as of June 30, 2012, together with a brief description of certain significant terms of such financing arrangements. Our Company's borrowings consist of mostly working capital facilities availed from the banks mentioned below. The total amount outstanding as on June 30, 2012 is 38,153.64 million.

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
1.	SBI	Our Company has entered into a multiple banking arrangement with SBI on April 18, 2005 for availing working capital loans.[1]	Fund based: i. Cash credit/export packing credit - 1,000.00 million ii. Short Term Loan (as a sub-limit of letter of credit). Non- Fund based: i. Letter of credit - 9,000.00 million ii. Bank guarantee - 1,000.00 million iii. Forward cover - 145.00 million (One way interchangeability of non-fund based limit to fund based limit of 5,000.00 million and interchangeability of 100% fund based limits to non fund based limits).	i. 7.85 million ii. 5,536.04 million i. 140.09 million ii. 120.67 million iii. Nil	i. 11.00 ii. 10.10	November 22, 2012	Hypothecation of current assets and assets created out of project letter of credit on *pari-passu* basis with other banks under multiple banking arrangements by composite hypothecation agreement dated April 18, 2005 which was last amended on January 8, 2010.
2.	State Bank of Hyderabad	Our Company has entered into a multiple banking arrangement with State Bank of Hyderabad, dated October 16, 2009 for working capital requirements.[2]	Fund based: i. Cash credit - 2,000.00 million ii. Short Term loan (as a sub limit of cash credit and letter of credit limits) iii. Over Draft Against TDr	i. 0.01 million ii. 3,025.89 million iii. 272.31 million	i. 12.00 ii. 10.50 iii.10.40	March 14, 2013	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by hypothecation agreement dated October 16, 2009.

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			270.00 million				
			Non fund based: i. Letter of credit - 3,700.00 million ii. Bank guarantee - 300.00 million (Full interchangeability from fund based limits to non fund based limits).	i. 21.96 million ii. 10.00 million			
3.	Canara Bank	Our Company has entered into a multiple banking arrangement with Canara Bank dated March 11, 2005 for working capital requirements.[3]	Fund based: i. Cash credit - 2,000.00 million.	i. 218.17 million	i. 10.50	March 25, 2013	Hypothecation of current assets by common hypothecation agreement, dated April 18, 2005 and supplemental agreements dated August 3, 2006, May 19, 2007, August 1, 2009 and September 16, 2010.
			Non- Fund based: i. Inland letter of credit/foreign letter of credit - 1,000.00 million ii. Bank guarantee - 150.00 million iii. Letter of credit for Capital equipment- 4300.00 million.	` i. Nil ii. Nil iii. 4,277.09 million			
4.	Bank of Baroda	Our Company has entered into a multiple banking arrangement with Bank of Baroda, on December 19, 2005 for the purpose of working capital requirements.[4]	Fund based: - i. Cash credit - 338.5.00 million ii. Pre-shipment packing credit - 200.00 million. iii. Over Draft Against TDr 237.50 million	i. 504.93 million ii. Nil iii. 237.42 million	i. 10.50	March 29, 2013	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by composite hypothecation agreement dated December 19, 2005 (as amended on January 6, 2006 and August 10, 2006)
			Non-fund based: i. Letter of credit - 2,000.00 million ii. Bank guarantee - 10.00 million. (Cash credit/ pre-shipment packing credit is interchangeable to letter of credit	i. 409.19 million ii. Nil			

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			and vice versa).				
5.	Andhra Bank	Our Company has entered into a composite loan agreement with Andhra Bank dated November 12, 2008 for renewal of working capital facilities.[5] Further, the bank has sanctioned short term loan vide letter dated March 19, 2012.	Fund based: i. Cash credit - 140.00 million ii. Working capital demand loan - 210.00 million iii. Export packing credit - 115.00 million.	i. Nil ii. Nil iii. Nil	11.50	One year till April 20, 2012 [6]	Hypothecation of current assets on *pari-passu* basis with other banks under multiple banking arrangement by composite hypothecation agreement dated September 8, 2006.
			Non- Fund based: i. Letter of credit - 4000.00 million (Out of this secured limit is 450.00 million) ii. Bank Guarantee - 30.00 million (Non fund based interchangeable to fund based and vice versa).	i. 10.40 million ii. Nil			
			Short Term loan - 3,000.00 million.	2,015.78 million	10.50		
6.	UCO	Our Company entered into an agreement with UCO on April 18, 2005 for availing working capital facility.[7]	Fund based: i. Cash credit - 50.00 million ii. Working capital demand loan - 200.00 million iii. Export packing credit - 150.00 million. Non- fund based: i. Letter of credit - 350.00 million ii. Bank guarantee - 50.00 million.	Nil[19]	12.75	January 20, 2013	Hypothecation of stock of raw materials, finished goods and stores, spaces and receivables, including all products, goods and movable property of any kind by composite hypothecation agreement dated April 18, 2000 which was last amended on January 21, 2012.
7.	IDBI	IDBI has through sanction letter dated September 27, 2010 sanctioned working capital loans and cash management services to our Company.[8]	Fund based: i. Cash credit - 2,000.00 million ii. Working capital demand loan	i. 156.35 million ii. Nil	10.50	March 2, 2013	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
			(sub-limit of cash credit) - 1,800.00 million iii. Forward cover - 200.00 million iv. Current Account - 1,000.00 million. (One way interchangeability of cash credit to letter of credit/buyer's credit)	iii. Nil iv. 710.57million			
			Non- Fund based: i. Letter of credit /buyers' credit – 3,500.00 million ii. Bank guarantee (sub-limit of letter of credit) – 750.00 million.	i. 650.27 million. ii. 119.86 million.			
8.	Vijaya Bank	Vijaya Bank through sanction letter dated June 22, 2011 has sanctioned working capital loan to our company.[9]	3,000.00 million (with an overdraft facility of 2,000.00 million).	i. 1,996.02 million	10.45	June 29, 2012[(18)]	Nil
9.	HSBC	Our Company and HSBC have entered into a loan agreement pursuant to a sanction letter dated January 31, 2011 for availing working capital facilities.	1,000.00 million which includes foreign exchange lines of 500.00 million (fund based)	Nil[(19)]	As per tariff. Interest shall be payable at monthly rests on the first day of the subsequent month for which it pertains.	Continuing with yearly review	Nil
10.	IndusInd	IndusInd has issued a sanction letter dated September 27, 2010 for working capital facilities.	Line of credit - 4,500.00 million (non-fund based and working capital demand loan of 2,500.0 as sub-limit of non-fund based limit)	Nil[(19)]	To be decided from time to time.	12 months and subject to yearly review[10.]	Nil
11.	Citi Bank	Our Company has entered into a loan agreement with Citi Bank, dated September 28, 2010 for availing working	1,940.00 million (interchangeable between fund based and non fund based	923.40 million (USD 16.60 million)[16]	1.58	12 months and subject to yearly review.	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
		capital credit facilities.[11]	facilities).				
12.	HDFC	Our Company and HDFC have entered into a loan agreement dated November 19, 2010 for availing revolving working capital facility and further the fund based limits have been converted into revolving credit facilities vide loan agreement dated January 6, 2012.	i. 1,000.00 million (fund based) ii. 1,000.00 million (Non fund based)	i. 1,004.45 million ii. 15.48 million (Euro 0.22 million)	10.15	12 months and subject to yearly review.	Nil
13.	Deutsche Bank	Our Company and Deutsche Bank have entered into a loan agreement dated May 6, 2010 for availing buyer's credit for imports.[12]	1,950.00 million/ Equivalent foreign currency (fund and non-fund based)	i. 919.77 million (USD 16.54 million)[16] ii. 912.63 million (USD 16.41 million)[16]	i. 0.65 ii. 1.17	12 months and subject to yearly review[13].	Nil
14.	RBS	RBS has issued a sanction letter dated June 22, 2011 for availing buyer's credit for import.	USD 38.00 million.	i. 1039.91 million (USD 18.7 million)[16] ii. 575.20 million (USD 10.34 million)[16]	i. 0.72 ii. .0.79	Up to one year from the date of shipment for import of non capital goods.	Nil
15.	Bank of Tokyo	Bank of Tokyo has issued a sanction letter dated March 1, 2011 for availing revolving foreign currency loan for import financing.[16]	USD 125.00 million/ Equivalent Indian rupees.	i. 1599.19 million (USD 28.76 million)[16] ii. 955.05 million (USD 17.17 million)[16] iii. 1062.92 million (USD 19.11 million)[16] iv. 961.34 million (USD 17.29 million)[16] v. 1692.59 million (USD 30.44 million)[16]	i. 1.39 ii. 1.39 iii. 1.30 iv. 1.39 v. 1.38	February 28, 2013	Nil
16.	Kotak Mahindra	Kotak Mahindra through sanction letter dated September 19, 2011 has sanctioned working capital facilities to our company.	2,000.0 million.	Nil[(19)]	To be decided from time to time.	12 months	Nil
17.	JP Morgan	Our Company and JP Morgan have entered into an agreement dated May 9, 2011 for availing working capital facilities.	450.00 million.	i. 446.82million	i. 9.60	Current until terminated by JP Morgan and subject to annual review.	Nil
		JP Morgan has issued a sanction letter dated March 21, 2011 for	USD 40.00 million.	i. 1043.46 million (USD 18.76 million)[(15)]	i. 1.49	February 28, 2013	Nil

S No.	Name of Lender	Documentation	Amount Sanctioned	Amount Outstanding as on June 30, 2012	Rate of Interest (%) p.a.	Tenure	Security
		availing buyer's credit facility.		ii. 834.33 million (USD 15.00 million)(15)(16)	ii. 1.47		
18.	Standard Chartered Bank	Standard Chartered Bank has issued a sanction letter dated May 7, 2010 for availing buyer's credit facility.	Letter of Credit of USD 25.00 million (Financial Guarantee of USD 25.00 million as a sublimit of letter of credit.)	i. 978.52 million (USD 17.60 million)	1.55	One year[17]	Nil
19.	Union Bank of India	Union bank of India has issued a sanction letter dated March 7, 2012 for availing loan for the purpose of capital expenditure and expansion.	3,000.00 million.	2,612.04 million	10.50	12 months	Nil
20.	Commercial paper		10,000 million.	5910.68 million.	9.68	90 days	Nil

[1] The loan agreement dated April 18, 2005 was last renewed on November 23, 2011.
[2] The loan agreement was a renewal and enhancement of an earlier facility provided by the State Bank of Hyderabad and was further renewed through letters date December 30, 2010, March 31, 2011 and March 15, 2012.
[3] Canara Bank has renewed the working capital facility sanctioned to our Company through letter dated March 26, 2012.
[4] The loan agreement was renewed last through a letter dated April 9, 2012.
[5] The loan agreement was renewed last through a letter dated May 2, 2011.
[6] Our Company has requested Andhra Bank to renew the existing working capital limits through its letter dated November 10, 2011.
[7] The loan agreement dated April 18, 2005 was last renewed on January 21, 2012.
[8] The sanction letter dated September 27, 2010 was renewed on December 20, 2010, June 8, 2011 and March 6, 2012.
[9] Our Company has entered into an agreement dated July 30, 2011 with Vijaya Bank for release of an overdraft of 1,000 million. Vijaya Bank vide its letter dated May 22, 2012 enhanced this overdraft facility to 2,000 million and entered into a supplementary agreement with our Company dated May 23, 2012 in this regard.
[10] IndusInd Bank has renewed the existing limits through its letter dated April 25, 2012.
[11] Citi Bank has renewed the existing working capital limits by letter dated May 7, 2012. Subsequently, the facilities limit was increased to 1,940 million through an amendatory agreement dated June 14, 2012 entered into between our Company and Citi Bank.
[12] Loan agreement dated May 6, 2010 was amended on September 13, 2010. Our Company requested the bank to renew the existing limits. The bank is continuing the sanctioned limits and formal sanction letter from the bank is yet to be received by our Company.
[13] Deutsche Bank renewed the working capital limits with effect from May 8, 2012.
[14] Bank of Tokyo renewed the working capital limits with effect from February 29, 2012.
[15] The forward contracts are entered with State Bank of India.
[16] The forward contracts are entered with the banks for import of raw material .
[17] The loan agreement dated May 7, 2010 was last renewed May 8, 2012.
[18] Our Company has requested Vijaya Bank to renew the existing limits through its letter dated May 25, 2012.
[19] As of June 30, 2012, no amount has been drawn down under this facility.

ANNEXURE P

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

STATEMENT OF PRIOR PERIOD ADJUSTMENTS

(₹ in Million)

PARTICULARS	For the three months ended	For the year ended March 31 st				
	30-06-2012	2012	2011	2010	2009	2008
(A) DEBIT						
CLAIMS FOR FINISHED PRODUCTS	-	-	0.7	-	-	3.2
DEPRECIATION	-	28.0	26.7	-	3.2	15.0
OTHER EXPENSES	-	5.0	9.9	0.8	2.8	35.1
SALE OF PRODUCTS	-	-	2.3	6.1	-	-
REPAIRS&MAINTENANCE	-	-	26.9	-	39.2	1.6
	-	**33.0**	**66.4**	**7.0**	**45.3**	**55.0**
(B) CREDIT						
CLAIMS FOR FINISHED PRODUCTS	-	-	-	-	1.5	-
OTHER EXPENSES	-	42.7	101.1	9.5	-	-
OTHER REVENUES	-	6.6	52.1	-	29.8	10.0
SALE OF PRODUCTS	-	15.7	-	-	-	8.0
RAW MATERIALS	18.6	2.0	82.0	-	59.9	21.8
REPAIRS&MAINTENANCE	-	35.6	-	6.3	-	-
STORES&SPARES	-	-	126.4	-	-	19.2
INTERNAL CONSUMPTION	-	-	44.5	63.5	-	-
	18.6	**102.5**	**406.1**	**79.4**	**91.1**	**58.9**
TOTAL (A) - (B)	**(18.6)**	**(69.5)**	**(339.8)**	**(72.4)**	**(45.9)**	**(3.9)**

ANNEXURE Q

RASHTRIYA ISPAT NIGAM LIMITED (CONSOLIDATED)

CONTIGENT LIABILITY AND CAPITAL COMMMITMENTS
AS AT 30-06-2012

(₹ in Million)

SINO	DESCRIPTION	AMOUNT
1	Capital Commitments) (The amount to be executed on capital account)	45,463.2
2	Contigent Liabilities# (Claims against the company not acknowledged as debts)	31,090.6

Notices under Income Tax Act, 1961 have been received by company to re-assess the income of the Assessment Years 2005-06 and 2006-07 regarding set-off of unabsorbed depreciation, the tax implication of which is about ₹ 19090.0 million including interest. This is not considered as contingent liability as the notices are barred by limitation and based on judgement of Hon'ble Gujarat High Court in the case of General Motors India Pvt. Ltd. Vs Dy. Commissioner of Income Tax in a identical issue.