



MSP STEEL & POWER LIMITED

Registered Office: 1, Crooked Lane, Kolkata - 700 069 (West Bengal)

POSTAL BALLOT NOTICE

[Pursuant to Section 192A (2) of the Companies Act, 1956]

NOTICE IS HEREBY GIVEN pursuant to Section 192A of the Companies Act, 1956, read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 that the Company is seeking consent of its members in respect of Special Businesses, which it proposes to pass through Postal Ballot..

The proposed Special businesses along with Explanatory Statement pertaining to the said Resolutions setting out all the material facts and reasons thereof are also annexed along with a Postal Ballot Form (hereinafter called as the "Form") for your consideration.

The Board of Directors has appointed Ms. Swati Bajaj of M/s. P.S & Associates, Practising Company Secretaries, Kolkata, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed on the form and return the same duly completed in the attached self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 6:00 p.m. on the 18th May, 2012. Upon completion of the scrutiny of the Forms, the Scrutinizer will submit his report to the Chairman latest by 21st May, 2012. The result of the Postal Ballot will be announced by Mr. Puranmal Agrawal, Chairman, and in his absence, Mr. Saket Agrawal, Director of the Company on 21st May, 2012 at 3.00 P.M. at the Registered Office of the Company and it will be posted on the website of the Company at www.mspsteel.com besides communicating to the Stock Exchanges concerned where the Company's shares are listed.

In the event the proposed resolutions are approved by requisite majority of shareholders by means of Postal Ballot, the date of declaration of results shall be deemed to be the date of passing of the said resolutions.

ITEM NO. 1

Issue of Further Equity Shares On Preferential Basis

To consider and, if thought fit, to give assent or dissent to the following resolution, as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to provisions of Section 81(1A) and other provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum of Association and the Articles of Association of the Company, the listing agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") where the equity shares of the Company are listed and the Regulations for preferential issue issued by the Securities and Exchange Board of India ("SEBI") under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and other applicable rules, regulations, clarifications and/or guidelines, if any, of SEBI and such other authorities as may be applicable and as amended till date and subject to the requisite approvals or consents, if any, of the Central Government, Reserve Bank of India, Stock Exchanges, SEBI, Banks and Financial Institutions and any other appropriate authorities, institutions, bodies under any other applicable laws, statutes, rules and Regulations for the time being and from time to time in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them while granting such approvals which the Board of Directors (which terms shall include any Committee or Managing Director or Officer authorized by the Board) be and is hereby authorized to accept and subject to such conditions and modifications as may be considered appropriate by the Board, consent of the Company be and is hereby accorded to the Board (with powers to delegate all, or any of the powers hereby conferred to any duly authorized committee thereof) to create, offer, issue and allot on preferential basis, at its sole and absolute discretion, 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each at a price of Rs. 60/- (including a premium of Rs. 50/- per share) or the price as determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, whichever is higher, and on such terms and conditions as may be decided and deemed appropriate by the Board in its absolute discretion to the following entities:-



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"RESOLVED THAT pursuant to provisions of Section 81(1A) and other provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and subject to the provisions of the Memorandum of Association and the Articles of Association of the Company, the listing agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") where the equity shares of the Company are listed and the Regulations for preferential issue issued by the Securities and Exchange Board of India ("SEBI") under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and other applicable rules, regulations, clarifications and/or guidelines, if any, of SEBI and such other authorities as may be applicable and as amended till date and subject to the requisite approvals or consents, if any, of the Central Government, Reserve Bank of India, Stock Exchanges, SEBI, Banks and Financial Institutions and any other appropriate authorities, institutions, bodies under any other applicable laws, statutes, rules and Regulations for the time being and from time to time in force and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of them while granting such approvals which the Board of Directors (which terms shall include any Committee or Managing Director or Officer authorized by the Board) be and is hereby authorized to accept and subject to such conditions and modifications as may be considered appropriate by the Board, consent of the Company be and is hereby accorded to the Board (with powers to delegate all, or any of the powers hereby conferred to any duly authorized committee thereof) to create, offer, issue and allot on preferential basis; at its sole and absolute discretion, 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each at a price of Rs. 60/- (including a premium of Rs. 50/- per share) or the price as determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, whichever is higher, and on such terms and conditions as may be decided and deemed appropriate by the Board in its absolute discretion to the following entities:-

Name of Allottee (Promoter Group)	No. of Equity Shares
Adhunik Gases Ltd	1,200,000
Larigo Investment Pvt Ltd	1,000,000
Raj Securities Ltd	1,000,000
K C Texofine Pvt Ltd	1,215,000
High Time Holdings Private Limited	1,525,000
B.S Confin Private Limited	1,250,000
Total Promoter Contribution (A)	7,190,000
Name of Allottee (Non-Promoter)	No. of Equity Shares
Anubhav Vincon Private Limited	1,000,000
Panchwati Agencies Private Limited	1,000,000
Sambhav Mercantiles Private Ltd	810,000
Total Non Promoter Contribution (B)	2,810,000
Total (A + B)	10,000,000

RESOLVED FURTHER THAT the Relevant Date for the purpose of pricing of the Equity Shares shall be 20th April, 2012, in accordance with SEBI ICDR Regulations .

RESOLVED FURTHER THAT the Equity Shares shall be allotted within a period of fifteen (15) days from the date of passing of this special resolution provided that where the allotment of Equity Shares is pending on account of pendency of any approvals for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank *pari passu* in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the entire pre-issue shareholding of the above allottees, if any, shall be under lock-in from the relevant date up to a period of six months from the date of preferential allotment or such other period as may be applicable under the applicable SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted as above shall be subject to the lock-in as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted as above, shall be listed and traded on all the Stock Exchanges on which the existing equity shares of the Company are listed.

RESOLVED FURTHER THAT the Company do make an application to the National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) for admission of the new equity shares to be issued on preferential basis.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and agreements as may be necessary, and also to seek listing of the equity shares so issued with any Indian stock exchanges with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard to any such issue, offer or allotment of Equity Shares and in complying with any regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authorities of this resolution."

ITEM NO. 2

Creation of charges on the movable and immovable properties of the Company

To consider and, if thought fit to pass, to give assent or dissent to the following resolutions as an Ordinary Resolution
"RESOLVED THAT pursuant to the provisions of section 293(1)(a) of Companies Act, 1956, and other applicable provisions, the consent of the Company be and is hereby accorded to the Company for mortgaging and/or charging, in addition to the mortgages/charges created/ to be created by the Company on such terms and conditions and at such time or times and in such form or manner, as it may think fit, the whole or substantially the whole of the Company's

anyone or more undertaking or all the undertakings, including the present and or future properties, wherever situated in India, whether movable or immovable, comprised in- any existing or 'new-undertaking or undertakings of the Company, as the case may be together with power to take over the management of the business and concern of the said undertaking(s) of the Company in certain events, in favour of lenders(s) for securing the finances availed and/or to be availed in future together with interest, additional interest, further interest, liquidated damages, premier on repayment or on redemption, costs, charges and other expenses payable by the Company to such Banks/Lender(s) under Loan agreements/ Subscription agreements/ Memorandum of terms and conditions/ Letter of Sanctions and/or(other documents, by whatever name called in respect of said Loans/ Financial assistance in terms of the Loan Agreement(s) entered/ to be entered into by the Company in respect of the said Loans/Financial Assistance.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with respective Banks. The documents for creating the mortgage and / or charge and to do all such acts and things, as may be expedient to give effect to this resolution.

ITEM NO. 3

Increase in the Borrowing Powers of the Company

To consider and; if thought fit to pass, to give assent or dissent to the following resolutions as an Ordinary Resolution

RESOLVED THAT in supersession of the resolution passed by the shareholders in the Annual General Meeting of the Company held on September 24, 2008, the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and all other enabling provisions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of money together with moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart from any specific purpose provided however the total amount of monies so borrowed shall not exceed the limit of Rs.2000.00 crores (Rupees Two thousand Crores Only)

RESOLVED FURTHER THAT a copy of the foregoing resolution duly certified to be true by Director of the company be furnished to the said Bank.

By Order of the Board
For **MSP STEEL & POWER LIMITED**

Place: Kolkata

Dated: 31st Day of March, 2012

Pinky Gupta
COMPANY SECRETARY

NOTES:

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of the Notice.
2. In terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the item of business set out in the Notice above are sought to be passed by Postal Ballot and not by electronic mode.
3. The Board of Directors has appointed Ms. Swati Bajaj of M/s. PS & Associates, Practising Company Secretaries, Kolkata, as the Scrutinizer for conducting the Postal Ballot voting process in accordance with the law and in a fair and transparent manner.
4. Members are requested to carefully read the instructions printed in the attached Postal Ballot Form. The Postal Ballot Form, duly completed and signed should be returned in the enclosed self-addressed postage prepaid envelope directly to the Scrutinizer so as to reach the Scrutinizer before the close of working hours (6 P.M) on or before 18th May, 2012. Consent or otherwise received after 30 days of issuance of this notice shall be treated as if the reply from the shareholders has not been received.
5. Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.
6. The Scrutinizer will submit the report to the Chairman of the Company after completion of scrutiny of the Postal Ballot Forms.
7. The result of the Postal Ballot will be announced by Mr. Puranmal Agrawal, Chairman, and in his absence, Mr. Saket Agrawal, Director of the Company on 21st May, 2012 at 3.00 P.M. at the Registered Office of the Company and it will be posted on the Website of the Company at www.mspsteel.com.
8. The Special Resolution mentioned above shall be declared as passed if the number of votes cast in its favour are not less than three times the number of votes cast, if any, against the said Resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 READ WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

Item No. 1

Material Facts Relating to the Preferential Allotment

Your Company is engaged in manufacture of iron & steel products and generation of power. To meet the business needs of the Company in the form of working capital requirements and funding capital expenditure, it is proposed to issue equity shares on preferential allotment basis to the promoters and strategic investors in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

The proposed preferential allotment of Equity Shares would be strictly in accordance with Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("SEBI ICDR Regulations 2009") and the following parameters would be subject to such changes as may be required to conform to the SEBI ICDR Regulations 2009. Such proposed preferential issue would comprise of up to 1,00,00,000 Equity Shares of face value of Rs. 10/- each. The Company has received inclination from the following promoters and other prospective entities to subscribe to these Equity Shares:

Sr. No.	Name of Allottees	No. of Equity Shares proposed to be allotted	Category
1.	Adhunik Gases Ltd	1,200,000	Promoter Group
2.	Larigo Investment Pvt Ltd	1,000,000	Promoter Group
3.	Raj Securities Ltd	1,000,000	Promoter Group
4.	K C Texofine Pvt Ltd	1,215,000	Promoter Group
5.	High Time Holdings Private Limited	1,525,000	Promoter Group
6.	B.S Confin Private Limited	1,250,000	Promoter Group
7.	Anubhav Vincon Private Limited	1,000,000	Non-Promoter
8.	Panchwati Agencies Private Limited	1,000,000	Non- Promoter
9.	Sambhav Mercantiles Private Ltd	810,000	Non- Promoter
	Total	10,000,000	

Hereinafter the aforesaid entities shall be individually and collectively called as "proposed allottee/(s)"

Information as required under Regulation 73 of the SEBI ICDR Regulations, 2009 is as under:

a) Objects of the Issue

To meet the working capital requirements and funding capital expenditure of the Company.

b) Intention of Promoters / Directors / Key Management Persons to subscribe to the Offer:

The following entities of the Promoter Group do intend to subscribe to the above mentioned preferential allotment of shares to the extent of 71,90,000 Equity shares being 10.56 % of the post issue capital of the Company:

Name of Allottee (Promoter Group)	No. of Equity Shares
Adhunik Gases Ltd	1,200,000
Larigo Investment Pvt Ltd	1,000,000
Raj Securities Ltd	1,000,000
K C Texofine Pvt Ltd	1,215,000
High Time Holdings Private Limited	1,525,000
B.S Confin Private Limited	1,250,000
Total Promoter Contribution (A)	7,190,000

c) Shareholding Pattern before and after the issue:

Category of Shareholder	Pre Issue		Post Issue	
	Total No. of Shares	Total Shareholding as a % of total No. of Shares	Total No. of Shares	Total Shareholding as a % of total No. of Shares
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided	2,303,240	3.96	2,303,240	3.38

Family				
Bodies Corporate	39,470,260	67.94	46,660,260	68.52
Sub Total	41,773,500	71.90	48,963,500	71.90
(2) Foreign	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	41,773,500	71.90	48,963,500	71.90
(B) Public Shareholding				
(1) Institutions				
Financial Institutions / Banks	254,990	0.44	254,990	0.37
Foreign Institutional Investors	190,000	0.33	190,000	0.28
Sub Total	444,990	0.77	444,990	0.65
(2) Non-Institutions				
Bodies Corporate	9,123,196	15.70	11,933,196	17.52
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1 lakh	4,653,991	8.01	4,653,991	6.83
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1,906,883	3.28	1,906,883	2.80
Any Others (Specify)				
Non Resident Indians	170,228	0.29	170,228	0.25
Clearing Members	27,212	0.05	27,212	0.04
Trusts	-	-	-	-
Sub Total	15,881,510	27.33	197,440	0.29
Total Public shareholding (B)	16,326,500	28.10	19,136,500	28.10
Total (A)+(B)	58,100,000	100.00	68,100,000	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
Total (A)+(B)+(C)	58,100,000	100.00	68,100,000	100.00

d) Proposed time within which allotment shall be completed

The Allotment of shares is proposed to be completed within a period of 15 days from May 21, 2012 being the date of declaration of results of postal ballot for preferential allotment of equity shares provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the Company receives all approvals from the concerned authorities and the subscription received from the investors.

e) Identity and details of the proposed allottees :-

Sl. N o.	Name	Category	Address	Pre-Issue Holding	% of Pre-Issue Holding	No. of Shares (Proposed for Allotment)	Post Issue Holding	% Post Issue Holding
1	Adhunik Gases Ltd	Promoter Group	1, Crooked Lane, Kolkata- 700069	4,004,000	6.89	1,200,000	5,204,000	7.72
2	Larigo Investment Pvt Ltd	Promoter Group	1, Crooked Lane, Kolkata- 700069	3,835,000	6.60	1,000,000	4,835,000	7.10
3	Raj Securities Ltd	Promoter Group	13A, Dacres Lane, 5th Floor, Kolkata- 700069	3,872,000	6.66	1,000,000	4,872,000	7.15

4	K C Texofine Pvt Ltd	Promoter Group	1, Crooked Lane, Kolkata- 700069	3,932,000	6.77	1,215,000	5,147,000	7.56
5	High Time Holdings Private Limited	Promoter Group	1, Crooked Lane, Kolkata- 700069	--	--	1,525,000	1,525,000	2.24
6	B.S Confin Private Limited	Promoter Group	1, Crooked Lane, Kolkata- 700069	--	--	1,250,000	1,250,000	1.84
7	Anubhav Vincon Private Limited	Non-Promoter	3/100, Azadgarh, Tollygunge, Kolkata- 700040	--	--	1,000,000	1,000,000	1.47
8	Panchwati Agencies Private Limited	Non-Promoter	3/113/1, Azadgarh, Tollygunge Kolkata- 700040	--	--	1,000,000	1,000,000	1.47
9	Sambhav Mercantiles Private Ltd	Non-Promoter	1/1D Prince Golam Mohmmad Shah Road, Kolkata- 700095	114000	--	810,000	924,000	1.36

f) Pricing of the Issue

The pricing of the Equity Shares to be allotted on preferential basis to the proposed allottees shall not be lower than the price determined in accordance with the SEBI ICDR Regulations 2009.

Currently SEBI ICDR Regulations 2009 provide that the issue of shares on preferential basis can be made at a price not less than higher of the following:

The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the twenty-six weeks preceding the relevant date; Or

The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Equity Shares would have been 21st April, 2012, being the date which is 30 days prior to the declaration of results of Postal Ballot i.e. 21st May, 2012, which is deemed to be the date of the General Meeting for passing the resolution under section 81(1A) of the Companies Act, 1956. *However, in terms of the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations 2012 dated 30th January 2012, where the relevant date falls on a Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the relevant date. Since, 21st April 2012 is a weekend, therefore 20th April 2012 shall be deemed to be the Relevant Date.*

The Stock Exchange for this purpose shall mean any of the recognized stock exchanges and on which the highest trading volume in respect of the shares of the Company has been recorded during the preceding twenty-six weeks prior to the Relevant Date.

g) Change in Control or composition of the Board:

The allotment would not result in any change in control over the Company or the management of the affairs of the Company and the existing Promoters/Directors of the Company will continue to be in control of the Company.

h) Auditors' Certificate:

The price at which the Equity Shares would be issued to the proposed allottees cannot be exactly determined before issue of this notice to the shareholders as it depends on the average of the market prices prevailing in the preceding 2 weeks or 26 weeks as per the SEBI formula. Hence, the Auditors' Certificate required under Clause 73(2) of the SEBI

ICDR Regulations, 2009 will be made available for inspection at the Corporate Office of the Company between 3.00 p.m. and 5.00 p.m. on any working day from Relevant Date (i.e. 20th April, 2012) upto the last date for voting under Postal Ballot.

i) Lock-in of proposed issue of shares:

The Equity Shares proposed to be issued to above proposed allottees shall be locked in for a period from the date of allotment in terms of Regulation 78 of SEBI regulation for preferential allotment contained in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Further the entire pre-allotment shareholding of the proposed allottees; if any, shall be locked-in from the relevant date upto a period of six months from the date of preferential allotment of shares.

J) Undertaking:

The Company hereby undertakes that:

The Company shall re-compute the price of the specified securities in term of the provisions of SEBI ICDR Regulations 2009 where it is required to do so.

If the amount payable on account of the re-computation of the price is not paid within the time stipulated in the regulations, the specified securities shall be continue to be locked-in till the time such amount is paid by the proposed allottees.

As per Section 81 of the Companies Act, 1956 and the provisions of the Listing Agreement which have been entered into by the Company with the Stock Exchanges on which the shares of the Company are listed, as and when it is proposed to increase the shares of the Company by allotment of further shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down under Section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution.

Additionally, the SEBI ICDR Regulations require matters to be stated in the resolution which is required to be passed under Section 81 (1A) of the Companies Act, 1956 and in the explanatory statement in respect of such resolution.

Hence, the consent of the shareholders by way of special resolution is being sought for issue of the shares on preferential basis.

The Board recommends the resolution for your approval.

None of the Directors of your Company except Mr. Purnamal Agrawal, Mr Manish Agrawal & Mr. Saket Agrawal, shall be concerned or deemed to be interested in the said resolution.

ITEM NO. 2 & 3

The Board of Directors of your company has decided in the Board Meeting held on 31.03.2012 that in order to mobilize funds for general corporate finances including setting up of plants, to meet capital expenditure requirements, reorganization and / or arrangements, it is necessary to raise finances by way of loan from banks/financial corporations. The Company has decided to set up a limit of Rs. 2000.00 crores. For securing the above borrowings the company shall create mortgage in favour of Banks/lender(s)/financial institutions of its whole or substantially the whole of the undertaking as per the terms & conditions of the sanction letter etc.

Hence, the Board recommends the said resolution for your approval.

None of the Directors or Officers of the Company is concerned or interested in the said resolution.

By Order of the Board
For **MSP STEEL & POWER LIMITED**

Sd/-

Pinky Gupta
COMPANY SECRETARY

Place: Kolkata

Dated: 31st day of March, 2012