



MSP STEEL & POWER LIMITED

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

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PASSING OF THE RESOLUTION BY POSTAL BALLOT) RULES, 2001

Dear Members(s)

Notice pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, is hereby given that the Company is seeking consent of the Shareholders through the process of Postal Ballot.

The resolutions proposed to be passed and the Explanatory Statement pertaining thereto stating all material facts and the reasons for the proposed resolutions are also appended below for consideration of the Members. The attached Postal Ballot Form is to be used by the Members for the purpose of exercising vote in respect of the said resolutions.

You are requested to read carefully the instructions printed on the reverse of the Postal Ballot Form and return the Form duly completed and signed in the attached business reply self-addressed envelope so as to reach the Scrutinizer on or before the close of business hours on 6th January, 2011.

The Board of Directors at its meeting held on 3rd November 2010 has appointed M/s. P. S. Associates Practising Company Secretaries, Kolkata, as the Scrutinizer for conducting the Postal Ballot voting process. After completion of her scrutiny, she will submit her report to the Chairman and in his absence to the Managing Director/ Director of the Company.

The results of the Postal Ballot will be declared on 10th January 2011 at 3.00 pm at the Registered Office of the Company and it will be posted on the Company's website www.mspsteel.com besides communicating the same to the Stock Exchanges where the shares of the Company are listed.

Copies of all the relevant documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays from 10.00 am to 1.00 PM upto the date of declaration of the results of Postal Ballot.

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

1. RAISING OF LONG TERM RESOURCES

To consider, and if thought fit, to pass the following resolution as Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") as in force and subject to all other applicable Rules, Regulations, Guidelines, Notifications and Circulars of the Securities and Exchange Board of India ("SEBI"), the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), Rules, Regulations, Guidelines, Notifications and Circulars issued under FEMA, Provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India ("RBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce, the Foreign Investment Promotion Board ("FIPB"), and all other Authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as "Appropriate Authorities"), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as "Requisite Approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorised at its absolute discretion to create, offer, issue and allot (including the provisions for reservation on firm and / or competitive basis, of such part of issue and such categories of persons as may be permitted), in the course of one or more public or private offering in domestic market, equity shares including Qualified Institutional Placement (QIP) under SEBI ICDR Regulations Mandatory Convertible Preference Shares ("MCPS"), Foreign Currency Convertible Bonds (FCCBs), debentures or bonds whether partially/ optionally/fully convertible and/or securities linked to equity shares and/or non-convertible debentures or any other securities permissible by Indian law including Foreign Currency

Convertible Bonds and or any other financial instruments (OFIs) with or without warrants, or any other equity related instrument of the Company or a combination of the foregoing including but not limited to a combination of equity shares with Bonds and/or any other securities with or without warrants which may either be detachable or linked, and which warrant has a right exercisable by the warrant holder to subscribe for equity shares and/or warrants with an option exercisable by the warrant holder to subscribe for equity shares and/or any instruments or securities representing either equity shares and/or convertible securities linked to equity shares (all of which are hereinafter collectively referred to as Securities) to eligible investors under applicable laws, regulations and guidelines (whether residents and/or non residents, and /or institutions/ banks, and/or incorporated bodies, mutual funds, venture capital funds, and Indian and/or multi-lateral financial institutions, and/or individuals, and /or promoter & promoter group and/or trustees, and/or stabilizing agents or otherwise, and whether or not such investors are members of the Company) through prospectus, and/or letter offer or circular, and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash at price or prices, in accordance with the applicable regulations, in consultation with book running lead managers and/or other advisers or otherwise, on such terms and conditions as the Board, may in its absolute discretion, decide at the time of issue of securities provided that total amount raised through issuance of such securities shall not exceed Rs. 300 Crore (Rupees Three hundred crore) or its equivalent in one or more currencies including premium if any, as may be decided by the Board, to Investors as mentioned above.

RESOLVED FURTHER THAT in the event of issue of securities by way of QIP issue:

- the 'Relevant Date' on the basis of which the price of the securities shall be determined as specified under applicable law, shall be the date of the meeting in which the Board or the Committee of Directors, duly authorized by the Board, decides to open the proposed issue of the securities or in the case of securities convertible into or exchangeable with equity shares it shall be the date on which the holder of the securities becomes entitled to apply for the said shares;
- the allotment of securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by the SEBI (ICDR) Regulations from time to time; and
- the securities shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange in India or except as may be permitted from time to time by the SEBI (ICDR) Regulations;

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevailing market practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional equity shares or variation of the conversion price of the securities during the duration of the securities and the Board be and is hereby authorised in its absolute discretion in such manner as it may deem fit, to dispose off such of the securities that are not subscribed;

RESOLVED FURTHER THAT FCCBs, the 'Relevant Date' on the basis of which price of the resultant shares shall be determined as specified under applicable law.

RESOLVED FURTHER THAT the Company or any agency or body or person authorized by the Board may issue depository receipt representing the underlying equity shares in capital of the Company or such other security in negotiable, registered or bearer form (as may be permissible) with such features or attributes as may be required and to provide tradability and free transferability thereof as per market practices and regulations including one or more stock exchange(s) in or outside India.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted, including issue and allotment of equity shares upon conversion of any securities referred to above or as may be necessary in accordance with terms of the offer, subject to provisions of Memorandum and Articles of Association of the Company all such equity shares ranking pari passu inter se and with the then existing equity shares of the company in all the respect, including dividend which shall be subject to the relevant provisions in that behalf contained in Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary or desirable for such purposes, and with power on behalf of the Company to settle all questions, difficulties, or doubts that may arise in regard to such issue (s) or allotment(s) as it may, in absolute discretion, deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form, terms and timing of the issue(s), including but not limited to finalization and approval of the

preliminary as well as the final offer document(s), the class of investors to whom the securities are to be allotted, number of securities to be allotted in each tranches, issue price, face value, premium amount on issue/conversion of securities/exercise of warrants/redemption of securities, rate of interest, redemption period, creation of mortgage/charge in accordance with the provisions of Section 293 (1) (a) of the said Act, in respect of any securities, either on pari-passu basis or otherwise, relevant date for pricing, listing on one or more stock exchange in India deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all such acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issues(s) without being required to seek any further 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 authority of this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the issue of the securities and to give effect to these resolutions, including, without limitation, the following:

- sign, execute and issue all documents necessary in connection with the issue of securities, including listing applications to stock exchanges and various agreements, declarations, deeds and undertakings;
- seeking if required, consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consent that may be required in connection with the issue and allotment of the securities;
- giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and
- settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of securities as it may in its absolute discretion deem fit;

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors.

RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorised to finalise and approve the placement document for the proposed issue of the securities and to authorise any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorized person be required from time to time, and to arrange for submission of the placement document, and any amendment(s) and supplement(s) thereto, with the stock exchanges, where the shares of the company are listed, government, and regulatory authorities, institutions or bodies, as may be required.

RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorised to appoint, in its absolute discretion, managers (including lead managers), investment bankers, merchant bankers, underwriters, guarantors, financial advisors, legal advisors, solicitors and advocates, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and all other agencies, in India, in connection with the proposed offering of the securities and to negotiate and finalise the terms and conditions (including the payment of fees, commission, out of pocket expenses and their charges subject to requisite approvals of Reserve Bank of India, if any) of the aforesaid appointments and also to, in its absolute discretion/renew or terminate the appointments so made.

2. RAISING OF FUNDS BY ISSUE OF PREFERENCE SHARES

RESOLVED THAT in super session to the earlier Resolution passed by the Members of the Company on 24th September 2009, the consent of the Company be and is hereby accorded, in terms of provisions of Section 81 & 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the prevailing Guidelines in that behalf, the enabling provisions of the Memorandum & Articles of Association of the Company and subject to the approvals, if any necessary, of the Stock Exchanges where the shares of the Company are listed, Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and such other approvals as may be necessary, subject to such conditions and modifications as may be prescribed or imposed by

any of them while granting such approvals and which may be agreed to by the Board of Directors of the Company (the Board) and/or duly authorized committee thereof for the time being exercising the power conferred on the Board by this resolution, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot Preference Shares, either Cumulative or Non-cumulative, as the Board may decide at the time of issue thereof in one lot or such other lots by an amount not exceeding Rs. 1,20,00,00,000/- (Rupees one hundred twenty crores) to selected group, persons including strategic investors, members, employees, non-resident Indians, including Overseas Corporate Bodies(OCBs) substantially owned by NRIs, Financial Institutions (FIs), Foreign Institutional Investors (FIIs), Companies, multilateral financial institutions, other entities and/or any one or more combination thereof whether through private placement, conversion of loans or otherwise and/or any one or more modes or any combination thereof as may be permitted under the then prevailing laws, at such price or prices including premium or in such manner as the Board or Committee thereof may in its absolute discretion think fit and determine from time to time, in conformity with the relevant provisions of law and the Articles of Association of the Company and in consultation with the Lead Managers, Advisors and such other persons and on such terms and conditions including rate of dividend, redemption period, manner of redemption, (whether at par or premium) fixing of record date or book closure and other related or incidental matters."

"RESOLVED FURTHER THAT such of the securities to be issued as are not subscribed may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company, including overall planning with Bank/financial institutions/investment institutions/mutual funds/foreign Institutional investors/multilateral financial institutions or such other persons or otherwise as the Board or Committee may in its absolute discretion decide."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the issue of the Preference Shares as aforesaid and to decide and determine and/or modify the detailed terms and conditions of the issue, the manner and mode of redemption and to do all such further acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient to give effect to this resolution without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

3. INCREASE OF AUTHORISED SHARE CAPITAL

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 the Authorised Share Capital of the Company be increased from Rs. 75,00,00,000/- (Rupees Seventy five Crore Only) divided into 6,00,00,000 (Six Crore) equity shares of Re.10/- (Rupee Ten) each & 1,50,00,000/-(One Crore fifty lac) Preference shares of Rs. 10/- (Rupee Ten) each to Rs. 97,00,00,000/-(Rupees Ninety Seven Crore Only) divided into 8,20,00,000 (Eight Crore twenty lac) equity shares of Re.10/- (Rupee Ten) each & 1,50,00,000/-(One Crore fifty lac) Preference shares of Rs. 10/- (Rupee Ten) each.

RESOLVED FURTHER THAT consequential changes be made in the Clause V of the Memorandum of Association of the Company and accordingly the existing clause V of the Memorandum of Association of the Company shall be substituted by the following Clause:

- V. "The Authorised Share Capital of the Company is Rs. 97,00,00,000/-(Rupees Ninety Seven Crore Only) divided into 8,20,00,000 (Eight Crore twenty lac) equity shares of Re.10/- (Rupee Ten) each & 1,50,00,000/-(One Crore fifty lac) Preference shares of Rs. 10/- (Rupee Ten) each."

By Order of the Board
For MSP Steel & Power Limited

Sd/-
Pinky Gupta
Company Secretary

Place : Kolkata
Date : 3rd November, 2010

EXPLANATORY STATEMENT AND REASONS FOR PROPOSED RESOLUTIONS AS REQUIRED UNDER SECTION 173(2) AND 192A OF THE COMPANIES ACT, 1956 TO THE ACCOMPANYING NOTICE DATED 3rd NOVEMBER, 2010.

ITEM NO 1

Your Company is exploring possibilities of expansions, business alliances, tie-ups and make strategic investments for long term business growth or invest for other general corporate purposes, which need long term resources. To cope with the said requirements apart from meeting the general corporate purposes or strategic investment plans, the Company intends to raise additional finance by ways of issue of securities in the domestic/international market(s).

The proposed resolution seeks the authorisation of the members to enable the Board of Directors (the Board) for raising additional funds through the issue of Securities in the domestic/international market(s), including by way of Qualified Institutional Placement (QIP) with the Qualified Institutional Buyers (QIBs) in accordance with provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) or any other securities for an amount not exceeding Rs 300 Crore (Rupees Three Hundred Crore) or its equivalent in one or more currency or in one or more tranches, in such form on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board, to the various categories of investors in domestic/international market(s).

The detailed terms and conditions for Issue of securities will be determined in consultation with the Lead Managers, other advisors and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The pricing of the QIP will not be less than average of weekly high and low of the closing prices of the related shares quoted on Stock Exchanges during the two weeks preceding the relevant date. The relevant date for determination of applicable price for issue of QIP securities shall be the date of the meeting in which the Board or a committee of directors duly authorized by the Board decides to open the proposed issue or the date on which the holders of such convertible securities at later date become entitled to apply for the said equity shares as the case may be. It is in the above circumstances that the enabling resolution is proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the Issue.

Section 81 of the Companies Act, 1956, provides, inter-alia, that when it is proposed to increase the share capital of the Company by allotment of further shares, such further shares shall be offered to the existing Shareholders of the Company in the manner laid down in Section 81 unless the shareholders in a General Meeting decide otherwise. The proposed Issue of Securities as aforesaid, not being on a rights basis to all the existing shareholders of the Company, the consent of the Shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the listing Agreement executed by the Company with the Stock Exchanges in India where the Equity Shares.

The Board of Directors recommends the resolution by way of special resolution for approval of members of the Company.

Your approval is sought by voting by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

The directors of the Company may be deemed to be interested or concerned in the resolution to the extent of securities that they may be subscribed to by companies/institutions of which they are directors or members.

ITEM NO 2

The Board of Directors of your Company has ambitious plan to undertake expansion project for manufacturing of Sponge Iron, Pellets, Generation of Power besides taking various cost reduction measures like setting up of Coal Washery and Railway Siding. Your Company is trying to expand product capacities of integrated steel plant at Raigarh in the State of Chattisgarh having various divisions.

It has further undertaken to expand Coal Washery by approximately 3.84 lacs MT per annum, Sponge Iron by 115500 MT per annum, Power Plant by 52 MW capacity as well as extension of railway siding and material handling system with wagon tipplers.

The proposed plant site is within and near to the existing plant at Raigarh which is located 20 km from Raigarh on the border of Orissa State. The state of Chattisgarh has witnessed rapid development in terms of infrastructure and is well-connected by road and railways. The total cost of the project is approximately Rs. 814.50 Crores. The project is to be funded by way of infusion of fund in the form of Preference Share Capital, internal accruals and borrowings from banks and financial institutions. The Board of Directors of your Company has vast experience in steel industry for more than 3 decades and they have been associated in implementation of various projects. Your Company is part of MSP Group and your Directors are confident that the existing marketing, distribution and infrastructure of the group will facilitate in selling the finished products of the proposed expansion project. It is expected that the cost of generation of power by your Company will be competitive and economical in view of the fact that the Eastern Region is having substantial coal reserves which is one of the important gradients for thermal power plant. Your Company has been allotted a coal block at Chattisgarh by the Ministry of Coal, Government of India. Your Directors are confident that the proposed expansion plant will provide a new direction to the Company and your Company will be a unique industry of integrated steel plant of its kind.

The proposed issue of Preference Share is expected to be subscribed by select group of persons and it has been decided to issue 6% or such other rate of Redeemable Preference Shares of Rs. 10/- each for cash at premium and the amounts raised by this issue will be utilized for expansion projects of the Company

None of the Directors of the Company is having any concern or interest in the aforesaid resolution. Your Directors recommend approval of these Resolutions.

ITEM NO 3

To accommodate the issue of further shares in terms of Item no 1, the Authorised Share Capital will be required to be increased. Accordingly your consent is being sought under Section 94 of the Act for increasing the authorised share capital from Rs. 75,00,00,000/ divided into 6,00,00,000 Equity Shares of Re 10/- each & 1,50,00,000 Preference shares of Rs. 10/- each to 97,00,00,000/- (Rupees Ninety Seven Crore Only) divided into 8,20,00,000 (Eight Crore twenty lac) equity shares of Re.10/- (Rupee Ten) each & 1,50,00,000/- (One Crore fifty lac) Preference shares of Rs. 10/- (Rupee Ten) each to enable the Company to issue and allot the Shares to the investors.

The Board of Directors recommends the resolution by way of ordinary resolution for approval of members of the Company.

Your approval is sought by voting by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

None of the directors of your Company is interested or concerned in the Resolution.

By Order of the Board
For MSP Steel & Power Limited

Sd/-

Pinky Gupta
Company Secretary

Place: Kolkata
Date: 3rd November, 2010