

By Fax / Courier

SECY / 2014 / 595
Saturday, August 30 2014

The Manager, Listing Department,
National Stock Exchange of India Limited
"Exchange Plaza", C - 1, Block G,
Bandra – Kurla Complex, Bandra (East),
MUMBAI – 400 051



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CIN : L27100MH1984PLC034003

Sub: Updates – Minutes of Extra-ordinary General Meeting held on 5th August 2014

Ref : NSE Script Code : SUNFLAG

Dear Sir / Madam,

With reference to the captioned subject, we are enclosing herewith the Certified True Copy of the Minutes of the Extra-Ordinary General Meeting held on Tuesday, the 5th August 2014 at Nagpur.

You are kindly requested to place the aforesaid information on records. Meantime, kindly acknowledge the receipt.

Sincerely,

For Sunflag Iron and Steel Company Limited

CS Pranab Panigrahi
Company Secretary

Visit us at www.sunflagsteel.com

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CHAIRMAN'S SPEECH

The Chairman in his brief address appraised to the members that, the Steel industry plays a significant role in the economic growth. India has acquired a central position in the global steel map with its giant steel mills, acquisition of global scale capacities players, continuous modernization and up-gradation of old plants, improving energy efficiency and backward integration into global raw material sources.

The Chairman also appraised that the auto market in India is growing gradually and lot of foreign companies from countries like USA, Japan and Europe are inclined to procure auto components from Indian companies having best of equipments and technology. Apart, the Indian automotive companies are catering to the steel requirement for critical components from Japan and are looking for import substitution. As such, the future Alloy Steel Market in India looks very competitive.

The Chairman apprised that Daido Steel Co. Ltd, Japan, ('Daido') is one of the major alloy steel manufacturers in Japan, incorporated in year 1950 and are catering the major portion of the steel requirement for auto components in Japan. Daido has vast experience of supplying the quality steel to all the auto manufacturers and have very good operative experience.

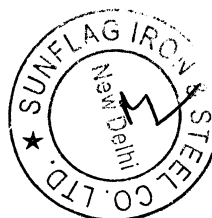
The Chairman appraised the members about the issue and allotment of 1,80,21,945 (One Crore Eighty Lacs Twenty One Thousand Nine Hundred Forty Five) Equity Shares of ` 10/- ( Ten) each at a premium of ` 21/- (Twenty One) each, to Daido Steel Co. Ltd., Japan. The amount raised through the issue will be utilized to, strengthen the equity (capital) base of the Company for the purpose of raising debt in future, meet certain capital expenditure, and to meet expenditure for general corporate purposes.

In response to the Company's application for in-principle approval, the Stock Exchanges (Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.), has advised the Company to further clarify the point no. (e) of the Notes to the Notice of EGM i.e. **identity of the natural persons who are the beneficial owners**, and also advised, the clarification to be read out and/or to circulate at the EGM.

The Chairman read out the clarification before the meeting, which reads as "the Investor i.e., Daido Steel Co. Ltd., Japan is a Listed Company and its securities are currently listed / traded at Tokyo Stock Exchange. As such, the detail of beneficial owner in case of Daido is not required."

The Chairman apprised the Members that Pursuant to Section 108 of the Act read with Rule 21 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement/s, the Company has provided e-voting facility to its Members through CDSL platform, starting at 9:00 hrs on 29th July 2014 till at 18:00 hrs on 30th July 2014. To conduct the e-voting process, the Board of Directors of the Company has appointed M/s. Pinkush Jaiswal & Associates, Company Secretary in Practice, as a Scrutinizer, as per the provisions of the Act read with the Rules made thereunder.

While acknowledging all round support of all concerned, the Chairman assured the members that the Company is in safe hands.



MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE MEMBERS OF SUNFLAG IRON AND STEEL COMPANY LIMITED HELD ON TUESDAY, THE 5th AUGUST, 2014 AT 3.00 P. M. AT INDIAN MEDICAL ASSOCIATION'S J. R. SHAW AUDITORIUM, NORTH AMBAZARI ROAD, NAGPUR – 440 010

PRESENT :

DIRECTOR

- | | | |
|-------------------------------|---|--|
| 01. Mr. RAVI BHUSHAN BHARDWAJ | - | VICE - CHAIRMAN & MANAGING DIRECTOR, SHAREHOLDER |
| 02. Dr. E. R. C. SHEKAR | - | DIRECTOR & SHAREHOLDER |
| 03. Mr. SAMPANGI GAJENDRAN | - | DIRECTOR |
| 04. CA JAYESH M PARMAR | - | DIRECTOR |
| 05. Mr. SURENDRA KUMAR GUPTA | - | DIRECTOR & CEO, SHAREHOLDER |

ALSO PRESENT :

- | | | |
|---------------------|---|--|
| CA R Muralidhar | - | Executive Director (Finance) |
| CA Jayant I Mehta | - | Statutory Auditors – M/s. Patel, Shah & Joshi, Chartered Accountants, Mumbai |
| CS Pranab Panigrahi | - | Company Secretary & Compliance Officer |
| CS Mukesh D Parakh | - | Company Secretary |
| CS Pinkush Jaiswal | - | Scrutinizer – M/s. Pinkush Jaiswal & Associates, Company Secretary in Practice |

MEMBERS - 41 (As per EGM attendance register)

PROXIES - 1 (As per EGM Proxy register)

PROCEEDINGS :

STATUTORY RECORDS AND REGISTERS

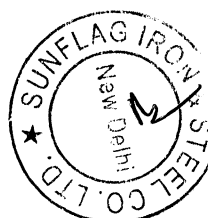
The statutory records, registers and documents as required to be maintained by the Company were placed before the meeting and kept open / accessible to the members for inspection during the continuance of the Meeting.

CHAIRMAN OF THE MEETING

In the absence of Mr. P. B. Bhardwaj, Chairman; Mr. Ravi Bhushan Bhardwaj, Vice-Chairman & Managing Director, presided over the meeting.

QUORUM

The quorum being present, the Chairman declared the meeting open and welcomed the members present.



SPECIAL BUSINESS :-

ITEM NO. 01 : **Re-classification of Authorised Share Capital and consequent amendments to the Capital Clause of the Memorandum and Articles of Association of the Company**

Ms Asha Sainani, shareholder proposed the following Special Resolution which was seconded by Mr. Joshi Thomas, Shareholder of the Company.

"RESOLVED THAT pursuant to the provisions of Section 13, 14, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 and the provisions of the Memorandum and Articles of Association of the Company, 40,00,000 (Forty Lacs) 10% Cumulative Preference Shares of ` 100/- ( One Hundred) each forming part of the Authorised Share Capital of the Company, lying unissued be and are hereby cancelled for the purpose of reclassification by concurrently creating 4,00,00,000 (Four Crore) Equity Shares of ` 10/- (Ten) each aggregating to ` 40,00,00,000/- ( Forty Crore) and that the Authorised Share Capital of the Company be and is hereby reclassified to ` 205,00,00,000/- (Two Hundred Five Crores) divided into 20,50,00,000 (Twenty Crore Fifty Lacs) Equity Shares of ` 10/- (Ten) each.

FURTHER RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act 2013, the existing Clause V of the Memorandum of Association of the Company as to Authorised Share Capital be and is hereby substituted in its place and stead as under :

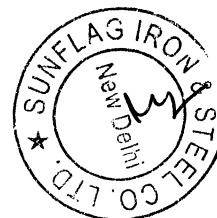
- V. *The Authorised Share Capital of the Company is `205,00,00,000 ( Two Hundred Five Crores) divided into 20,50,00,000 (Twenty Crores Fifty Lacs) Equity Shares of` 10/- (Ten) each with the rights, privileges, and conditions attached thereto as are provided by the regulations of the Company for the time being.*

The Company has power from time to time, to increase or reduce its Share Capital and to divide the shares in the original or increased or reduced capital for the time being into several classes and to divide and to attach thereto respectively such preferential rights and privileges and conditions, as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 as well as the Companies Act, 2013 (to the extent applicable) and/or provided in the Articles of Association of the Company, and to consolidate and/or subdivide these Shares and to issue shares of higher or lower denomination.

FURTHER RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act 2013, the existing Article 3 of the Articles of Association of the Company, as to Authorised Share Capital be and is hereby substituted in its place and stead as under :

3. *CAPITAL - The Authorised Share Capital of the Company is ` 205,00,00,000 ( Two Hundred Five Crores) divided into 20,50,00,000 (Twenty Crores Fifty Lacs) Equity Shares of` 10 (Ten) each with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being.*

The Company has power from time to time to increase or reduce its share capital and to divide the shares in the original or increased or reduced capital or the time being into



several classes and to divide and to attach thereto respectively such preferential rights and privileges and conditions, as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 as well as the Companies Act, 2013 (to the extent applicable) and/or provided in the Articles of Association of the Company and to consolidate and/or sub-divide these shares and to issue shares of higher or lower denomination.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and to take such steps, as may be necessary, to give effect to the resolution.”

The Chairman thereafter invited comments / queries from the Members on the aforesaid Special Resolution, as there was no query from the Members, the Chairman *Sou Moto* proposed the poll.

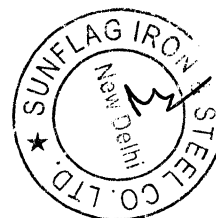
The Chairman with due consent of the Members present in person and proxy and in consultation with the Scrutinizer for the meeting, declared that the poll process will be conducted at the end of the business agenda.

ITEM NO. 02 : Issue of Equity Shares on Preferential Basis

The Chairman, before moving for the Item No. 02 of the Agenda for the meeting, apprised the Members present at the meeting with a clarification, which reads as “the Investor i. e., Daido Steel Co. Ltd., Japan is a Listed Company and its securities are currently listed / traded at Tokyo Stock Exchange. As such, the detail of beneficial owner in case of Daido is not required.”

Mr. Bhushan Tembhekar, Shareholder proposed the following Resolution which was seconded by Mr. Anil Sarve, Shareholder.

“RESOLVED THAT pursuant to the provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Competition Act, 2002, the provisions of Chapter VII of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009, (hereinafter referred to as ‘**SEBI (ICDR) Regulations**’) (including any statutory amendment, modification, variation or re-enactment thereof, and the provisions of any rules / regulations / guidelines issued / framed by the Central Government, Reserve Bank of India, Foreign Investment Promotion Board thereof, for the time being in force), relevant enabling provisions of the Memorandum and Articles of Association of the Company, and in accordance with the Listing Agreement entered into by the Company with the Stock Exchanges where the securities (Equity Shares) of the Company are listed and subject to all such approvals, consents, permissions and/or sanctions as may be required by law from Government of India, Competition Commission of India, Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and any other appropriate, regulatory, concerned authorities, institutions or body (hereinafter singly or collectively referred to as ‘**the appropriate authorities**’) and subject to such terms, conditions, alterations, changes, variations and/or modifications as may be prescribed or imposed by any one or more or all of them while granting any such consents, permissions, approvals and/or sanctions (hereinafter singly or collectively



referred to as '**the 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(s), which the Board may have constituted or hereafter constitute in this behalf to exercise the powers conferred on the Board by this resolution), the Board be and is hereby authorised to create, offer, issue and allot **1,80,21,945 (One Crore Eighty Lacs Twenty One Thousand Nine Hundred Forty Five)** Equity Shares of ` 10/- ( ` Ten) each at a premium of ` 21/- ( ` Twenty One) each considering the date thirty (30) days prior to the date of this meeting as the Relevant Date in accordance with the provisions of Regulation 71 of Chapter VII of SEBI (ICDR) Regulations for Preferential Issues on such further terms and conditions as may be approved or finalised by the Board to **Daido Steel Co. Ltd.** (hereinafter referred to as the '**Investor**'), a Company incorporated under the Laws of Japan on a preferential basis, without offering the same to any other person.

RESOLVED FURTHER THAT the "Relevant Date" in relation to issue of Equity Shares pursuant to this resolution in accordance with the provisions of Regulation 71 of Chapter VII of the SEBI (ICDR) Regulations shall be the date thirty (30) days prior to the date of this Extraordinary General Meeting of the Shareholders of the Company i. e. **Friday, the 4th July 2014** (being the date preceding the weekend / holiday) or such other date as may be prescribed in accordance with the SEBI (ICDR) Regulations.

RESOLVED FURTHER THAT subject to the terms stated hereinabove :

- a) The Equity Shares, offered and issued shall be allotted within a period of fifteen (15) days from the date of passing of this resolution, provided that if any requisite approvals from the appropriate authorities for allotment of Equity Shares is pending, the period of fifteen (15) days shall be counted from the date of such requisite approvals.
- b) The Equity Shares, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.
- c) The Equity Shares offered, issued and allotted pursuant to this resolution shall rank *pari passu* inter-se with the then existing Equity Shares of the Company in all respects, including dividend.
- d) The Equity Shares offered, issued and allotted shall remain locked-in from such date and for such periods as specified under the SEBI (ICDR) Regulations.
- e) The Equity Shares offered, issued and allotted to the Investor shall be in dematerialised form.

RESOLVED FURTHER THAT pursuant to Section 52 of the Companies Act, 2013, the premium @ ` 21/- ( ` Twenty One) per Equity Share to be received on issue and allotment of 1,80,21,945 (One Crore Eighty Lacs Twenty One Thousand Nine Hundred Forty Five) Equity Shares of the Company as aforesaid be transferred to the "Securities Premium Account" of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any Committee or any Director or Directors or any other Officer or Officers of the Company to give effect to the aforesaid resolution including to execute any document on behalf of the Company and to represent the Company before any appropriate authorities.



RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper including without limitation to enter into arrangements / agreements and to settle any question, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Equity Shares with the Stock Exchanges, without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

The Chairman thereafter invited comments / queries from the Members on the proposed Resolution, as there was no query from Members, the Chairman *Sou Moto* proposed the poll.

The scrutinizer thereafter in consultation with the Chairman initiated the poll process in accordance with the provisions of the Act read with Rules made thereunder.

After the completion of poll, the scrutinizer reported the Chairman that the poll was completed, which was duly reported by the Chairman before the meeting. The Chairman added that, the scrutinizer shall submit their report, as per the provisions of the Act read with Rules made thereunder. The report of the scrutinizer will be based on the results of the poll and the results of e-voting. The result of the aforesaid Special Resolutions shall be declared as per the provisions of the Act read with Rules made thereunder.

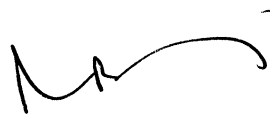
The results of e-voting, poll and the combined results of e-voting and poll, so declared as per the provisions of the Act read with Rules made thereunder, be posted on the web site of the Company as well as web site of Stock Exchanges and CDSL.

The passing of the resolution by e-voting and/or by poll shall be treated as passed in the EGM.

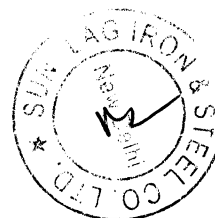
VOTE OF THANKS :

Vote of thanks were proposed by Mr. Pranab Panigrahi and seconded by Mr. Bhushan Tembhekar.

The Chairman thereafter declared the meeting closed, which terminated with a vote of thanks to the Chair.



RAVI BHUSHAN BHARDWAJ
Vice - Chairman & Managing Director



**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)**

ITEM No. 1 :

The present Authorised Share Capital of the Company is ` 205,00,00,000/- ( ` Two Hundred Five Crores) divided into 16,50,00,000 (Sixteen Crore Fifty Lacs) Equity Shares of ` 10/- ( ` Ten) each and 40,00,000 (Forty Lacs) 10% Cumulative Preference Shares of `100/- ` One Hundred) each.

The issued, subscribed and paid-up Share Capital consists of 162,197,503 Equity Shares of ` 10/- ( ` Ten) each aggregating to ` 1,621,975,030/- ( ` One Hundred Sixty Two Crore Nineteen Lacs Seventy Five Thousand Thirty).

Your Company will have to raise resources on an ongoing basis by way of Equity and as well as Debt. Infusion of capital from time to time is must for business growth as well as from prudence point of view. It ensures that healthy Capital Adequacy and Debt Equity Ratio is maintained and enhances the borrowing capacity.

It is proposed to cancel the unissued 40,00,000 (Forty Lacs) 10% Cumulative Preference Shares of ` 100/- ( ` One Hundred) each aggregating ` 40,00,00,000/- ( ` Forty Crore) forming part of the Authorised Shares Capital of the Company and Re-classify by concurrently creating 4,00,00,000 (Four Crore) Equity Shares of ` 10/- ( ` Ten) each aggregating to ` 40,00,00,000/- ( ` Forty Crore) with total Authorised Share Capital of the Company remaining same as ` 205,00,00,000/- ( ` Two Hundred Five Crores).

After the reclassification the Authorised Share Capital of the Company shall be as under :

Authorised Share Capital after reclassification	Amount
20,50,00,000/- (Twenty Crore Fifty Lacs) Equity Shares of ` 10/- ( ` Ten) each	` 205,00,00,000/- ( ` Two Hundred Five Crores)

The above Reclassification in Authorised Share Capital, on approval, would require certain consequential amendments to the Authorised Share Capital clause contained in the Memorandum and Articles of Association of the Company by way of Special Resolution.

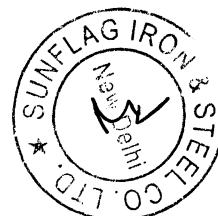
None of the Directors and Key Managerial Personnel together with their relatives are, in any way, concerned or interested – financially or otherwise in this resolution.

The Board recommends the passing of resolution mentioned at Item No. 1 of the Notice as a Special resolution in the interest of your Company.

All documents referred to in the Notice including Explanatory Statement thereof, will be available for inspection by Members during working hours on any working day till the date of the Extraordinary General Meeting at the Registered Office of the Company and also at the place of the Meeting at the scheduled time of Extraordinary General Meeting.

ITEM No. 2 :

Sunflag Iron and Steel Company Limited ('the Company') had set up a 'state of the art' integrated Steel plant at Warthi, Bhandara Road in the state of Maharashtra to produce high quality Special Steel with manufacturing facilities like Sponge Iron Plant, Mini Blast Furnace, Sinter plant, Captive Power Plant and Blooming Mill.



The auto market in India is growing at a fast pace and lot of foreign companies from countries like USA, Japan and Europe are inclined to procure auto components from Indian companies having best of equipments and technology. Apart, the Indian automotive companies are catering to the steel requirement for critical components from Japan and are looking for import substitution. As such, the future Alloy Steel Market in India looks very competitive.

Daido Steel Co. Ltd., Japan ('Daido') is one of the major alloy steel manufacturers in Japan, incorporated in year 1950 and are catering the major portion of the steel requirement for auto components in Japan. Daido has vast experience of supplying the quality steel to all the auto manufacturers and have very good operative experience also.

To cope up with the future competition and upgrade the existing plant, the Company is doing expansion in different areas to increase its production capacity and improve the product quality. To make these investments prudently, selection of best equipments, optimising the product mix and to satisfy the requirements of existing as well as prospective customers, the Company has entered into a Technical Assistance Agreement ('TAA') with Daido on 4th November 2010 pursuant to the approval accorded by the Board at its meeting held on 28th October 2010.

By virtue of Technical Assistance Agreement ("TAA"), Daido shall provide the technical assistance for selection and installation of plant expansion at the Company's Steel Plant, mainly related with the blooming mill, inspection and benchmarking of our Steel with Japan standards and to gain satisfaction of customer requirements.

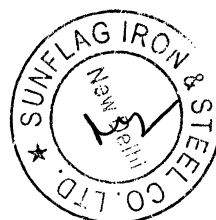
Your Company's business is growing and growth requires capital, to raise resources on an ongoing basis by way of Equity and as well as Debt. Infusion of capital from time to time is must for business growth as well as from prudence point of view. It ensures that healthy Capital Adequacy and Debt Equity Ratio is maintained and enhances the borrowing capacity.

The Board at its meeting held on 9th July 2014 finalised and approved the terms and conditions of Share Subscription Agreement ('SSA') under which Daido Steel Co. Ltd. will subscribe to, and the Company will issue 1,80,21,945 (One Crore Eighty Lacs Twenty One Thousand Nine Hundred Forty Five) Equity Shares of ` 10/- ( Ten) each at a premium of ` 21/- (Twenty One).

Pursuant to the terms of the SSA and subject to compliances and receipt of the requisite approvals from the appropriate authorities, the Company will, on the date of allotment, issue to Daido Steel Co. Ltd., Japan 1,80,21,945 (One Crore Eighty Lacs Twenty One Thousand Nine Hundred Forty Five) Equity Shares of ` 10/- ( Ten) each at a premium of ` 21/- (Twenty One), which is higher than the minimum price at which the Equity Shares are permitted to be issued, as per provisions of Regulation 76 of Chapter VII of the SEBI (ICDR) Regulations.

As per Regulation 76(1) of Chapter VII of the SEBI (ICDR) Regulations, an issue of Equity Shares on a preferential basis can be made only at a price, which is not less than the higher of the following :-

- (i) The average of the weekly high and low of the closing prices / volume weighted average price* of the related Equity Shares quoted on the recognised stock exchange during the twenty six (26) weeks preceding the relevant date; or
- (ii) The average of the weekly high and low of the closing prices / volume weighted average price* of the related Equity Shares quoted on a recognised stock exchange during the two (2) weeks preceding the relevant date.



The "Relevant Date" in accordance with the provisions of Regulation 71(a) of Chapter VII of the SEBI (ICDR) Regulations for the preferential offer means the date thirty (30) days prior to the date on which this Extraordinary General Meeting of the Company is held, to consider the proposed preferential issue / offer. Accordingly the "Relevant Date" for this preferential offer is Friday, the 4th July 2014 (being the date preceding the weekend / holiday).

For this purpose, 'Stock Exchange' means the National Stock Exchange of India Limited ("NSE") in which the highest trading volume in the Company's Equity Shares has been recorded during the twenty six (26) weeks immediately preceding the relevant date.

*though not implemented in the SEBI (ICDR) Regulations, the SEBI proposed the words 'volume weighted average price' in place of 'closing prices'

The average price as computed on the above basis during the twenty six (26) weeks preceding the relevant date is ` 21.34 ( ` 21.42)* per Equity Share whereas during the two (2) weeks preceding the relevant date is ` 29.64 ( ` 29.78)* per Equity Share. The higher of these prices calculated is ` 29.64 ( ` 29.78)* and the issue price is ` 31/- ( ` Thirty One), which is higher than the highest of these calculated prices.

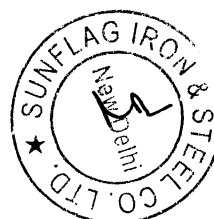
It is, therefore, proposed to raise further capital by way of a preferential issue of Equity Shares as per provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, and the provisions of Chapter VII of the SEBI (ICDR) Regulations.

Section 62 of the Companies Act, 2013 provides inter alia, that when it is proposed to increase the issued capital of a 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 the Section unless the Shareholders in General Meeting decide otherwise by passing a Special Resolution. Therefore, the consent of the Shareholders by way of Special Resolution is being sought pursuant to the provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 and in terms of the provisions of the SEBI (ICDR) Regulations and the Listing Agreements executed by the Company with the Stock Exchanges where the Company's Equity Shares are listed.

The Listing Agreements executed by the Company with the Stock Exchanges provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders decide otherwise.

Accordingly, the consent of the Shareholders is being sought, pursuant to the provisions of Section 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, and the provisions of Regulation 74(1) of Chapter VII of the SEBI (ICDR) Regulations, and in terms of the provisions of the Listing Agreements, and such other requisite approvals from the appropriate authorities, as may be necessary, to issue and allot specified securities (Equity Shares) as stated in the Special Resolution.

The proposed Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue in accordance with the normal practice, (b) powers to issue and market any securities; and (c) for utilisation of the issue proceeds as the Board may deem fit, without being required to seek any further consent or approvals of the Members or otherwise, with the intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.



*though not implemented in the SEBI (ICDR) Regulations, the SEBI proposed the words 'volume weighted average price' in place of 'closing prices'

The Equity Shares of the Company to be allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of the issue.

The consummation of the proposed subscription of Equity Shares by Daido Steel Co. Ltd. is subject to requisite approval from the appropriate authorities including the governmental and/or regulatory authorities, if required and/or as applicable.

The Board believes that the preferential offer to Daido Steel Co. Ltd. will be in the best interest of the Company and its Members.

As required under Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 73 of Chapter VII of the SEBI (ICDR) Regulations, the other required details are furnished as under :-

a) Object of the preferential issue :

The object of the proposed allotment under preferential issue is :

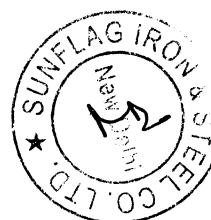
- i. to strengthen the equity (capital) base of the Company for the purpose of raising debt in future,
- ii. to meet certain capital expenditure; and
- iii. to meet expenditure for general corporate purposes.

b) Proposal / Intention of the Promoters, Directors or Key Management Personnel of the Issuer (Company) to subscribe to the offer :

The Promoters, Directors or Key Management Personnel of the Issuer (Company) together with their relatives are not intending to participate / subscribe to the Equity Shares of the Issuer Company offered through this preferential issue.

c) Shareholding Pattern of the Issuer (Company) before and after the preferential issue of Equity Shares involved in the present resolution is as below :

S. No.	Category of Shareholders	Pre-issue Shareholding		Post-issue Shareholding	
		Pre-issue Shares Held	% of Total Shareholding	Post-issue Shares Held	% of Total Shareholding
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals	1612140	0.99	1612140	0.90
(b)	Body Corporate	8333356	5.14	8333356	4.62
	Sub-Total (A1)	9945496	6.13	9945496	5.52



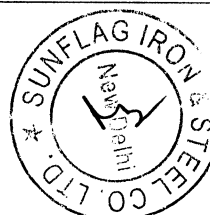
(2)	Foreign				
(a)	Individuals	13217398	8.15	13217398	7.33
(b)	Body Corporate	65253582	40.23	65253582	36.21
	Sub-Total (A2)	78470980	48.38	78470980	43.54
	Sub-Total [(A) = (A1)+(A2)]	88416476	54.51	88416476	49.06
(B)	Non-Promoters (Public) Shareholding				
(1)	Institutional Investors				
(a)	Mutual Fund / UTI / Insurance Co's	89100	0.05	89100	0.05
(b)	Banks / FIs	89870	0.06	89870	0.05
(c)	Foreign Institutional Investors (FII)	50000	0.03	50000	0.03
	Sub-Total (B1)	228970	0.14	228970	0.13
(2)	Non-Institutional Investors				
(a)	Body Corporate (Foreign)	0	0.00	18021945	10.00
(b)	Body Corporate (Indian)	11358993	7.00	11358993	6.30
(c)	Directors including KMP and their Relatives	23650	0.01	23650	0.01
(d)	Indian Public (Individuals)	61514481	37.93	61514481	34.14
(e)	Others including NRIs	654933	0.41	654933	0.36
	Sub-Total (B2)	73552057	45.35	91574002	50.81
	Sub-Total [(B) = (B1)+(B2)]	73781027	45.49	91802972	50.94
	GRAND TOTAL [(A)+(B)]	162197503	100.00	180219448	100.00

d) Time within which the preferential issue shall be completed

The Company will complete the issue and allotment of Equity Shares within a period of fifteen (15) days from the date of passing of the Special Resolution by the Members of the Company or when the allotment on preferential basis requires any requisite approval from any of the regulatory (appropriate) authorities, the allotment of Equity Shares will be completed within fifteen (15) days from the date of such requisite approvals.

e) Identity of the natural persons who are the ultimate beneficial owners of the Shares proposed to be allotted and/or who ultimately control the proposed allottee (Investor), the percentage of post preferential issue capital that may be held by them and change in control, if any, in the Issuer (Company) consequent to the preferential issue :

1.	Identity (Name) of the natural persons who are the ultimate beneficial owners of the Shares proposed to be allotted and/or who ultimately control the	Daido Steel Co. Ltd.
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	proposed allottee (Investor)	
2	Details of the Proposed Allottee (Investor)	Daido Steel Co. Ltd. 1-10, Higashisakura 1-chome, Higashi-ku, Nagoya, JAPAN Company Regn No. 1800-01-037514 IT PAN – AADCD6527H
3	Number of Equity Shares and Percentage (%) of Total Shareholding held by the Proposed Allottee (Investor) prior to preferential issue	NIL
4	Number of Equity Shares and Percentage (%) of post preferential issue capital that may be held by the Proposed Allottee (Investor)	1,80,21,945 Equity Shares (10.00% of Post Preferential Issue Capital of the Company)

The proposed allotment on preferential basis, if made, will not result in change of Management or Control of the Company as per the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended). As such, there will not be any change in the management control of the Company on account of this proposed preferential allotment except minor change in the voting rights which will change in tandem with the change in shareholding pattern.

- f) Undertaking that the Issuer (Company) shall re-compute the price of the specified securities (Equity Shares) in terms of the provision of these regulations where it is required to do so :**

The Issuer (Company) hereby undertakes that it shall re-compute the price of the specified securities (Equity Shares) in terms of the provisions of the SEBI (ICDR) Regulations, in case it is required to do so.

- g) Undertaking that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities (Equity Shares) shall continue to be locked-in till the time such amount is paid by the proposed allottees (Investor) :**

The Company undertakes that if the amount payable on re-computation of the price is not paid within the time stipulated in the SEBI (ICDR) Regulations, the specified securities (Equity Shares) shall continue to be locked-in till the time such amount is paid by the proposed allottees (Investor).

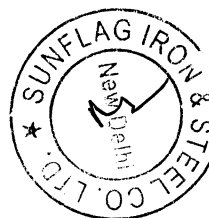
- h) Lock-in**

The Equity Shares to be allotted on preferential basis shall be subject to lock-in period as provided in the SEBI (ICDR) Regulations, for the time being in force.

- i) Earlier Allotment on Preferential basis :**

During the financial year 2014-2015, the Company has not offered any securities (Equity Shares) to any person on preferential basis except the one mentioned in the accompanying Notice.

- j) Basis of valuation of shares:**



The Company is a Public Limited - Listed Company and the price of Equity Share has been calculated in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations. As such, the price of the Equity Share is not required to be determined by a Registered Valuer.

k) Dealing and Holding by the Investor :

The allotment of Equity Shares under preferential issue are subject to the Investor not having dealt in any Equity Shares during the six (6) months preceding the Relevant Date and the Investor not acquiring or selling any Equity Shares until completion of the allotment under the proposed preferential issue.

l) Certificate from Statutory Auditors :

M/s. Patel, Shah & Joshi, Chartered Accountants, Mumbai - Statutory Auditors of the Company have certified that the present preferential issue of Equity Shares on the above terms and conditions, is in accordance with the requirements contained in the SEBI (Issue of Capital & Disclosure Requirements), Regulations, 2009, and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended up to date.

The Statutory Auditors' Certificate will be available for inspection by Members during working hours on any working day till the date of the Extraordinary General Meeting at the Registered Office of the Company and also at the place of the Meeting at the scheduled time of Extraordinary General Meeting.

m) Approvals

The Company is taking necessary steps to obtain all the requisite approvals from all the appropriate authorities including Stock Exchange, SEBI or any other regulatory authorities as may be applicable, for the proposed preferential issue of Equity Shares of the Company.

None of the Directors and Key Managerial Personnel together with their relatives are, in any way, concerned or interested – financially or otherwise in this resolution.

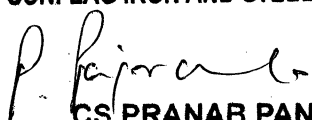
Subject to passing of resolution mentioned at Item No. 1 of the Notice as a Special resolution, the Board recommends the passing of resolution mentioned at Item No. 2 of the Notice as a Special resolution in the interest of your Company.

All documents referred to in the Notice including Explanatory Statement thereof, will be available for inspection by Members during working hours on any working day till the date of the Extraordinary General Meeting at the Registered Office of the Company and also at the place of the Meeting at the scheduled time of Extraordinary General Meeting.



RAVI BHUSHAN BHARDWAJ
Vice - Chairman & Managing Director

//CERTIFIED TRUE COPY//
For **SUNFLAG IRON AND STEEL COMPANY LIMITED**


CS PRANAB PANIGRAHI
COMPANY SECRETARY

