

S.A.L. STEEL LIMITED

Registered Office: 5/1, Shreeji House, 5th Floor, Behind M J Library, Ashram Road, Ahmedabad 380 006

Notice of the Extraordinary General Meeting

Notice is hereby given that Extraordinary General Meeting of S.A.L. Steel Limited will be held on Friday, 1st April, 2011 at 10.00 a.m. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060 to transact the following special businesses:

Special Business:

1. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 16 and 94 and all other applicable provisions if any of the Companies Act, 1956 and all other requisite approval, if any, the Authorised Capital of the Company be and is hereby increased from Rs. 110,00,00,000/- (Rupees One Hundred Ten Crores Only) divided into 11,00,00,000 (Eleven Crores) Equity shares of Rs.10/-each to Rs. 140,00,00,000/- (Rupees One Hundred Forty Crores Only) divided into 14,00,00,000 (Fourteen Crores) Equity shares of Rs.10/-each.

RESOLVED FURTHER THAT consequent to the increase in the Authorised Share Capital, the existing Clause V of the Memorandum of Association of the Company be deleted and in place thereof the following clause be substituted as Clause V of the Memorandum of Association of the Company:

“The Authorised Share Capital of the Company is Rs. 140,00,00,000/- (Rupees One Hundred Forty Crores) divided in to 14,00,00,000 (Fourteen Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each.”

2. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and subject to the provisions of the Regulations for Preferential Issue as contained in SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto) and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), the Reserve Bank of India (RBI), or under the provisions of the Foreign Exchange Management Act, 1999 (FEMA), and subject to the approval, consent, permission and / or sanction of Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee thereof) consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in accordance with applicable guidelines/ regulations, as may be permissible in law, on preferential allotment basis upto 2,40,00,000 (Two Crores Forty Lacs) Equity Shares of Rs.10/- each for cash at par which is higher than the price arrived at in terms of the pricing guidelines of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto) as on the relevant date considered while arriving at the calculation of the price mentioned in the certificate issued by the Auditors, aggregating to Rs. 24,00,00,000 and 16,00,000 Warrants of Rs.100/- each aggregating to Rs.16,00,00,000 convertible into proportionate equity shares of Rs.10 each at a price of Rs. 10 per share which is higher than the price arrived at in terms of the pricing guidelines of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto) convertible at any time on or before expiry of 18 months from the date of issue at one or more tranches at the option of the investors, to the promoters and strategic investors.

RESOLVED FURTHER THAT the 'relevant date' in relation to the issue of shares and warrants in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto) would be, 1st March, 2011, being the date 30 days prior to the date of passing of this resolution.

RESOLVED FURTHER THAT the issue of warrants, if any, as above, shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the option of the warrant holders) at any time within a period of 18 months from the date of allotment of warrants.
2. Each warrant shall be convertible into Ten Equity Shares of nominal value of Rs. 10/- each at a price of Rs.10 per share which is higher than the price arrived at in terms of the pricing guidelines of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as (including any amendments thereto).
3. The Warrant holder(s) shall, on the date of allotment of warrants, pay an amount equivalent to 25% of the total consideration per warrant.
4. The conversion of warrants into equity shares shall be made in one or more tranches within a period of 18 months from the date of allotment of warrants.
5. The amount referred in (3) above shall be forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment of warrants.
6. The number of warrants and the price per warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI guidelines, for corporate actions.
7. The lock in of shares acquired by exercise of warrants shall be as per in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto)

RESOLVED FURTHER THAT the investors shall subscribe to Equity Shares of Rs.10/- each at par which is higher than the price determined in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended up to date ("SEBI Regulations") and Convertible Warrants of Rs.100 each and the said Equity Shares so allotted or converted from the Warrants shall rank pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Equity Shares and the convertible warrants to be offered and allotted shall be subject to the provisions of Memorandum and Articles of Association of the Company and relevant date for the preferential issue, as per the SEBI Regulations for the determination of applicable price is 1st March, 2011.

RESOLVED FURTHER THAT the Company do seek in-principal approval of the listing of Equity Shares on the Bombay Stock Exchange and National Stock Exchange of India Limited.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue of Equity Shares and Convertible Warrants on Preferential basis."

Notes:

1. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the above resolution is enclosed.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A blank proxy form is enclosed which, if used, should be deposited with the Company duly executed not later than 48 hours before the commencement of the Extraordinary General Meeting.

Place: Santej
Date: 2nd March 2011

For and on behalf of the Board of Directors

Sd/-
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.1

The Board of Directors of the Company at their meeting held on 2nd March, 2011 has proposed to increase its capital base by preferential issue of upto 2,40,00,000 Equity Shares of Rs.10/- each aggregating Rs.24,00,00,000 and 16,00,000 warrants of Rs. 100 each convertible into equity shares aggregating to Rs.16,00,00,000 to Strategic Investors and Promoters of the Company. The present Authorised Share Capital of the company is Rs.110,00,00,000 which is not sufficient to meet the additional capital requirement of the Company. Therefore, in order to enable the Company to issue and allot further securities, the authorised share capital of the Company is proposed to be increased to Rs.140,00,00,000. Pursuant to provisions of section 94 and 16, it is necessary to pass resolution at the Extra Ordinary Meeting of the shareholders of the Company. Therefore, the resolution at item No. 1 is recommended for your approval

None of the Directors is concerned or interested in the above resolution.

ITEM NO.2

The Board of Directors has proposed to issue not exceeding 2,40,00,000 Equity Shares of Rs.10/- each for cash at par which price is higher than the price arrived at in terms of the pricing guidelines of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (including any amendments thereto) to the promoters and strategic investors. ("Investors") and 16,00,000 Convertible Warrants of Rs. 100 each convertible into proportionate number of equity shares of Rs. 10 each on or before expiry of 18 months from the date of issue at the instance and option of the investors.

The aforesaid issue and allotment of Equity Shares and Convertible Warrants will be governed by the provisions of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("the SEBI Regulations").

The price of shares to be issued has been calculated as per the SEBI Regulations.

The disclosure that are required to be given in the Explanatory Statement to the Special Resolution to be passed under Section 81(1A) of the Companies Act, 1956 in terms of SEBI Regulations are as under:

(1) Objects of preferential issue:

The Company has decided to raise the funds through Equity shares and convertible warrants to augment the long term resources to increase efficiency and for the purpose of working capital requirements of the company. These sources of raising funds have been considered to be cheaper than the borrowings from the alternative sources and will benefit the company in long way in savings on various counts.

(2) Intention of promoters / directors to subscribe to the Equity:

The following promoters, directors, their associates and relatives and key management personnel intend to subscribe to the offer.

Promoters' associated company M/s SAL Care Private Limited intends to subscribe to the offer.

(3) Shareholding pattern before and after the offer:

Shareholder Category	Shareholding pattern prior to of Equity Shares		Shareholding pattern post Allotment of Equity Shares		Shareholding Pattern Post Conversion of Warrant Allotment of into Equity Shares	
	Number	%	Number	%	Number	%
Promoter & Promoter Group	42959889	50.56	47959889	44.01	53959889	43.18%
Public & Others	42006811	49.44	61006811	55.99	71006811	56.82
Total	84966700	100.00	108966700	100.00	124966700	100

Notes :

- 1) The above shareholding pattern has been prepared on the basis of shareholdings as on 1st March, 2011.
- 2) The post-issue shareholding pattern has been arrived on the assumption that the entire warrants proposed to be issued to investors would be converted into equity shares.

(4) Proposed time within which the allotment shall be completed:

The allotment of Shares and Warrants pursuant to this resolution will be completed within 15 days from the passing of this resolution. Provided that if the approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of 15 days shall be counted from the date of such approval or permission, as the case may be. The allotment of Equity Shares pursuant to exercise of option by Warrant holders will be made within a reasonable time after exercise of such option.

(5) Identity of the proposed allottees and percentage of the post preferential holding:

- (i) The details of the proposed allottees are as under:

Sr. No.	Name	Category	No. of Equity Shares on Allotment	% Share holding post Allotment of Shares in post issued Capital	No. of Equity Shares after Conversion of Warrants	% Share holding post Conversion of Warrants in to
01	SAL Care Private Ltd.	Promoter Group	50,00,000	4.59	1,10,00,000	8.80
02	Lok Prakshsan Ltd.	Non Promoter Group	1,40,00,000	12.85	1,40,00,000	11.20
03	Shree Mahavir Roll-Tech Ltd.	Non Promoter Group	50,00,000	4.59	1,10,00,000	8.80
04	Sanjay Chimanlal Shah	Non Promoter Group	Nil	0.00	40,00,000	3.20

- (ii) In case the proposed allottee is a company, identify its promoters or persons in control over the company and the group they belong

(a) SAL Care Private Limited:

The proposed allottee company was incorporated by the promoters Shri Nitin S. Shah and Shri S. L. Agrawal in the month of February, 2008. The present Authorised and Paid up capital of the company is Rs. 1.50 Crores and Rs. 1.21 Crores respectively. The Registered Office of the company is situated in Ahmedabad. The company is carrying business activities relating to maintenance and operation of multi specialty Hospitals. The company has taken over assets and liabilities of M/s SAL Hospital in the year 2008 and presently operating and maintaining the said Hospital. In addition to the promoters, Shri Karan R. Shah and Smt. Neelima S. Shah are the directors on the Board of the Company. The present major controlling shareholders of the Company Shri Karan R. Shah and Smt. Neelima S. Shah are relatives of the promoters of S.A.L. Steel Limited and the proposed allottee company will be covered under the promoter group consequent to allotment of shares on Conversion. The company belongs to the SAL Care group.

(b) Lok Prakashan Limited :

The proposed allottee Company was incorporated way back in 1940 and is promoted, owned and controlled by Shri Sheyans Shah, Shri Bahubali Shah and their family members and others. The Company is engaged in the business activities of print media and releasing newspapers, periodicals and other allied activities. The Company is a Gujarat Samachar group Company.

(c) Shree Mahavir Roll-Tech Limited:

The proposed allottee was incorporated as a limited company in December 2010. The Promoters and present Directors of the company are Shri Vipul M. Shah, Shri Pradeep B. Birawat and Shri Surendra N. Shah. In addition to three Directors, other promoters of the company are Rajulben V. Shah, Raginiben P. Birawat, Chirag P. Birawat and Sanjay M. Shah. The Company is based and located at Surat city in the state of Gujarat. The Company is setting up a project of steel rolling mill and manufacturing of ingots in Surat.

- (iii) Consequent to proposed preferential allotment to the strategic investors mentioned hereinabove and promoter group entity, there will not be any change in the control of the management of the Company. However, the promoters' stake will be diluted proportionately in the post issue capital consequent to the subscription by the investors and promoter entities to the Equity shares and upon conversion of the warrants into equity shares as mentioned hereinabove.

(6) Certificate from Auditors:

M/s Talati & Talati, Chartered Accountants, Statutory Auditors of the company have certified that the proposed preferential issue is being made in accordance with the requirements contained in SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 for Preferential Issue. A copy of the said certificate is available for inspection by the shareholders at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays between 3 p.m. and 5 p.m. prior to the date of the Extra Ordinary General Meeting and will also be available for inspection at the Meeting.

(7) PRICING OF THE SHARES:

The price of aforesaid shares shall not be less than the higher of the following in terms of SEBI Regulations for preferential issues as amended from time to time:-

- i. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- ii. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

Explanation:

- (i) 'Relevant date' for the purpose of this clause means the date which is thirty days prior to the date on which the meeting of general body of shareholders is held in terms of Section 81[1A] of the Companies Act, 1956 (including any amendment to or re-enactment thereof) to consider the proposed issue, which is 1st March, 2011.
- (ii) 'Stock Exchange' for the purpose of this clause means any of the recognized stock exchanges in which the shares are listed and in which the highest trading volume in respect of shares of the company has been recorded during the preceding six months prior to the relevant date, in the present case, the Bombay Stock Exchange Limited and National Stock Exchange India Limited.

Based on the above and certificate from Statutory Auditor the price works out to be Rs. 9.18 per share where as the present issue is being made at Rs.10/- per share which is higher to the minimum stipulated price.

Undertaking for Revision in the price:

- (a) the Company do hereby undertake that it shall re-compute the price of the specified securities i.e. equity shares proposed to be issued on preferential allotment basis in terms of the provision of these regulations where it is required to do so;
- (b) the Company do hereby further undertake that if the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

In terms of the provisions of Section 81(1A) of the Companies Act, 1956 where it is proposed to increase the subscribed capital of the company by allotment of further shares, in whatsoever manner, then such further shares shall be offered to the persons who at the date of the offer are holders of the shares of the company in proportion as nearly as circumstances admit to the capital paid-up on those shares at that date, unless a special resolution to that effect is passed by the company in general meeting in terms of Section 81(1A) of the Companies Act, 1956. Members are therefore, requested to grant their approval for passing of the resolution as set out in the Notice.

None of the Directors of the Company may be deemed to be concerned or interested in the said resolution except Shri Rajendra V Shah, Shri Jethabhai M Shah and Shri Sujal A Shah, directors of the company who are relatives of the directors of proposed investing company.

Place: Santej

Date: 2nd March 2011

For and on behalf of the Board of Directors

Sd/-

Company Secretary

S.A.L. STEEL LIMITED

ATTENDANCE SLIP

Registered Office : 5 / 1, Shreeji House, B / h M.J. Library, Ashram Road, Ahmedabad-380 006.

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	Master Folio No.
Client Id*	

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Shares (s) held:

I/WE hereby record my/our presence at the **EXTRA ORDINARY GENERAL MEETING** of the Company held on Friday, 1st April 2011 at 10.00 A.M. SAL Institute & Engineering Research, Opp Science City, Ahmedabad-380060.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

S.A.L. STEEL LIMITED

Registered Office : 5 / 1, Shreeji House, B / h M.J. Library, Ashram Road, Ahmedabad-380 006.

PROXY FORM

DP Id*	Master Folio No.
Client Id*	

I/We _____ of _____
_____ being a member/members of SAL Steel Limited hereby
appoint _____ of _____
of or falling him/her _____ of _____
of or falling him/her _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the **EXTRA ORDINARY GENERAL MEETING** to be held on Friday, 1st April 2011 at 10.00 A.M. at SAL Institute & Engineering Research, Opp Science City, Ahmedabad-380060 or at any adjournment thereof.

Signed this _____ day of _____ 2011

* Applicable for investors holding shares in electronic form.

Affix
Revenue
Stamp

NOTES :

1. The proxy in or to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

BOOK-POST

To,

If Undelivered please return to :

Administrative Office

S.A.L. Steel Limited

Shah Alloys Corporate House, Sola-Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar.