



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 Thursday, 5th January, 2012 at 10.00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060 to transact the following special business:

Special Business:

1. 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 (hereinafter referred to as the “SEBI (ICDR) Regulations, 2009”) 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 upto 3,20,00,000 Convertible Warrants (hereinafter referred to as the “Warrants”) for cash at a price of Rs. 10/-each to Strategic Investors and to persons belonging to Promoter and Promoters Group Category (hereinafter referred to as the “Investors”) aggregating to Rs. 32,00,00,000 (Rupees Thirty Two Crores only) convertible into 3,20,00,000 number of equity shares of face value of Rs. 10/- each at a price of Rs. 10 per equity share, which price is higher than the price arrived at in terms of the pricing guidelines of SEBI (ICDR) Regulations, 2009 and such conversion should be made at any time on or before expiry of 18 months from the date of issue in one or more tranches at the option of the Investors.

RESOLVED FURTHER THAT in accordance with the SEBI (ICDR) Regulations, 2009, the ‘relevant date’ for the purpose of determining the price of Equity Shares to be issued and allotted upon exercise of right attached to Warrants referred to above shall be 6th December, 2011 i.e. 30 days prior to the date of this meeting.

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

1. The Warrants shall be convertible (at the option of the Warrant holders) in one or more tranches, at any time within a period of 18 months from the date of allotment of warrants.
2. Each warrant shall be convertible into 1 Equity Shares of nominal value of Rs. 10/- each at a price of Rs.10/- per share, which price is higher than the price arrived at in terms of the pricing guidelines of SEBI (ICDR) Regulations, 2009.
3. The Investor(s) shall on or before the date of allotment of Warrants, is/are required to pay an amount equivalent to 25% of the total consideration per Warrant. The balance amount of money is payable at the time of exercising option for conversion of aforesaid Warrants into Equity Shares.
4. 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.
5. The number and price per equity share to be allotted in case of conversion of Warrants shall be appropriately adjusted, wherever required, for the purpose of corporate actions subject to Companies Act, 1956 and SEBI guidelines.
6. The lock-in requirements of above Warrants and/or Equity Shares arising on conversion of Warrants into Equity Shares shall be in accordance with the provisions of SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the Equity Shares arising on conversion of Warrants into Equity Shares shall rank pari-passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised, on behalf of the Company, to take all actions and to do all such acts, deeds and things as it may in its absolute discretion deem necessary, desirable and expedient for issue and allotment of above Warrants and resultant Equity Shares, as would arise on exercise of conversion option by the Warrant holders and for listing of those equity shares with stock exchanges and to settle any questions or difficulties that may arise in regard to the above Issue of Warrants on Preferential basis.”

Notes:

1. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the business specified above 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: 6th December 2011

By Order of the Board of Directors

Sd/-

Saurabh Madaan
Company Secretary

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

The Board of Directors has proposed to issue not exceeding 3,20,00,000 number of Convertible Warrants (hereinafter referred to as the 'Warrants') for cash at a price of Rs. 10/- each, 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 ("SEBI (ICDR) Regulations, 2009") to persons belonging to Promoter and Promoters Group Category and Strategic Investors (hereinafter referred to as the 'Investors') 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 Warrants will be governed by the provisions of the SEBI (ICDR) Regulations, 2009.

The price of shares to be issued on conversion of Warrants into equity shares has been calculated as per the SEBI (ICDR) Regulations, 2009.

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 and in terms of SEBI (ICDR) Regulations, 2009 are as under:

(1) Objects of Preferential Issue

The Company has decided to raise the funds through Convertible Warrants for augmenting its long term resources to increase efficiency and for the purpose of working capital requirements of the Company. This source of raising funds is 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

Amongst Investors, Promoters' associated company M/s SAL Corporation Private Limited intends to subscribe to the offer.

(3) Shareholding Pattern before and after the Issue

Shareholders Category	Pre - Issue		Post - Issue (assuming full conversion of Warrants into Equity Shares)	
	Number	% of Total	Number	% of Total
Promoters and Promoter Group	4,29,59,889	50.56	4,79,59,889	41.00
Public and Others	4,20,06,811	49.44	6,90,06,811	59.00
Total	8,49,66,700	100.00	11,69,66,700	100.00

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

The Board proposes to allot the aforesaid Warrants within a period of 15 days from the date of 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. However, 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 Issue Capital to be held by them

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

S. No.	Name	Category	Pre - Issue		No. of Warrants	Post-Issue and Conversion*	
			No. of Shares	% of Total Capital		No. of Shares	% of Total Capital
1	SAL Corporation Private Limited	Promoter Group	Nil	Nil	50,00,000	50,00,000	4.27
2	Lok Prakshsan Ltd.	Non-Promoter Group	Nil	Nil	2,20,00,000	2,20,00,000	18.81
3	Sanjay C. Shah	Non-Promoter Group	Nil	Nil	50,00,000	50,00,000	4.27

**assuming full conversion of Warrants into Equity Share within 18 months from allotment.*

i. 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 Corporation Private Limited

The proposed allottee Company has been formed with the main object to provide operation and maintenance services to various institutions and businesses like Hospitals, Schools, Colleges, Business Centres, Commercial & Residential Complexes etc. Shri Karan R. Shah and Shri Shambhulal B. Agrawal are Directors of the Company. Shri Karan holds 90% of the paid up share capital of the Company. Since, Shri Karan is a relative of Directors of S.A.L STEEL LIMITED; the Company belongs to the 'Promoters Group' category.

(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.

ii. 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 Warrants 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 (ICDR) 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 any working day 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

In terms of Chapter VII of SEBI (ICDR) Regulations, 2009, the price of equity shares to be allotted shall not be less than the higher of the following:

- 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 6th December, 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 National Stock Exchange India Limited (NSE).

Based on the above and certificate obtained from Statutory Auditor the price works out to be Rs. 5.95 per share whereas the present issue is being made by considering the equity shares price for conversion as Rs.10/- per share which is higher than 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. Warrants in terms of the provisions SEBI (ICDR) Regulations, 2009, 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 terms of the provisions of SEBI (ICDR) Regulations, 2009, the Warrants 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.

Shri Rajendra V Shah and Shri Jethabhai M Shah, Directors of the Company, are deemed to be interested in passing of this resolution since they are relatives of the Director of proposed Investing Company viz. M/s. SAL Corporation Private Limited.

The Board recommends above special resolution for approval.

Place: Santej

Date: 6th December 2011

By Order of the Board of Directors

Sd/-

Saurabh Madaan

Company Secretary



S.A.L STEEL LIMITED

Registered Office: 5/1, Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380006.

ATTENDANCE SLIP

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*	
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Master Folio No.	
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Client Id*	
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No. of Shares	
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NAME & ADDRESS OF SHAREHOLDER / PROXY:

I certify that I am a shareholder / proxy of the shareholder of the Company.

I/We hereby record my/our presence at the **Extraordinary General Meeting** of the Company held on Thursday, 5th January, 2012 at 10.00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060.

Signature of Shareholder / Proxy

*Applicable for investors holding shares in electronic (demat) form.



S.A.L STEEL LIMITED

Registered Office: 5/1, Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380006.

PROXY FORM

DP Id*	
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Master Folio No.	
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Client Id*	
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No. of Shares	
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I/We _____ of _____ being a member/members of **S.A.L Steel Limited** hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the **Extraordinary General Meeting** of the Company to be held on Thursday, 5th January, 2012 at 10.00 A.M. at SAL Institute & Engineering Research, Opp. Science city, Ahmedabad – 380060 or at any adjournment thereof.

Signed this _____ day of _____ 2012

Signature

Affix
Revenue
Stamp

*Applicable for investors holding shares in electronic (demat) form.

INSTRUCTIONS:

1. The proxy in order to be effective should be deposited duly stamped, completed and signed at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
2. The Proxy need not be a member of the Company.

BOOK-POST

To,

**If Undelivered please return to :
Administrative Office**

S.A.L. Steel Limited

Shah Alloys Corporate House, Sola-Kalol Road, Santej-382721, Ta. Kalol, Dist. Gandhinagar.

www.salsteel.co.in