SATHAVAHANA ISPAT LIMITED

Regd.Office:314, Sri Ramakrishna Towers, Nagarjuna Nagar, Hyderabad - 500 073
Corp.Office:505, 5th Floor, Block-I, Divyashakti Complex, Ameerpet, Hyderabad - 500 016

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of the Members of **SATHAVAHANA ISPAT LIMITED**, will be held on Wednesday, the 15th Day of December 2010 at 3.00 p.m. at K.L.N.Prasad Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry(FAPCCI), Federation House, 11-6-841, Red Hills, Hyderabad - 500 004 to transact the following Special Business:

SPECIAL BUSINESS:

1. To consider and, if thought fit, to pass, with or without any modifications, the following resolution as an **Ordinary resolution:**

   BORROWING POWERS IN EXCESS OF CAPITAL AND FREE RESERVES PURSUANT TO SECTION 293 (1)(d) OF THE COMPANIES ACT, 1956:

   "RESOLVED THAT in supersession of the resolution passed in this behalf at the 15th Annual General Meeting of the Company held on 30th September, 2004, and pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee of Directors, for the time being exercising the powers conferred upon by the Board) for borrowing from time to time any sum or sums of money or moneys for Company's business, in such manner from time to time with or without security and upon such terms and conditions as the Board may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board and outstanding at any given point of time shall not exceed the limit of Rs. 1000 Crores (Rupees One thousand crores only)."

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and they are hereby authorised to finalise the terms and conditions of borrowal and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for giving effect to this resolution."

2. To consider and, if thought fit, to pass, with or without any modifications, the following resolution as a **SPECIAL RESOLUTION**:

   TO OFFER, ISSUE AND ALLOT SHARE WARRANTS BY PRIVATE PLACEMENT ON PREFERENTIAL ALLOTMENT BASIS TO PROMOTERS' GROUP:

   "RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of Directors of the Company (herein after referred to as "the Board" which term shall be deemed to include any Committee of Directors, for the time being exercising the powers conferred upon in this regard by the Board) and in accordance with the Regulations issued by the Securities and Exchange Board of India(SEBI)and clarifications thereon

issued from time to time and subject to approvals, consents, permissions or sanctions, if any and to the extent necessary or required, as the case may be, of Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Banks and other appropriate authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions which may be agreed to by the Board, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 42,00,000 (Forty Two Lakhs only) Share Warrants of Rs.10/- each convertible at the option of holder thereof to one Equity Share of Rs.10/- each by exchange/ surrender of each such Share Warrant at a future date, for cash at a price of Rs.60/- (including premium of Rs.50/-) per Share Warrant or per Equity Share arising on conversion of Share Warrant as the case may be which price determined by the Board to be the 'issue price' and being higher than the price determined under SEBI Regulations for preferential issues (Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations,2009) with respect to the Relevant Date 15th November 2010 i.e. 30 days prior to the date of General Meeting, to the promoters and their relatives, friends and associates, Bodies Corporate registered in India, whether or not they are members of the Company (hereinafter referred to them severally as "the Allottees"), on preferential allotment basis through private placement under an offer letter and/or circular and/or information memorandum and/or such other documents / writings and to the extent and in one or more tranches but within a period of fifteen days from date of consent hereof or where any approval is pending on such issue and allotment by any regulatory authority or the Central Government within a period of fifteen days from the date of such approval and in the manner as may be decided by the Board in its absolute discretion in this behalf.

RESOLVED FURTHER THAT the allotment of the Equity Shares arising on conversion by exchange / surrender of Share Warrants at the option of holder, shall be made in one or more tranches as the Board may in its absolute discretion decide, subject however to applicable Regulations / guidelines, notifications, rules and regulations and the terms and conditions as set out hereunder:

a) The Share Warrants shall be allotted within a period of fifteen days from the date of consent of the members in this Extraordinary General Meeting and the Allottee shall exercise its option of conversion by exchange / surrender of Share Warrants for equivalent Equity Shares in one or more lots and in such number of options of its choice and in such way that exercise of all options in one financial year shall not be greater than five percent of the expanded capital but within a period of eighteen months from the date of allotment of Share Warrants or within such period as decided by the Board of Directors, whichever is earlier, provided that where allotment in one or more lots on preferential issue basis is pending on account of pendency of any approval on such issue and allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of fifteen days from the date of such approval.

b) The price including premium of the each Equity Share to be allotted on conversion by exchange/surrender of each Share Warrant shall not be lower than the issue price of Rs.60/- (including premium of Rs.50/-) per Share Warrant which price determined by the Board to be the "issue price" and being higher than the price determined under SEBI Regulations for preferential issues Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations,2009 with respect to the Relevant Date 15th November 2010, i.e. 30 days prior to the date of this General Meeting.

c) Each of the said Share Warrant shall have a face value of Rs.10/- with a premium of Rs.50/- and carry a right, entitling its registered owner to apply at his option and seek allotment of one Equity Share of Rs.10/- by exchange / surrender of one Share Warrant for conversion to Equity Share, subject however that such conversion must be exercised within period of eighteen months from the date of allotment of Share Warrant or such period as determined by the Board of Directors in its absolute discretion, whichever is earlier.

d) A sum equivalent to 25% of the issue price of each Share Warrant shall be payable by the Allottees upfront at the time of allotment and the balance sum of 75% of the issue price shall be payable while exercising option for conversion by exchange / surrender of each Share Warrant to one Equity Share. The Board of Directors of the Company at it's discretion shall decide the time within which the application for conversion by exchange / surrender of the said Share Warrant shall be made, subject to the aforesaid time limits. In the event if the Allottees of Share Warrants do not apply for conversion of the same by exchange / surrender to the Equity Shares within such period as may be determined by the Board of Directors in this regard or eighteen months from the date of allotment whichever is earlier, then the amount of issue price paid upfront against each Share Warrant, shall be forfeited and consequently all the rights attached to the said Share Warrant shall be deemed to have lapsed automatically.

e) The Share Warrant by itself shall not confer upon any rights to the holders until and unless the said Share Warrants are converted by exchange / surrender for Equity Share of the Company. The option of conversion attached to each Share Warrant so issued and allotted shall be independent of each other.

f) The Share Warrants and Equity Shares arising on Conversion of such Share Warrants shall be subject to lock-in period in the manner specified in the SEBI Regulations for preferential issues, Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as also exceptions stated there under.

g) The Share Warrants and Equity Shares arising on conversion of such Share Warrants shall be subject to such terms and conditions, if any, as may be agreed to and by and between the Board of Directors of the Company and the Regulatory Authorities and subscribers or the Allottee of such Share Warrants and Equity Shares.

h) The Share Warrants so issued / allotted as well as the Equity Shares allotted on exercise of option of conversion attached to such Share Warrant shall be governed by the respective provisions of the Companies Act,1956, the Memorandum & Articles of Association of the Company and also the Regulations / Clarifications issued by Securities and Exchange Board of India or any other authority as the case may be or any amendments / modifications thereof.

RESOLVED FURTHER THAT the Equity Shares arising on conversion of Share Warrants at a future date, to be issued and allotted by the Company by virtue of this resolution shall rank Pari-passu in all respects including dividend with the existing Equity Shares of the Company in the year of allotment and on such other terms as may be further decided by the Board of Directors at the time of allotment of the Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide on behalf of the Company the terms and conditions including the basis of issue and allotment of Share Warrants including Equity Shares arising on conversion by exchange / surrender of such Share Warrant including timing of issue / allotment / conversion, the amount payable on application /allotment /conversion and calls, if any, to be made; to appoint, if necessary any Advisors, Consultants and Managers to the issue, Bankers to the issue; to prescribe necessary forms of application, if required any and to dispose of un-subscribed portion of the said issue at its absolute discretion in the best interests of the Company subject to the permissions, sanctions and approvals, if any, required in this regard.

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, proper or desirable; execute all such deeds, documents, agreements and writings as may be necessary and to settle any question, difficulty or doubt that may arise in regard to the offer /issue, allotment and utilisation of the proceeds of issue of the Share Warrants including the Equity Shares arising on conversion of such Share Warrants towards the Company's Integrated Project and other business needs and to take such further steps as are required for the allotment and listing on the Stock Exchanges of the said Equity

Shares arising on conversion of Share Warrants.

RESOLVED FURTHER that the Board be and is hereby authorised to accept any modification(s)in terms of issue as may be stipulated by SEBI and / or Stock Exchanges and /or any authorities / Institutions and to take such consequential action including revision / adjustment/ cancellation in the value and quantum thereof to be offered and issued to the Allottees or to alter, vary, add or delete or modify the terms and conditions of issue, the said Share Warrant including the pricing thereof, subject to the provisions of the Companies Act, 1956 and SEBI Regulations, without being required to seek any further consent or approval of the Company in the General Meeting and the decision of the Board in that behalf shall be final and conclusive."

3. To consider and, if thought fit, to pass, with or without any modifications, the following resolution as a **SPECIAL RESOLUTION**:

TO OFFER, ISSUE AND ALLOT EQUITY SHARES BY PRIVATE PLACEMENT ON PREFERENTIAL ALLOTTMENT BASIS TO A SELECT INVESTOR.

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act,1956(including any statutory modification(s) or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of Directors of the Company (herein after referred to as "the Board" which term shall be deemed to include any Committee of Directors, for the time being exercising the powers conferred upon in this regard by the Board) and in accordance with the Regulations issued by the Securities and Exchange Board of India(SEBI)and clarifications thereon issued from time to time and subject to approvals, consents, permissions or sanctions, if any and to the extent necessary or required, as the case may be, of Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Banks and other appropriate authorities and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions which may be agreed to by the Board, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 8,00,000 (eight lakhs only) Equity Shares of Rs.10/-(Rupees ten only)each, for cash at a price of Rs.60/- (including premium of Rs.50/-) per Equity Share which price determined by the Board to be the 'issue price' and being higher than the price determined under Securities and Exchange Board of India (Issue of Capital and Disclosure) Regulations,2009 for preferential issues Chapter VII, (herein after referred to as SEBI Regulations) with respect to the Relevant Date 15th November 2010 i.e. 30 days prior to the date of General Meeting, to Stemcor AG, a Body Corporate registered outside India; who is a member of the Company (hereinafter referred to it as "the Allottee"), on preferential allotment basis through private placement under an offer letter and/or circular and/or information memorandum and/or such other documents / writings and to the extent and in one or more tranches but within a period of fifteen days from date of consent hereof or where any approval is pending on such issue and allotment by any regulatory authority or the Central Government within a period of fifteen days from the date of such approval and in the manner as may be decided by the Board in its absolute discretion in this behalf.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted by the Company by virtue of this resolution shall rank Pari-passu in all respects including dividend with the existing Equity Shares of the Company from the year of allotment and on such other terms as may be further decided by the Board of Directors at the time of allotment of the Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide on behalf of the Company the terms and conditions including the basis of issue and allotment of shares aforesaid including timing of issue /allotment, the amount payable on application/allotment and calls, if any, to be made; to appoint, if necessary any Advisors, Consultants and Managers to the issue, Bankers to the issue; to prescribe necessary forms of

application, if required any and to dispose of un-subscribed portion of the said issue by issue and allotment to any other person including persons / entities of Promoter Group who then becomes Allottees, at its absolute discretion in the best interests of the Company subject to the permissions, sanctions and approvals, if any, required in this regard.

The Equity Shares so issued / allotted shall be governed by the respective provisions of the Companies Act,1956, the Memorandum & Articles of Association of the Company and also the Regulations / Clarifications issued by Securities and Exchange Board of India or any other authority as the case may be or any amendments / modifications thereof.

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, proper or desirable; execute all such deeds, documents, agreements and writings as may be necessary and to settle any question, difficulty or doubt that may arise in regard to the offer / issue, allotment and utilisation of the proceeds of issue of the Equity Shares towards the Company's Projects and other business needs and to take such further steps as are required for the allotment and listing on the Stock Exchanges of the said Equity Shares.

RESOLVED FURTHER that the Board be and is hereby authorised to accept any modification(s)in terms of issue as may be stipulated by Securities and Exchange Board of India and/or Stock Exchanges and/or any authorities / Institutions and to take such consequential action including revision/adjustment/ cancellation in the value and quantum thereof to be offered and issued to the Allottee or to alter, vary, add or delete or modify the terms and conditions of issue, the said new Equity Shares including the pricing thereof, subject to the provisions of the Companies Act, 1956 and SEBI Regulations without being required to seek any further consent or approval of the Company in the General Meeting and the decision of the Board in that behalf shall be final and conclusive."

An Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956 and forming part of the Notice convening the Extraordinary General Meeting of the Company is annexed.

By order of the Board

Hyderabad
Date: 16th November 2010

(A.NARESH KUMAR)
MANAGING DIRECTOR

NOTES:

1. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF THE BUSINESS SETOUT UNDER ITEMS 1 TO 3 IS ANNEXED HERETO.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. ATTENDANCE SLIPS DULY FILLED IN ALL RESPECTS BE HANDED OVER AT THE ENTRANCE OF MEETING HALL BEFORE COMMENCEMENT OF THE MEETING. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 forming part of the Notice convening the Extraordinary General Meeting of the Company.

Item No.1:

Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors of the Company shall not, except with the consent of the Members of the Company in General Meeting borrow moneys (apart from temporary loans from Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves.

The Members of the Company at the 15th Annual General Meeting held on 30th September 2004 had authorised the Board of Directors of the Company to borrow (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) upto Rs.400 crores (Rupees four hundred crores only) notwithstanding that the same exceeds the aggregate of the paid-up capital of the Company and its free reserves.

In view of the Company's plans for expansion by way of backward and / or forward integration, the Company may have to borrow in excess of the existing authorisation of Rs.400 crores (Rupees four hundred crores only) granted to the Board of Directors. It is therefore, considered desirable and necessary to approach the Members of the Company to revise the aforesaid authorisation of borrowal to Rs.1000 crores (Rupees one thousand crores only).

The Board of Directors commends the resolution for your approval.

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

Item Nos.2 and 3:

As members are aware, the global Iron and Steel industry, led by china, is witnessing rapid growth, with the exception of recent global crisis, over last couple of years. The Indian Iron and Steel industry has also picked up growth momentum in line with these global growth trends. Factors like strong economic expansion, thrust given to infrastructure development etc., are expected to sustain the future growth of the Indian Iron and Steel industry also. However, this robust growth worldwide in Iron and Steel industry has a telling effect on the availability of steel making raw materials which have become scarce with consequential steep increase in their prices. This forced the units to evolve appropriate strategies to tide over the problems arising on account of scarce raw materials.

Foreseeing the growth prospects of the Iron and Steel industry and its impact on the availability of steel making raw materials, your Company during the last few years has not only created additional capacity of Pig Iron but also gone in for backward integration by setting up facilities for manufacture of Metallurgical Coke with Co-generation of Power. The expansion of Metallurgical Coke making facilities and Power generation facilities are also in the final stages of commissioning. These facilities having come up at an opportune time, started giving satisfactory results and full benefits are expected to flow in the years to come.

As the future growth opportunities in the industry are looking bright and attractive, your Company wishes to further consolidate and accordingly proposes to take up immediately backward and forward integration to the Pig Iron making facility as also modernisation of Blast Furnace (herein after called 'Integrated Project'). As a part of backward integration sintering plant (298800 tpa) will be added and as a forward integration Ductile Iron Pipe making plant (190,000 tpa) will be added. To meet the increased power needs of these additional facilities a 15 MW captive thermal Power plant is also being added. Modernisation of Blast Furnace is also being done to make it technically at par with the Blast Furnaces of Integrated Steel plants.

To fund the Integrated Project having the above facilities, which is estimated to cost about Rs.350 crores, it is proposed to raise the Equity Capital to part finance the project cost and thus maintain acceptable debt-equity ratio. With the consent and approval by the shareholders in the Extraordinary General Meeting held on 14th January 2008,

Stemcor AG, has been inducted as a strategic investor with 14.67% stake in the expanded paid-up capital of the Company to meet the fund requirements of the then expansion plans. It is now proposed to issue and allot 8,00,000 fresh Equity Shares to the entity. Part of equity to fund the project for Integrated Project is being raised by Promoters group, while debt requirements are being met by term loans from consortium of banks. Accordingly it is proposed to issue 42,00,000 Share Warrants convertible to 42,00,000 Equity Shares to the associate concern of the promoters group by private placement on preferential allotment basis as set out in the resolutions and elsewhere in the explanatory memorandum.

Stemcor AG., part of Stemcor Group, with its head quarters at London, is a multinational Company with offices across globe, engaged primarily in international trade of Iron and Steel products and steel making raw materials for over five and a half decades. In 2009, its trade volumes include about 15 mmt of steel products and steel making raw materials, with revenues of about US$5.7 billion. The experience and expertise of Stemcor Group in sourcing steel raw materials and ability to market some of the finished products of the Company will go long way and benefit your Company significantly in sourcing of key raw materials and marketing of finished products. Their continued association with your Company will not only strengthen your Company's hands in sourcing the scarce raw materials but also facilitates global reach to your Company's finished products in future. Besides, Stemcor Group is keen to render support to your Company's plans in setting up related projects in future.

Accordingly, it is proposed to raise the Equity Capital by issue of further Equity Shares / Share Warrants of Rs.10/- each for cash at issue price of Rs.60/- per Equity Share or Share Warrant (including premium of Rs.50/- per Share / Share Warrant) which price being higher than the price determined under SEBI Regulations for preferential issues with respect to relevant date 15th November, 2010 i.e.30 days prior to the date of Extraordinary General Meeting, through private placement on a preferential allotment basis to the following Allottees:

Type of Equity	Allottees	No. of Equity Shares / Share Warrants	Face value of each Equity Share / Share Warrant Rs.	Premium on each Equity Share / Share Warrant Rs.	Total amount of issue Rs.Crores
Share Warrants	Ganapati Adusumilli Fininvest Private Limited	42,00,000	10.00	50.00	25.20
Equity Shares	Stemcor AG.	8,00,000	10.00	50.00	4.80
	Total	50,00,000	10.00	50.00	30.00

On the assumption that the Share Warrants will be fully subscribed and paid up, the present Paid-up capital of the Company will go up by Rs. 5 crores i.e. from Rs.33.40 crores to Rs.38.40 crores and the present Share Premium account by Rs.25 crores i.e. from Rs.35.50 crores to Rs.60.50 crores. The proposed issue of Equity Shares including Equity Shares arising on conversion by exchange / surrender of Share Warrants is within the limit of the Authorised Share Capital of the Company.

Consent of the members of the Company is being sought by a special resolution pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956 which inter alia provide that when it is proposed to increase the subscribed capital of the Company by the allotment of further shares to selected persons other than the existing shareholders as a whole such offering shall have to be approved by a special resolution passed in the General Meeting of the Company.

Keeping in view the expediency in raising the funds, the proposed resolution is coming up for your approval at the ensuing Extraordinary General Meeting as an enabling resolution giving adequate flexibility and discretion to the Board of Directors to finalise the terms of issue and implement the resolution. The resolution enables the Board to issue and allot shares to the Allottees on the terms and conditions as the circumstances may warrant at the time of issue of shares.

DISCLOSURES UNDER SEBI (SUBSTANTIAL ACQUISTION OF SHARES & TAKEOVERS) REGULATIONS 1997:

I. **Allottees Details:**

(a) **Name of the Allottees and its relation, if any, with the existing promoters or persons in control over the Company. Names of persons deemed to be acting in concert with the allottees (all referred to as "Acquirer" hereinafter) who will be holding more than 5% in the Company. In case, the allottees is a Company, identify its promoters or persons in control over the Company and the group they belong to, if any:** Ganapati Adusumilli Fininvest Private Limited, a Company incorporated in India, is the entity in which Shri A.S.Rao, Promoter of this Company, and / or his relatives hold substantial interest and will be subscribing 42,00,000 Share Warrants. Stemcor AG, part of Stemcor Group a London based multinational trading Company who is an existing shareholder of the Company will be subscribing 8,00,000 Equity Shares as an investor.

II. **Acquisition details:**

(a) **No. and % of shares proposed to be allotted pursuant to special resolution under section 81(1A) - preferential allotment:** Pursuant to the special resolution a total of 42,00,000 Share Warrants convertible to 42,00,000 Equity Shares within a maximum period of 18 months and 8,00,000 Equity Shares constituting in aggregate 13.02% of expanded capital are proposed to be allotted by preferential allotment through private placement.

(b) **No. and % of shares proposed to be allotted to each of the allottees mentioned at (I) above:**

Type of Share	Acquirer / Allottees	No. of Equity Shares / Share Warrants	Percentage in expanded capital#
Share Warrants	Ganapati Adusumilli Fininvest Private Limited	42,00,000	10.94
Equity Shares	Stemcor AG	8,00,000	2.08
	Total	50,00,000	13.02

on the assumption that the Share Warrants will be fully subscribed and paid up on conversion into Equity Shares.

(c) **Price at which allotment is proposed**: The issue price of the proposed offer is Rs.60/- per Equity Share / Share Warrant which price is higher than the price determined in accordance with the Regulations for pricing of the issue under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations,2009 for preferential issues (Chapter VII) with respect to the relevant date 15th November 2010 i.e., 30 days prior to the date of the ensuing General Meeting.

(d) **Purpose of and reason of the said allotment:** The purpose of issue is to part finance the cost of Integrated Project and other business needs.

(e) **Consequential changes, if any, in Board of Directors:** The proposed issue of Equity Shares including Equity Shares arising on conversion of Share Warrants on preferential allotment basis would not result in any change in the composition of Board of Directors.

(f) **Consequential changes, if any, in the share-holding pattern of the Company:**

	Category	Pre-issue / allotment in terms No. of shares*		Post-issue / allotment in terms No. of shares	
		Nos.	%	Nos.	%
1	Promoter Group:				
	(a)Acquirer (Allottee)#	—	—	4200000	10.94
	(b)Others	12090090	36.20	12090090	31.49
	(c)Total for promoter group	12090090	36.20	16290090	42.43
2	Stemcor AG	4900000	14.67	5700000	14.84
3	Public shareholding-MFs/FIs/Banks	318570	0.95	318570	0.83
4	Public shareholding-Non Institutions	16091340	48.18	16091340	41.90
	Total Paid-up Equity Capital of the Company#	33400000	100.00	38400000	100.00

*Pre-allotment shareholding pattern is in accordance with the beneficiary details provided by the Depositories as on 12.11.2010.

#On the assumption that the Share Warrants will be fully subscribed and fully paid up on conversion into Equity Shares.

(g) **Consequential changes, if any, in voting rights:** The voting rights would change in tandem with shareholding pattern in the expanded capital of the Company.

(h) **Whether the said allotment would result in change in control over the Company:** There will not be any change in the control over the Company on issue of Equity Shares or Equity Shares arising on conversion of Share Warrants by preferential allotment through private placement.

DISCLOSURES UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 FOR PREFERENTIAL ISSUES:

I. **The objects of the issue through preferential offer:** The objects of issue are to part finance the cost of Integrated Project and other business needs.

II. **Proposal of promoters/directors/key management persons to subscribe to the offer:** Ganapati Adusumilli Fininvest Private Limited, a Company incorporated in India, which is the entity in which Shri A.S.Rao, Promoter of this Company, and / or his relatives hold substantial interest will be subscribing 42,00,000 Share Warrants convertible to 42,00,000 Equity Shares within a period of 18 months from the date of allotment.

III. **Shareholding pattern before and after the Issue / Allotment:** Please refer to Item No. II(f) of Disclosures under SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 given above.

IV. **Proposed time within which the allotment shall be completed:** The allotment of the proposed issue shall be completed within a period of 15 days from the date of passing of the resolution in the ensuing Extraordinary General Meeting or where any approval is pending on such issue and allotment from any regulatory authority or the Central Government within a period of fifteen days from the date of such approval.

V. **The identity of the proposed allottees and the percentage of post preferential issue / allotment capital that may be held by them and change in control, if any in the issuer Company consequent to the Preferential Issue:**

Identity of proposed Allottees	Percentage of Post issue / allotment on preferential basis#.
I. Promoter Group:	
(a) Ganapati Adusumilli Fininvest Private Limited - Acquirer (Allottee)# (PAN: AADCG9786B)	10.94
(b) Others	31.49
(c) Total for promoter group	42.43
II. Stemcor AG (PAN: AALCS5916K)	14.84

#On the assumption that the Share Warrants will be fully subscribed and fully paid up on conversion into Equity Shares.

There will not be any change in the control over the Company on issue of Equity Shares or Equity Shares arising on conversion of Share Warrants by preferential allotment through private placement.

VI. **Pricing of the issue and the relevant date on the basis of which price of the Equity Shares shall be calculated:** The issue price of the proposed offer is Rs.60/- per Equity Share / Share Warrant which price is higher than the price calculated in accordance with the SEBI Regulations for pricing of the issue on Preferential issue basis under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009, Chapter VII, with respect to the relevant date 15th November 2010 i.e., 30 days prior to the date of the ensuing General Meeting.

VII. **Lock-in of specified securities:** The proposed issue of Share Warrants and Equity Shares allotted pursuant to exercise of option attached to the said Share Warrant to promoters' group shall be locked in for a period of three years from the date of allotment of Equity Shares arising on exercise of option of conversion provided not more than 20% of total post-issue expanded capital of the Company shall be subjected to lock-in of three years from the date of allotment. The proposed issue of Equity Shares made to Stemcor AG shall be subject to lock-in of one year from the date of allotment.

VIII. **Certificate from Auditors:** Certificate from Statutory Auditors of the Company confirming that the proposed issue of Share Warrants and Equity Shares on Preferential issue / allotment basis is in accordance with the requirements contained in the SEBI Regulations for preferential issues under Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be laid for inspection of members at the ensuing General Meeting.

IX. **Other guidelines:** Other Regulations issued by Securities and Exchange Board of India for preferential issues to the extent relevant to this proposed issue shall be complied with.

The Equity Shares and Equity Shares arising on exercise of option for conversion of Share Warrants proposed to be issued by preferential allotment on private placement shall rank pari-passu in all respects including dividend with the existing Equity Shares of the Company in the year of allotment. The Equity Shares issued by preferential allotment will be listed on the Stock Exchanges where the existing shares are listed. The Equity Shares so issued are transferable inter se amongst the promoters and Promoters group during the lock-in period.

Your Board of Directors commends the resolutions for your approval as a special resolution.

Shri A.S.Rao and Shri A. Naresh Kumar, the promoter directors of the Company are interested in the resolution to the extent of Share Warrants being offered to and subscribed by their associate concern Viz., Ganapati Adusumilli Fininvest Private Limited. None of the other Directors is concerned or interested in the resolution.

By order of the Board

Hyderabad
Date: 16th November 2010

(A.NARESH KUMAR)
MANAGING DIRECTOR