



FACOR STEELS LTD

Regd. Off. : 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur - 440028

NOTICE TO MEMBERS

Notice is hereby given that an EXTRA ORDINARY GENERAL MEETING of the members of Facor Steels Limited will be held at the Registered Office of the Company situated at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur - 440028 on Saturday, 17th March, 2012 at 1.00 p.m., to transact the following business:

Special Business:

1. To consider, and if thought fit, to pass the following resolution which will be proposed as a **Special Resolution**.
"RESOLVED THAT pursuant to Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, and the authority conferred upon the Company by Article 6 of the Articles of Association of the Company, The Authorised Share Capital of the Company be increased from Rs.40,00,00,000/- (Rupees Forty Crores only) divided into 25,00,00,000/- (Twenty Five Crores) equity shares of Re 1/- (Rupee one) each and 15,00,000 (Fifteen Lakhs) 5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees Hundred) each to Rs. 50,00,00,000/- (Rupees Fifty Crores only) divided into 25,00,00,000 (Twenty Five Crores) equity shares of Re. 1/- (Rupee one) each and 25,00,000 (Twenty Five Lakhs) 5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees Hundred) each by creation of 10,00,000 (Ten lakhs) 5% Redeemable Cumulative Preference Shares of Rs.100/- (Rupees hundred) each with the rights, privileges and conditions attaching thereto as provided from time to time by the Articles of Association of the Company and that accordingly the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following, viz:-

Clause V:

- "V: The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 25,00,00,000 (Twenty Five Crores) equity shares of Re. 1/- (Rupee One) each; and 25,00,000 (Twenty Five Lakhs) – 5% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred) each with the rights, privileges and conditions attaching thereto as provided from time to time by the Articles of Association of the Company, with power to increase or reduce the Share Capital and to divide the shares in the Capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be permissible at law and /or determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."
2. To consider, and if thought fit, to pass the following resolution which will be proposed as a **Special Resolution**.
 - A. "RESOLVED that on the above Resolution No.1 being duly passed and becoming effective and pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 5 of the Articles of Association of the Company be and is hereby deleted and substituted by the following, viz:- **Article 5:** The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 25,00,00,000 (Twenty Five Crores) equity shares of Re. 1/- (Rupee One) each; and 25,00,000 (Twenty Five Lakhs) – 5% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred) each with power to increase or reduce the Share Capital and to divide the shares in the Capital for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be permissible at law and /or determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the provisions of the Act or provided by the said Articles."
 - B. The said 5% Redeemable Cumulative Preference Shares (hereinafter called "Preference Shares") shall have the following rights, privileges and conditions attaching thereto, viz,
 - (a) The Preference Shares shall confer upon the holders thereof the right out of the profits of the Company resolved under the Articles of Association to a fixed Cumulative Preferential dividend at the rate of 5% per annum (free of income tax but subject to deduction of taxes at the prescribed rates) on the capital for the time being paid thereon including in a winding up, to repayment of such capital and all arrears of such fixed dividend accrued upto commencement of the winding up (whether earned or declared or not), in priority to the equity shares, but shall not confer any further right to participate in the profits or assets.
 - (b) Subject to the provisions of the Act, the said Preference Shares shall be redeemable in the manner following:
 - (i) The Company may on the expiry of six years from the date of allotment thereof and after giving three months notice to the holders of the Preference Shares, apply any profits or monies of the Company which may be lawfully applied for the purpose of redemption in the manner provided in item (ii) hereof of the Preference Shares for the time being issued and outstanding at par, together with a sum equal to the arrears of fixed dividend thereon, (whether earned or declared or not), upto the date of redemption.
 - (ii) The said Preference Shares shall be redeemed in five annual installments commencing from the Seventh Year from the date of allotment thereof.

- (iii) Notwithstanding anything contained above, the Board of Directors shall be at liberty, to agree to any variation of any of the terms and conditions in respect of the redemption of the Preference Shares as they may deem fit in the best interests of the Company, taking into consideration the circumstances prevailing on the respective dates of redemption thereof as aforesaid.
- (iv) The Company shall be at liberty to create and issue, from time to time, further Preference Shares ranking pari passu in all respects with the said Preference Shares."
3. To consider, and if thought fit, to pass the following resolution which will be proposed as a **Special Resolution**.
"RESOLVED that pursuant to the provisions of Section 81(1) and (1A) and other applicable provisions, if any, of the Companies Act, 1956 and Article 8 of the Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be necessary, including of Securities and Exchange Board of India (SEBI), Stock Exchanges where the shares of the Company are listed and other appropriate authorities as may be necessary, the Board of Directors of the Company be and is hereby authorised to increase the Subscribed Capital of the Company by further issue and allotment of 10,00,000 (Ten Lakhs) 5% Redeemable Cumulative Preference Shares of the face value of Rs.100/- each (the said Preference Shares) as fully paid up to the following entities of promoter group of the company as and by way of conversion of the deposits/loans made/given by them to the Company aggregating to Rs. 10,00,00,000/- (Ten Crores), either in whole or in part as may be mutually agreed to by and between such entities and the Company.:

PROMOTER GROUP ENTITY	AMOUNT OF DEPOSIT/ LOAN TO BE CONVERTED (RS)
1 Dass Papers Private Limited	6000000.00
2 Vineet Infin Pvt. Ltd.	22500000.00
3 S.D.Ores Pvt. Ltd.	33200000.00
4 Suchitra Investments & Leasing Limited	38300000.00
TOTAL	100000000.00

RESOLVED FURTHER that upon conversion of the deposits /loans into the said Preference Shares such deposits/loans shall be deemed to have been fully repaid to the extent of corresponding face value of such shares as on the date of allotment of the said Preference Shares to above mentioned entities.

RESOLVED FURTHER that the said Preference Shares to be allotted to the above mentioned entities shall be subject to the relevant provisions applicable to them of the Memorandum and Articles of Association of the Company.

NOTES:

- 1) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the item of Notice is annexed hereto.
- 2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 3) The instrument of proxy duly stamped and executed should be deposited at the Registered Office of the Company at least 48 hours before the time fixed for commencement of the meeting.
- 4) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Extra-Ordinary General Meeting.

By Order of the Board
For Facor Steels Limited

Registered Office:
46 A & B, MIDC, Industrial Estate,
Hingna Road,
Nagpur-440 028
Dated : 6th February, 2012

Amit G. Pandey
General Manager (Legal) &
Company Secretary

ANNEXURE TO NOTICE

Explanatory Statement under section 173 of the Companies Act, 1956

Item No. 1 to 3

Presently the Authorised Share Capital of the Company is Rs. 40 crores divided into 25,00,00,000 Equity Shares of Re. 1/- each and 15,00,000 5% Redeemable Cumulative Preference Shares of Rs. 100/- each.

In order to strengthen the financial requirements and to fund the expansion plans of the Company, following entities in the Promoter Group of the Company have inducted funds from time to time to the tune of Rs. 17.84 crores into the Company by way of interest bearing Inter Corporate Deposits (ICD). The details of the same are mentioned below.

PROMOTER GROUP ENTITY	ICD AMOUNT (RS)
1 R.B.Shreeram & Company Private Limited	6,79,00,000.00
2 Suchitra Investments & Leasing Limited	4,82,20,181.00
3 S.D.Ores Pvt. Ltd.	3,32,00,000.00
4 Vineet Infin Pvt. Ltd.	2,25,00,000.00
5 Dass Papers Pvt. Ltd.	63,17,052.00
6 GDP Infrastructure Pvt. Ltd.	1,16,253.00
7 Saraf Bandhu Pvt. Ltd.	1,05,684.00
8 Orchard Consultancy Services Pvt. Ltd.	79,267.00
9 Queen Consultancy Services Pvt. Ltd.	36,988.00
TOTAL	17,84,75,425.00

In order to reduce the interest burden of the Company, four promoter group entities, have agreed to convert their interest bearing ICD's worth Rs. 10 Crores into 5% Redeemable Cumulative Preference Shares of the Company in the proportion as mentioned in item no.3 of the Notice. It is to be noted that one of the promoter group entity i.e. M/s R. B. Shreeram & Company Private Limited has already converted its interest bearing ICD worth 15 crores into 5% Redeemable Cumulative Preference Shares with the approval of the shareholders last year. Hence, to give effect to the conversion of the interest bearing ICD's into 5% Redeemable Cumulative preference shares, as aforesaid, the Company proposes to issue and allot 10,00,000 (Ten Lacs) 5% Redeemable Cumulative Preference Shares of Rs.100/- (One hundred) each fully paid-up to the above mentioned promoter group entities as per Resolution at Item No.3 of this Notice. The present Authorised Share Capital of the Company is Rs. 40 Crores divided into Equity and Preference Shares as set out in the Resolution at Item No.1 of the Notice. In order to enable the Company to issue the above mentioned 5% Redeemable Cumulative Preference Shares to the said entities of the Promoter Group as aforesaid, the respective Capital Clause of the Memorandum of Association as well as Article 5 of the Articles of Association of the Company, needs to be amended as stated in the relevant resolution at Items nos.1 and 2 of the Notice. Any alteration in the Capital clause of the Memorandum & Articles of Association of the Company requires approval from the members by way of Special Resolution as mentioned in Items nos. 1 & 2 of the notice. After obtaining the approval for the issue of new Preference Shares, the resolution contained in Item no. 3 of the Notice is proposed to be passed for the allotment of the appropriate number of new Preference Shares to promoter group entities, which have agreed to convert their deposits worth Rs.10 crores into the 5% Redeemable Cumulative Preference Shares, as provided in this resolution. It is in these circumstances the resolutions are proposed to be passed and commended for your acceptance.

None of the Directors except Mr. N. D. Saraf, Mr. M. D. Saraf, Mr. Anurag Saraf and Mr. Vinod Saraf who are also Directors/ members of the above mentioned promoter group entities are concerned or interested in this resolution.

Registered Office:
 46A & B, MIDC, Industrial Estate,
 Hingna Road,
 Nagpur-440 028
 Dated: 6th February, 2012

By Order of the Board
 For Facor Steels Limited

Amit G. Pandey
 General Manager (Legal) &
 Company Secretary

PROXY FORM

I/We
 of in the District of
 being a Member / Members of FACOR Steels Limited hereby appoint
 of in the District of
 or failing him
 of in the District of
 or failing him
 of in the District of

as my/our proxy to vote for me/us and on my/our behalf at the Extra Ordinary General Meeting of the company to be held at 46 A & B, MIDC Industrial Estate, Hingna Road, Nagpur-440 028 (Maharashtra) on Saturday, the 17th March, 2012 at 1.00 p.m. and at any adjournment thereof.

Signed this day of 2012

Ledger Folio Nos. / Client ID No. _____
 No. of Shares held - _____



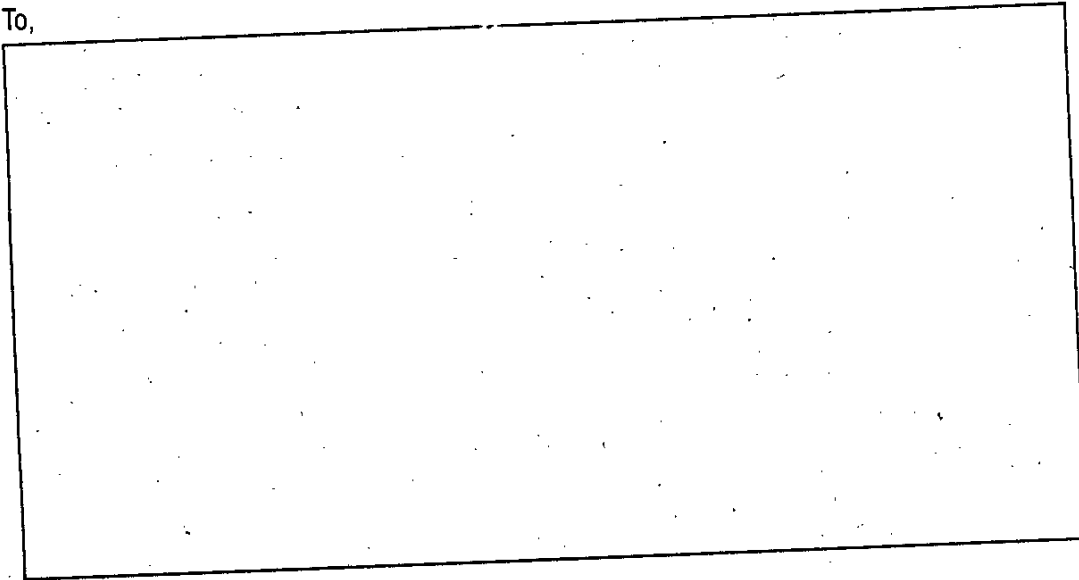
Shareholder's Signature

NOTES :

- (a) If a member is unable to attend the Meeting, he may sign this form and send it to the Secretary, Facor Steels Limited, Nagpur- 440 028 (Maharashtra), so as to reach him not less 48 hours before the time of holding the meeting.
- (b) This form should be signed across the stamp as per the specimen signature registered with the Company.

BOOK POST

To,



If undelivered please return to :



FACOR STEELS LTD

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Hingna Road, Nagpur - 440028
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