



INFORMATION MEMORANDUM VARDHMAN SPECIAL STEELS LIMITED

Registered Office: Vardhman Premises, Chandigarh Road, Ludhiana, PUNJAB
Tel No: +91 0161 22289343/48; Fax No: +91 0161 2601048, 2222616
Website: www.vardhmansteel.com : Email: secretarial.lud@vardhman.com
Contact Person: Mr. Mohan Singh, Company Secretary.

Vardhman Special Steels Limited was incorporated on 14th May, 2010 under the Companies Act, 1956.

INFORMATION MEMORANDUM FOR LISTING OF 1,85,55,376 EQUITY SHARES OF RS. 10/- EACH.

NO EQUITY SHARES ARE PROPOSED TO BE SOLD/OFFERED PURSUANT TO THIS
INFORMATION MEMORANDUM.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of Vardhman Special Steels Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the shares of Vardhman Special Steels Limited. For taking an investment decision investors must rely on their own examination of the Company including the risks involved.

ISSUER'S ABSOLUTE RESPONSIBILITY

Vardhman Special Steels Limited having made all reasonable enquiries accepts responsibility for and confirms that this Information Memorandum contains all information with regard to Vardhman Special Steels Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

REGISTRAR AND SHARE TRANSFER AGENT

Alankit Assignments Limited
2E/21, Alankit House,
Jhandewalan Extension,
New Delhi – 110 055.
Tel: (011) 41540063-63
Fax: (011) 41540064
Contact Person: Mr. Y. K. Singhal
E-mail id : rta@alankit.com

LISTING

The Equity Shares of the Company are proposed to be listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

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DEFINITIONS AND ABBREVIATIONS & INDUSTRY RELATED TERMS

Term	Description
“Vardhman Special Steels Limited” or “VSSL” or “Company” or “Resulting Company” or “us” or “we” or “our”.	Vardhman Special Steels Limited, a Public Limited Company incorporated under the Companies Act, 1956
Act	The Companies Act, 1956, as amended from time to time.
Articles/ Articles of Association	Articles of Association of Vardhman Special Steels Limited
Auditors	The Statutory Auditors of Vardhman Special Steels Limited
A.Y./ AY	Assessment Year
AGM	Annual General Meeting of the Company
AS	Accounting Standard as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
NSE	National Stock Exchange of India Limited
Board/ Board of Directors/Directors	The Board of Directors of Vardhman Special Steels Limited
CDSL	Central Depository Services (India) Limited
MCA	Ministry of Corporate Affairs
DP	Depository Participant
EGM	Extra-ordinary General Meeting of the Company
EPS	Earnings Per Share
Equity Shares	The Equity Shares of face value of Rs. 10/- each of the Company
HUF	Hindu Undivided Family
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income Tax Act, 1961, as amended from time to time, except as stated otherwise.
MOU	Memorandum of Understanding

Memorandum/ Association / MOA	Memorandum of Association of Vardhman Special Steels Limited.
NSDL	National Securities Depository Limited
“Vardhman Textiles Limited ” or “VTXL” or “Demerged Company”	Vardhman Textiles Limited, a Public Limited Company incorporated under the Companies Act, 1956.
Scheme	Scheme of Arrangement & Demerger under Sections 391 to 394 of the Companies Act, 1956 between Vardhman Textiles Limited (formerly known as Mahavir Spinning Mills Limited) and Vardhman Special Steels Limited and their respective shareholders & creditors as sanctioned by the Hon'ble Punjab & Haryana High Court at Chandigarh on 12th January 2011.
SEBI	Securities & Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Regulations	SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009 issued by the SEBI on 26 th August, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
Steel Business Undertaking	The whole of the Steel Business Undertaking of Vardhman Textiles Limited as defined in the Scheme of Arrangement & Demerger.
TDS	Tax Deduction at Source

CERTAIN CONVENTIONS AND MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of India.

For definitions, please see the section titled “Definitions and Abbreviations & Industry related terms” of this Information Memorandum.

All references to “India” contained in this Information Memorandum are to the Republic of India.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information, if any, included in this Information Memorandum about the various other companies is based on their respective Annual Reports and information made available by the respective companies.

We have included statements in this Information Memorandum that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward looking statements”. Similarly, statements that describe our objectives, plans or goals are also forward looking statements.

FORWARD-LOOKING STATEMENTS

All forward looking statements are subject to risks, uncertainties and assumptions about us, that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India.
- Our ability to successfully implement our growth strategy.
- Our ability to respond to technological changes.
- Changes in laws and regulations relating to the industry in which we operate.
- The loss of our key employees and staff..
- Increasing competition in and the conditions of the industry in which we operate.

For further discussion of factors that could cause our actual results to differ, refer to the section entitled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

RISK FACTORS

Investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information contained in this Information Memorandum including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

(I). RISKS (INTERNAL AND EXTERNAL) ENVISAGED BY THE MANAGEMENT

- ❖ **Any decrease in the price of our products triggered as a result of macro-economic factors including, inter-alia, economic growth slowdown will materially and adversely affect our business, results of operations and financial condition.**

The steel industry is highly cyclical and a decrease in steel prices may have an adverse effect on the Company's results of operations and financial condition. Steel prices are volatile, reflecting the highly cyclical nature of the global steel industry. Steel prices fluctuate based on macroeconomic factors, including, amongst others, consumer confidence, employment rates, interest rates and inflation rates, in the economies in which the steel producers sell their products and are sensitive to the trends of particular industries, such as the automotive, construction, packaging, appliance, machinery, equipment and transportation industries, which are among the biggest consumers of steel products.

In addition, substantial decrease in steel prices during periods of economic weakness has not always been balanced by commensurate price increases during periods of economic strength. Although steel prices have, to a certain degree, recovered and stabilised since their sharp fall in 2008, the timing and extent of price recovery or return to prior levels remains uncertain. A sustained price recovery will most likely require a broad economic recovery, in order to underpin an increase in real demand for steel products by end users.

A slowdown in economic growth in India could cause the business to suffer. Any slowdown in the growth of Indian economy or future volatility in global financial market, could adversely affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

❖ **Significant change in the Government's economic liberalization and deregulation policies.**

The Government's economic policies have had and could continue to have a significant effect on public and private sector entities, including Vardhman Special Steels Limited and on market conditions and prices of Indian securities. Any significant change in the Government's policies or any political instability in India could adversely affect the business and economic conditions in India and could also adversely affect the business, future financial performance and the price of Company's Equity Shares.

❖ **Our electricity supply may not be reliable; we may be adversely affected by increasing power costs.**

The power supply of the Company is presently fulfilled partly by the Punjab State Power Corporation Limited and partly by Open Access. There may be power cuts in the supply provided by the Punjab State Power Corporation Limited from time to time. Power costs constitute our second highest manufacturing expense after raw material cost. If the per unit cost of electricity is increased by the Punjab State Power Corporation Limited our power costs will increase. Also, if the open access power costs go up, our power cost will rise. It may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins. If our supply of electricity were interrupted or limited we would be required to suspend production, which, if lasting longer than a very short period, would materially and adversely affect our business, financial condition or results of operations. In addition to the production losses that we would incur during production shutdowns, we would not be able to immediately return to full production volumes following power interruptions, however brief. Any interruption of power, even if short, could give rise to inefficiencies when we resume production. Accordingly, any increase in power costs could adversely affect our operations, and financial condition. Though, there is likelihood that Punjab State may be Power Surplus in the next five years.

❖ **Regional hostilities, terrorist attacks or social unrest or conflicts involving India could affect the financial markets in India and adversely affect our business.**

The Asian region has from time to time experienced instances of civil unrest, terrorist attacks and hostilities among neighboring countries. Since early 2003, there have been military hostilities and civil unrest in Afghanistan and Iraq. Military activity or terrorist attacks in India in the future could influence the Indian economy by creating a greater perception that investments in Indian companies involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy, our Company's business, its future financial performance and on the market for securities of Indian companies, including the Equity Shares.

Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our Company's business, future financial performance and the market for the Equity Shares.

❖ **An active market for our Equity Shares may not develop.**

After this listing, the prices of our Company's equity shares may be volatile, or an active trading market for our Company's equity shares may not develop. There has been no public market for the Company's Equity Shares till now and the prices of the Company's Equity Shares may fluctuate after listing. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after the listing. The Company's share price could be volatile.

(II). PROPOSAL TO ADDRESS THE RISKS.

- ❖ The Company has in place a team of experienced professionals who keep track of global happenings, use forecasting tools and plan purchases accordingly through forward booking and multiple sources.
- ❖ The Company has a strong Research and Development backbone which is constantly innovating the manufacturing process, improving yields and ingredients to reduce costs and be competitive. The manufacturing team is focused on reducing costs by bringing in modern techniques and machines to reduce labour and power costs. In view of this the company is well prepared and has established benchmarking parameters for its different business process to be globally competitive.
- ❖ The Company is continuously working towards building a cost competitive manufacturing set-up.

This section should also be read in conjunction with section titled "Outstanding Litigation and Material Information."

INTRODUCTION

SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE RISK FACTORS AND THE MORE DETAILED INFORMATION ABOUT THE COMPANY AND FINANCIAL DATA INCLUDED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

(Sources: The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries and has not been independently prepared and verified by the company. The information provided is based on present business activities of the company.)

INDUSTRY STRUCTURE & DEVELOPMENT

Indian Special Steel, Alloy Steel and Stainless Steel Industry

As per official estimates, the Iron and Steel Industry contributes around 2% of India's Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IIP) is 6.20%. From a once negligible global presence, the Indian steel industry is now acknowledged for its product quality, demonstrated by trends of rising exports.

(Source: Ministry of Steel, Government of India).

In addition to maintaining its position as the fifth-largest producer of crude steel in the world in 2008, India remains the world's largest producer of direct reduced iron (DRI) or sponge iron with nearly 20 MnT produced and of pig iron with more than 470 MnT in 2008-09. According to the Ministry of Steel, India is likely to achieve a steel production capacity of nearly 124 MnT by the year 2011-12. The steel sector is expected to generate additional employment of around 4 million by 2020 for production of around 295 MnT of crude steel by 2019-2020. More than two hundred memorandums of understanding have already been signed with various states for a planned capacity of around 276 MnT. Capacity creation during the last decade after deregulation has taken place entirely in the private sector. As a result, there has been a noticeable shift towards the private sector both at the crude and finished steel stages. Private sector during 2006-07 accounted for 67% of the total crude steel output compared to 41% in 1992-93 and 74% of the total finished steel output compared to 54% in 1992-93.

[Source: Eleventh Five Year Plan]

The National Steel Policy, 2005 has projected consumption to grow at 7% based on GDP growth of 7%-7.5% and production capacity of 110 MT by 2019-20. The report of the working group on steel industry for the Eleventh Five-Year Plan (2007-2012) has projected that the apparent consumption of special and alloy steel will be around 3.5-4 MT and stainless steel will be around 1.75 MT by the year 2011-12.

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 MnT by 2019-2020. These estimates will be largely exceeded and it is envisaged that in the next five years, demand will grow at a considerably higher annual average rate of over 10% as compared to around 7% growth achieved between 1991-92 and 2005-06. It has been assessed that, on a "most likely scenario" basis, steel production capacity in India by the year 2011-2012 will be nearly 124 MnT. If proposed expansion plans are implemented as per schedule, India may become the second largest crude steel producer by 2015-16.

[Source: National Steel Policy 2005]

Business Summary of the Company

Vardhman Special Steels Limited was incorporated on 14th May, 2010 with presently its registered office situated at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab. The main object of the Company is to manufacture, trade & export all kinds of steel including stainless steel, sponge iron, auto components, wire rods, engage in mining activities and for such purposes to set up steel furnaces.

The Company has been vested with the Steel Business Undertaking of Vardhman Textiles Limited w.e.f. 1st January, 2011 as per the Scheme of Arrangement & Demerger as sanctioned by the Hon'ble Punjab & Haryana High Court at Chandigarh vide its order dated 12th January, 2011.

Scheme of Arrangement & Demerger between Vardhman Textiles Limited & Vardhman Special Steels Limited

As mentioned above, the Hon'ble Punjab & Haryana High Court at Chandigarh sanctioned the Scheme on 12th January, 2011. A copy of the authenticated Order has been filed with the office of the Registrar of Companies on 15th March, 2011. Accordingly, the Effective Date for the Scheme is 15th March, 2011.

As per the Scheme, the Steel Business Undertaking of Vardhman Textiles Limited was demerged into Vardhman Special Steels Limited. Vardhman Special Steels Limited was incorporated as a 100% Subsidiary Company of Vardhman Textiles Limited.

Vardhman Textiles Limited obtained No-Objection to the Scheme of Arrangement & Demerger from the NSE and BSE vide their letters dated 18th August, 2010 and 11th August, 2010 respectively. Further, the Scheme was also approved by an overwhelming majority of its Shareholders & Creditors at their meeting held on 23rd October, 2010 under the supervision of Hon'ble Punjab & Haryana High Court at Chandigarh. Subsequent to the approvals from the relevant regulatory authorities, the Hon'ble Punjab & Haryana High Court sanctioned the said Scheme on 12th January, 2011.

As per the Scheme of Arrangement & Demerger, all assets, debts, liabilities, duties and obligations of every kind pertaining to its Steel Business Undertaking of Vardhman Textiles Limited have vested in Vardhman Special Steels Limited.

SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT & DEMERGER.

The Scheme of Arrangement & Demerger is under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and provides for the demerger of Steel Business Undertaking to Vardhman Special Steels Limited.

The Scheme of Arrangement & Demerger comprises of the following parts :

Clauses 1, 2 & 3 - which deal with the Definitions and Share Capital.

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1. "**Act**" means the Companies Act, 1956 and any statutory modification or re-enactment thereof for the time being in force.

1.2. "**Appointed Date**" means January 1, 2011 or such other date as may be approved by the High Court for the purposes of this Scheme.

1.3. "**Demerged Company**" means Vardhman Textiles Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Chandigarh Road, Ludhiana-141010.

1.4. "**Demerging Undertaking**" means Steel Business Undertaking of Vardhman Textiles Limited.

1.5. "**Effective Date**" means the date on which the certified copy of the Order of the High Court of Judicature for Punjab & Haryana at Chandigarh sanctioning the Scheme is filed with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh.

1.6. "**Court**" or "**High Court**" means the High Court of Judicature for Punjab & Haryana at Chandigarh.

1.7 "**Net assets of the Steel business undertaking**" would mean the difference between the assets and the liabilities of the Steel Business Undertaking taken over by the Resulting Company as part of the demerger of the steel business.

1.8 "**Record Date**" means the date as fixed by the Board of Directors or a Committee, as appointed by the Board of Directors of Demerged Company and Resulting Company for the purposes of issue of shares in Resulting Company to the shareholders of Demerged Company as the case may be, upon coming into effect of this Scheme. The Board of Directors of Demerged Company and Resulting Company shall determine the record date, being a date post filing of the sanction Order of this Scheme with the Registrar of Companies. Shareholders of the Demerged Company, as on the record date will be issued shares in the Resulting Company under this Scheme pursuant to the Demerger.

1.9 "**Remaining Business**" means all the undertakings, businesses, activities and operations of the Demerged Company other than the Steel Business Undertaking.

1.10 "**Resulting Company**" means Vardhman Special Steels Limited, a company incorporated under the Indian Companies Act, 1956 and having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana- 141010

1.11 "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this Scheme of Arrangement and Demerger in its present form or with any modification(s) made under Clause 16 of this Scheme.

1.12 "**Steel Business Undertaking**" means and includes the undertaking of the Demerged Company consisting, inter alia, all assets including immovable property as set out in Schedule 1 to the Scheme and all liabilities relating thereto. Assets and Liabilities of the Steel Business Undertaking shall mean and include:

1.12.1. The assets (whether real or personal, corporeal or incorporeal, present, future, contingent, tangible or intangible) pertaining to the Steel Business Undertaking of Demerged Company including but without being limited to land and building, plant and machinery, capital work in progress, intellectual property and rights to use intellectual property, furniture, fixtures, office equipment, appliances, accessories, vehicles, deposits, all stocks, assets, working capital, all customer contracts, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Steel Business Undertaking, whether in India or abroad;

1.12.2. All deposits, advances, loans, receivables, funds, staff advances, advance payments to regulatory authorities, cash, bank balances, accounts and all earnest money and/or deposits including security deposits made / paid by Demerged Company in connection with or relating to the Steel Business Undertaking;

1.12.3. All necessary records, files, papers, process information, computer programs, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Steel Business Undertaking of Demerged Company.

1.12.4. The liabilities pertaining to / arising out of the activities or operations of the Steel Business Undertaking including the following:

- specific loans and borrowings raised, term loans from banks and financial institutions (if any), bank overdrafts, working capital loans & liabilities, amount due to small scale industrial undertakings raised, incurred and utilised solely for the activities or operations of the Steel Business Undertaking.

- liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Demerged Company if any, allocated to the Steel Business Undertaking in the same proportion in which the value of the assets (ignoring the revalued amount) transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme;

Provided however that any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Steel Business Undertaking or whether it arises out of the activities or operations of the Steel Business Undertaking shall be decided by mutual agreement between the Board of Directors of the Demerged Company and Resulting Company.

1.12.5 All permanent and temporary employees of the Demerged Company employed in/ or relatable to the Steel Business Undertaking as on the Effective Date, and as identified by the Board of Directors of the Demerged Company;

Without prejudice to the generality of the foregoing, it is clarified that all permits, sanctions, quotas, rights, entitlements, consents, permissions, licenses, certificates, authorisations relating to the Steel Business Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the rights and benefits under the same shall be available to the Resulting Company; All benefits or incentives including income tax, sales tax (including deferment of sales tax), service tax, value added tax and any other direct or indirect tax(es) benefits in respect of the Steel Business Undertaking for which the Demerged Company is entitled to in terms of the various statutes and/or schemes of Union and State Governments, shall be available to and vest in the Resulting Company;

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of Vardhman Textiles Limited or the Demerged Company as on the last audited Balance sheet dated March 31, 2010 was as under:

Particulars	(Amount in Rs.)
Authorised Capital	
9,00,00,000 Equity shares of Rs.10 each	90,00,00,000
1,00,00,000 Redeemable Cumulative Preference Shares of Rs.10 each	10,00,00,000
Total	100,00,00,000
Issued, Subscribed and Paid-up	57,76,95,270
5,77,69,527 Equity shares of Rs.10 each	

The share capital structure of Demerged Company as on 30th June, 2010 is same as on 31st March, 2010 as there has been no change in the Issued, Subscribed and Paid-up share capital of Demerged Company after 31st March, 2010.

Further, during the pendency of the scheme, the Demerged company reserves the right to issue additional equity shares to any institutional investor or existing shareholders or to the public by way of preferential placement of the equity share or by way of right issue to existing shareholders or by way of a fresh public issue at such price as may be decided.

However, in case of any further issuance of equity shares of Demerged Company, prior consent would be obtained from the Board of Directors of the Resultng Company in relation to such issue of equity shares.

Demerged Company has issued USD 60,000,000 Zero Coupon Convertible Bonds ("FCCBs") which are due for redemption in February, 2011. The outstanding amount of FCCBs as on 31st March, 2010 is USD 59,000,000. The above FCCBs are convertible into equity shares of Demerged Company at any time prior to thirty days before Maturity Date of February 17,

2011 in terms of the FCCB Offering Circular dated February 16, 2006. The above mentioned FCCBs are listed on the Singapore Stock Exchange.

3.2 The share capital of **Vardhman Special Steels Limited** as on 30th June, 2010 is as under:

Particulars	(Amount in Rs.)
Authorized Capital	
50,00,000 Equity Shares of Rs.10 each	5,00,00,000
Issued, Subscribed and Paid-up	
50,000 Equity Shares of Rs.10 each	5,00,000

The entire issued, subscribed and paid-up capital in Vardhman Special Steels Limited is currently held by Vardhman Textiles Limited.

Before the Effective Date, the Demerged Company would contribute to the share capital of the Resulting Company by subscribing to additional 2,250,000 equity shares of Rs. 10/- each at par. As on the effective date the paid up share capital of the Resulting Company would be Rs.23,000,000/- divided into 2,300,000 shares of Rs. 10 each.

Further, in the event of any change in the share capital of the Demerged Company by way of the fresh issue of shares during the pendency of this scheme, the Demerged Company may contribute to the share capital of the Resulting Company by subscribing to such additional number of equity shares of Rs. 10/- each at par as may be agreed upon by the Board of Directors of both the Demerged Company and the Resulting Company.

Further, in the event of additional issue of shares as mentioned above, there would be no change in the consideration as mentioned in clause 5.1 and all the shareholders of the Demerged Company, as on the record date, would be entitled to the shares in the Resulting Company, unless specifically provided for in this scheme.

Clause 4 - which deals with demerger of the Steel Business Undertaking of Vardhman Textiles Limited.

4. VESTING OF UNDERTAKING

With effect from the Appointed Date and upon the Scheme becoming effective and subject to the provisions of the Scheme, the Steel Business Undertaking of the Demerged Company, as defined in Clause 1.12 above, shall subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394(1) of the Act, and in accordance with Section 394(2) of the Act and Section 2(19AA) of the Income tax Act, 1961, and without any further act or deed, be transferred to and vested in and/or deemed to be transferred to and vested in the Resulting Company, as a going concern, in the following manner:

4.1 With effect from the Appointed Date, the whole of the undertaking and properties comprising the Steel Business Undertaking, as aforesaid, shall, under the provisions of Sections 391 to 394 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and be vested in and/or be deemed to be transferred

to the Resulting Company so as to vest in the Resulting Company all the rights, title and interest pertaining to the Steel Business Undertaking of the Demerged Company.

- 4.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relating to the Steel Business Undertaking shall, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to and/or deemed to be transferred to the Resulting Company as the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.

It is hereby clarified that upon the Scheme becoming effective, the working capital lenders relating to the Steel Business Undertaking existing as of the Effective Date, that have security over the current assets of Demerged Company, shall be entitled to (a) security over the current assets of the Resulting Company and (b) a charge on the fixed assets of the Resulting Company (subject to first charge created/ to be created in favour of the term lenders, if any).

Further, all loans raised after the Appointed Date but before the Effective Date and liabilities incurred by the Demerged Company after the Appointed Date but before the Effective Date for operations of the Steel Business Undertaking shall be discharged by the Resulting Company. Where any of the liabilities and obligations attributed to the Steel Business Undertaking on or after the Appointed Date have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.

- 4.3 With effect from the Appointed Date, all documents of title, deeds, papers, contracts etc. pertaining to the Steel Business Undertaking shall be handed over to the Resulting Company.

- 4.4 The transfer and vesting of the assets of the Demerged Company relating to the Steel Business Undertaking shall be effected as follows:

4.4.1 The immoveable properties including land, building and structures belonging to and/or vested in the Steel Business Undertaking shall pursuant to Section 394(2) of the Act and provisions of this Scheme, without any further act or deed, be transferred to and vested in or deemed to have been transferred to the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes, if any, and fulfill all obligations in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof.

4.4.2 All the movable assets of the Steel Business Undertaking or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery to the Resulting Company to the end

and intent that the property therein passes to the Resulting Company on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company accordingly.

4.4.3 In respect of movable assets, other than those specified in sub-clause 4.4.2 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, pursuant to the Order of the High Court sanctioning the Scheme, the said debt, loan, advances, etc. would be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realize the same stands extinguished, and that such rights to recover or realize the same shall vest in the Resulting Company. Pursuant to the Order of the High Court sanctioning the Scheme, each person, debtor or deposittee of the Steel Business Undertaking of the Demerged Company would pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realise the same would be in substitution of the right of the Demerged Company;

4.5 All taxes, duties, cess payable by Demerged Company relating to the Steel Business Undertaking and all or any refunds/credit (including cenvat credits)/claims relating thereto shall be treated as the liability or refunds/credit/ claims, as the case may be, of the Resulting Company.

4.6 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with conditions contained in Section 2(19AA) of the Income tax Act, 1961. Such modification will however not affect other parts of the Scheme.

Clause 5 - which inter-alia deals with the Listing of Equity Shares of the Company;

5.5 The Equity Shares of Resulting Company shall be listed on all the stock exchanges on which the shares of Demerged Company are listed as on the Effective Date. The Resulting Company shall also fulfill the Exchange's criteria for listing and shall also comply with Rules, Byelaws, and Regulations of the Exchange and other applicable statutory requirements and compliances with the necessary procedures that may be required.

Clause 14 - which deals with the general terms and conditions that would be applicable to the Scheme.

14.1 On or before the Effective Date, the Resulting Company shall take necessary steps to increase or alter, to the extent required, its Authorized Share Capital suitably to enable it to issue and allot the equity shares pursuant to this Scheme, subject to the payment of stamp duty and corresponding registration fees as per Schedule X to the Companies Act 1956 and the same shall be effective from the Appointed Date as described in Paragraph 1.2 of the Scheme.

- 14.2 Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Resulting Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, and on the members of the Resulting Company giving their consent to the Scheme, it shall be deemed that the shareholders of the Resulting Company have given their consent/approval to the alteration of the Memorandum and Articles of Association of the Resulting Company as required under section 17 and other provisions applicable of the Act.
- 14.3 The new equity shares in the Resulting Company to be issued to the members of the Demerged Company pursuant to Clause 5 above shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall be pari passu in all respects with the existing shares in the Resulting Company.
- 14.4 It is clarified that the Resulting Company, for the purpose of issuing the aforesaid shares to the shareholders of the Demerged Company, shall not be required to pass a separate Special Resolution under Section 81(1A) of the Act or any other provisions of the Act, and on the members of the Resulting Company giving their consent to the Scheme, it shall be deemed that the shareholders of the Resulting Company have given their consent to issue aforesaid shares to the shareholders of the Demerged Company as required under Section 81(1A) of the Act.

**BRIEF HIGHLIGHTS OF THE SCHEME WITH RESPECT TO
ALLOTMENT AND LISTING OF SHARES & OTHER CONSEQUENTIAL ASPECTS.**

1) Appointed Date for the Scheme :

"Appointed Date" means January 1, 2011 or such other date as may be approved by the High Court for the purposes of this Scheme.

2) Exchange Ratio:

Vardhman Special Steels Limited will issue and allot equity shares to every member of Vardhman Textiles Limited holding fully paid up equity shares in Vardhman Textiles Limited and whose name appears in the register of members of Vardhman Textiles Limited, on the record date, in the ratio of One (1) Equity Share of the face value of Rs. 10/- (Rupees Ten only) each fully paid-up in Vardhman Special Steels Limited for every Five (5) equity shares fully paid up held in Vardhman Textiles Limited. Such shares shall rank pari passu in all respects with the existing shares of Vardhman Special Steels Limited.

3) Treatment of fractional entitlements :

No coupons shall be issued in respect of fractional entitlements, if any, by Resulting Company, to the members of Demerged Company at the time of issue and allotment of Equity Shares under Clause 5.1 and 5.2, as the case may be. The Board of Directors of Resulting Company shall consolidate all fractional entitlements, if any, arising due to the demerger of the Steel Business Undertaking and allot Equity Shares in lieu thereof to a director or such other authorized representative(s) as the Board of Directors of Resulting Company shall appoint in this behalf, who shall hold the Equity Shares issued in Resulting Company, in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it / he / they may deem fit, and pay to Resulting Company, the net sale proceeds thereof, whereupon Resulting Company shall distribute such net sale proceeds, subject to taxes, if any, to the members in proportion to their respective fractional entitlements. The Board of Directors of Resulting Company, if it deems necessary, in the interest of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

4). Listing of VSSL Shares :

The Equity Shares of Resulting Company shall be listed on all the stock exchanges on which the shares of Demerged Company are listed as on the Effective Date. The Resulting Company shall also fulfill the Exchange's criteria for listing and shall also comply with Rules, Byelaws, and Regulations of the Exchange and other applicable statutory requirements and compliances with the necessary procedures that may be required.

5) Reduction of Equity Capital of Demerged Company :

The Scheme of Arrangement & Demerger does not envisage any reduction in the Paid Up Equity Share Capital of the Demerged Company. Therefore, the shareholders of Vardhman Textiles Limited will get additional One Equity Share (1) of Rs. 10 each fully paid – up for every Five (5) Equity Shares held in Vardhman Textiles Limited as on the Record Date without any reduction in their shareholding in Vardhman Textiles Limited.

GENERAL INFORMATION

Vardhman Special Steels Limited was incorporated on 14th May, 2010 under the Companies Act, 1956 with its main objects to manufacture, trade & export all kinds of steel including stainless steel, sponge iron, auto components, wire rods, engage in mining activities and for such purposes to set up steel furnaces.

REGISTERED OFFICE:

Vardhman Premises,
Chandigarh Road,
Ludhiana, PUNJAB, 141 010
INDIA

REGISTRATION NO: CIN - U27100PB2010PLC033930

REGISTRAR OF COMPANIES:

The Registrar of Companies,
Corporate Bhawan, Plot No. 4B,
Sector-27B, Madhya Marg,
Chandigarh-160019

COMPLIANCE OFFICER AND COMPANY SECRETARY:

Mr. Mohan Singh
Company Secretary
Telephone : (0161) 2228943-48
Fax: (022) 2601048, 2222616
Email : secretarial.lud@vardhman.com

BOARD OF DIRECTORS:

Mr. Prafull Anubhai	-	Non-Executive Chairman
Mr. Rajinder Kumar Jain	-	Non-Executive Director
Mrs. Ramni Nirula	-	Non-Executive Director
Mr. Rajeev Gupta	-	Non-Executive Director
Mr. Mukund Choudhary	-	Non-Executive Director
Mr. Sanjeev Pahwa	-	Non-Executive Director
Mrs. Suchita Jain	-	Non-Executive Director
Mr. B. K. Choudhary	-	Non-Executive Director
Mr. Sachit Jain	-	Managing Director

For further details of the Board of Directors of the Company, please see - the section titled "Management".

BANKERS TO THE COMPANY:

STATE BANK OF INDIA
STATE BANK OF PATIALA
HDFC BANK LIMITED
BANK OF BARODA

AUDITORS:

M/S. S. S. KOTHARI MEHTA & CO.,
SCO-19, 1st Floor,
Sector-11, Panchkula-134111
Tel- 0172 - 5066820
Email: dineshkabrol@gmail.com, sskchd@gmail.com.

REGISTRAR AND SHARE TRANSFER AGENT:

M/S. ALANKIT ASSIGNMENTS LIMITED,
Mr. Y. K. Singhal,
2E/21, Alankit House,
Jhandewalan Extension,
New Delhi- 110 055.
Tel: (011) 41540060-63.
Fax: (011) 415410064
Email: rta@alankit.com.

CAPITAL STRUCTURE

CONSEQUENT TO ISSUE AND ALLOTMENT OF SHARES PURSUANT TO THE SCHEME, THE SHARE CAPITAL OF THE COMPANY IS AS FOLLOWS:

		(In Rs.)
A.	Authorised Share Capital 3,50,00,000 Equity Shares of Rs.10/- each	35,00,00,000
B.	Issued, Subscribed and Paid up Capital after the implementation of the Scheme 1,85,55,376 Equity Shares of Rs. 10/- each	18,55,53,760
C.	Share Premium	Nil
	Before the Scheme	Nil
	After the Scheme	Nil

The Authorized Share Capital of the Company at the time of Incorporation was Rs.5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each. Subsequently the Authorised Share capital of the Company was increased to Rs. 35,00,00,000/- divided into 3,50,00,000 Equity Shares of Rs.10/- each vide a Resolution passed at an Extra-Ordinary General Meeting held on 13th December, 2010.

Prior to the allotment of the shares, as per the Scheme, to the Non-Promoter and Promoter Shareholders as per their entitlement on the Record Date i.e. 30th March, 2011, the Issued, Subscribed and Paid up equity Share Capital of the Company was Rs. 5,82,50,000/- divided into 58,25,000 Equity Shares of Rs.10/- each.

As per Clause 5.1 of the Scheme, the Committee of Directors of the Company has passed a resolution in its meeting held on 8th April, 2011 to allot 1,27,30,376 Equity Shares of Rs. 10/- each to the eligible members of Vardhman Textiles Limited, as on Record Date i.e. 30th March 2011,.

Equity Share Capital history

SR. NO.	DATE OF ALLOTMENT	DATE WHEN FULLY PAID UP	CONSIDERATION (CASH, BONUS, KIND, ETC.)	NO. OF EQUITY SHARES	FACE VALUE (RS.)	ISSUE PRICE (RS.)	LOCK-IN PERIOD
1.	14 th May, 2010	14 th May, 2010	Cash (Pursuant to Subscription Clause of the Memorandum of Association of the Company)	50,000	10.00	10.00	Entire 50,000 Equity Shares shall be locked in for three years from the date of listing. *
2.	1st January, 2011	1st January, 2011	Cash	57,75,000	10.00	10.00	Entire 57,75,000 Equity Shares shall be locked in for Three years from the date of listing.*
3.	8th April, 2011	8th April, 2011	Issuance of Equity Shares pursuant to the Scheme of Arrangement & Demerger	1,27,30,376	10.00	Issued in consideration of vesting of Steel Business Undertaking of VSSL in VTXL.	16,17,290 Equity shares, shall be locked-in for a period of three years from the date of listing.*

NOTES FORMING PART OF CAPITAL STRUCTURE:

- Promoters of Vardhman Special Steels Limited, their relatives and their directors have not purchased or sold or financed, directly or indirectly, any Equity Shares from the date of sanction of the Scheme by the Hon'ble Punjab & Haryana High Court at Chandigarh till the date of submission of this Information Memorandum except as provided in Scheme of Arrangement & Demerger.

*Pursuant to SEBI Circular No. SEBI/CFD/SCRR/01/2009/03/09 dated September 3rd, 2009, 74,42,290 shares, being 20% of the post merger paid-up capital of the Promoters' Share of VSSL and the balance of the entire Pre-merger capital of VSSL, shall be locked-in for a period of three years from the date of listing.

Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	7	5,825,000	-	100.00	100.00		
Public Shareholding							
Institutions							
Mutual Funds/UTI	-	-	-	-	-		
Financial Institutions/Banks	-	-	-	-	-		
Central Government/State Government(s)	-	-	-	-	-		
Venture Capital Funds	-	-	-	-	-		
Insurance Companies	-	-	-	-	-		
Foreign Institutional Investors	-	-	-	-	-		
Foreign Venture Capital Investors	-	-	-	-	-		
Any Other (Specify)	-	-	-	-	-		
Sub-Total (B)(1)	-	-	-	-	-		
Non-Institutions							
Bodies Corporate	-	-	-	-	-		
Individuals	-	-	-	-	-		
Individual shareholders holding nominal share capital upto 1 lakh	-	-	-	-	-		
Individual shareholders holding nominal share capital in excess of 1 lakh	-	-	-	-	-		

Any Other (Specify)							
Trust	-	-	-	-	-		
Sub-Total (B)(2)	-	-	-	-	-		
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-		
TOTAL (A) + (B)	7	5,825,000		100.00	100.00		
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-		
GRAND TOTAL (A) + (B) + (C)	7	5,825,000		100.00	100.00		

SHAREHOLDING PATTERN OF THE COMPANY AFTER THE SCHEME

Category of Shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in dematerialised Form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	%	Number of Shares	%
Shareholding of Promoter and Promoter Group							
Indian							
Individuals/Hindu Undivided Family	18	264007	137517	1.42	1.42	-	-
Central Government/State Government(s)	-	-	-	-	-	-	-
Bodies Corporate/Trust	14	13647402	4335845	73.55	73.55		
Financial Institutions/Banks	-	-	-	-	-		

Any Other (Specify)	-	-	-	-	-		
Sub-Total (A)(1)	32	13911409	4473362	74.97	74.97		
Foreign							
Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-		
Bodies Corporate	-	-	-	-	-		
Institutions	-	-	-	-	-		
Any Other (Specify)	-	-	-	-	-		
Sub-Total (A)(2)	-	-	-	-	-		
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	32	13911409	4473362	74.97	74.97		
Public Shareholding							
Institutions							
Mutual Funds/UTI	39	2045990	2041536	11.03	11.03		
Financial Institutions/Banks	19	14528	2501	0.08	0.08		
Central Government/State Government(s)	-	-	-	-	-		
Venture Capital Funds	-	-	-	-	-		
Insurance Companies	12	425089	424774	2.29	2.29		
Foreign Institutional Investors	39	441643	439905	2.38	2.38		
Foreign Venture Capital Investors	-	-	-	-	-		
Any Other (Specify)	-	-	-	-	-		
Sub-Total (B)(1)	109	2927250	2908716	15.78	15.78		

Non-Institutions							
Bodies Corporate	587	238063	229253	1.28	1.28		
Individuals	-	-	-	-	-		
Individual shareholders holding nominal share capital upto 1 lakh	20597	1322494	1065996	7.13	7.13		
Individual shareholders holding nominal share capital in excess of 1 lakh	10	135110	135110	0.73	0.73		
Any Other (Specify)							
NRI (Repatriable)	104	12609	12273	0.07	0.07		
NRI (Non- Repatriable)	46	5879	5864	0.03	0.03		
Trust	2	2562	2562	0.01	0.01		
Sub-Total (B)(2)	21346	1716717	1451058	9.22	9.22		
Total Public Shareholding (B) = (B)(1) + (B)(2)	21455	4643967	4359774	25.03	25.03		
TOTAL (A) + (B)	21487	18555376	8833136	100.00	100.00		
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-		
GRAND TOTAL (A) + (B) + (C)	21487	18555376	8833136	100.00	100.00		

Note :

1. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares of the Company.
2. There was no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the Hon'ble High Court till listing of the Equity Shares allotted as per the Scheme.

3. There is only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company will comply with such disclosure and accounting norms specified by SEBI, from time to time.

4. The Company has 21,487 members as on the date of filing this Information Memorandum. The individual holdings under different folios of the promoter and the promoter group have been aggregated and the number of shareholders under the promoter and promoter group has been calculated accordingly.

5. None of Equity Shares of the Company were under lock-in prior to the Scheme. However, in compliance of the SEBI Circular No. SEBI/CFD/SCRR/01/2009/03/09 dated September 3rd, 2009, 74,42,290 shares, being 20% of the post merger paid-up capital of the Promoters' Share of VSSL and the balance of the entire Pre-merger capital of VSSL, shall be locked-in for a period of three years from the date of listing. However, inter-se transfers among the promoters shall be permitted.

SCHEME OF ARRANGEMENT & DEMERGER

Rationale for Demerger with respect to Steel Business Undertaking as defined in the Scheme

The Scheme of Arrangement & Demerger was for demerger of the Steel Business Undertaking of Vardhman Textiles Limited into Vardhman Special Steels Limited.

Vardhman Textiles Limited is engaged in the business of manufacturing and marketing of Textiles (including Yarns and Fabrics). In addition to manufacture of yarns and fabric the company was also engaged in the business of manufacturing of Alloy Steel. The steel produced is used in automotive components, forging, ball bearings, piston pins, engineering applications, railways, defence, etc. The company has been the preferred supplier to leading companies like Telco, Ashok Leyland, Maruti, Hindustan Motors, Toyota, M&M and Escorts among others. It was considered necessary to provide focused attention to each of the business, which are totally distinct from each other. Accordingly, the management of Vardhman Textiles Limited had decided to demerge the Steel Business Undertaking into Vardhman Special Steels Limited. Vardhman Special Steels Limited was incorporated as a 100 % subsidiary of Vardhman Textiles Limited. It was believed that the scheme would result in the following advantages :

- Lead to a more focused business approach and efficient utilization of resources.
- Lead to greater cohesiveness in gaining market share, increased customer recognition.
- Result in realization of the true potential of the respective business segments to the fullest extent. Both the companies would be in better positions to devise suitable strategic, financial and/or technological alliances for higher growth.
- Both the entities with enhanced capabilities and resources at their disposal will have greater flexibility to meet market and customer needs and will be able to compete more effectively and thus further strengthen their market position in the domestic and international markets.
- Be beneficial to the shareholders, employees and all concerned.

Rationale for issue of shares pursuant to Clause 5 of the Scheme

As per the Scheme of Arrangement & Demerger, all assets, debts, liabilities, duties and obligations of every kind of Steel Business Undertaking of Vardhman Textiles Limited have been vested in Vardhman Special Steels Limited. Thus, as a consideration, the shareholders of Vardhman Textiles Limited have been allotted shares in the exchange ratio as mentioned below.

Exchange Ratio in which Shares have been allotted

1 (One) Equity share of Rs.10/- each fully paid-up of Vardhman Special Steels Limited has been allotted on 8th April, 2011 to the shareholders of Vardhman Textiles Limited for every 5 (Five) Equity shares of Rs. 10/- each held by them in Vardhman Textiles Limited as on the Record Date i.e. 30th March, 2011.

Approval and Sanction of the Scheme of Arrangement & Demerger

The Hon'ble Punjab & Haryana High Court at Chandigarh, vide its Order dated 12th January, 2011, has sanctioned the Scheme of Arrangement & Demerger between Vardhman Textiles Limited and Vardhman Special Steels Limited and their respective Shareholders & Creditors.

The aforesaid order of the Hon'ble Punjab & Haryana High Court was filed by Vardhman Textiles Limited & Vardhman Special Steels Limited with the Registrar of Companies ("ROC"), Chandigarh on 15th March, 2011 which is the Effective Date of the Scheme.

Pursuant to the Scheme of Arrangement & Demerger, the Steel Business Undertaking of Vardhman Textiles Limited has been vested with Vardhman Special Steels Limited w.e.f. 1st January, 2011 (i.e. the Appointed Date under the Scheme) under Sections 391 to 394 of the Companies Act, 1956.

In accordance with the said Scheme, the Equity Shares of Vardhman Special Steels Limited issued pursuant to the Scheme, subject to applicable regulations, shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchange at the time of application by Vardhman Special Steels Limited for listing.

The Company has submitted this Information Memorandum containing information and disclosures in line with the disclosure requirement for public issues, as applicable, to BSE and NSE for making the said Information Memorandum available to public through their websites.

This Information Memorandum is made available on the website: www.vardhmansteel.com. The Company will publish an advertisement in the newspapers containing its details in line with the details required as per Circular No.SEBI/CFD/SCRR/01/2009/03/2009 dated September 3, 2009. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website www.vardhmansteel.com as well as the Stock Exchanges.

The Company also undertakes that all material information about itself shall be disclosed to the Stock Exchanges on a continuous basis so as to make the same available to public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries, if any.

STATEMENT OF POSSIBLE TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY.

To,

The Board of Directors,
Vardhman Special Steels Limited
Ludhiana - 141010

Sub: Statement of Possible Tax Benefits Available to the Company and its shareholders

Dear Sirs,

We hereby report that the enclosed Annexure states the possible tax benefits that may be available to Vardhman Special Steels Limited (the "Company") and to the shareholders of the Company under the provisions of the Income Tax Act, 1961, the Wealth Tax Act, 1957, and other allied Direct tax laws presently prevailing and in force in India.

The contents of this Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India. Several of these benefits are subject to the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to the fulfilment of such conditions.

The benefits discussed in the Annexure are not exhaustive. The information being furnished by us is general in nature and it is neither designed nor intended to be a substitute for professional tax advice. Investors are advised to consult their own tax consultants with respect to the specific tax implication arising out of their participation in the listing of shares of the Company.

Further We do not express any opinion or provide any assurance as to whether:

- i). The Company or its shareholders will continue to obtain these benefits in future; or
- ii). The conditions prescribed for availing the benefits have been/would be fulfilled by them.

This report is intended solely for the information and for listing of shares in NSE or/and BSE and is not to be used, referred to or distributed for any other purpose without obtaining our prior written consent.

For Amanpreet & Co.
Chartered Accountants

Sd/-
(CA Amanpreet Singh)
(Prop.)

Place : Ludhiana
Dated : 12.04.2011

FRN No. :- 022778N
Membership No. :- 500322

**Annexure to the Report on Statement of Tax Benefits Available to
the Company and Its Shareholders**

Indian Tax Considerations

1. Benefits available to the company

1. The Company is eligible to exemption under section 10(34) in respect of income by way of dividend received from other Domestic Companies subject to disallowances, if any, under section 14A , for expenditure incurred in relation to earning such income.
2. The Company will be eligible for exemption under section 10(35) in respect of income by way of dividend received from units of mutual funds specified under section 10 (23D) of the Act, income by way of dividend received in respect of units from the Administrator of specified undertaking and income by way of dividend received in respect of units from the specified company subject to disallowances, if any, under section 14A, for expenditure incurred in relation to earning such income.
3. Long Term Capital Gain arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10(23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section. Income by way of long term capital gain exempt u/s 10(38) of a company is to be taken into account in computing the Book profit and income-tax payable under section 115JB, if attracted.
4. As per section 111A of the Act, Short Term Capital Gain arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(38), on a recognized stock exchange are subject to tax at the rate of 15 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT. Transactions where STT is not applicable are taxable @ 30 per cent [plus applicable (SC + EC)].
5. Long term capital gain accruing to the Company from the transaction where STT is not applicable, will be subject to tax in accordance with and subject to the provisions of Section 112 of the Income Tax Act, 1961, instead of normal rate of 30% (plus applicable surcharge and cess) applicable to the Company :
 - i. If long term capital gain is computed with indexation @ 20% (plus applicable surcharge and cess)
 - ii. In the case of certain listed shares, securities and units, if long term capital gain is computed without indexation @ 10% (plus applicable surcharge and cess)
6. As per the provisions of section 115O of the Act, in addition to the income-tax chargeable in respect of the total income of a domestic company, any amount declared, distributed or paid by such company by way of dividends, is liable to additional income-tax as per prescribed rates. While computing the dividend in accordance with the

provisions of section 115O of the Act, the amount of dividend, if any, received by the domestic company during the financial year is deductible, if

- (a) such dividend is received from its subsidiary;
- (b) the subsidiary has paid tax under that section on such dividend; and
- (c) the domestic company is not a subsidiary of any other company.

2. Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act provided the Company declaring the dividend has paid dividend distribution tax which at present is 16.60875 per cent (which includes tax rate of 15 per cent plus a surcharge of 7.5 per cent on dividend distribution tax and education cess of 3 per cent on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend. However it is pertinent to note that Section 14A of the Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not an allowable expenditure.

2.2.1 Long term capital gain exempt under section 10(38)

Income arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund is exempt provided securities transaction tax has been paid on such transfer.

2.3 Computation of Capital gains

- a. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a company, or any other securities listed in a recognized stock exchange in India, will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".
- b. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
- c. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at the rate of 20 per cent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities, calculated at the rate of 20 per cent with indexation benefit exceeds the tax on

long term capital gains computed at the rate of 10 per cent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore, would be chargeable to tax at a concessional rate of 10 per cent (plus applicable surcharge and education cess) without indexation benefits.

d. As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess) in addition to the other requirements, as specified in the section. No deduction under chapter VI-A of the Act shall be allowed from such income

e. Short term capital gains arising on sale of equity shares where such transaction is not chargeable to STT, is presently taxable at the normal rate of tax as applicable (plus applicable surcharge and cess).

f. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.

g. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year is allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

2.4 Exemption of capital gain from Income Tax

a. According to section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of shareholders being company, profits on transfer of above referred long term capital asset shall not be reduced in computing the book profits for the purposes of computation of MAT under section 115 JB of the Act.

b. According to the provisions of section 54EC of the Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) of the Act and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment that can be made in the bonds during any financial year is presently Rs. 5 million.

c. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3. Benefits available to Non-residents (Other than Foreign Institutional Investors)

3.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions, of Section 10(34) of the Act. However, the Company will presently be liable to pay dividend distribution tax at the rate of 16.60875 per cent (which includes tax rate of 15 per cent plus a surcharge of 7.5 per cent on dividend distribution tax and education cess of 3 per cent on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

3.2 Computation of capital gains

a. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a company, or any other securities listed in a recognized stock exchange in India, will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains"

b. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. The shareholders are not entitled to indexation benefit in such case.

c. In case investment is made in Indian Rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the IT Act would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities, calculated at the rate of 20 per cent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 per cent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore capital gains therefore, would be chargeable to tax at a concessional rate of 10 per cent (plus applicable surcharge and education cess) without indexation benefits.

d. As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess) in addition to the other requirements, as specified in the section.

e. Short term capital gains arising on sale of equity shares or units of equity oriented mutual fund, where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable surcharge and cess).

f. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.

g. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year are allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

3.3 Exemption of capital gain from income tax

- a. According to section 10(38) of the Act, long-term capital gains on sale of equity shares or unit of equity oriented fund, where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long term capital gains so earned (which are exempt under section 10(38) of the Act) shall be taken into account in computing the book profit for the purposes of computation of MAT.
- b. According to the provisions of section 54EC of the Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment that can be made in the bonds during any financial year is Rs. 5 million.
- b. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.4 Benefits under Double Taxation Avoidance Agreements (DTAA)

As per Section 90 of the Act, the non-resident shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable DTAA entered into by the Government of India with the country of residence of the non-resident investor.

4. Benefits available to Foreign Institutional Investors (FIIs')

4.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act. However, the Company will be liable to pay dividend distribution tax at the rate of 16.60875 per cent (which includes tax rate of 15 per cent plus a surcharge of 7.5 per cent on dividend distribution tax and education cess of 3 per cent on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.

4.2 Taxability of capital gains

a. As per the provisions of section 115 AD of the IT Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the IT Act at the following rates:

Nature of Income	Rate of Tax
Long Term Capital Gains	10%
Short Term Capital Gains	30%*

*15% where the provisions of section 111A of the Act are applicable.

b. The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to an FII.

c. According to Section 111A of the IT Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess) in addition to the other requirements, as specified in the section.

d. Short term capital gains arising on sale of equity shares, where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable surcharge and cess).

e. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.

f. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year are allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

4.3 Exemption of capital gain from income tax

a. According to section 10(38) of the Act, long-term capital gains on sale of shares or unit of equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT.

b. According to the provisions of section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the

year in which the bonds are transferred or converted into money. The maximum investment permissible for the purpose of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million.

c. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

5. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Government may by notification in the Official Gazette specify in this behalf.

6. Gift to an Individual or Hindu undivided family:

As per provisions of Section 56(2)(vii) of the IT Act and subject to exception provided in second proviso regarding gifts to relatives, where any Individual or Hindu Undivided Family receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the aggregate fair market value of such shares and securities as exceeds such consideration, is chargeable to Income-tax under the head Income from other sources.

7. Tax Treaty Benefits

A non-resident investor has the option to be governed by the provisions of the Act or the provisions of the Tax Treaty that India has entered into with the country of which the non-resident investor is a tax resident, whichever is more beneficial.

8. Benefits available under the Wealth-tax Act, 1957

Assets as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

9. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. This is however subject to the provisions of section 56 of the Act.

10. Securities Transaction Tax (STT)

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of Chapter VII of the Finance Act 2004.

Notes:

- 1. All the above benefits are as per the current tax law as amended by the Finance Act, 2010**
- 2. The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.**
- 3 In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.**

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares held as investment (and not as stock in trade). The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

ABOUT VARDHMAN SPECIAL STEELS LIMITED

INDUSTRY STRUCTURE & DEVELOPMENT

Indian Special Steel, Alloy Steel and Stainless Steel Industry

As per official estimates, the Iron and Steel Industry contributes around 2% of India's Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IPP) is 6.20%. From a once negligible global presence, the Indian steel industry is now acknowledged for its product quality, demonstrated by trends of rising exports.

(Source: Ministry of Steel, Government of India).

In addition to maintaining its position as the fifth-largest producer of crude steel in the world in 2008, India remains the world's largest producer of direct reduced iron (DRI) or sponge iron with nearly 20 MnT produced and of pig iron with more than 470 MnT in 2008-09. According to the Ministry of Steel, India is likely to achieve a steel production capacity of nearly 124 MnT by the year 2011-12. The steel sector is expected to generate additional employment of around 4 million by 2020 for production of around 295 MnT of crude steel by 2019-2020. More than two hundred memorandums of understanding have already been signed with various states for a planned capacity of around 276 MnT.

Capacity creation during the last decade after deregulation has taken place entirely in the private sector. As a result, there has been a noticeable shift towards the private sector both at the crude and finished steel stages. Private sector during 2006-07 accounted for 67% of the total crude steel output compared to 41% in 1992-93 and 74% of the total finished steel output compared to 54% in 1992-93. [Source: Eleventh Five Year Plan] The National Steel Policy, 2005 has projected consumption to grow at 7% based on GDP growth of 7%-7.5% and production capacity of 110 MT by 2019-20.

The report of the working group on steel industry for the Eleventh Five-Year Plan (2007-2012) has projected that the apparent consumption of special and alloy steel will be around 3.5-4 MT and stainless steel will be around 1.75 MT by the year 2011-12.

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 MnT by 2019-2020. These estimates will be largely exceeded and it is envisaged that in the next five years, demand will grow at a considerably higher annual average rate of over 10% as compared to around 7% growth achieved between 1991-92 and 2005-06. It has been assessed that, on a "most likely scenario" basis, steel production capacity in India by the year 2011-2012 will be nearly 124 MnT. If proposed expansion plans are implemented as per schedule, India may become the second largest crude steel producer by 2015-16.

[Source: National Steel Policy 2005]

HISTORY

Vardhman Special Steels Limited was originally incorporated on 14th May 2010 under the Companies Act, 1956 as the 100% subsidiary of Vardhman Textiles Limited with an initial Authorised Capital of Rs. 5 crores and paid up capital of Rs. 5 lacs which was further increased to Rs. 35 crores and Rs. 5.825 crores respectively.

The Company along with its holding Company i.e. Vardhman Textiles Limited had filed a petition in Hon'ble Punjab & Haryana High Court at Chandigarh requiring the Steel Business Undertaking of Vardhman Textiles Limited to demerge and vest in the Company i.e. Vardhman Special Steels Limited from the Appointed Date as given in the Scheme of Arrangement & Demerger i.e. 01.01.2011. From the Effective Date, i.e. 15th March, 2011 the Scheme becomes effective.

The Main Objects of the Company are set out hereunder:

To manufacture, trade & export all kinds of steel including stainless steel, sponge iron, auto components, wire rods, engage in mining activities and for such purposes to set up steel furnaces.

The Registered office of the Company is situated at Vardhman Premises, Chandigarh Road, Ludhiana, Punjab.

MANAGEMENT

BOARD OF DIRECTORS

The following table sets forth details regarding the Board of Directors:

Name Of Directors, Father's / Husband's Name, Age In Years, Designation, Occupation And Address	Other Directorships
<p>Mr. Prafull Anubhai S/o. Late Shri Anubhai Chimanlal Shah Age : 73 years Designation: Chairman Occupation : Industrialist and Business Consultant. Address : Arohi Consultants Pvt. Ltd., Brij House, Opp. High court, Stadium Road, Ahmedabad 380014.</p>	<ul style="list-style-type: none"> • Unichem Laboratories Ltd. • Vardhman Textiles Ltd. • Gruh Finance Ltd. • Torrent Cables Ltd. • The EMSAF-Mauritius • Management Structure & Systems Pvt. Ltd. • Bakers Oil Tools (India) Pvt. Ltd. • Birla Sun Life Trustee Co. Pvt. Ltd. • CENTRE FOR SCIENCE, TECHNOLOGY AND POLICY (CSTEP) (Section-25 Company)
<p>Mr. Rajinder Kumar Jain S/o. Sh. P. L. Jain Age : 72 years Designation: Director Occupation: Retired as General Manager, Indian Railways. Address : B-708, Rail Vihar, Sector 15-II, Gurgaon-100 221, Haryana</p>	NIL
<p>Mrs. Ramni Nirula D/o. Sh. Jai Rattan Bhalla Age : 58 years Designation: Director Occupation : Retired Banker Address : A-14, Anand Niketan, New Delhi- 110 021</p>	<ul style="list-style-type: none"> • Haldiya Petrochemicals Limited • Usha Martin Limited • Jubilant Foodworks Limited • PI Industries Limited • Utkarsh Microfinance Limited • IKPG Knowledge Park

<p>Mr. Rajeev Gupta S/o. Sh. Bodhraj Gupta Age : 53 years Designation: Director Occupation : Business Executive and Investment Banker. Address : Krishna Kutir, 28, Union Park, Bandra (West), Mumbai 400 050</p>	<ul style="list-style-type: none"> • Cosmo Films Limited
<p>Mr. Mukund Choudhary S/o. Sh. Ajay Kumar Choudhary Age : 39 years Designation: Director Occupation : Industrialist Address : 7-Padmini Enclave, Hauz Khas, New Delhi- 110 016</p>	<ul style="list-style-type: none"> • Himalayan Crest Power Pvt. Ltd. • CLC & Sons Pvt. Ltd. • CLC Power Ltd. • Tarini Hydro Electric Power Ltd. • CLC Enterprises Ltd. • CLC Textile Park Pvt. Ltd. • Confederation of Indian Textile Industry • Spentex Industries Ltd. • Spentex (Netherlands) B.V • Spentex (Mauritius) Pvt. Ltd. • Ramya Agrotech Pvt. Ltd.
<p>Mr. Sanjeev Pahwa S/o. Sh. Om Parkash Pahwa Age : 44 years Designation: Director Occupation : Industrialist Address : B-XX/3192, Gurdev Nagar, Pakhawal Road, Ludhiana</p>	<ul style="list-style-type: none"> • Ralson (India) Ltd. • Ram Commercial Enterprises Ltd. • Kosani Finance & Invts. Pvt. Ltd. • Shivansi Invts. Pvt. Ltd. • Ralco Finance & Invts. Pvt. Ltd. • Ralco Tyres Pvt. Ltd. • Ralson Communication Technologies Pvt. Ltd.
<p>Mr. B. K. Choudhary S/o. Sh. P.L. Choudhary Age : 59 years Designation: Director Occupation : Business Executive Address : 1099, Sector-14, Faridabad</p>	<ul style="list-style-type: none"> • Vardhman Acrylics Ltd. • Bharuch Eco-Aqua Infrastructure Ltd.
<p>Mrs. Suchita Jain W/o. Mr. Sachit Jain Age : 42 years Designation: Director Occupation : Industrialist Address : Auro Mirra Bhawan 2722, Gurdev Nagar, Pakhowal Road,</p>	<ul style="list-style-type: none"> • Vardhman Textiles Limited • Vardhman Holdings Limited • Adinath Investment & Trading Company • Anklesh Investments Private Limited • Srestha Holdings Limited

Ludhiana- 141001	<ul style="list-style-type: none"> • Mahavir Spinning Mills Private Limited (formerly known as Vardhman Textile Processors Private Limited) • Santon Finance & Investment Company Limited • Flamingo Finance & Investment Company Limited • Ramaniya Finance & Investment Company Limited • Marshall Investment & Trading Company Private Limited • Pradeep Mercantile Company Private Limited • Plaza Trading Company Private Limited • Syracuse Investment & Trading Company Private Limited • Vardhman Spinning and General Mills Limited (formerly known as Vardhman Linen Limited)
<p>Mr. Sachit Jain S/o. Sh. R. K. Jain Age : 44 years Designation: Managing Director Occupation : Business Executive Address : Auro Mirra Bhawan 2722, Gurdev Nagar, Pakhowal Road, Ludhiana- 141001</p>	<ul style="list-style-type: none"> • Vardhman Textiles Limited • Vardhman Holdings Limited • Vardhman Acrylics Limited • VMT Spinning Company Limited • Vardhman Yarns & Threads Limited • Srestha Holdings Limited • Santon Finance & Investment Company Limited • Flamingo Finance & Investment Company Limited • Ramaniya Finance & Investment Company Limited • Vardhman Spinning and General Mills Limited (formerly known as Vardhman Linen Limited) • Pradeep Mercantile Company Private Limited • Vardhman Apparels Limited • Vardhman Texgarments Limited • Syracuse Investment & Trading Company Private Limited • Adinath Syndicate • Devakar Investment & Trading Company Private Limited

	<ul style="list-style-type: none"> • Mahavir Spinning Mills Private Limited (formerly known as Vardhman Textile Processors Private Limited) • Marshall Investment & Trading Company Private Limited • Plaza Trading Company Private Limited • Anklesh Investments Private Limited • VTL Investments Limited
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Brief profile of the Directors:

Mr. Prafull Anubhai

Mr. Prafull Anubhai (73) is a Corporate Advisor. He is associated with Educational Institutions like IIM(A) Ahmedabad and is the Chairman of Board of Management of Ahmedabad University. He has done his B.Sc. (Eco.) from the London School of Economics and attended PMD at Harvard Business School. He has more than 30 years of experience as a Chief Executive of Textile manufacturing operations and is Director on the Board of many leading Companies.

Mr. Rajinder Kumar Jain

Mr. Rajinder Kumar Jain (72) is an Engineer and has retired as a General Manager from Indian Railways.

Mrs. Ramni Nirula

Mrs. Ramni Nirula (58) is a retired Banker.

Mr. Rajeev Gupta

Mr. Rajeev Gupta was till recently the Managing Director of Carlyle Asia Partners and the Head of the Carlyle India Buyout Team. Previously he was a Board member and Head of Investment Banking of DSP Merrill Lynch Limited. Prior to joining DSP Merrill Lynch Limited, Mr. Gupta was President and CEO of Cosmo Ferrites Limited, a leading Indian manufacturer of high technology soft ferrites. Mr. Gupta earned his M.B.A. from the Indian Institute of Management Ahmedabad and a B.Tech from IIT-Benaras Hindu University.

Mr. Mukund Choudhary

Mr. Mukund Choudhary (39) is the Managing Director of Spentex Industries Limited and has more than 15 years of Industrial experience.

Mr. Sanjeev Pahwa

Mr. Sanjeev Pahwa (44) is a B.Tech from IIT, New Delhi and is Chairman & Managing Director of Ralson India Ltd, India's leading manufacturing company in the field of bicycle/automobiles tyres & tubes and bicycle components. He has about 20 year's industrial experience in Tyre & Automobile Industry.

Mr. B. K. Choudhary

Mr. B. K. Choudhary (59) is Master of Business Administration (M.B.A.) and has more than 30 years experience as Business Head of Fabrics, Acrylic and Steel Business.

Mrs. Suchita Jain

Mrs. Suchita Jain (42).holds a degree in Masters in Commerce from the Punjab University, Chandigarh. She has over 17 years of experience in the Textile industry.

Mr. Sachit Jain

Mr. Sachit Jain (44) is a B.E. (Electrical) from IIT (Delhi) & MBA from IIM (Ahmedabad). He has over 20 years of experience in the Textile and Steel Industry.

COMPENSATION TO MANAGING/WHOLETIME DIRECTORS

Mr. Sachit Jain has been appointed as the Managing Director w.e.f. 15th March 2011 on the terms and conditions as approved by the members of Vardhman Special Steels Limited in their Extra-Ordinary General meeting held on 1st April, 2011. As per the resolution passed by the members of the Company in their Extra-Ordinary General Meeting, Mr. Sachit Jain shall be paid remuneration as may be fixed by the Remuneration Committee and may be revised from time to time subject to a maximum of Rs. 5 crores, subject further to the provisions of Section 198 & 309 of the Companies Act, 1956.

CORPORATE GOVERNANCE

The provisions of Clause 49 of the listing agreement with respect to corporate governance will be applicable to Vardhman Special Steels Limited upon the listing of its Equity Shares on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Vardhman Special Steels Limited has already appointed independent directors on its Board and has also constituted the Audit Committee and Investors' Grievance Committee as required by Clause 49 of the listing agreement to be entered into with the Stock Exchange.

The Company also has a Remuneration Committee for framing the Company's Policy on specific remuneration packages for its Managing Director and Whole Time Directors including Executive Directors.

Details of the Board and its Committees are as follows:

a) The Board of Directors:

The constitution of the Board of Directors is as follows:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr. Prafull Anubhai	Non-Executive & Independent
2.	Mr. Rajinder Kumar Jain	Non-Executive
3.	Mrs. Ramni Nirula	Non-Executive & Independent
4.	Mr. Rajeev Gupta	Non-Executive & Independent
5.	Mr. Mukund Choudhary	Non-Executive & Independent
6.	Mr. Sanjeev Pahwa	Non-Executive & Independent
7.	Mrs. Suchita Jain	Non-Executive
8.	Mr. B. K. Choudhary	Non-Executive
9.	Mr. Sachit Jain	Executive

b) The Audit Committee:

The constitution of the Audit Committee is as follows:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr. Prafull Anubhai	Non-Executive & Independent
2.	Mr. Rajinder Kumar Jain	Non-Executive
3.	Mrs. Ramni Nirula	Non-Executive & Independent

Mr. Prafull Anubhai is the Chairman of the Audit Committee.

c) Investors' Grievance Committee

The constitution of the Investors' Grievance Committee is as follows:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr. Sanjeev Pahwa	Non-Executive & Independent
2.	Mrs. Suchita Jain	Non-Executive
3.	Mr. B. K. Choudhary	Non-Executive

Mr. Sanjeev Pahwa is the Chairman of the Investors' Grievance Committee.

d) Remuneration Committee

The constitution of the Remuneration Committee is as follows:

Sr. No.	Name of the Director	Executive / Non-Executive / Independent
1.	Mr. Prafull Anubhai	Non-Executive & Independent
2.	Mr. Rajeev Gupta	Non-Executive & Independent
3.	Mr. B. K. Choudhary	Non-Executive

Mr. Prafull Anubhai is the Chairman of the Remuneration Committee.

Vardhman Special Steels Limited undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchange prior to listing.

SHAREHOLDING OF DIRECTORS:

Name of the Director	No. of shares
Mr. Sachit Jain	8002
Mrs. Suchita Jain	52268

The Articles do not require the Directors of the Company to hold any qualification shares.

PROMOTERS

Vardhman Textiles Limited is the promoter of the Company.

Details of Promoters (As per the Subscription Clause of Memorandum of Association of the Company)

Sr. No.	Name	Address	Qualifications	Occupation/ Experience
1.	Vardhman Textiles Limited (De-merged Company)	Chandigarh Road, Ludhiana-141010	N.A.	Listed Company
2.	Mr. S. P. Oswal (nominee of Vardhman Textiles Limited)	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana-141001	M.Com	Industrialist
3.	Mrs. Shakun Oswal (nominee of Vardhman Textiles Limited)	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana-141001	B.A.	Industrialist
4.	Mr. Sachit Jain (nominee of Vardhman Textiles Limited)	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana-141001	B.Tech, M.B.A.	Business Executive
5.	Mrs. Suchita Jain (nominee of Vardhman Textiles Limited)	2722, Auro Mirra Bhawan, Gurdev Nagar, Pakhowal Road, Ludhiana-141001	M.Com	Industrialist
6.	Mr. D.L. Sharma (nominee of Vardhman Textiles Limited)	B-XX-770/2, Gurdev Nagar, Ludhiana-141001	B.Sc. (Engg.), M.B.A	Business Executive
7.	Mr. Rajeev Thapar (nominee of Vardhman Textiles Limited)	T-2, Moti Nagar, Ludhiana	B.Com, FCA	Service

**Shareholding pattern of Vardhman Textiles Limited as on 30th March 2011
(As on the Record Date of Demerger)**

Sr. No.	Category	No. of Shares Held	% of Shareholding
A	Promoter Holding	3,88,33,520	61.01
B	Non-Promoter Holding	2,48,18,359	38.99
	Total	6,36,51,879	100.00

Board of Directors of Vardhman Textiles Limited

Mr. S. P. Oswal	Chairman & Managing Director
Mr. Sachit Jain	Executive Director
Mrs. Suchita Jain	Executive Director
Mr. Neeraj Jain	Executive Director
Mr. D.L. Sharma	Non- Executive Director
Mr. S. Padmanabhan	Independent Director
Mr. Prafull Anubhai	Independent Director
Mr. A. K. Purwar	Independent Director
Mr. A. K. Kundra	Independent Director
Mr. Shravan Talwar	Independent Director
Mr. S. K. Bijlani	Independent Director

Financial Performance of Vardhman Textiles Limited

Particulars	March 31, 2010 (Rs. In lacs)
Sales & Other Income	279792.20
PAT	21376.30
Equity Capital	5776.95
Reserves	139808.01
EPS (Rs.)	37.00
Book Value (Rs.)	252.01

Details of listing and Highest & Lowest market price during the preceding six months.

Vardhman Textiles Limited is listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

National Stock Exchange of India Limited (NSE)

Month	Highest	Lowest
October, 2010	376.95	310.15
November, 2010	377.00	297.00
December, 2010	323.95	265.10
January, 2011	320.35	270.05
February, 2011	304.00	245.50
March, 2011	279.85	246.25

Bombay Stock Exchange Limited (BSE)

Month	Highest	Lowest
October, 2010	376.70	310.50
November, 2010	360.75	295
December, 2010	330.00	265.05
January, 2011	320.00	272.20
February, 2011	304.50	245.00
March, 2011	278.95	249.00

CURRENCY OF PRESENTATION

In this Information Memorandum all references to “Rupees” and “Rs.” and INR are to Indian Rupees, the legal currency of the Republic of India.

DIVIDEND POLICY

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval.. However Board of Directors may declare Interim Dividend during the Financial Year.

The Company has not paid any dividend in the past.

VARDHMAN SPECIAL STEELS LIMITED

UNAUDITED BALANCE SHEET AS AT 1st January, 2011
after taking effect of de-merger

Particulars	Schedule No.	As At 01.01.2011
I SOURCES OF FUNDS		
1. Share Capital		
Issued Share Capital	1	58,250,000
Share Capital pending for allotment (as per scheme)		127,303,750
2. Reserves & Surplus		
General Reserve (as per Scheme)		1,389,062,260
3. Loan Funds		
a) Secured Loans	2	11,350,628
b) Unsecured Loans	3	320,200,000
4. Deferred Tax Liability		42,255,419
TOTAL		<u>1,948,422,057</u>
II APPLICATION OF FUNDS		
1.Fixed Assets	4	
a) Gross Block		833,391,608
b) Less: Depreciation		<u>522,898,826</u>
		310,492,782
2.Current Assets,Loans & Advances	5	
a) Inventories		879,196,848
b) Sundry Debtors		804,470,076
c) Cash & Bank Balances		44,311,106
d) Loans & Advances		<u>128,609,587</u>
A		<u>1,856,587,617</u>
Less :Current Liabilities & Provisions	6	
a) Current Liabilities		216,087,662
b) Provisions		<u>4,449,414</u>
B		<u>220,537,076</u>
Net Current Assets(A-B)		1,636,050,541

3.Miscellaneous Expenditure		
Profit & Loss Debit Balance		1,878,735
TOTAL		<u>1,948,422,057</u>

VARDHMAN SPECIAL STEELS LIMITED
SCHEDULE TO THE ACCOUNTS

Particulars	As At 01.01.2011
SCHEDULE 1 - SHARE CAPITAL	
<u>Authorised</u>	
- 3,50,00,000 equity shares of Rs. 10/- each	350,000,000
<u>Issued, Subscribed & Paid-up</u>	
- 58,25,000 equity shares of Rs. 10/- each paid up	<u>58,250,000</u>
	<u>58,250,000</u>
SCHEDULE 2 - SECURED LOANS	
Loans & Advances from Banks	
- Working Capital	<u>11,350,628</u>
	<u>11,350,628</u>
SCHEDULE 3 - UNSECURED LOANS	
Short Term Loans & Advances	
- From others	<u>320,200,000</u>
	<u>320,200,000</u>

SCHEDULE 4 - FIXED ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK	DEPRECIATION	NET BLOCK
	As At 01.01.2011	As At 01.01.2011	As At 01.01.2011
1. Freehold Land	13,763,110	-	13,763,110
2. Buildings	163,553,786	75,862,297	87,691,489
3. Plant & Machinery	633,135,664	433,827,467	199,308,197
4. Furniture & Fixtures	7,121,021	4,965,575	2,155,446

5. Office Equipments	11,053,571	7,252,364	3,801,207
6. Vehicles	4,764,456	991,123	3,773,333
7. Total	833,391,608	522,898,826	310,492,782

Particulars		As At 01.01.2011
SCHEDULE 5 - CURRENT ASSETS, LOANS & ADVANCES		
(A) CURRENT ASSETS		
i) INVENTORIES		
Raw Materials	105,206,886	
Material in Transit	154,045,714	
Finished Goods	542,687,011	
Stores & Spares	<u>77,257,237</u>	<u>879,196,848</u>
		<u>879,196,848</u>
ii) SUNDRY DEBTORS		
(Unsecured-Considered good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months		
(i) Considered Good	19,569,973	
(ii) Considered Doubtful	9,733,396	
b) Others Debts : Considered Good	784,900,102	
Less : Provision for doubtful debts	<u>9,733,396</u>	<u>804,470,076</u>
		<u>804,470,076</u>
iii) CASH & BANK BALANCES		
a) Cash Balances		
Cash in hand	1,088,021	
Cheques in hand	<u>21,514,087</u>	<u>22,602,108</u>
b) Bank Balances with Scheduled Banks		
- In Current Accounts		

	21,313,998	
- Fixed Deposit Accounts	<u>395,000</u>	<u>21,708,998</u>
		<u>44,311,106</u>
(B) LOANS & ADVANCES (Unsecured-Considered good unless otherwise stated)		
a) Advances recoverable in cash or in kind or for value to be received		116,597,158
b) Deposit with Govt. Departments		<u>12,012,429</u>
		<u>128,609,587</u>
TOTAL (A + B)		<u>1,856,587,617</u>

Particulars	As At 01.01.2011
SCHEDULE 6 - CURRENT LIABILITIES & PROVISIONS	
(A) CURRENT LIABILITIES :	
Sundry Creditors	
- Total outstanding dues of micro enterprises and small enterprises	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	98,338,084
Trade Deposits and Advances	20,729,376
Other Liabilities	91,668,262
Interest Accrued but not due	<u>5,351,940</u>
Total (a)	<u>216,087,662</u>
(B) PROVISIONS :	
Provision for compensated absences	4,449,414
Total (b)	<u>4,449,414</u>
Total (a + b)	<u>220,537,076</u>

FINANCIAL INFORMATION OF THE MAJOR GROUP COMPANIES

DETAILS OF THE PRINCIPAL PROMOTER COMPANY, VARDHMAN TEXTILES LIMITED

The Company was incorporated on 8th October, 1973. The Main objects of the Company are as follows:-

(i) To carry on all or any of the following business, namely cotton spinners and doublers, flax, hemp and jute spinners, linen and cloth manufacturers, flax, hemp jute and wood merchants, wool combers, worsted stuff manufacturers, bleachers and dyers, makers of vitriol, bleaching and dyeing materials.

(ii) To purchase, comb, prepare, spin, dye and deal in cotton flax, hemp, jute, wool, silk and any fibrous substances.

(iii) To weave and otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics, whether textile feeted, netted or looped.

(iv) To carry on the business of manufacturing woolen, felt silken, cotton, hemp and any other fibrous material and products whether allied to the aforesaid or not in India or elsewhere.

(v) To carry on the business of spinners, weavers, manufacturers, ginners, balers and pressers of cotton, kapas, yarn, cotton waste, yarn waste, hemp, jute and other fibrous material and the cultivation thereof.

(vi) To carry on the business of buyers, sellers, dealers, exporters and importers of woolen, silken, cotton, hemp and other fibrous material or any goods or merchandise whatsoever and to transact all manufacturing or treating and processes and mercantile business and to purchase and vend raw materials and manufactured articles.

(vii) To carry on the business of Machine Combers and Re-combers of all types of fibers and materials, whether artificial or synthetic, to sort, blend, prepare wiley, scour, carb, scribble, comb, dye, bleach, carbonize, spin, twist, double, wind, warp, weave, mend finish, make up, back, buy, sell, import, export and deal in fibers, whether natural artificial or synthetic, tops, yarn woven, fabrics and textile fabrics and materials of kinds and to carry on all or any of the trades or businesses of Combers, Re-combers, Top makers, Spinners, Weavers, Doublers, Manufacturers, Printers, Dyers and Finishers, Bleachers, Carbonizers, Water-proofers of textile materials and fabrics of all kinds of Mill Owners generally, merchants, agents, importers, exporters, factors, agents, sellers of and dealers, in wool, worsted, silk hair alpaca, mohair, cotton, flax, jute, hemp, artificial and synthetic fibres and all or any fibrous substances, tops, noils, wasters paps and by-products generally and all or any textile products, manufactured or unmanufactured.

(viii) To purchase or take on lease or otherwise acquire and work any spinning mills, weaving mills, ginning factories or presses for pressing merchandise into bales or any other similar concern and the property, business and goodwill appertaining thereto.

(ix) To buy, sell import, export exchange and deal in cloth yarn, cotton in process, raw cotton, jute, wool, silk, rayon, hemp and other fibrous articles, also drugs, chemicals, dyes, metals, stores and other articles and things.

(x) To undertake dyeing, bleaching or printing of yarn cloth, cotton in process, raw cotton, silk, rayon, wool, jute, hemp and other fibers for any person, firm, company or corporation or otherwise by the agents of the Company.

(xi) To carry on and undertake business of leasing and to finance leasing operations of all kinds, finance, trading, hire purchase, purchasing selling, exporting, importing, hiring or letting on hire all kinds of plant, machinery and equipments whether electrical, electronic or mechanical including tractors, tuggers, shunters, transport/ commercial vehicles of any kinds for use in land, water and air, motor cars, motorcycles, scooters, construction/ industrial equipments, earthmoving machinery, cranes, excavators, loaders, implements, tools utensils, ships, dredgers, tugs, barges, aeroplanes, helicopters, wagons, coaches, tram-cars, telex, teleprinters, electronic private automatic branch exchanges, private automatic exchanges, public address systems, television receivers, industrial robots, furniture, domestic or business appliances, computers, tabulators, data processing machines, addressing machines and other sophisticated office machinery and appliances and to assist in financing of all and every kind of description of hire purchase or easy payment system or deferred payment or similar transactions and subsidies, finance or assist in subsidizing or financing the sale, purchase and maintenance of its goods, articles, commodities of all and every kind upon any terms and to purchase or otherwise deal in all forms of immovable or movable property including land and building and of consumer, commercial and industrial items and to lease or otherwise deal with them in any manner including resale thereof regardless whether the property purchased and leased be new and / or used. "

THE BOARD OF DIRECTORS

1. Mr. Shri Paul Oswal
2. Mr. S. Padmanabhan
3. Mr. Arun Kumar Purwar
4. Mr. Prafull Anubhai
5. Mr. Subash Khanchand Bijlani
6. Mr. Ashok Kumar Kundra
7. Mr. Darshan Lal Sharma
8. Mr. Shravan Talwar
9. Mr. Sachit Jain
10. Mrs. Suchita Jain
11. Mr. Neeraj Jain

Share holding pattern of VARDHMAN TEXTILES LIMITED as on 30.03.2011 is as follows :

	No. of Shares	Holding (%)
Promoter Holding	3,88,33,520	61.01
Non - Promoter Holding	2,48,18,359	38.99
Total	6,36,51,879	100.00

The Company is listed on National Stock Exchange and Bombay Stock Exchange.

Financial parameters of VARDHMAN TEXTILES LIMITED are as follows :

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	2,79,792.20	2,48,717.26
Profit After Tax (PAT)	21,376.30	14,076.84
Equity Capital	5,776.95	5,776.95
Reserve & Surplus	1,39,808.01	1,21,498.08
Earning per share (Basic)(Rs.)	37.00	24.37
Book Value (Rs.)	252.01	220.31

Vardhman Textiles Limited has the following subsidiaries.

1. Vardhman Acrylics Limited
2. Vardhman Nisshinbo Garments Company Limited
3. Vardhman Yarns & Threads Limited
4. VTL Investments Limited
5. VMT Spinning Company Limited

DETAILS OF VARDHMAN ACRYLICS LIMITED

The Company was incorporated on 24.12.1990. The main object of the Company is to carry on the business of manufacturing of all kinds of Fibres.

THE BOARD OF DIRECTORS

1. Mr. S.P. Oswal
2. Mr. B.K. Choudhary
3. Mr. D. L. Sharma
4. Mr. Sachit Jain
5. Mr. S.P. Singh
6. Mr. S.K. Bansal
7. Mr. A.K. Bakhshi
8. Mr. M.C. Gupta

SHAREHOLDING PATTERN

	No. of Shares	Holding (%)
Promoter Holding	6,45,70,362	59.49
Non-Promoter Holding	4,39,62,146	40.59
Total	10,85,32,508	100.00

The Company is listed at National Stock Exchange and Ludhiana Stock Exchange.

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	5,707.03	801.80
Profit after Tax (PAT)	4,344.14	423.47
Equity Capital	10,853.25	10,853.25
Reserves & Surplus	8,014.95	3,670.85
Earning per share (Rs.)	4.00	0.39
Book Value (Rs.)	17.38	13.35

DETAILS OF VARDHMAN NISSHINBO GARMENTS COMPANY LIMITED

The Company was incorporated on 17.04.2009. The main object of the Company is to carry on the business of manufacturers, importers and exporters, buyers, sellers, traders, wholesalers, agents, distributors and dealers of all types of textile garments, knitted garments, hosiery goods, trousers, shirts, T-shirts, jackets and other ready-made garments, wearing apparels and clothing accessories of every kind, nature and description, for men, women and children.

BOARD OF DIRECTORS

1. Mr. Darshan Lal Sharma
2. Mr. Sachit Jain
3. Mr. I.M.J.S. Sidhu
4. Mr. Musatsugu Ohno
5. Mr. Shigenori Mori
6. Mr. Yoshiyuki Katayama

SHAREHOLDING PATTERN

	No. of Shares	Holding (%)
Promoter Holding	71,40,000	51.00
Non-Promoter Holding	68,60,000	49.00
Total	1,40,00,000	100.00

The Company is not listed at any Stock Exchange.

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	24.39	-
Profit after Tax (PAT)	5.65	-
Equity Capital	1,400.00	-
Reserves & Surplus	5.65	-
Earning per share (Rs.)	0.06	-
Book Value (Rs.)	10.04	-

DETAILS OF VARDHMAN YARNS AND THREADS LIMITED

The Company was incorporated on 04.02.2005. The main object of the Company is to carry on the business of manufacturers and Distributors of all types of sewing threads, twines and braids, whether natural, artificial or synthetic, to sort, blend, prepare, comb, dye, bleach, spin, twist, double, wind, wrap, weave, mend, finish, make up and otherwise process, buy, sell, import, export and deal in fibers and threads whether natural, artificial or synthetic, yarn.

BOARD OF DIRECTORS

1. Mr. Shri Paul Oswal
2. Mr. Sachit Jain
3. Mr. Darshan Lal Sharma
4. Mr. Craig George Stover
5. Mr. John Leslie Miller
6. Mr. Freddy Alfred Jackson

SHAREHOLDING PATTERN

	No. of Shares	Holding (%)
Promoter Holding	29,073,240	51.00
Non-Promoter Holding	27,933,114	49.00
Total	57,006,354	100.00

The Company is not listed at any Stock Exchange.

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	6060.92	4826.83
Profit after Tax (PAT)	4135.89	3372.18
Equity Capital	5700.64	5700.64
Reserves & Surplus	26853.75	24003.63
Earning per share (Rs.)	7.25	6.02
Book Value (Rs.)	57.10	52.10

DETAILS OF VTL INVESTMENTS LIMITED

The Company was incorporated on 23.02.1994. The main object of the Company is To carry on and undertake the business of finance, investment, loan and guarantee company and to invest in, acquire, subscribe, purchase, hold, sell, divest or otherwise deal in securities, shares, stocks, equity linked securities, debentures, debenture stock, bonds, commercial papers, acknowledgements, deposits, notes, obligations, futures, calls, derivatives, currencies and securities of any kind whatsoever, whether issued or guaranteed by any person, company, firm, body, trust, entity, government, state, dominion sovereign, ruler, commissioner, public body or authority, supreme, municipal, local, or otherwise, whether in India or abroad.

BOARD OF DIRECTORS

1. Mr. Shri Paul Oswal
2. Mr. Sachit Jain
3. Mr. Darshan Lal Sharma

SHAREHOLDING PATTERN

	No. of Shares	Holding (%)
Promoter Holding	40,00,000	100.00
Non-Promoter Holding	NIL	NIL
Total	40,00,000	100.00

The Company is not listed on any Stock Exchange.

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	212.95	365.14
Profit after Tax (PAT)	154.95	315.14
Equity Capital	400.00	400.00
Reserves & Surplus	2,339.00	2,184.04
Earning per share (Rs.)	3.87	7.88
Book Value (Rs.)	68.47	64.60

DETAILS OF VMT SPINNING COMPANY LIMITED

The Company was incorporated on 27.06.1990. The main object of the Company is to carry on the business of manufacturing of all types of yarns.

BOARD OF DIRECTORS

1. Mr. S.P. Oswal
2. Mr. Darshan Lal Sharma
3. Mr. Neeraj Jain
4. Ms. Harpreet kaur Kang
5. Mr. Kenichi Yamaguchi
6. Mr. Sadaaki Yasumaru

SHAREHOLDING PATTERN

	No. of Shares	Holding (%)
Promoter Holding	1,51,80,240	73.33
Non-Promoter Holding	55,20,000	26.67
Total	2,07,00,240	100.00

The Company is not listed at any Stock Exchange.

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	1217.06	1576.84
Profit after Tax (PAT)	1013.23	1545.12
Equity Capital	2070.02	2070.02
Reserves & Surplus	4974.38	4250.80
Earning per share (Rs.)	4.89	7.46
Book Value (Rs.)	34.03	30.53

**DETAILS OF VARDHMAN HOLDINGS LIMITED,
THE PROMOTER COMPANY OF VARDHMAN TEXTILES LIMITED**

The Company was incorporated on 27.12.1962. The main object of the Company is to carry on the business of investments.

BOARD OF DIRECTORS

1. Mr. S.P. Oswal
2. Mrs. Shakun Oswal
3. Mr. Sachit Jain
4. Mrs. Suchita Jain
5. Mr. B.K. Arora
6. Mr. S.S. Bagai
7. Mr. J.R. Singhal
8. Mr. O.P. Sharma
9. Mr. C.L. Jain
10. Mr. S.P. Kanwar

SHAREHOLDING PATTERN

	No. of Shares	Holding (%)
Promoter Holding	2390441	74.90
Non-Promoter Holding	801095	25.10

The Company is listed at National Stock Exchange and Ludhiana Stock Exchange.

Particulars	As on March 31, 2010 (Rs. In lacs)	As on March 31, 2009 (Rs. In lacs)
Income from operations	857.34	861.14
Profit after Tax (PAT)	731.81	807.59
Equity Capital	319.23	319.23
Reserves & Surplus	11,211.21	10,553.85
Earning per share (Rs.)	22.93	25.30
Book Value	361.28	340.68

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is engaged in the manufacture of Steel with its concentration in manufacturing specialty steel and alloy products catering primarily to automobile applications and, also for Industrial, Defence and Engineering Applications to a limited extent. The Company has its presence in different states across the Country presently with 6 branches and 6 warehouses. The Steel Business of the Company is dependent on the demand from Auto and the related users.

Starting in September, 2008, a steep downturn in the global economy, as an upshot of credit uncertainty in the global markets, sharply reduced demand for steel products. However, since third quarter of 2009-10, the global economy has shown signs of recovery and the demand in the Auto Industry, a major buyer for the steel industry, has revived and is picking up. On the other hand, there has also been a sharp rise in raw material cost like shredded scrap, sponge iron, etc. because of which the steel industry is experiencing more market driven pressure on the prices of finished steel. Nevertheless, the Auto Industry, primarily to which we cater, is projecting a healthy growth during 2011-12 with an approx. 15% growth over 2010-11. It is anticipated that Vehicle Production in India shall witness strong growth of 3.5 times till 2020 from 13.36 Million units to 46.79 Million units. [Source: E&Y Report on "Assessment of Cost Competitiveness in Electric Arc Furnace v/s. Medium Blast Furnace Route for Steel Production."] As regards, Indian Auto Components the demand is expected to reach INR 5.1-5.6 lakh Crores (USD 108 - 119 billion) by 2020 from INR 1.4 lakh Crores (USD 30 billion) in 2009. [Source: <http://www.businessandeconomy.org/17032011/storyd.asp?sid=6008&pageno=1>]. Hence, it is expected that the demand in the Auto Industry shall remain firm giving a fillip to the Industry in general and Special Steels in particular.

The unit of Vardhman Textiles Limited, which has now been vested in Vardhman Special Steels Limited as a part of the Steel Business Undertaking pursuant to the Scheme, sold 54,600 MT of its steel (rolled products) in 2009-10 which is expected to post approx. 35% rise in 2010-11 over the last year's sale quantity. In view of the anticipated good demand, the unit of the Company is also planning expansion in its various operations in 2011-12 to increase its share in Low Volume, Critical Quality and Special Application segment besides increasing the capacity of its rolling products.

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL INFORMATION

Clause 9 of the Scheme provides for manner of dealing with legal proceedings between the Demerged Company and the Resulting Company, which are as under :

9. LEGAL PROCEEDINGS

9.1 All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date in relation to the Steel Business Undertaking shall be continued and enforced by or against the Resulting Company, and the Resulting Company will bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend such proceedings at the cost of the Resulting Company. The Resulting Company hereby undertakes to reimburse and indemnify the Demerged Company against all liabilities and obligations that may have to be incurred by the Demerged Company in respect thereof.

9.2 Subsequent to the Appointed Date, if any proceedings are initiated by any third party (including regulatory authorities) by or against the Steel Business Undertaking of the Demerged Company under any statute, such proceedings shall be continued and enforced only against the Resulting Company and the Resulting Company shall bear the liabilities of such proceedings at its own cost. The Demerged Company shall extend all its assistance to defend the liabilities of such proceedings at the cost of the Resulting Company. The Resulting Company hereby undertakes to reimburse and indemnify the Demerged Company against all liabilities and obligations that may have to be incurred by the Demerged Company in respect thereof.

Outstanding Litigations involving the Company

Save as stated herein under, there are no outstanding or pending material litigation, suits, criminal or civil prosecution, proceedings initiated for any offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956) or litigation for tax liabilities and there are no material defaults, non payments or overdue or statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits against the Company. No disciplinary action has been taken by SEBI / Stock Exchanges against the Company, its Directors, its Promoters and the Group Companies.

SL. NO.	SCN NO	RECEIVED FROM	DATE	ISSUING AUTHORITY	TOTAL AMOUNT INVOLVED	PERIOD	BRIEF HISTORY OF THE CASE	CURRENT STATUS
1.	C.N.V(22)ST/SCN/ADC/LDH/146/09/10738	06.04.10	06.04.10	Additional Commissioner Ldh	33,69,378	Jan 06 To March 08	Service tax claimed by VSSL on Outward freight	Pending with Additional Commissioner for hearing
2.	C.N.V(22)ST/SCN/ADC/LDH/96/09/1670	22.01.10	22.01.10	Commissioner Central Excise Ldh	5,44,993	April 08 to march 09	Service tax on input services for procurement of Inputs, which were subsequently cleared as such	Pending with Commissioner for hearing

NAME OF STATUTE	NATURE OF DUES	DISPUTED AMOUNT UNPAID	FORUM WHERE DISPUTE IS PENDING	BRIEF SUMMARY
THE PUNJAB VALUE ADDED TAX, 2005	LOCAL SALES TAX	2,00,000	Joint Director Mobile Wing Patiala Division , Patiala	Penalty imposed for non-reporting at ICC Export barrier. Appeal filed by the Company is pending.
THE PUNJAB SALES TAX ACT, 1957	LOCAL SALES TAX	3,66,500	Joint Director Mobile Wing Patiala Division , Patiala	Penalty imposed on branch transfer material being sent to Pune Godown treated as Interstate Sale. Appeal filed by the Company is pending.

There are no outstanding or pending material litigation, suits, criminal or civil prosecution, proceedings initiated for any offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956) or litigation for tax liabilities against its promoters, directors and group companies which may have any material adverse impact on the financial position or business of the Company.

GOVERNMENT APPROVALS

The Transferor Company had all the registration certificates / licenses with respect to the business of the Company and the same have been vested with the Company pursuant to the vesting of Steel Business Undertaking to Vardhman Special Steels Limited as per the Scheme. The aforesaid registration certificates / licenses are being transferred in the Company's name and the said approvals are valid as on date.

The Company has also received the following from the Govt. Authorities.

Government approvals /licenses / permissions :

Incorporation and other statutory compliances

1. Certificate of Incorporation No. 033930 dated 14th May, 2010 issued by ROC, Chandigarh to Vardhman Special Steels Limited.
2. Certificate of Commencement of Business dated 8th June, 2010 issued by ROC, Chandigarh to Vardhman Special Steels Limited

Income Tax:

1. Permanent Account No AADCV4812B issued by the Director of Income Tax (Systems), Income Tax Department
2. Tax Deduction Account Number JLDV01914D issued by DCIT (TDS), Ludhiana.

Importer Exporter Code Number 3010020180

In view of the approvals, certificates, licenses, permissions, vested in the Company pursuant to the Scheme we can undertake our current business activities, and no further material approvals are required to continue such activities.

REGULATORY AND STATUTORY DISCLOSURES

Authority for the Scheme

The Hon'ble Punjab & Haryana High Court, vide its Order dated 12th January 2011, has sanctioned the Scheme of Arrangement & Demerger between Vardhman Textiles Limited and Vardhman Special Steels Limited and their respective Shareholders & Creditors.

Prohibition by SEBI

Our Company, our directors, any of our Group Companies, and Companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI Circular No. SEBI/CFD/SCRR/01/2009/03/09 dated September 3rd, 2009 or any other material issued by or at the instance of the Company, and anyone placing reliance on any other source of information would be doing so at his or her own risk.

All information shall be made available by Vardhman Special Steels Limited to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer Clause of BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE, vide its letter no. DCS/AMAL/AKS/24(f)/456/2010-11 dated August 11th, 2010, approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval BSE's name in this Information Memorandum has been incorporated on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or

warrant that VSSL's securities will be listed or will continue to be listed on the BSE; or

take any responsibility for the financial or other soundness of VSSL, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE, vide its letter no. NSE/LIST/144766 – E dated August 18th, 2010 approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval NSE's name in this Information Memorandum has been incorporated on which the Company's securities are proposed to be listed.

The NSE does not in any manner:

warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or

warrant that VSSL's securities will be listed or will continue to be listed on the NSE; or

take any responsibility for the financial or other soundness of VSSL, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the NSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Every Person who desires to acquire any of our securities, may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

Copies of this Information Memorandum have been filed with the BSE & NSE in due compliance with the directive issued by BSE & NSE respectively.

Listing

Applications will be made to BSE & NSE for permission to deal in and for an official quotation of the Equity Shares of the Company.

The Company shall ensure that all the steps have been taken for the completion of necessary formalities for listing and commencement of trading at the BSE & NSE.

Demat Credit

Vardhman Special Steels Limited has executed Agreement with NSDL and CDSL for admitting its securities in demat form.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Particulars Regarding Previous Public or Rights Issues

Vardhman Special Steels Limited has not made any public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Promise vis-à-vis performance

The Company is getting its Equity Shares listed on the stock exchanges for the first time.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company

There are no outstanding debentures or bonds or redeemable preference shares or other instruments issued by the Company.

Stock Market Data for Equity Shares of the Company

Since, the Equity Shares of the Company are not listed on any stock exchanges, the Company does not have any past stock market data. The Company is seeking approval for listing of its shares through this Information Memorandum.

Disposal of Investors Grievances

M/s. Alankit Assignments Limited are the Registrar and Transfer Agents of the Company. All investor grievances would be redressed within 7 days of receipt by the Company or its Share Transfer Agent.

Investors can contact the Company's Share Transfer Agent or the Compliance Officer or the Secretarial Department of the Company in case of any share transfer related problem. The addresses and contact numbers are given elsewhere in this Information Memorandum. For quicker response, investors are requested to mention their contact numbers and email addresses while communicating their grievances.

The Company has appointed Mr. Mohan Singh, Company Secretary as the Compliance Officer of the Company and he may be contacted in case of any queries. He can be contacted at the following address:

Mr. Mohan Singh
Company Secretary,
Vardhman Special Steels Limited,
Vardhman Premises,
Chandigarh Road,
Ludhiana - 141010

TELEPHONE : (0161) 2228943-48
FAX: (0161) 2601048, 2602710, 2222616
Email : secretarial.lud@vardhman.com

MAIN PROVISIONS OF THE ARTICLE OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of Vardhman Special Steels Limited are detailed below:

Transfer and Transmission

Execution of transfer etc.

37. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the share. The instrument of transfer of any share shall specify the name, address and occupations (if any) of the transferee and the transferor deem to remain the member in respect of such shares until the name of the transferee is entered in the register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.

Application for registration

38. Application for the registration of the transfer of a share may be made either by the transferor, or the transferee, provided that, where such application is made by the transferor, or the transferee, provided that where such application is made by the transferor, no registration shall in the case of a partly paid share be affected unless the Company gives the notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register the name and the conditions as if the application for registration of the transfer was made by the transferee.

Form of Transfer

39. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of share and the registration thereof.

Restriction on transfer

40. Subject to the provisions of Section 111 of the Act, and subject to the provisions of Section 22A of the Securities Contracts (Regulation) Act, 1956, the Board without assigning any reason for such refusal, may refuse to register any transfer of, or the transmission by operation of law of the right to a share. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on shares.

No transfer to minor etc.

41. No transfer shall be made to a minor, a partnership firm or a person of unsound mind.

Transfer be left at office and when to be retained

42. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share, and the transferee shall (subject to the Board's right to decline to register here in before mentioned) be registered as a member in respect of such share, Every instrument of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer, which the Board may refuse to register, shall be returned to the person depositing the same.

Notice of refusal to register transfer

43. If the Board refuses, whether in pursuance of Article 40 or otherwise, to register the transfer of, or the transmission by operation of law of the right, to any share, the Company shall give notice of the refusal in accordance with the provisions of Section 111 (1) of the Act.

Suspension of registration of transfer

44. Subject to the provisions of Section 154 the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine provided that such registration shall not be suspended for 30 days at anyone time or for more than 45 days in the aggregate in any year.

Transmission of registered share

45. The executor or administrator of a deceased member (not being one of the several joint-holders) shall be the only person recognised by the Company as giving any title to the share registered in the name of such member, and, in case of the death of anyone or more of the joint holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a court in India competent to grant it. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnify or otherwise as the Board, in its absolute discretion, may think fit.

Nomination of shares

- 45A. a) Every holder of shares in, or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death.
- b) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debenture of, the Company, the nominee shall, on the death of the shareholder or holder of the debentures of, the Company or, as the case may be on the death of the joint holder becomes entitled to all the rights in the shares, or debentures of the Company or, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- a) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to nominate in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.

As to transfer of shares to insane, minor, deceased, bankrupt, members

46. Any committee or curator bonis or a lunatic or guardian of a minor member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (Which the Board shall not be bound to give) be registered as a member in respect of such share or may subject to the regulation as to transfer herein before contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".

Election under the Transmission Article

47. a) If the person so becoming entitled under The Transmission Article shall elect to be registered as holder of the share himself he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the Share.
- c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer a share

shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.

Rights of persons entitled to shares under The Transmission Article

48. A person so becoming entitled under The Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 82 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to, if he were the registered holder of the share.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

General Meetings

When Annual General Meeting to be held

67. In addition to other meetings, Annual General Meeting of the Company shall be held within such intervals as are specified in Section 166 (1) of the Act and subject to the provisions of Section 166 (2) of the Act at such times and places as may be determined by the Board. All other meetings or the meeting, be called Extra-ordinary General Meetings and shall be convened under the provision of the next following Article.

When Extra-ordinary General Meeting to be called

68. The Directors may, whenever they think fit, call an Extra-Ordinary General Meeting and an Extra-Ordinary General Meeting shall also be held on such requisition or in default may be called by such requisitionists, as provided by Section 169 of the Act. If at any time there are not within India sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may call an extra-ordinary general meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Circulation of members resolution

69. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements of the requisition of members.

Notice of Meeting

70. Subject to the provisions of Section 171 and 176 (2) of the Act, notice of every meeting of the Company shall be given to such persons and in such manner as provided by Section 172 of the Act. Where any business consists of special Business as hereinafter defined in Article 71 there shall be annexed to the notice a statement complying with Section 173 (2) and (3) of the Act.

The accidental omission to give any such notice to or the non-receipt by any member or other persons to whom it should be given shall not invalidate the proceedings of the meeting.

Proceedings at General Meetings

Business of meetings

71. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in place of those retiring by rotation, to appoint Auditors and fix their remuneration and declare dividends. All other business transacted at any other general meeting shall be deemed special business.

Quorum to be present when business commenced

72. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall be a quorum.

When quorum not present meeting to be dissolved and when to be adjourned

73. If within half an hour from the time appointed for the meeting, a quorum be not present, the meeting if convened upon such requisition as aforesaid, shall stand dissolved but in any other case it shall stand adjourned in accordance with the provisions of sub section (3), (4) and (5) of Section 174 of the Act.

Resolution to be passed by Company in general meeting.

74. Any act or resolution which, under the provisions of these Article or the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189 (1) of the Act, unless either the Act or these Articles specifically require such act to be done or resolution passed as a Special Resolution as defined in Section 189 (2) of the Act.

Chairman of General Meeting

75. The Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act then, the members present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the members present shall on a show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, to be Chairman of the meeting.

How questions to be decided at meeting casting vote

76. Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of an equality of votes both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to vote to which he may be entitled as a member.

What is to be evidence of the passing of a resolution where poll not demanded

77. At any General Meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provision of Section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried, or has either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the meeting of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of, or against the resolution.

Poll

78. a) If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

- b) The demand of poll may be withdrawn at any time.
- c) Where a poll is to be taken the Chairman of the meeting shall appoint to scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.
- d) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.
- e) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Power to adjourn general meeting

- 79.
- a) The Chairman of a general meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
 - b) When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

DIRECTOR

Number of Directors

91. Subject to Section 259 of the Act, the number of the Directors of the Company shall not be less than three and not more than twelve.

Company in General Meeting to increase or decrease number of Directors

92. The Company in general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Articles 91.

First Directors

93. The persons hereinafter named shall become and be the first Directors of the Company.

1. Mr. Sachit Jain
2. Mrs. Suchita Jain
3. Mrs. Shakun Oswal

Nominee Director

94. Notwithstanding anything contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India Limited (IDBI), Industrial Finance Corporation of India Limited (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), and life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting of direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint, from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject to aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notice of and attend all General Meetings, Boards Meetings and of the meeting of the Committee of which the Nominee Director/s is fare member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation any expenses that may be Incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation, or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director/s being appointed as whole -time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved 'by the Lenders and have such rights as are usually exercised or available to a whole time Director, in the Management of the Borrower such Nominee Director/s shall be entitled to receive such remuneration, fee, commission and moneys as may be approved by the Lenders.

Debenture Directors

94A If it is provided by the Trust Deed secured or otherwise, In connection with any Issue of debenture of the Company, that any person or persons shall have power to nominate a Director of the Company, then In the case of any and every such Issue of Debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons In whom, for the time being is vested the power under which he was appointed in his place. A Debenture Director shall not be bound to hold any qualification shares and subject to the provisions of Section 255 of the Act, shall not be liable to retire by rotation or be removed by the Company.

Shares qualification of Directors

95. Unless otherwise determined by an ordinary resolution in a general meeting of the Company, a Director of the Company shall not be required to hold any share as his qualification.
96. The remuneration of every Director for attending a meeting of the Board or Its Committee shall be such sum as the Board may decide from time to time, however subject to maximum fee or such sum as may be. prescribed by the Central Government from time to time for a meeting of the Board or any Committee thereof. In addition, each Director shall be entitled to be reimbursed his reasonable travelling and hotel and other expenses in consequence of his attendance at meeting of the Board or any Committee there of and otherwise in execution of his duties as may be fixed by the Board of Directors from time to time.

Remuneration for extra service

97. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions ingoing or residing away from his usual place of residence for any of the purpose of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Sections 198, 309, and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by percentage of profits or otherwise and such remuneration may be either in addition to or In substitution for any other remuneration to which he may be entitled.

Resignation of Director

98. A Director may, at any time, resign his office by notice in writing served on the Company.

Board may act notwithstanding vacancy

- 98A. The Continuing Directors may act notwithstanding any vacancy in their body but so that If the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, or for summoning a general meeting of the Company, act so long as the number is below the minimum.

Vacation of office of Directors

99. The Office of a director shall *ipso facto* become vacant if at any time he commits any of the acts set out in Section 283 of the Act.

Office of Profit

100. Director or other person, referred to In Section 314 of the Act, shall hold an office or place of profit save as permitted by that Section.

Appointment of Directors as Director of Company in which the Company is interested

101. A Director of this Company may be or become a Director of any other Company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

Conditions under which directors may contract with Company

102. Subject to the provisions of Section 297 of the Act neither shall a Director be disqualified from contracting with Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of a such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or for the fiduciary relation thereby established.

Disclosure of a Director's Interest

103. Every Director shall comply with the provisions of Section 299 of the Act regarding disclosure of his concern or interest in any contract or arrangement entered into or to be entered by the Company.

Discussion and voting by Director interested.

104. Save as permitted by Section 300 of the Act or any other applicable provision of the Act, no Director shall as a Director take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly, concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTOR

Additional Directors

105. The Board shall have power, at any time and from time to time to appoint any person as an additional Director to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-appointment.

Alternate Director

106. The Directors may appoint any person to act as Alternate director for a Director during the latter's absence for a period of not less than three months from the state in which meetings of the Directors are ordinarily held and such appointment shall have effect and such appointee; whilst he holds office as an Alternate Director shall be entitled to notice of Meetings of the Directors and to attend and vote thereat accordingly; but he shall *ipso facto* vacate office if and when the absent Directors returns to the state in which meeting of the Directors are ordinarily held or the absent Directors vacates office as a Director.

Board may fill up casual vacancies

107 If any Director, appointed by the General Meeting vacates office as a Director before his terms of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall remain in his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing there to any person who has been removed he office of the Director under Article 110.

Rotation and retirement

108 At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office.

Which Directors to retire

109 Subject to the provisions of these Articles, the Director to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall in default of and subject to any agreement among themselves, be determined by lot.

Power to remove Director by ordinary resolution on special Notice

110 The Company may remove any Director before the expiration of his period of office in accordance with the provisions of Section 284 of the Act and may subject to the provisions of Section 262 of the Act appoint another person in his stead if the Director so removed was appointed by the Company in General Meeting or by the Board under Articles 105 and 107.

Vacancies to be filled in at the General Meeting

110A At the Annual General Meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director who is eligible for re-election or some other person thereto if a notice for the purpose has been left at the office of the Company as required by Section 257 of the Act.

MANAGING /WHOLE TIME DIRECTOR

Appointment of Managing or Whole-time Director

111 a) Subject to the Provision of Sections 269,314,316 & 317 of the Act the Board of Directors may from time to time, appoint one or more of them as Managing / Whole time Director or Directors on such remuneration and on such other terms and conditions as the Board may deem fit. The Board may subject to any contract between such director and the Company remove or dismiss him and appoint another in his place.

b) Where the Company enters into any contract for the appointment of a Managing or whole-time Director or varies any such contract or where the Board passes any resolution appointing such a Director or varies any previous contract or resolution of the Company relating to such appointment, the Company shall send an abstract of the terms of the Contract or variation and a memorandum to every member of the Company as required by Section 302 of the Act and shall otherwise comply with the provisions of the said Section.

Vacation of office by Managing / Whole-time Director

112 a) Subject to the Provisions of Section 255 of the Act, a Managing/whole-time Director shall not, while he continues to hold that office be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors and he shall, ipso facto and immediately cease to be a managing/whole-time Director if he ceases to hold the office of Director from any cause.

Seniorities of Managing / Whole-time Directors

(b) If at any time the total number of Managing/whole-time Director is more than one-third of the total number of Directors, the Managing/whole-time Directors who shall not retire shall be determine by and in accordance with their respective seniorities. For the purpose of this Article, the seniorities of the Managing/whole-time Directors shall be determined by the date of their respective appointments as Managing/whole-time Directors by the Board.

Remuneration of Managing/Whole-time Director

113 Subject to the provisions of Section 198, 309, 310, 311 and 637-AA of the Act, a Managing or whole-time Director may be paid remuneration either by way of monthly payment or at specified percentage of the net profits of the Company of partly by one way and partly by the other as may, from time to time, be

determined by a resolution passed by the Company in General Meeting.

Power of Managing Director.

114 Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such power for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf, and may from time to time, revoke, withdraw, alter or vary all or any of such powers.

Proceeding of Director

Meetings of Directors

- 115 (a) The Board shall meet together at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as may think fit. Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote. It shall not be necessary to give notice of a meeting of directors to any Directors for the time being absent from India.
- b) Notice of every meeting of the Board shall be given to the Directors in accordance with the provisions of Section 286 of the Act.

Quorum

116 The Quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If the Quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board, the meeting shall be adjourned until such date and time as the Chairman of the Board shall appoint.

Provided however and notwithstanding anything contained in these articles so long as any money remains due by the Company as mentioned in Article 94, the Quorum at a meeting of the Board of Directors of the Company after the appointment of a Special Director under the said article, shall not be complete unless at least one of such Directors is present at such meeting provided further that if any meeting of the Board of Directors duly convened, the Special Director is not present, then not less than one third of the total strength of Directors (any fraction contained in that one third rounded off as one) or two Directors, whichever is higher, shall form the quorum. Provided that where at any time the number of interested Directors exceeds or is equal to two thirds of its total strength, the number of the remaining Directors that is to say, the number of

directors who are not interested present at the meeting being not less than two, shall be the quorum during such time.

- 117 A Director may, and the Manager or Secretary on the requisition of a Director shall, at any time summon a meeting of the Board.

Chairman

- 118 The Board may appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed, or if at any meeting of the Board, the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be chairman of such meeting.

Power of quorum

- 119 A meeting of the Board at which a quorum be present, shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.

How questions to be decided Casting vote

- 120 Subject to the provisions of Section 316 and 372 (b) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote.

Power to appoint Committee and to delegate

- 121 The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its power to a committee consisting of such Director or Directors as it thinks fit, and may from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of powers so delegated, conform to any regulations that may from time to time, be imposed upon it by the Board.

Proceeding of Committee

- 122 The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last proceeding Article.

When acts of Directors or Committee valid notwithstanding defective appointment etc.

123. All acts done by any meeting of the Directors, or by a Committee of Directors, or any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defect in the appointment of anyone or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office by virtue of any provisions contained in

the Act or in these Articles be as valid as if every such Director or person had been duly appointed and was qualified to be Director and had not vacated such office provided that nothing in this Article shall be deemed to give validity to acts done by a Director after the appointment of such Director has been shown to be invalid or to have terminated.

Resolution without Board Meeting

124. Save in those cases where a resolution is required by Sections 262, 292, 297, 316 and 372A and 386 of the Act or any other provisions of the Act to be passed at a meeting of the Board, resolution shall be valid and effectual as it had been passed at a meeting of the Board or Committee of the Board, as the case may be duly called and constituted if it is passed by circulation in the manner as provided in Section 289 of the Act.

Minutes

Minutes to be made

125. a) The Board, shall in accordance with the provision of Section 193 of the Act, cause minutes to be kept of proceeding of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.

b) Any such minutes of Proceeding of any meeting of the Board or of any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of the Section 193 of the Act, shall be evidence of the matters stated in such minutes. The minutes books of general meetings of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11 a.m. and 1 p.m. on such business days as the Act requires them to be open for inspection.

General Power of Company vested in the Board

126. a) Subject to the Provisions of the Act, the Control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done the Company in general meeting Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to be provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder including resolutions made by the Company in general meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that resolution had not been made.

Powers of Delegate

b) Without prejudice to the general powers conferred by the proceeding Article, the Directors may from time to time and at any time subject to the restriction contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other person any of the powers, authorities and discretions for the time being vested in the Board and the Board, may at any time, remove any person so appointed and may annul or vary such delegation.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The Company has been recently incorporated on 14th May, 2010 and has not entered into any contracts that are outside the ordinary course of its business. The Company also confirms that there are no contracts that may materially or adversely impact or affect the business of the Company.

The following contracts/ documents (not being contracts entered in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. Copies of the following documents will be available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working days, excluding Saturday and Sunday, from the date of the Information Memorandum.

1. Memorandum and Articles of Association, as amended till date. Certificate of Incorporation dated 14th May 2010.
2. Copy of the Scheme of Arrangement & Demerger under Sections 391 to 394 of the Companies Act, 1956 between Vardhman Textiles Limited (formerly known as Mahavir Spinning Mills Limited) and Vardhman Special Steels Limited and their respective shareholders & creditors as sanctioned by the High Court of Judicature at Chandigarh on 12th January 2011.
3. Copy of the Order dated 12th January 2011 of the Hon'ble High Court of Judicature at Chandigarh sanctioning the Scheme of Arrangement & Demerger.
4. Copy of Listing Application filed with National Stock Exchange of India Limited and Bombay Stock Exchange Limited on 22nd April, 2011.

DECLARATION

To the best knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS FOR VARDHMAN SPECIAL STEELS LIMITED

**Sd/-
MR. SACHIT JAIN
MANAGING DIRECTOR**

Place : Ludhiana
Date : 16th April, 2011