



VARDHMAN SPECIAL STEELS LIMITED

CIN L27100PB2010PLC033930

Registered Office: Chandigarh Road, Ludhiana, Punjab, India 141010

Tel. No.: 91-161-2228943 Fax No.: 91-161-2601048

Email: secretarial.lud@vardhman.com Website: www.vardhmansteel.com/ www.vardhman.com

NOTICE OF POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions of the Companies Act, 2013, (the "Act"), read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (the "**Management Rules**"), including any statutory modification or re-enactment thereof for the time being in force and any other applicable provisions of the Act and the rules made thereunder, that the resolution set out below for the proposed issue of equity shares to existing employees (excluding promoters) of Vardhman Special Steels Limited (the "**Company**") along with the Rights Issue of equity shares as approved by the Board in its meeting held on 28th October, 2016, is proposed to be passed by way of Postal Ballot/e-Voting. An Explanatory Statement pertaining to the said resolution setting out the material facts and the reasons thereof is annexed to the Notice, along with a Postal Ballot form (the "**Postal Ballot Form**") for your consideration.

RESOLUTION:

To consider and approve Employee Reservation along with Rights Issue:

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

"RESOLVED THAT, pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof for the time being in force) and subject to and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR Regulations"), the provisions of the Articles of Association of the Company, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the agreements entered into with the respective Stock Exchanges where the equity shares of the Company ("Equity Shares") are listed and subject to the approval to the extent applicable of the Government of India, Securities and Exchange Board of India ("SEBI"), Foreign Investment Promotion Board ("FIPB"), Reserve Bank of India ("RBI") and all other concerned Statutory and other relevant authorities and such other approvals, consents, permissions, sanctions and the like, as may be necessary and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall include a duly authorized Committee for the time being exercising the powers conferred upon it by the Board, including the power conferred by this resolution), consent of the members of the Company be and is hereby granted to create, offer, issue and allot such number of equity shares aggregating to a maximum of 5% of the post issue capital of the Company or any other limits prescribed under SEBI ICDR Regulations, to the existing employees (excluding Promoters) of the Company only, whether shareholder of the Company or not (the "Issue"), and it will be reserved for them under Regulation 55A of the SEBI ICDR Regulations along with the Rights issue of Equity Shares ("Rights Issue") as approved by the Board in its meeting held on 28th October, 2016 through issue of offer document, in one or more tranches and in the manner, and on the terms and conditions, including basis of the offer to the employees, as the Board may in its discretion and in consultation with the Merchant Banker ("MB") decide but at the same price as of the Rights Issue i.e. Rs.50 per share (inclusive of Share Premium of Rs.40 per share), getting the Equity Shares listed on BSE Limited and National Stock Exchange of India Limited (the "Stock Exchanges") and that the Board may finalize all matters incidental thereto as it may in its discretion think fit.

RESOLVED FURTHER THAT in terms of Regulation 55A of the SEBI ICDR Regulations and subject to other applicable provisions of SEBI ICDR Regulations, which permit the issuer to make reservation for employees along with Rights Issue, the Board be and is hereby authorised to reserve, issue, allot shares to one or more or all employees of the Company subject to the condition that value of allotment to any one employee shall not exceed Rs. 2,00,000/- (Rupees two lakhs only).

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to create, offer, issue and allot Equity Shares under the Issue, as specified above, at such time as it may deem fit subject to the SEBI ICDR Regulations.

RESOLVED FURTHER THAT any new Equity Shares allotted shall rank pari passu in all respects with the then existing fully paid-up Equity Shares of the Company including dividend to be declared, if any, for the concerned financial year.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the Issue of equity shares to the employees of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, remove any difficulties or doubts that may arise from time to time in regard to the issue, offer or allotment of Equity Shares in the Issue and to give such directions and / or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions related to the terms and conditions, to vary the size of the Issue, enter into any agreements or other instruments for such purpose, to remunerate all such intermediaries / agencies including the payments of commissions, brokerages, fees and the likes, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or may suo moto decide in its absolute discretion in the best interests of the Company without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and to do all such acts, deeds, matters, to do things whatsoever, including settle any question, doubt or difficulty that may arise with regard to or in relation to raising of funds as authorised herein, and that all or any of the powers conferred on the Board vide this resolution may be exercised by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any alteration, addition or make any variation in relation to the Issue, in consultation with the MB and / or SEBI or such other authorities as may be required.

RESOLVED FURTHER THAT Mr. Sachit Jain, Managing Director, Mrs. Suchita Jain, Director, Mr. Sanjeev Singla, Chief Financial Officer and Ms.

Sonam Taneja, Company Secretary, be and are hereby severally authorized to execute and sign the documents including consent letter, power of attorney, certificates etc., as may be specifically required in connection with the above.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in the Issue but subject to such conditions as the SEBI, RBI, FIPB or governmental authority or such other appropriate authority, may impose at the time of their approval and as agreed by the Board.

RESOLVED FURTHER THAT the acts, deeds and things already done by the Board or any designated officer of the Company in this regard be and are hereby confirmed, approved and ratified.”

**By order of the Board of Directors,
For Vardhman Special Steels Limited**

**(Sonam Taneja)
Company Secretary
M. No.: ACS 34338
Place: Ludhiana
Date: 28th October, 2016**

Notes:

1. The Explanatory Statement pursuant to Section 102 read with Section 110 of the Companies Act, 2013 (the “Act”) setting out material facts pertaining to the resolution is annexed hereto along with the postal ballot form for your consideration.
2. The Postal Ballot Notice is being sent to all the shareholders, whose names appear on the Register of Members/list of Beneficial Owners on Friday, 11th November, 2016, as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).
3. The Company has appointed M/s Harsh Goyal & Associates, Practicing Company Secretaries (Certificate of Practice No. 2802) as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. After completion of their scrutiny of the Postal Ballot Forms, they will submit their report to the Chairman or any other person duly authorised by Chairman including Company Secretary in this regard, in a fair and transparent manner. The results of the Postal Ballot would be announced by the Chairman or any other person duly authorised by Chairman including Company Secretary, duly authorized on Thursday, 22nd December, 2016 at 3:00 p.m. at the registered office of the Company. The date of declaration of the results of the postal ballot i.e. Thursday, 22nd December, 2016 at shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority. The results declared along with the Scrutinizer's Report shall be placed on the Company's website i.e. www.vardhmansteel.com/ www.vardhman.com within two (2) days of passing of the resolution and shall also be communicated to the stock exchanges, where the Equity Shares of the Company are listed. The results shall also be posted on the website of CDSL.
4. The Postal Ballot notice is being sent through electronic mode only to those members whose email addresses are registered with the Company/ Depository Participant (s). For members who have not registered their email addresses, physical copies of the Postal Ballot Notice are being sent through permitted mode. Shareholders who have received Postal Ballot Notice by e-mail shall send their assent/ dissent through email. Members receiving email but who wish to vote through Physical Postal Ballot Form can download the same from the website of the Company www.vardhmansteel.com/ www.vardhman.com. To seek duplicate Postal Ballot Form, please contact our Registrar and Share Transfer Agent, M/s Alankit Assignments Limited and request you to fill in the details and send the same to the Scrutinizer.
5. Facility to exercise vote by postal ballot including voting through electronic means will be available during the following period:
Commencement of voting: From 09.00 a.m. on 21st November, 2016
End of voting: At 05.00 p.m. on 20th December, 2016 (both days inclusive)
6. **Voting through Postal ballot:**
 - i. Shareholders desiring to exercise vote by Postal Ballot Form are requested to carefully read the instructions printed on the reverse of the Postal Ballot Form and return the Postal Ballot Form duly completed, in all respects and signed in the enclosed self-addressed postage pre-paid envelope/business reply envelope to the Scrutinizer. The postage cost will be borne by the Company. However, envelopes containing Postal Ballot Forms, if sent in person, by courier or registered/speed post at the expense of the shareholders will also be accepted.
 - ii. The Postal Ballot Form should be completed and signed by the member.
 - iii. The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, 11th November, 2016 being the cut-off date. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
 - iv. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The Scrutinizer's decisions on the validity of a Postal Ballot Form shall be final and binding.
 - v. Votes will be considered invalid on the following grounds:
 - if the member's signature does not tally.
 - if the member has marked all his shares both in favour and also against the resolution.
 - if the Postal Ballot Form is unsigned.
 - if the Postal Ballot Form is received torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the member or the number of votes or as to whether the votes are in favor or against or if the signature could not be checked or on one or more of the above grounds.
 - if the information filled in the Postal Ballot Form is incomplete.
 - if any other form or photocopy of the Postal Ballot Form is used.

- any direction given by competent authority in writing to the Company to freeze the voting rights of the member.

7. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015, the Company is pleased to provide members a facility to exercise their right to vote on the Postal Ballot by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- The e-voting period commences on Monday, 21st November, 2016 (09.00 a.m.) and ends on Tuesday, 20th December, 2016 (05.00 p.m.). During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 11th November, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after end of voting period on 20th December, 2016. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on Shareholders.
- Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on Attendance slip provided with the Annual report. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
Bank Details OR Date of Birth (DOB)	Enter the Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Bank details field as mentioned in instruction (v).

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN: 161109001 for <VARDHMAN SPECIAL STEELS LIMITED> on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL's mobile app "m-voting" available for android based mobiles. The m-voting app can be downloaded from google play store. Apple and windows phone users can download the app from Apple Store and the window phones store respectively as on after 30th June, 2016. Please follow the instructions as prompted by mobile app while voting on your mobile.
- Note for Non Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be

able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cslindia.com

8. Name, Designation, Address, E-mail ID and Phone Number of person responsible to address grievances connected with E-voting

Name : Sonam Taneja
Designation : Company Secretary
Address : Registered Office, Vardhman Premises, Chandigarh Road, Ludhiana - 141 010
Tel : 0161-2228943-48
Email id : secretarial.lud@vardhman.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE

To augment financial resources of the Company for funding its future expansions, to meet working capital requirements, to repay debt and for general corporate purposes, the Board of Directors of the Company in its meeting held on 28th October, 2016, approved the proposal of further Issue of Equity Shares of the face value of Rs.10 each for cash on Rights basis in the ratio of 2:3 (2 shares for every 3 shares held) at a price of Rs. 50 per share (inclusive of Share premium of Rs. 40 per share) aggregating to Rs. 61.85 Crores approximately to all eligible existing Equity Shareholders of the Company ("Rights Issue"), in accordance with the Act, the rules made thereunder, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR Regulations"), the provisions of the Articles of Association of the Company, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the agreements entered into with the respective Stock Exchanges where the equity shares of the Company are listed and subject to the approval to the extent applicable of the Government of India, Securities and Exchange Board of India, Foreign Investment Promotion Board, Reserve Bank of India and all other concerned Statutory and other relevant authorities.

The Company is interested in the well-being of its employees and duly recognizes their contribution to the growth and performance of the Company. To reward the employees for the same, the Board of Directors in its meeting on 28th October, 2016 has also resolved to reserve equity shares for existing employees (excluding Promoters) of the Company in addition to the equity shares to be issued under Rights Issue approved by the Board of Directors as explained above. The equity shares to be reserved will be at the same price as that of Rights issue i.e. Rs.50 per share (inclusive of Share Premium of Rs.40 per share) and will be subject to the limits prescribed under SEBI ICDR Regulations and Shareholders approval.

The provisions of Section 62 of the Companies Act, 2013 provides for further issue of shares to any person other than existing shareholders, at the discretion of the Board, if the same is approved by shareholders by way of special resolution. Accordingly, this item is proposed for shareholders approval as special resolution by way of Postal Ballot authorising the Board of Directors to issue and allot, further equity shares of Rs. 10/- at a premium of Rs. 40 per share, subject to a maximum of 5% of the post issue Capital of the Company or any other limits prescribed under SEBI ICDR Regulations, being offered to the existing employees (excluding Promoters) of the Company only and it will be reserved for them under Regulation 55A of the SEBI ICDR Regulations along with the Rights Issue of Equity Shares as approved by the Board of Directors in its meeting held on 28th October, 2016. Regulation 55A of the SEBI ICDR Regulations permits the Board of Directors to reserve, issue, allot shares to one or more or all employees of the Company subject to the condition that total value of allotment to any one employee shall not exceed Rs. 2,00,000/-(Rupees two lakh only).

This Special Resolution of the Postal Ballot Notice seeks the approval of the members authorizing the Board/ Committee to make the proposed issue of shares to employees of the Company and to deal with any other matter connected with the Issue.

MEMORANDUM OF INTEREST:

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in this resolution, except to the extent of their shareholding in the Company and the shares that will be offered/ allotted/ renounced to/ by them among themselves or their associates or to any other person.

By order of the Board of Directors,
For **Vardhman Special Steels Limited**

(Sonam Taneja)
Company Secretary
M. No.: ACS 34338
Place: Ludhiana
Date: 28th October, 2016



VARDHMAN SPECIAL STEELS LIMITED

CIN L27100PB2010PLC033930

Registered Office: Chandigarh Road, Ludhiana, Punjab, India 141010

Tel. No.: 91-161-2228943 **Fax No.:** 91-161-2601048

Email: secretarial.lud@vardhman.com **Website:** www.vardhmansteel.com/ www.vardhman.com

POSTAL BALLOT FORM

(Please read the instructions printed overleaf before completing this form)

S. No.:

1. Name and Address of the Sole/First named Member / Beneficial Owner as registered with the Company

2. Name(s) of the Joint Holder(s), if any, registered with the Company

3. Registered Folio No./DP ID No./ Client ID No.* (*Applicable to investors holding shares in dematerialized form)

4. Number of Shares held

5. I/We, hereby exercise my/our vote in respect of the following resolution to be passed through Postal Ballot for the business stated in the Notice dated 28th October, 2016 of the Company by sending my/our assent (For) or dissent (Against) to the said resolutions by placing the tick (✓) mark at the appropriate box below:

Description	Number of Shares	I/We assent to the Resolution (For)	I/We dissent to the Resolution (Against)
Special Resolution under Section 62 of the Companies Act, 2013, pertaining to approval for Employee Reservation alongwith Rights Issue.			

Place : _____ Date : _____ (Signature of the Member / Beneficial Owner)

EVSN (E-Voting Sequence Number)	User ID / Folio No./ DP ID/ Client ID	Sequence No.

INSTRUCTIONS:

1. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send to the Scrutinizer in the enclosed self-addressed and postage pre-paid Envelope. No postage is required, however envelopes containing Postal Ballots, if sent through courier or registered post at the expense of or deposited at the address given herein by the registered member will also be accepted. The envelopes containing the Postal Ballot should reach the Scrutinizer not later than 5.00 p.m. on 20th December, 2016. All forms received after this date will be treated as if reply from the shareholders has not been received.
2. The voting rights of the members shall be in proportion to their shares in the total paid-up equity share capital of the company as on 11th November, 2016.
3. The self-addressed pre-paid envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
4. The Form should be completed and signed by the sole/first named shareholder. In the absence of the first named shareholder in a joint holding, the form may be completed and signed by next named shareholder. (However, where the form is sent separately by the first named shareholder and joint holder(s), the vote of first named shareholder would be valid).
5. There will be only one postal ballot form for every folio irrespective of the number of joint shareholder(s).
6. In case of shares held by Companies, Trusts etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authority, with signatures of Authorized Signatories.
7. Members are requested not to send any other matter along with Postal Ballot Form in the enclosed Postage Prepaid envelope. If any extraneous papers are found, the same will be destroyed by the Scrutinizer.
8. Incomplete, unsigned or incorrectly filled Postal Ballot Forms are subject to rejection by the Scrutinizer.
9. The votes should be cast either in favour of or against by putting the (√) mark in the column provided for assent or dissent. Postal Ballot Forms bearing tick mark in both the column will render the form and vote contained therein invalid.