



# Vardhman

Delivering Excellence. Since 1965.

## VARDHMAN SPECIAL STEELS LIMITED

CHANDIGARH ROAD  
LUDHIANA-141010, PUNJAB  
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F: +91-161-2601048, 2222616, 2601040  
E: secretarial.lud@vardhman.com

**Ref. VSSL:SCY:AUG:2019-2020**

**Date: August 10, 2019**

<p>The Deputy General Manager, Corporate Relationship Department, <b>BSE Limited</b> 1<sup>st</sup> Floor, New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, Mumbai - 400001. <b>Scrip Code: 534392</b></p>	<p><b>The National Stock Exchange of India Ltd,</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.  <b>Scrip Code: VSSL</b></p>
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**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, read with the circular issued by the Securities and Exchange Board of India (“SEBI”) dated September 9, 2015, bearing reference no. CIR/CFD/CMD/4/2015 (“SEBI Circular”).**

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), and in furtherance to our intimation dated August 10, 2019, we hereby inform you that in the meeting of the Board held on August 10, 2019 the Board has approved the issuance of 4,629,629 (Four Million Six Hundred Twenty Nine Thousand Six Hundred and Twenty Nine) fully paid-up equity shares having a face value of INR 10 (Indian Rupees Ten only) per equity share of the Company (“**Subscription Shares**”) to Aichi Steel Corporation (“**ASC**”) incorporated in Japan, on a preferential basis in accordance with the provisions of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. With respect to such investment in the Company by ASC, the Company has entered into a Share Subscription and Investment Agreement with ASC on August 10, 2019 (“**SSIA**”). The details as required under the Listing Regulations read with the SEBI Circular are enclosed herewith as **Annexure 1**.

Additionally, the Company has entered into a Technical Assistance Agreement with ASC dated August 10, 2019 in relation to the technology and know-how to be provided by ASC to the Company. The details as required under the Listing Regulations read with the SEBI Circular are enclosed herewith as **Annexure 2**.



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PAN NO.: AADCV4812B CIN: L27100PB2010PLC033930  
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This intimation letter will be uploaded on the website of the Company at [www.vardhmansteel.com](http://www.vardhmansteel.com).

You are requested to take the above information on your records and disseminate the same on your website.

Thank you.

Yours faithfully,

**For Vardhman Special Steels Limited**

(Sonam Taneja)  
Company Secretary

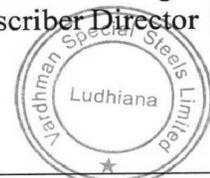


Encl. As above



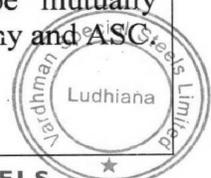
### ANNEXURE 1

S. No.	Details/ Clarifications	Response
1.	Name(s) of parties with whom the agreement is entered	Aichi Steel Corporation (“ASC”)
2.	Purpose of entering into the agreement	To set out the terms and conditions of subscription of the equity shares by ASC and issuance of the equity shares by the Company to ASC.
3.	Shareholding, if any, in the entity with whom the agreement is executed	Nil
4.	Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure, etc.	<p>The significant terms of the Share Subscription and Investment Agreement (“SSIA”) are as set forth below:</p> <p>(i) <u>Appointment of director:</u></p> <p>ASC has the right to nominate director(s) for appointment (“Subscriber Director”) on the board of directors (“Board”) of the Company, in accordance with the terms of the SSIA, and such director(s) will also be member(s) of the committees of the Board. As long as ASC and/or its affiliates collectively hold 20% (Twenty per cent.) or more of the equity share capital of the Company, ASC shall have the right to nominate 2 (Two) Subscriber Directors to the Board, and in case ASC and/or its affiliates collectively hold less than 20% (Twenty per cent.) of the equity share capital of the Company, ASC shall have the right to nominate 1 (One) Subscriber Director to the Board.</p>





S. No.	Details/ Clarifications	Response
		<p>(ii) <u>Nomination on committees:</u></p> <p>ASC has the right to nominate 1 (One) member each to the marketing committee, capital raising committee and the HR committee to be constituted by the Company, each being only a management committee and not a committee of the Board of the Company.</p> <p>(iii) <u>Approval of ASC for certain matters:</u></p> <p>In order to enable ASC to protect the value of its investment in the Company, as a minority protection measure, ASC's prior approval will be required by the Board of the Company for certain matters more specifically set out in the SSIA, including, without limitation, in connection with the Company (a) undertaking any mergers, demergers, amalgamations, (b) issuance of securities below the subscription price paid by the ASC (but excluding rights issue(s) and conversion of employee stock options by the Company) and (c) varying rights attached to any class of securities, which prejudices or in any manner affects the rights and obligations of the shares issued to ASC.</p> <p>(iv) <u>Deputing personnel</u></p> <p>ASC has the right to depute personnel including in relation to the production, quality and/ or marketing department of the Company, as may be mutually agreed between the Company and ASC.</p>





S. No.	Details/ Clarifications	Response
		<p>(v) <u>Further issue of capital</u></p> <p>ASC and the promoters of the Company have a right of first offer in respect of any new securities proposed to be issued by the Company by way of preferential allotment, in accordance with the terms of the SSIA.</p> <p>(vi) <u>Non-compete and non-solicit obligations</u></p> <p>Standard non-compete and non-solicit obligations are imposed on ASC in the manner provided in the SSIA.</p> <p>(vii) <u>Termination of the SSIA</u></p> <p>Amongst other things, the SSIA shall automatically terminate upon ASC's shareholding in the Company falling below certain pre-agreed thresholds as more specifically set out in the SSIA.</p> <p>(vii) <u>Amendment of the Articles of the Company</u></p> <p>ASC's investment in the Company, and consequent grant of rights discussed above is subject to, amongst other things, shareholders of the Company approving amendment to the existing articles of association of the Company to incorporate the rights of ASC mentioned above.</p>
5.	Whether the said parties are related to promoter / promoter group / group companies in any manner. If yes, nature of such relationship	No





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S. No.	Details/ Clarifications	Response
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"	No
7.	In case of issuance of shares to the parties, details of:  (i) issue price; and  (ii) class of shares issued	(i) <u>Issue Price:</u>  INR 108 (Rupees One Hundred and Eight only) per fully paid-up equity share to be issued to ASC (" <b>Subscription Shares</b> "), or such higher subscription price per Subscription Share computed on the basis of the minimum price required to be paid for each Subscription Share in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.  (ii) <u>Class of shares issued:</u>  Fully paid-up equity shares having a face value of INR 10 (Indian Rupees Ten only) per share, of the same class as, and ranking <i>pari passu</i> with, the currently outstanding equity shares of the Company in all respects.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.	The disclosures in relation to the terms of the SSIA are as set forth in point (4) above.

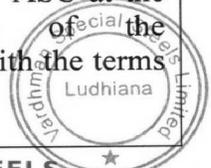


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### ANNEXURE 2

S. No.	Details/ Clarifications	Response
1.	Name(s) of parties with whom the agreement is entered	Aichi Steel Corporation (“ASC”)
2.	Purpose of entering into the agreement	To record the terms and conditions of the provision of technology and know-how by ASC to the Company to help the Company to improve the quality of the products being manufactured by the Company and reduce the cost of production and bring in process efficiencies in the manufacturing process.
3.	Shareholding, if any, in the entity with whom the agreement is executed	(i) Nil, at the time of execution of the technical assistance agreement (“TAA”).  However, after closing is consummated under the share subscription and investment agreement (“SSIA”), ASC will hold 4,629,629 (Four Million Six Hundred Twenty Nine Thousand Six hundred and twenty nine) fully paid-up equity shares of the Company, on a fully diluted basis.  (ii) The Company does not have any shareholding in ASC.
4.	Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure, etc.	(i) ASC shall grant technical assistance in relation to black round bar of SBQ in accordance with the terms of the technical assistance agreement (“TAA”).  (ii) ASC shall grant a non-exclusive, non-transferable and non-assignable licence to the Company to use the technology and know-how granted by ASC at the manufacturing facilities of the Company in accordance with the terms of the TAA.





S. No.	Details/ Clarifications	Response
		<p>(iii) Each of ASC and the Company may dispatch their respective employees to the Company and ASC, as may be applicable, in accordance with the terms of the TAA. The employees to be dispatched by ASC pursuant to the TAA will be in addition to the personnel to be deputed by ASC pursuant to the SSIA.</p> <p>(iv) The Company shall pay a royalty amount to ASC for provision of the technology and know-how in the manner set forth in the TAA.</p> <p>(v) The Company is bound, in accordance with the terms of the TAA, to protect the confidential information and know-how granted by ASC under the TAA.</p>
5.	Whether the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of such relationship	No
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at arm's length	No
7.	In case of issuance of shares to the parties, details of  (i) issue price; and (ii) class of shares issued.	N.A.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.	No

