



VST Industries Limited

VST INDUSTRIES LIMITED

Regd. Office : Azamabad, Hyderabad – 500 020, Telangana.

Phone : 91-40-27688000, Fax : 91-40-27615336.

Email : investors@vstind.com, website : www.vsthyd.com.

CIN: L29150TG1930PLC000576

POSTAL BALLOT NOTICE

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

Dear Members,

NOTICE is hereby given pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules"), Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), and any other applicable laws and regulations, if any, that the proposed resolutions as appended below to carry out special businesses be passed by the Members of VST Industries Limited ("the Company") through postal ballot ("Postal Ballot Notice") including voting by electronic means (e-voting).

The Statement pursuant to Section 102(1) of the Act setting out all material facts relating to the resolutions mentioned in this Postal Ballot Notice is attached.

The Company has appointed Shri B.V. Saravana Kumar, Practising Company Secretary (ACS No. 26944, CP No. 11727), as Scrutiniser for conducting the Postal Ballot including e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

Members have the option to vote either by means of physical Postal Ballot or through e-voting. Members desiring to exercise their vote by means of physical Postal Ballot are requested to carefully read the instructions printed in this Postal Ballot Notice and Postal Ballot Form and return the Postal Ballot Form duly completed in all respects in the enclosed self-addressed pre-paid Business Reply Envelope so as to reach the Scrutiniser not later than the close of working hours, that is, 5:00 p.m. (IST) on 5th February, 2021. Postal Ballot Forms received after this day will be treated as 'invalid'.

Pursuant to Section 108 of the Act read with Rule 20 of the Rules, as amended, and Regulation 44 of the SEBI Listing Regulations, the Company is also providing e-voting facility for voting electronically on the resolutions proposed in this Postal Ballot Notice. Members desiring to opt for the e-voting facility are requested to read carefully the related notes to this Postal Ballot Notice and instructions given thereunder.

After completion of the scrutiny of the votes, the Scrutiniser will submit his report to the Company and the results of voting by means of Postal Ballot (including voting through electronic means) shall be declared by the Chairman or any other person authorised by him within 48 hours from receipt of the Scrutiniser's report, at the Registered Office of the Company and also by placing the same on the Company's website: www.vsthyd.com and on the website of KFinTech : <https://evoting.kfintech.com> and the results will simultaneously be communicated to the Stock Exchanges.

SPECIAL BUSINESS:

1. Approval for VST Employee Stock Option Plan 2020

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'SEBI Regulations'), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the 'Board', which expression shall also include any Committee including Nomination & Remuneration Committee (NRC) that has been identified by the Board to be the Committee for this purpose), consent of the Members of the Company be and is hereby accorded to the Board to adopt and implement the proposed scheme titled 'VST Employee Stock Option Plan 2020' (hereinafter referred to as 'VST-ESOP 2020'), the salient features of which are detailed in the Explanatory Statement to this Notice, and to grant, offer, issue and transfer at any time to or for the benefit of such person(s), who are the permanent Employees or Directors including Whole-time Directors of the Company and such other persons, as may from time to time be eligible under the SEBI Regulations (hereinafter referred to as 'Employees') and as may be decided by the Board/NRC under the VST-ESOP 2020, such number of stock options convertible into equity shares not exceeding 7,70,000 (Seven Lakh Seventy Thousand) equity shares of the face value of Rs. 10/- each

fully paid-up or up to 5% of the paid-up equity share capital of the Company, whichever is higher, in such manner, during such period, in one or more tranches and on such terms and conditions including the price payable by the Employee upon exercise of the stock option granted to him, as the Board/NRC may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time.”

“**RESOLVED FURTHER THAT** the equity shares to be transferred on exercise of stock options shall be allocated to the Employees through a Trust, which shall be set up in any permissible manner for implementation of the VST-ESOP 2020 and the Company, its holding and/or subsidiary company(ies) (if any, in future), may in accordance with applicable laws, provide monies/loan, to the Trust/the Employees from time to time, on such terms as it may think fit, to enable the Trust/the Employees to purchase the equity shares of the Company.”

“**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure of the Company and others, if any, additional stock options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling of 7,70,000 options convertible into 7,70,000 equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).”

“**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, the number of equity shares to be transferred on exercise of Options granted and/or the price of acquisition per equity share payable by the Employees under the VST-ESOP 2020 shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees.”

“**RESOLVED FURTHER THAT** the Company should conform to the accounting policies prescribed from time to time under the SEBI Regulations and any other applicable laws and regulations to the extent relevant and applicable to the VST-ESOP 2020.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to devise, formulate, evolve, decide upon and bring into effect VST-ESOP 2020 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate VST-ESOP 2020, subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members of the Company and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to VST-ESOP 2020 or to any modification, change, variation, alteration, amendment, suspension or termination of VST-ESOP 2020 and to do all other things incidental to and ancillary thereof.”

2. Approval for extension of VST Employee Stock Option Plan 2020 to Employees of holding and subsidiary company(ies) (if any, in future)

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), and the Rules made thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as ‘SEBI Regulations’), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the ‘Board’, which expression shall also include any Committee including Nomination & Remuneration Committee (NRC) that has been identified by the Board to be the Committee for this purpose), consent of the Members of the Company be and is hereby accorded to extend the benefits of the ‘VST Employee Stock Option Plan 2020’ (hereinafter referred to as ‘VST-ESOP 2020’) referred to in Resolution No. 1 of this Postal Ballot Notice to grant, offer, issue and transfer at any time to or for the benefit of such person(s), who are the permanent Employees or Directors including Whole-time Directors of the holding or subsidiary company(ies) of the Company (if any, in future), and such other persons of the holding or subsidiary company(ies), as may from time to time be eligible under the SEBI Regulations (hereinafter referred to as ‘Employees’) and as may be decided by the Board/NRC under the VST-ESOP 2020, such number of stock options convertible into equity shares, in such manner, during such period, in one or more tranches and on such terms and conditions including the price as the Board/NRC may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time, within the overall ceiling of 7,70,000 stock options convertible into 7,70,000 equity shares of the face value of Rs. 10/- each fully paid-up or up to 5% of the paid-up equity share capital of the Company, whichever is higher, as mentioned in the aforesaid resolution.”

“RESOLVED FURTHER THAT the equity shares of the Company to be transferred on exercise of stock options shall be allocated to the Employees through a Trust, which shall be set up in any permissible manner for implementation of the VST-ESOP 2020 and the Company, its holding and/or subsidiary company(ies) (if any, in future), may in accordance with applicable laws, provide monies/loan, to the Trust/the Employees from time to time, on such terms as it may think fit, to enable the Trust/the Employees to purchase the equity shares of the Company.”

“RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure of the Company and others, if any, additional stock options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling of 7,70,000 options convertible into 7,70,000 equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).”

“RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, the number of equity shares to be transferred on exercise of Options granted and/or the price of acquisition per equity share payable by the Employees under the VST-ESOP 2020 shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to devise, formulate, evolve, decide upon and bring into effect VST-ESOP 2020 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate VST-ESOP 2020 as applicable to the holding/subsidiary company(ies), subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members of the Company and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to any modification, change, variation, alteration, amendment, suspension or termination of VST-ESOP 2020 for the holding/subsidiary company(ies) and to do all other things incidental to and ancillary thereof.”

3. Approval for implementation of VST Employee Stock Option Plan 2020 through the Trust route

To consider and, if thought fit, to pass the following resolution as a **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of Sections 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), and the Rules made thereunder, the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “SEBI Regulations”) including any statutory modification(s) or re-enactment(s) thereof, the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions as may be required from appropriate authorities and subject to such conditions or modifications as may be prescribed, imposed or suggested by any of them while granting such approvals, consents, permissions or sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which expression shall also include any Committee including Nomination & Remuneration Committee constituted by the Board for this purpose), consent of the Members of the Company be and is hereby accorded to the Board to implement ‘VST Employee Stock Option Plan 2020’ (hereinafter referred to as the “VST-ESOP 2020”) referred to in Resolution Nos. 1 and 2 of this Postal Ballot Notice through a Trust (herein after referred to as “Trust”) to be set up as per the provisions of all applicable laws, including without limitation, Indian Trusts Act, 1882, as amended, the SEBI Regulations and the Companies Act, 2013 and the Rules made thereunder and the Trust to acquire, purchase, hold and deal in fully paid-up equity shares of the Company for the purpose of implementation of the VST-ESOP 2020 or any other employee stock plan or share based employee benefit plan which may be introduced by the Company from time to time, or for any other purpose(s) as contemplated herein and in due compliance with the provisions of the SEBI Regulations, the Companies Act, 2013 (including rules framed thereunder) and other applicable laws and regulations.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without being required to secure any further consent or approval of the Members of the Company.”

4. Approval for acquisition of equity shares from secondary market through Trust route for implementation of VST Employee Stock Option Plan 2020

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), and the Rules made thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations'), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the 'Board', which expression shall also include any Committee including Nomination & Remuneration Committee constituted by the Board for this purpose), consent of the Members of the Company be and is hereby accorded to the Board to acquire the equity shares of the Company from the secondary market through a Trust (hereinafter referred to as 'Trust') to be set up for implementation of VST-ESOP 2020 at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board, subject however that such total number of equity shares under secondary acquisition held by the Trust shall not exceed, at any time, 5% of the paid-up equity share capital of the Company as on 31st March, 2020."

"RESOLVED FURTHER THAT the number of equity shares of the Company that can be acquired by the Trust from the secondary market in any financial year shall not exceed 2% of the paid-up equity share capital of the Company as at the end of the previous financial year."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure and others, if any, additional stock options of the Company are issued to the employees pursuant to the VST-ESOP 2020 for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the number of paid-up equity shares in the above ceiling of 5% of the paid-up equity share capital of the Company as on 31st March, 2020 be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s)."

"RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, the above ceiling of 5% shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without being required to secure any further consent or approval of the Members of the Company."

5. Approval for provision of money to Trust by the Company for purchase of its own shares for implementation of VST Employee Stock Option Plan 2020

To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI Regulations'), Rule 16 of the Companies (Share Capital and Debentures) Rules, 2015 as amended from time to time, including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI Regulations, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions and subject to acceptance of such condition(s) or modification(s) by the Board of Directors of the Company in its sole discretion (hereinafter referred to as the 'Board', which expression shall also include any Committee including Nomination & Remuneration Committee constituted by the Board for this purpose), consent of the Members of the Company be and is hereby accorded for making an interest free provision of money, not exceeding 5% of the aggregate of the paid-up share capital and free reserves of the Company, from time to time, in one or more tranches, to the Trust as may be set up, for acquisition of equity shares of the Company from the secondary market, for implementation of 'VST Employee Stock Option Plan 2020' (hereinafter referred to as the "VST-ESOP 2020") referred to in Resolution Nos. 1 and 2 of this Postal Ballot Notice, subject to the overall limits specified under VST-ESOP 2020 and as permitted under SEBI Regulations and other applicable laws."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without being required to secure any further consent or approval of the Members of the Company."

Place : Hyderabad
Date : 21-12-2020

By order of the Board of Directors
For **VST Industries Limited**

Phani K. Mangipudi
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 ("Act") setting out all material facts and reasons for the proposed resolutions is annexed hereto and forms part of this Notice.
2. The Postal Ballot Notice along with the Postal Ballot Form is being sent in electronic form to the Members who have registered their e-mail addresses with the Company/Registrars and Transfer Agents of the Company (in case of physical shareholding) / with their Depository Participants (in case of electronic shareholding). Physical copies of the Postal Ballot Notice along with Postal Ballot Form are being sent to Members whose e-mail addresses are not registered, by permitted mode along with pre-paid Business Reply Envelope addressed to the Scrutiniser.
3. The Postal Ballot Notice is being sent to all the Members, whose names appear in the Register of Members / Statements of Beneficial ownership maintained by the Depositories as on the close of business hours on 18th December, 2020.
4. Voting rights will be reckoned on the paid-up value of shares registered in the name of the Members on 18th December, 2020 ("Cut-off date"). Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date will be entitled to cast their votes by Postal Ballot or e-voting. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
5. Pursuant to the provisions of Section 108 and all other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically and has engaged the services of KFin Technologies Private Limited ("KFintech") as the agency to provide e-voting facility. Instructions for the process to be followed for e-voting are annexed to this Postal Ballot Notice.
6. Members can opt for only one mode of voting i.e. either Postal Ballot Form or e-voting. In case any Member votes both by Postal Ballot Form and e-voting, the votes cast through e-voting shall prevail and the votes cast through Postal Ballot Form shall be considered invalid.
7. A Member cannot exercise his vote by proxy on Postal Ballot.
8. The e-voting period commences on **7th January, 2021 at 9:00 a.m. (IST) and ends at 5:00 p.m. (IST) on 5th February, 2021**. During this period, Members of the Company, holding shares either in physical or dematerialised form, as on the cut-off date, that is, 18th December, 2020, may cast their vote electronically. The e-voting module shall be disabled by KFintech thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.
9. Members desiring to exercise their vote by physical Postal Ballot are requested to carefully read the instructions printed overleaf on the Postal Ballot Form and return the said Form duly completed and signed, in the enclosed prepaid Business Reply Envelope to the Scrutiniser Shri B.V. Saravana Kumar, Practising Company Secretary (ACS No. 26944, CP No. 11727), so that it reaches the Scrutiniser not later than 5.00 p.m. IST on 5th February, 2021. The postage will be borne by the Company. However, envelopes containing Postal Ballot Form, if sent by courier or registered / speed post at the expense of the Members will also be accepted. If any Postal Ballot Form is received after 5.00 p.m. IST on 5th February, 2021, it will be considered that no reply from the Member has been received.
10. Corporate/ Institutional Members (that is, other than individuals, HUF, NRI, etc.) opting for Postal Ballot voting are also required to send certified true copy of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser along with the Postal Ballot Form.
11. The Resolutions, if approved, shall be deemed to have been passed on the last date of voting, that is, 5th February, 2021.
12. Relevant documents referred to in this Postal Ballot Notice and the Statement are available for inspection by the Members at the Company's registered office during business hours on all working days except Saturday/Sunday and holiday from the date of dispatch of this Postal Ballot Notice.
13. Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrars and Transfer Agents / Depository Participant(s) for sending future communication(s) in electronic form.
14. A Member need not use all his / her / its votes nor does he / she / it need to cast all his / her / its votes in the same way.
15. The Scrutiniser's decision on the validity of the Postal Ballot shall be final.

16. INSTRUCTIONS FOR VOTING

A. Voting through Physical Postal Ballot Form

1. A Member desiring to exercise vote by physical Postal Ballot shall complete the enclosed Postal Ballot Form with assent (for) or dissent (against) and send it to the Scrutiniser in the enclosed pre-paid Business Reply Envelope. Postage will be borne and paid by the Company. However, in case the Members send the physical Postal Ballot Form by courier or registered post or deliver it in person at their expense, addressed to the Scrutiniser at the place mentioned towards the end of the instructions for voting, such Postal Ballot Forms will also be accepted.
2. The Postal Ballot Form, duly completed and signed by the Member(s) should be sent to the Scrutiniser so as to reach the Scrutiniser not later than 5.00 pm (IST) on 5th February, 2021. Postal Ballot Forms received after the said date shall be treated as if the reply from the Members has not been received.
3. Members are requested to exercise their voting rights by using the enclosed Postal Ballot Form only. No other form or photocopy of the form (except duplicate form issued by the Company) shall be accepted.
4. Corporate / Institutional Members (that is, other than Individuals, HUF, NRI, etc.) opting for physical ballot are also required to send certified true copy of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser along with the Postal Ballot Form.

B. Voting through electronic means

(a) **In case a Member receives an e-mail from M/s. KFin Technologies Private Limited (KFintech) [for Members whose email addresses are available]:**

- (i) Launch an internet browser and open <https://evoting.kfintech.com>
- (ii) Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. close of business hours of 18th December, 2020 may cast their vote electronically.
- (iii) Enter the login credentials i.e. User ID and password, provided in the email received from KFintech. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote.
- (iv) After entering the above details, click on – LOGIN.
- (v) Password change menu will appear. Change the password with a new password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. After changing the password, you need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the E-Voting Event.
- (vii) Select 'EVEN' of VST Industries Limited – POSTAL BALLOT and click on – Submit.
- (viii) Now you are ready for e-voting as 'Ballot Form' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xii) The Portal will remain open for voting from: **7th January, 2021 at 9:00 a.m. (IST)** and ends at **5:00 p.m. (IST) on 5th February, 2021**.
- (xiii) Corporate/Institutional Members (that is, other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail id: saravana1015@gmail.com with a copy marked to evoting@kfintech.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

(b) **In case a Member receiving Postal Ballot Form by post, opts for voting through Electronic means:**

(i) Initial password is provided at the bottom of the Postal Ballot Form.

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD/PIN
–	REFER - POSTAL BALLOT FORM	

(ii) Please follow all steps from Sr. No. (a)(i) to Sr. No. (a)(xiii) mentioned above, to cast vote.

I. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in downloads section of the e-voting website of KFinTech: <https://evoting.kfintech.com>.

II. If you have forgotten your password, you can reset your password by using "Forgot Password" option available on <https://evoting.kfintech.com> or contact KFinTech at toll free no. 1800-345-4001. In case of any other queries/grievances connected with voting by electronic means, you may also contact Mr. Raghu Veedha, Dy. Manager – Corporate Registry of KFinTech, Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500032 at telephone no. +91 40 6716 1776.

Annexure to the Notice:

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("The Act") setting out material facts in respect of special business items of the Postal Ballot Notice:

Item Nos. 1 to 5:

Stock options have long been recognized internationally as an effective instrument to align the interest of Employees with those of the company and its shareholders, providing an opportunity to Employees to share the growth of the company, and to create long-term wealth in the hands of the Employees. It creates a sense of ownership between the Company and its Employees, paving the way for a unified approach to the common objective of enhancing overall shareholders value while attracting and retaining qualified, talented and competent workforce.

An Employee Stock Option Scheme, designed to foster a sense of ownership and belonging, is a generally accepted approach. It is, therefore, appropriate to consider an Employee Stock Option Plan for the Employees of the Company and its holding or subsidiary company(ies) (if any, in future).

Based on the recommendation of the Nomination and Remuneration Committee ('NRC') and subject to the approval of Members, the Board of Directors of the Company, at its Meeting held on 21st December, 2020 approved the 'VST Employee Stock Option Plan 2020' (hereinafter referred to as the "VST-ESOP 2020") for the benefit of permanent Employees or Directors including Whole-time Directors of the Company and its holding or subsidiary company(ies) (if any, in future), as may be permissible under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'SEBI Regulations').

The VST-ESOP 2020 shall be implemented through a Trust to be set up for acquisition of equity shares from the secondary market. The Company proposes to make an interest free provision of money, not exceeding 5% of the aggregate of the paid-up share capital and free reserves of the Company, from time to time, in one or more tranches, to the Trust for acquisition of equity shares of the Company from secondary market, in accordance with SEBI Regulations, Companies Act, 2013 and other applicable laws.

Disclosure/main features of VST-ESOP 2020 pursuant to the SEBI Regulations and the Companies Act, 2013 are as under:

a) Brief description of the Scheme:

The VST-ESOP 2020 provides for grant of stock options to the permanent Employees or Directors including Whole-time Directors of the Company and its holding or subsidiary company(ies) (if any, in future), as may be permissible under the SEBI Regulations (hereinafter referred to as 'Employees'). Each stock option granted, will be, upon exercise, converted into one fully paid-up equity share of the Company of face value of Rs.10/-.

b) Total number of stock options to be granted:

Total stock options up to 7,70,000 (Seven Lakh Seventy Thousand) convertible into 7,70,000 (Seven Lakh Seventy Thousand) equity shares of the face value of Rs. 10/- each fully paid-up or up to 5% of the paid-up equity share capital of the Company, whichever is higher, would be available for being granted under the VST-ESOP 2020. Each option when exercised would be converted into one equity share of Rs. 10/- each fully paid-up. Vested options lapsed due to non-exercise and/or unvested options which get cancelled due to resignation of the Employees or otherwise, would be available for being re-granted at a future date.

In case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure of the Company and others, if any, additional stock options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling of 7,70,000 options convertible into 7,70,000 equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

Considering that the equity shares to be transferred upon exercise of the stock options that may be granted under the VST-ESOP 2020 would be from the equity shares which have been acquired by the Trust from the secondary market, there would be no equity dilution.

c) Identification of Classes of Employees entitled to participate in the Scheme:

Following classes of Employees are entitled to participate in VST-ESOP 2020:

- a) A permanent Employee of the Company who has been working in India or outside India; or
- b) A director of the Company, whether a whole time director or not but excluding an independent director; or
- c) An employee as defined in the clause (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the Company but does not include –
 - (1) An employee who is a promoter or belonging to the promoter group; or
 - (2) A director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

The Employees eligible for participating in the VST-ESOP 2020 shall be determined on the basis of criteria that may be determined by the NRC at its sole discretion from time to time.

The stock options granted will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of death of stock option grantee while in employment, the right to exercise all the options granted to him till such date shall be transferred to his nominees or legal heirs.

d) Requirements of vesting and period of vesting:

The stock options granted under VST-ESOP 2020 shall vest so long as the Employee continues to be in the employment of the Company and/or its holding or subsidiary company(ies) (if any, in future). The NRC may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance based vesting and the proportion in which options granted would vest. The options would vest not earlier than one year and upto 3 years from the date of grant of options as may be decided by the NRC at the time of each grant. The exact proportion in which and the exact period over which the options would vest would be determined by the NRC.

e) Maximum period [subject to Regulation 18(1) and 24(1) of the SEBI (Share Based Employee Benefits) Regulations, as the case may be] within which the Options shall be vested:

The options granted under VST-ESOP 2020 shall vest within the maximum period of 3 years from the date of grant.

f) Exercise Price, Purchase Price or Pricing Formula:

The Exercise Price per option shall not be less than the par value of the shares and can be such higher price as decided by the NRC. The NRC shall have the freedom to determine Exercise Price of the options to be issued under VST-ESOP 2020, provided they conform to the provisions of applicable accounting policies.

g) Exercise period and the process of exercise:

The exercise period may commence from the date of vesting and will expire on completion of 4 years from the date of vesting of options, or such other period as may be decided by the NRC at its sole discretion from time to time.

The options will be exercised by the Employees by a written application to the Trust to be set up for the purpose of implementation of the VST-ESOP 2020, in such manner, and on execution of such documents, as may be prescribed by the NRC from time to time.

The option will lapse if not exercised within the exercise period, as specified. The option may also lapse under certain circumstances as determined by the NRC even before expiry of the specified exercise period.

h) The appraisal process for determining the eligibility of the Employees for the Scheme:

The appraisal process for determining the eligibility of the Employee will be specified by the NRC and will be based on criteria that may be determined by the NRC at its sole discretion from time to time.

i) Maximum number of options to be issued per Employee and in aggregate under the scheme(s):

The maximum number of options granted per Employee will be determined by the NRC on a case to case basis and shall be less than 1% (one per cent) of the issued and paid up share capital of the Company (excluding outstanding warrants and conversions) at the time of the grant.

Total stock options up to 7,70,000 convertible into 7,70,000 equity shares of the face value of Rs. 10/- each fully paid-up or up to 5% of the paid-up equity share capital of the Company, whichever is higher, would be available for being granted in aggregate under the VST-ESOP 2020.

In case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure of the Company and others, if any additional stock options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above aggregate ceiling of 7,70,000 options convertible into 7,70,000 equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

j) Maximum quantum of benefits to be provided per employee:

The maximum quantum of benefits underlying the options issued to an employee shall be equal to the difference between the exercise price and the market price of the shares on the exercise date.

k) Whether the Scheme is to be implemented and administered directly by the Company or through a Trust:

The VST-ESOP 2020 is proposed to be implemented and administered through a Trust (hereinafter referred to as 'Trust') to be set up in accordance with the Indian Trusts Act, 1882, the SEBI Regulations and the applicable laws.

l) Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the Trust or both:

The VST-ESOP 2020 will be implemented only by secondary acquisition of shares by the Trust.

m) The amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, re-payment terms, etc.:

The Board or the NRC shall decide on the amount, tenure, utilization, repayment and other terms of loan to be provided to the Trust for the purpose of implementation of the VST-ESOP 2020.

n) Maximum percentage of secondary acquisition that can be made by the Trust for the purposes of the Scheme:

The Trust can undertake secondary acquisition of equity shares of the Company so that the total number of shares under secondary acquisition held by the Trust shall not exceed, at any time, 5% of the paid-up equity share capital of the Company as on 31st March, 2020. Further, the number of equity shares of the Company that can be acquired by the Trust from the secondary market in any financial year shall not exceed 2% of the number of paid-up equity share capital of the Company as at the end of the previous financial year.

In case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split, change in capital structure and others, if any additional stock options of the Company are issued to the Employees pursuant to the VST-ESOP 2020 for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the number of paid-up equity shares in the above ceiling of 5% of the paid-up equity share capital of the Company be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

o) A statement to the effect that the Company shall conform to the Accounting Policies specified in Regulation 15 of SEBI regulations:

The Company shall comply with the disclosure and accounting policies prescribed by SEBI Regulations and any other authorities concerned, from time to time.

p) The method which the Company shall use to value its Options:

The Company shall use the Fair Value Method for valuation of the options granted under the VST-ESOP 2020.

q) Class of Employees for whose benefit the Scheme is being implemented and money is being provided for purchase of shares:

As mentioned in item (c) above.

r) Particulars of the Trustee(s) or Employees in whose favour such shares are to be registered:

The Trust will acquire equity shares of the Company from the secondary market only. The shares will be registered in the name of all or any of the Trustees of the Trust to hold equity shares of the Company for and on behalf of the Trust.

The equity shares acquired by the Trust from the secondary market shall be transferred to the Employees on exercise of vested stock options and registered in their respective names upon such transfer.

s) Particulars of Trust, Trustees and their relationship with the promoters, directors or key managerial personnel, if any:

Particulars of Trust

An Irrevocable Trust is proposed to be set-up with the name "VST ESOP Trust" having its office at such place as may be decided by the Board.

Particulars of Trustees

The Trustee(s) of the VST ESOP Trust would be appointed by the Board / NRC and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI Regulations. A person shall not be appointed as a Trustee, if he is a director, key managerial personnel or promoter of the company or its holding / subsidiary / associate company or any relative of such director, key managerial personnel or promoter or if he beneficially holds ten percent or more of the paid-up share capital of the company.

t) Any interest of key managerial personnel, directors or promoters in such Scheme or Trust and effect thereof:

As per the SEBI Regulations and terms of VST-ESOP 2020, the promoters and independent directors of the Company are not entitled to any stock options. The key managerial personnel and non-independent directors of the Company may be deemed to be concerned or interested in the VST-ESOP 2020 to the extent of stock options that may be granted to them pursuant to the VST-ESOP 2020. None of the Key Managerial Personnel, Directors or Promoters are interested in Trust mentioned at clause (k) above.

u) Detailed particulars of benefits which will accrue to the Employees from the implementation of the Scheme:

The eligible Employees shall be granted stock options under VST-ESOP 2020 which would vest subject to vesting conditions. After vesting and on exercise of the options, the Trust / Trustees shall transfer corresponding number of Equity Shares to the Employees at the pre-determined exercise price as per the terms of the grant. The Employees would get the benefit on sale of shares depending on sale price of such shares.

v) Details about who would exercise and how the voting rights in respect of the shares to be purchased under the VST-ESOP 2020 would be exercised:

The voting rights in respect of the shares will be exercised by the Employees on transfer of shares by the Trust to them upon exercise of the stock options. The Trustees of VST ESOP Trust shall not vote in respect of the shares held by the Trust.

Pursuant to the provisions of Sections 62(1)(b) and 67(3)(b) of the Companies Act, 2013 and Regulation 6 of the SEBI Regulations, the implementation of VST-ESOP 2020, the grant of stock options to Employees of the holding and/or subsidiary company(ies) (if any, in future) under VST-ESOP 2020, secondary acquisition of shares by Trust for implementation of VST-ESOP 2020 and provision of money to Trust for such acquisition of shares require Special Resolution of the Members, which are proposed at Item Nos.1 to 5 of this Postal Ballot Notice respectively.

A copy of the VST-ESOP 2020 will be kept open for inspection by shareholders at the registered office of the Company during business hours.

None of the Directors, key managerial personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in these resolutions, except to the extent of their respective shareholding, if any, in the Company and number of options which may be granted to them, if any, pursuant to implementation of the VST-ESOP 2020.

The Board recommends the Special Resolutions set out in item Nos. 1 to 5 of the Notice for approval of shareholders.

Place : Hyderabad

Date : 21-12-2020

By order of the Board of Directors

For **VST Industries Limited**

Phani K. Mangipudi

Company Secretary

