Vardhmān
Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

CHANDIGARH ROAD
LUDHIANA-141010, PUNJAB
T: +91-161-2228943-48
F: +91-161-2601048, 2222616, 2601040
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Ref. VSSL:SCY:SEP:2022-23 Dated: 8-Sep-2022

BSE Limited, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, MUMBAI-400001. **Scrip Code: 534392**	The National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 **Scrip Code: VSSL**

Dear Sir,

SUB: ANNUAL REPORT (F.Y. 2021-22) OF THE COMPANY, NOTICE CONVENING 12TH ANNUAL GENERAL MEETING, BOOK CLOSURE DATES & E-VOTING INFORMATION

Pursuant to applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the 12th Annual General Meeting ('AGM') of the Members of the Company will be held on Friday, 30th September, 2022 at 9:30 a.m. through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM'), in compliance with the relevant circulars issued by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI').

The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 20th September, 2022 to Friday, 30th September, 2022 (both days inclusive) for the purpose of AGM and dividend. The dividend, if declared at the AGM, will be paid or warrants thereof will be dispatched within a week from the conclusion of AGM.

Further, the Company has fixed Friday, 23rd September, 2022 as the cut-off date to ascertain the eligibility of Members entitled to cast their vote electronically on all the resolutions to be passed at the AGM. The Company has engaged the services of Central Depository Services (India) Limited ('CDSL') to provide the e-Voting facility. The remote e-Voting schedule is as under:

Commencement of remote e-Voting	September 27, 2022 (09:00 am onwards)
End of remote e-Voting	September 29, 2022 (upto 05:00 pm)

Pursuant to Regulation 34(1) of the Listing Regulations, please find enclosed the Annual Report (F.Y. 2021-22) alongwith the Notice convening the 12th AGM of the Company. The said documents are also available on the website of the Company at www.vardhman.com.

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Kindly note and display the notice on your notice board for the information of the members of your exchange and general public.

Thanking you,

Yours faithfully,

For VARDHMAN SPECIAL STEELS LIMITED

SONAM TANEJA

Digitally signed by SONAM TANEJA
DN: c=IN, postalCode=141010, st=PUNJAB, l=LUDHIANA, o=Personal, serialNumber=b09c707fc4f741fb18f54bfbc84b1ffe97be24b137d8dbbb3f7f1edb86e95c74, pseudonym=d66b298d776a4a32bca80afb10234151, 2.5.4.20=53ace98660da7d7f91b5dbf8bb23eabcfe0c921575933b925e673687fb584ff1, email=SONAMTANEJA32@GMAIL.COM, cn=SONAM TANEJA
Date: 2022.09.08 14:29:09 +05'30'

(SONAM TANEJA)
Company Secretary

Vardhmān

Delivering Excellence. Since 1965.

stronger together

Vardhman Special Steels Limited

ANNUAL REPORT 2021-22

Vardhman
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Contents

Alone we are strong.

Together we are stronger.

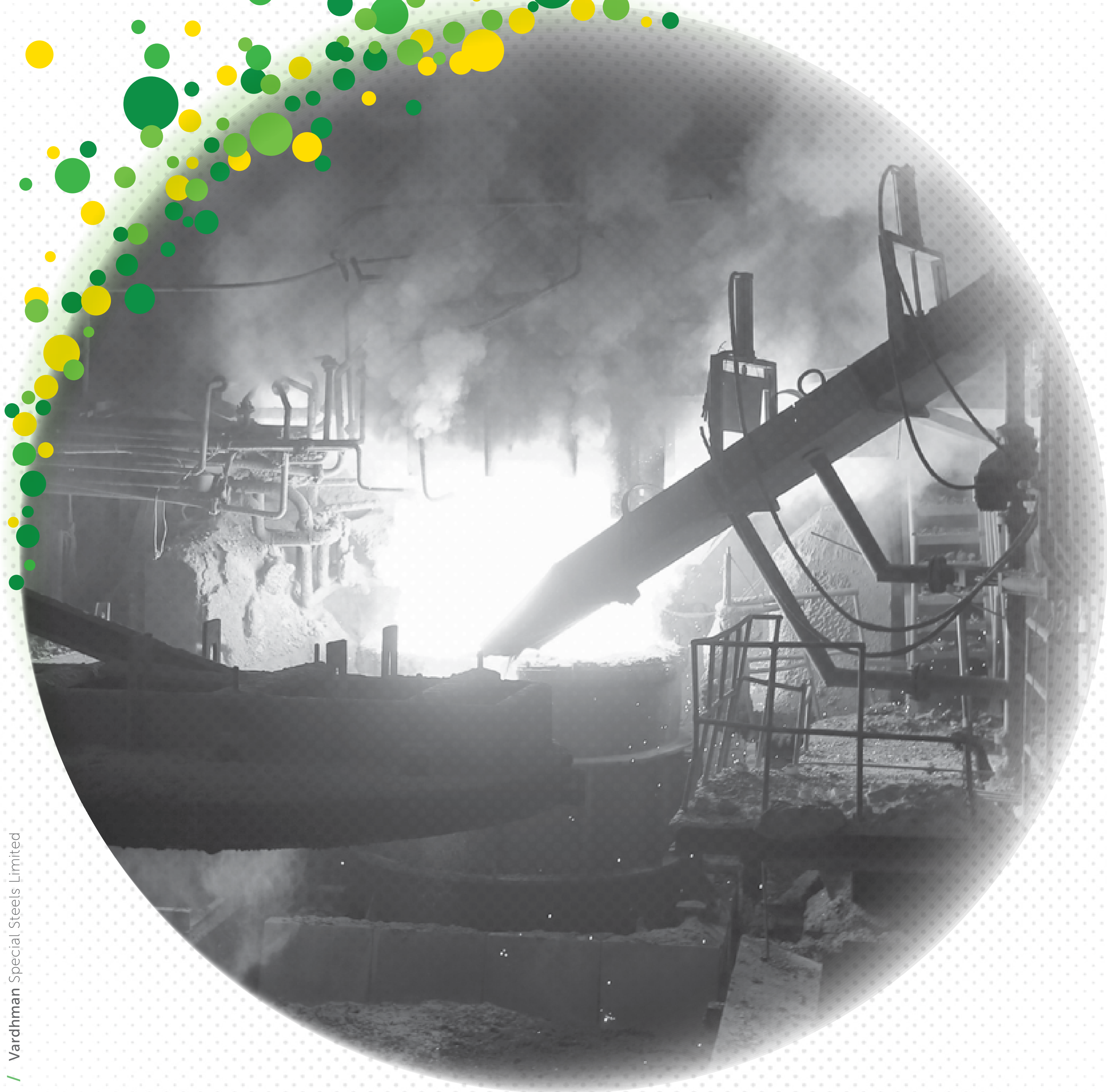
We are completing the first phase of our alliance with Aichi Steel, our joint-venture partner – a three-year exhilarating period during which we realised where we were and where we needed to be to make a difference. It was an enriching experience that highlighted our strengths and our areas of improvement. It was an enthralling journey during which each day brought forth an opportunity to learn, improve and become better.

Three years ago, we were a strong player in the special steel space.

After partnering Aichi, we became even stronger.

We believed **our safety practices were good.**

Until we realised **what Safety actually is.**



Like every other steel manufacturing unit of our size, we had a good safety unit that functioned well. They looked into incidents and tried to ensure that these did not recur. Our people were regularly trained. We had our safety checks in places on the shop floor and around it. Our safety audits happened regularly. For unfortunate incidents that happened, the Company took good care of injured employees. In short, our safety culture was personal and reactive. And then our joint-venture with Aichi Steel happened.

Aichi brought in a transformational change in our outlook toward safety.

At Vardhman, we redefined our safety parameters in detail.

Now, everything needs to clear the stringent safety filters.

Strategy discussions. Process improvement meeting. Et al.

Our safety training methodology was overhauled

The Toyota Safety training curriculum was different, stringent and more intense.

We deployed the Toyota Safety training methodology at our facility.

We trained hard for three years to imbibe these new standards.

Safety is now discussed at every forum.

A detailed Root Cause Analysis (RCA) is done for every issue, which is far more detailed than what we have done. This was another important learning for our Safety team.

It is discussed and debated in top floor Board rooms and shopfloor Control Rooms.

Accidents and their analysis are circulated across the organisation for increased awareness and horizontal deployment in other work areas.

Till now, Near Misses did not feature in our Safety ambit.

We realised that 'Near Misses' was as good as an accident.

We defined everything that came under the Near Miss umbrella.

We strictly tracked and recorded Near Misses. Something that was never done before.

The impact has been dramatic

Our incidents (major and minor) have dropped drastically. Our near misses first increased and then plummeted.

We are on our way to meeting the elusive Zero-accident, a benchmark that is a 'no-compromise' target set by our Japanese partner.

Safety has become our topmost priority, even before quality.

Safety has become proactive, rather than reactive.

Safety is an organisational must-have, as compared to a personal endeavour.

We believed **we were making good quality special steel.**

Until we realised, **we were not completely there.**

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Over the last decade, we made a special effort to improve our product quality. We made good headway each year. We celebrated our successes only to push us up the quality barometer a little higher with each achievement. We worked on developing new products. We focused on improving productivity and hence production. This we believed was the way forward for growth and stability. And then our joint-venture with Aichi Steel happened.

Aichi created the awareness of where we were and where we needed to be.

Aichi in a subtle way explained that we had some distance to cover.

We understood the real difference between special steel and clean steel.

We learned more details about the inclusions (impurities) and their identification, however marginal they were.

We had our partner's technical experts stationed at our facility who continued to show us the way, every day.

Aichi explained that when processes are robust, the product would be world-class.

We worked on weaving their SOPs neatly into our operating processes in our unit.

We made numerous small yet meaningful process tweaks at the SMS and Casting workshops.

We have made interesting tweaks in our Vacuum Degassing unit.

We will be changing our reheating furnace in our Rolling mill.

We implemented important changes in our roll-pass design based on FEM simulations.

Aichi focused on strengthening our testing capabilities

They have placed a technical expert in steel testing at our facility since the initiation of our partnership.

They have upped the testing specification in our equipment (probes and sensors efficiency have been made more stringent) to match their parameters – these changes throw up the delta between where we are and where we need to be.

They have inculcated a system of Root Cause Analysis (RCA) – they have guided the method of undertaking the RCA and recommended the equipment that is necessary for a detailed RCA.

They have provided complete support in setting up of new parameters in NDT line.

Aichi insisted on us setting up a world-class R&D Center

They have identified the parameters that need to be checked.

They are helping us in selecting the right equipment for doing the tests.

They have shown us how to check for these parameters.

This means, our steel which is now checked in Japan, will henceforth be checked at our facility.

Aichi made a world-of-difference

The environment at our facilities is charged.

The excitement to work alongside a global leader is palpable.

The difference is visible. Some of our steel variants under Aichi should commence mass production in FY24.

Aichi believes we can. And so do we.

We both have high expectations of each other.

We are working hard to emerge stronger together.

We aim to match the steel quality of Aichi and the process parameters of Toyota in a couple of years.

We made serious efforts to get a foot in the door of every OE.

Until doors suddenly opened for us.

All these years, we took pride in the fact that our special steel secured approvals from leading automobile OEMs operating in India, especially in the passenger vehicle and two-wheeler spaces. Because we had worked very hard, months and years.

Now Aichi is opening doors for us in a way we never fathomed before. They recommended our products to their forging divisions located in South-East Asia.

Aichi secured business from Toyota.

Based on our commitment and our partner's assurance, we hope to despatch some quantities of steel to Toyota and Maruti in the next 18-24 months for their planned product launches.

Aichi is representing us before very large brands.

Our partner is introducing our product quality to other Japanese brands operating in India and the ASEAN.

They are undertaking a detailed analysis of the path we need to adopt to match the quality parameters of these Japanese brands.

With some brands steel sampling has commenced, with time we hope to be catering to their requirements too.

With Aichi's daunting plans for the medium-term, Vardhman's prospects appear promising.

About Vardhman Special Steels Limited

A leading manufacturer of special steel

Based in Ludhiana, India, Vardhman Special Steels is one of India's leading special and alloy steel manufacturers catering primarily to the domestic automotive sector.

The Company manufactures hot rolled bars that are used by diverse sectors namely - Engineering, Automotive, Tractor, Bearing and allied industries. Committed to delivering unmatched quality, Vardhman Special Steels Limited is an ISO 14001:2015; ISO 45001:2018; ISO 9001:2015; IATF 16949:2016 & ISO 17025 (2017) certified organisation. Over its four-decade journey, the Company has forged, strong business relations with most automotive OE customers operating in India and their Tier 1 and 2 vendors.

Spearheaded by Mr. Sachit Jain at the helm, the Company's day-to-day operations are managed by an experienced and energetic team. The Company equity is listed on BSE Limited and The National Stock Exchange of India Limited.

Strategic goal

- Become the best at manufacturing processes and product quality.
- Manufacture high-quality special steel which is currently being imported.

Strategic focus			
Enhance operational efficiency and safety	Uplift product quality to global benchmarks	Optimise cost structure	Enhance wallet share with Japanese OEs in India

1,031
Team size
March 31, 2022

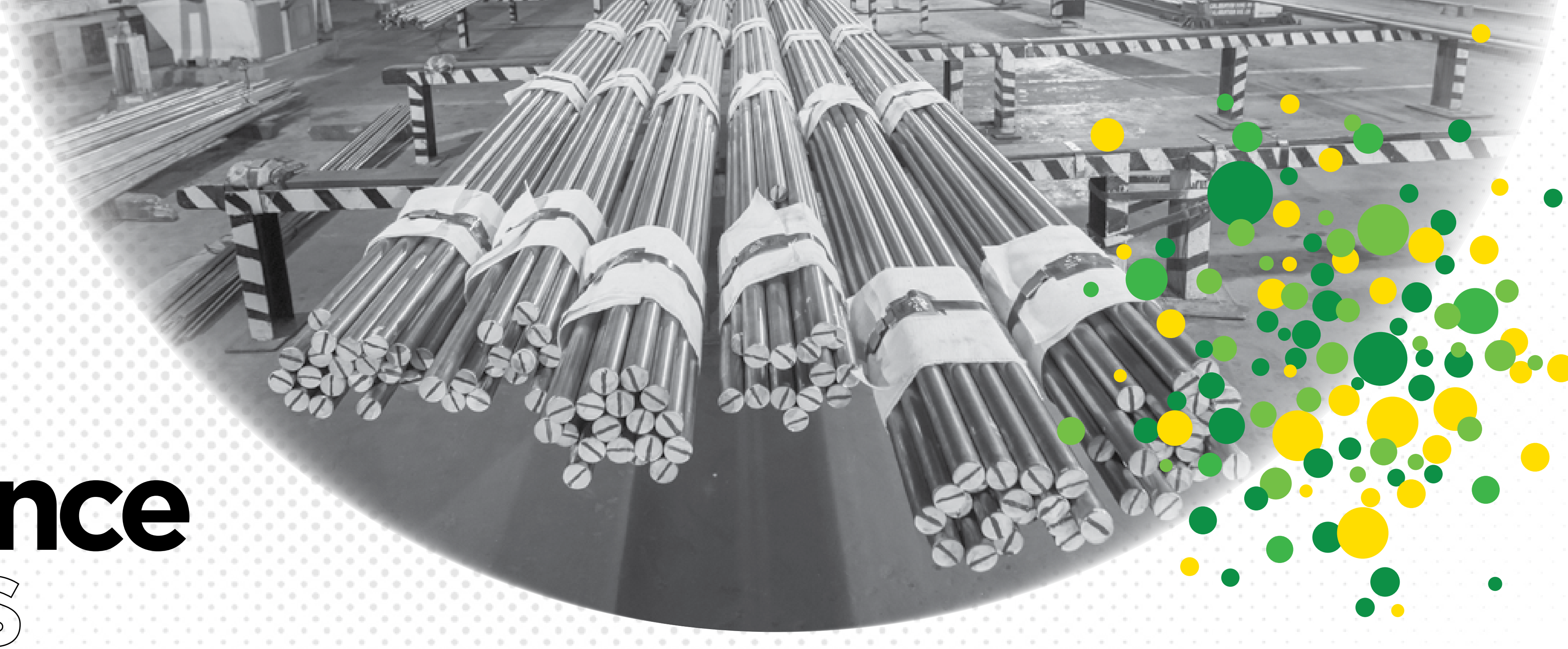
554.96
Shareholders' fund
March 31, 2022
(₹ crore)

1,368.46
Revenue
in FY22 (₹ crore)

676.50
Capital Employed
March 31, 2022
(₹ crore)

100.75
Net Profit
in FY22 (₹ crore)

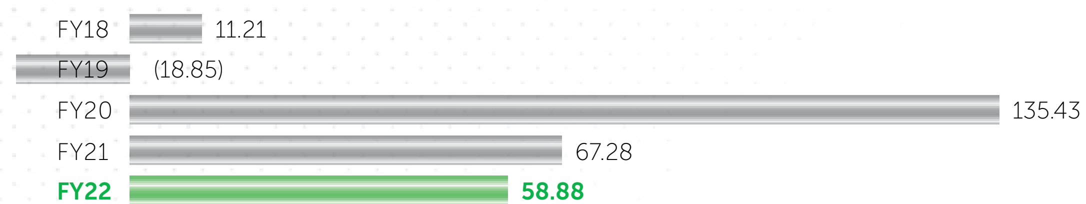
925.20
Market Capitalisation
March 31, 2022
(₹ crore)



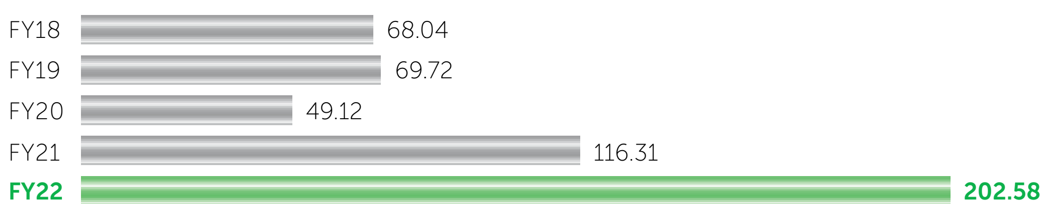
Key Performance Indicators

Revenue from Operations (₹ crore)

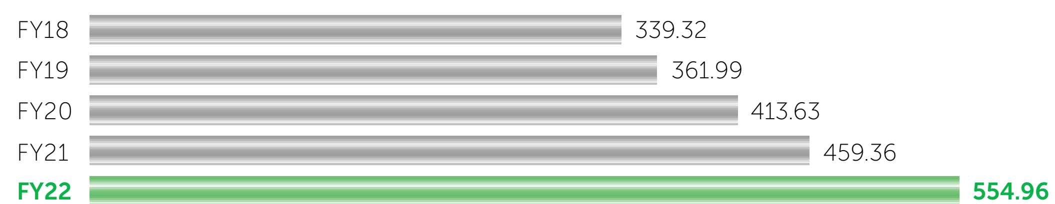
Net Cash Flow from Operations (₹ crore)



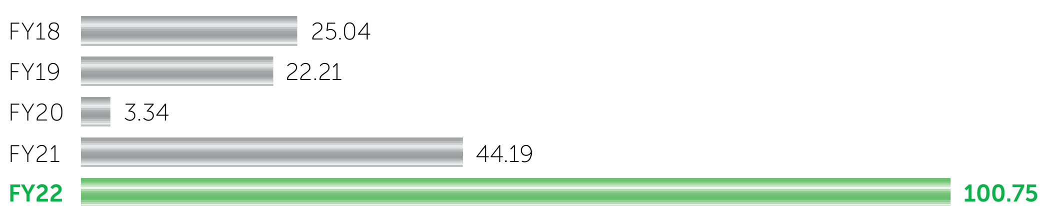
EBITDA (₹ crore)



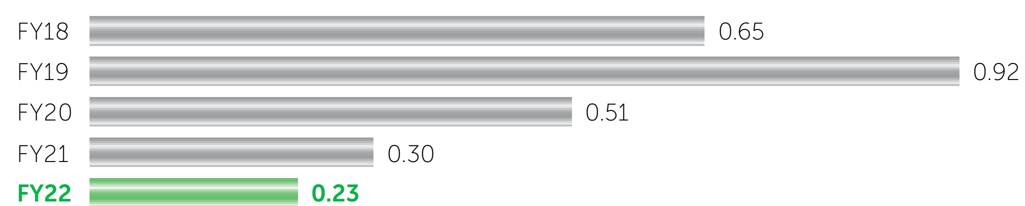
Networth as on 31st March (₹ crore)



Net Profit (₹ crore)



Net Debt-Equity as on 31st March (X)



From Vice Chairman's desk 2022

Dear Shareholders

Here I am again communicating with you via my annual letter. What a year this has been! We started on a very strong note and ended the year on a trend of weakness but for the year as a whole, we had record performances all through. We had all time high production, sales and profits. As I look back on the year, I am particularly pleased at 3 figures. We crossed ₹100 Crore as PAT, ₹200 Crore as EBITDA and 25% as EBITDA/Capital Employed. This meant making a century and a double century! This year can then be rightfully called the year of milestones crossed. A milestone crossed while becoming a reason for celebration also becomes a challenge for the future, as future performance will be seen against these benchmarks. Our Management team is always ready to accept such challenges. Let me outline for you some of the significant developments of 2021-22, some happy and some not so happy.

Covid

The year began on a strong note and then Covid Delta wave struck us. It was a terrible time with massive oxygen shortages and hospitals getting overwhelmed. This was a very trying period for all and we were very lucky that no employee of ours got seriously affected. We, however, had the chance to serve humanity by converting our oxygen to medical supplies and providing oxygen to the people. At the peak we were supplying 2000 cylinders per day to the hospitals in Ludhiana and surrounding areas, meeting about 50% requirement of the city. Our people worked heroically day and night to enhance the capacity of oxygen filling and we made sure that not a single empty cylinder went back unfilled from our plant.

Environment

The past year has been a path breaking year on the environment front too. We finally got our environmental clearance for expanding the production from the Ministry. When we embarked on this project, it seemed like a herculean task when we started but I must compliment my team on doing the hard work to meet the requirements of the Expert Appraisal Committee. Some of the major requirements have already been implemented. We have shifted to natural gas from furnace oil as a fuel for the reheating furnace of the rolling mill, the air quality has improved as PM emissions from the arc furnace have been reduced to below 30 mg/Nm^3 and so is better than the ambient air! There are many other projects under way to further reduce air pollution, reduce water consumption and reusing of water. Most of the orders have been placed and we hope to complete all the activities before December this year and have the consent to operate. In addition to these activities, we have undertaken developing a forest on 5 acre land situated at middle of the Focal Point, Ludhiana using the Miyawaki technique in collaboration with the parent company, Vardhman Textiles, to help create a greener environment by planting about 60,000 trees. And last but not the least in this area, we have started the study of measuring our carbon footprint and then we will prepare an action plan to reduce the same.

Progress with Aichi

As you are aware that we partnered with Aichi Steel Corporation of Japan starting October 2019 with a dream to work together to create a World Class Company. As per this agreement we were supposed to have 3 members from Aichi stationed here with support of other members from Head office as well as specialists who would visit us as per need. However, in the period since then we were affected by the lockdown and then the successive waves of Covid which meant that their people had to return back to Japan and then come for short stints till now they are finally here. The implication was that we had to learn to work on Zoom and emails which was extremely difficult and we took longer than expected to reach our results. However, I am happy to report that we covered a lot of ground in the last few months and have started getting approvals from some customers. Initial production orders have started coming for Toyota from Thailand and even Philippines and lot more likely to come as they are in the queue for approvals. The most important fact is that the Vardhman Aichi team is working very well and gelling well together. In due course of time Aichi may plan to increase their stake in our company from the current 11.4% they own.

Financials

As I wrote in the opening paragraph itself, we were lucky to have a century and double century in PAT of ₹100 Crore and EBITDA over ₹200 Crore and an EBITDA/Capital employed of over 25%. This was a one off performance and we are not expecting these numbers back in a hurry. We were aided in achieving these numbers with the sanction of incentives under the 2017 Industrial Policy and past arrears of almost 18.65 crore which have been taken into account. But the problem of achieving this one time performance is that now these numbers have been achieved, Yeh Dil Maange More. We are as a team committed to work hard to get to this performance soon. As regards Q1 of '2022-23', you will be happy to note that we had record sales crossing 50,000 tons in a quarter for the first time and despite a drop in margins, a quarterly record PAT of over ₹30 crore.

Leadership Team

I have maintained consistently that people and culture are the foundation on which business excellence and success can be achieved. To develop people and support the culture a strong leadership team is essential. We have strengthened our leadership team by adding two strong members to the Board Mr. Suman Chatterjee and Mrs. Vidya Shah, both MBAs from IIM Ahmedabad, having long experience at top management levels. Further, we have hired Mr. Rewari as our Executive Director, an old hand of the Vardhman Group. He and I had worked very closely together to create the strong work culture of Vardhman Textiles at Baddi. We have hired a new Head of HR another old Vardhman hand, Manuj Mehta. And lastly my Daughter Soumya has formally joined VSSL as an employee and she is being groomed by Mr. Rewari.

Capital Expenditure

We had announced an ambitious capex plan last year and we are progressing on that plan. We have completed the work on melting side and now we have to work on the rolling. Unfortunately, there are massive delays from the machinery suppliers due to supply chain bottlenecks, so this project will now get pushed into next year. In addition we are examining installing a precision sizing block in the rolling mill which will allow very fast changeover of sizes and enable us to get precise control over diameter of the rolled product. As regards the 2nd NDT line, we are examining if it makes sense to take a new piece of land to put up the NDT line and extra storage and decongest the existing area. We are also studying the feasibility and timing of putting up a new steel plant. It is very clear we need it before 2030 but how many years earlier is the question!

Future Outlook

In the conference call of the results of last year we had said that we had no guidance for this year as the times were extremely volatile and uncertain. Commodity prices were rising sharply and the war between Russia and Ukraine had already begun leading to all kinds of speculations and the automobile majors were in no mood to give the required price increases in a time when demand was slow. There has been a big change in the environment since then. Commodity prices (including scrap) have come off significantly from their highs and demand from the automobile sector has picked up and is quite strong. So much so that our Q1 is a record performance in sales with volume crossing 50,000 tons for the first time. The demand continues to be strong as per the forecasts for Q2 are concerned. After the Q1 performance, we will be revising our annual sales target upwards. There is, however, a problem, the Auto majors have finalised the price increase of Q1 at ₹9000 which is below our expectations and a price reduction of ₹4000 in Q2. Keeping all these factors in mind our EBITDA per ton will certainly come down but we still hope it will be in our guidance range of ₹7,000-10,000 per ton and we will target an EBITDA/ Capital Employed of around 20% while remaining committed to an aspiration of 25% by 24-25. The positive factor this year will be that we will be moving to the lower tax regime of 25%. As regard EV, we are working hard to increase our presence in this sector and in the year gone by approximately 6% of our sales was for EV applications.

Personal Front

This has been another good year on the personal front. The most important event for me is to have my elder daughter Soumya join VSSL. It is an emotional moment for a father to see his child join his company and watch her develop. She is busy working hard in learning the business and earning the trust of both our partners Aichi as well as our employees. My younger daughter Sagrika has returned to India after completing her MBA from London Business School. It will be interesting to watch what she does. My wife Suchita the Vice Chairperson of Vardhman Textiles continues to go from strength to strength and recently came on the cover of Femina. As regards me, I am enjoying my life, did a trek in September last year and planning the next one in August this year. With Soumya and a new ED in place, I have more time to dream about the future. The adventure of life continues and I invite you to ride with me together.

Cheers

Sachit Jain

Vice Chairman and fellow shareholder

Management Discussion and Analysis

Global economy

It was a year of economic resurgence.

The global economy rebounded smartly in 2021 after a traumatic 2020 during which it remained constrained by an invisible enemy. Global GDP climbed by 6.1% in 2021 against a 3.1% contraction in 2020. This resurgence was fueled by strong consumer spending, uptake in investment, additional fiscal support in large economies, anticipated vaccine-powered recovery and continued adaptation of economic activity.

As the world stepped into 2022, the Omicron scare raised alarm bells once again. But the scare was short lived. Even as the world was working to overcome the challenges of rising inflation and continued supply-chain disruption, the Ukraine-Russia crisis forced economists across the world to recalculate their estimates. The International Monetary Fund in its document dated April 2022, has reduced its global GDP growth estimates for both 2022 and 2023 to 3.6%. These numbers could undergo revisions as the war continues and its aftermath unfold.

Indian economy

India accelerated at a faster clip

After a catastrophic 2020-21, the Indian economy rebounded sharply to register a GDP growth of 8.7% in 2021-22 (as per the second advance estimate of the National Statistical Office (NSO)). The industrial sector is expected to register the highest growth of 11.8% followed by the services sector at 8.2% and the agricultural sector that improved its performance from 3.6% growth in 2020-21 to 3.9% in 2021-22.

19 out of 22 High-Frequency Indicators crossed their pre-pandemic figures – showcasing a holistic rebound. The ratings agency Moody's has changed India's sovereign rating outlook to "Stable" from "Negative" and affirmed the country's rating at "Baa3". Going forward, India's GDP growth is expected to taper down a few notches owing to the geopolitical uncertainties. Taking cognizance of this reality, the Reserve Bank of India has projected a 7.2% GDP growth in FY23. The IMF has projected a "fairly robust" growth of 8.2% for India in 2022, making it the fastest-growing major economy in the world, almost twice faster than China's 4.4%.

The global and Indian steel space

The hot metal was in demand

Economic activity progressively improved during 2021 as lockdown measures eased. As a result, global crude steel production (based on the output in 64 countries that report to the World Steel Association) increased 3.7% in 2021 to 1,950.50 MT as compared with a 0.9% output drop in 2020. This growth was despite a drop in steel production by China, the largest steel producing nation in the world. (Source: https://worldsteel.org/media-centre/press-releases/2022/december-2021-crude-steel-production-and-2021-global-totals/)

The steel industry has done well. According to government data, India's crude steel production stood at 120 million tonnes (MT) in FY22, which is a growth of 18% over the previous year. Steel exports also surpassed the FY21 level while imports continued to decline.

Going forward: According to the recent Worldsteel estimate, steel demand is expected to grow by 0.4% in 2022 to 1.84 billion metric tonnes. The stable recovery of the global steel sector has been adversely impacted owing to the Russia-Ukraine crisis and rising inflation. In 2023, it is going to see a growth of 2.2% to reach 1.88 billion metric tonnes. (Source: https://worldsteel.org/media-centre/press-releases/2022/worldsteel-short-range-outlook-april-2022/)

~1.5%

Steel sector's contribution to India's GDP

The secondary steel segment

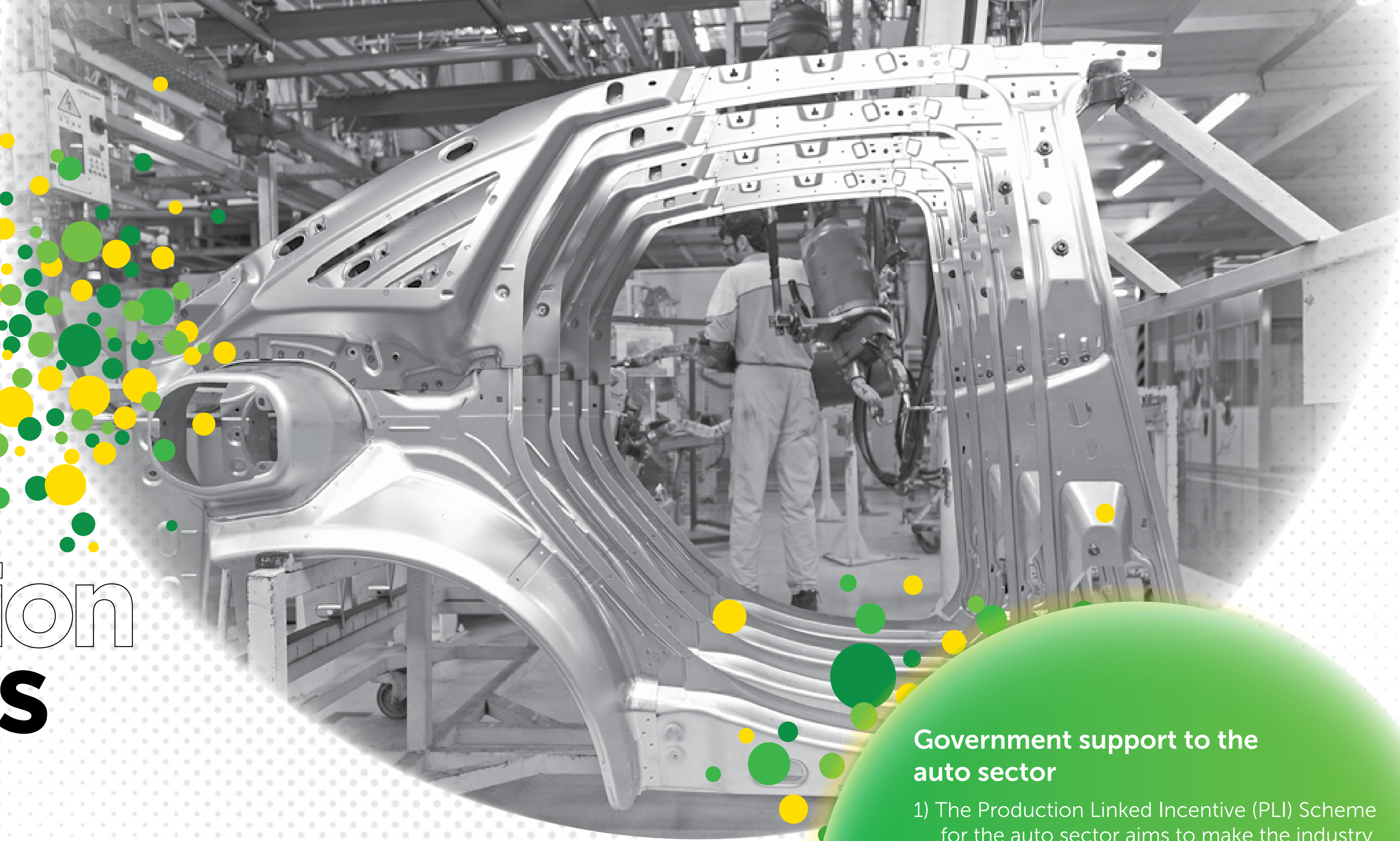
Today's modern world and human existence revolves around steel. Interestingly, much of the steel we use comes from the secondary steel sector. Because steel needs specific properties for particular applications – a job which is seamlessly managed by the secondary steel sector. The segment accounted for about 55% of India's steel production about a decade ago but has fallen to about 40% in 2021-22.

The prospects for the secondary steel sector lie in addressing the opportunity offered by the current (low) level of per capita finished steel consumption in India. The Government is doing its bit to improve the prospects of the secondary steel segment. The Ministry of Steel is working on framing a policy framework for secondary steel on addressing their falling share in the total steel output.

The Indian government has announced a PLI scheme for the specialty steel industry for 5 years starting from 2023-24. The scheme is supposed to benefit both steel making giants as well as the MSMEs. This scheme is expected to draw investments of ₹400 billion ($5.37 billion) and expand the capacity of specialty steel from 18 MT in 2020-21 to 42 MT in 2026-27.

The automotive sector

The acceleration was not as intense



The automotive sector displayed remarkable resilience despite the second wave of Covid-19 and a global shortage of semiconductors. Retail sales of vehicles increased by 7% in 2021-22 when compared with the previous year. The 2-wheeler segment, which was already a non-performer due to rural distress, saw further dampening due to rise in vehicle ownership cost coupled with rising fuel cost.

The passenger vehicle segment continues to see high demand and long waiting period as semi-conductor availability still remains a challenge even though supplies slightly improved from the previous month. The Russia-Ukraine war and China lockdown will further dent supplies and hence press brakes on vehicle availability thus making waiting period more frustrating for customers.

Going forward: In the passenger vehicle segment, demand isn't going to be a problem - there is a massive backlog with every company. With demand still buoyant in the passenger vehicle segment despite challenges of commodity price increases, many automobile manufacturers are upbeat to embrace new technologies, especially in the electric mobility space which is expected to witness a slew of launches in both four- and two-wheeler categories in the coming year.

Government support to the auto sector

1) The Production Linked Incentive (PLI) Scheme for the auto sector aims to make the industry future ready by incentivising the advance technology components. It is estimated that over a period of five years, the PLI Scheme for Automobile and Auto Components Industry will lead to fresh investments of over ₹42,500 crore.

2) In December 2021, the government had approved ₹76,000 crore incentive scheme for semiconductors under which India will set up more than 20 semiconductor design, components manufacturing and display fabrication units over six years.

"We will continue to work along with our Japanese partner to further improve our processes to match their efficiency and quality."

Were you satisfied with the Company's performance in FY22?

It was the best year in the Company's history as we set new benchmarks on all accounts – production, sales, operational efficiencies and cost optimisation. We achieved this performance despite the second wave of the pandemic in the initial months of FY22 – this made our achievement more satisfying.

On shop floor efficiencies, what were some of the important initiatives?

Our steel output increased by 24% from 1,34,091 MT in FY21 to 1,65,809 MT in FY22. This improvement has transpired because of multiple small process improvements undertaken over the last couple of years which have now yielded improved results. We believe that there is further room for improvement across all parameters. We, along with our Japanese partner, continue to ideate solutions to enhance our process efficiencies.

What was the one major step you took to make your operations stronger?

Yes, there was one major initiative we implemented in FY22. That was a change in our raw material sourcing. Till the previous year, we used imported scrap as the key input in our steel manufacturing process. The pandemic and the consequent supply chain disruption across the globe forced us to think of a sustainable alternative. In FY22, we switched to domestic steel scrap. This was a big change as it required tweaking our steel-making processes to ensure that our steel quality was sustained despite this change. This step has made our operations cost-competitive and sustainable.

The team started the 'Suggestion Box' practice in the previous year. How did that help in overall process improvements?

When we launched this concept, it generated considerable excitement and energy among the team. We received about 2,000 suggestions. We bucketed them under four categories based on time and resources required and their criticality. While phase 1 was implemented in FY21, we worked on phase 2 which comprised about 700 suggestions in FY22. We will continue to work on the remaining ideas in the current year.

Did the Company incur any capital expenditure during the year under review?

We invested about ₹35 crore in capital expenditure in our unit. The most important among them was the modifications made in the Continuous Casting Machine (CCM) which has increased its melting capacity from 2 lakh TPA to 2.60 lakh TPA. This will help us reduce the dependence on outsourced steel. It will also improve the quality of the final products delivered to the customer. The other important capital expense was related to switching over the fuel for our reheating furnace from Furnace oil to Natural Gas, a cleaner fuel that will go a long way in reducing our carbon footprint.

The Company was planning a capacity increase. Any further development on that front?

This was another milestone in FY22. We received approval from the Ministry of Environment for expanding our rolled-products capacity from 2 lakh TPA to 2.80 lakh TPA. The increase in our rolled-product output will go a long way in strengthening business relations with customers and in improving business profitability. The capex for the rolling mill will take place over the next three years.

What were some of the key highlights in the marketplace?

We achieved our highest sales volumes. We sold 1,73,308 lakh tonnes in FY22 against 1,50,265 lakh tonnes in FY21 – a jump of 15%. This growth was an outcome of the uptick in the automobile sector – primarily four-wheelers. The other important achievement was that we received sample approvals from some of the Japanese OEs operating in India. This reflects the improvement in our steel quality contoured by our Japanese partner. We hope to convert these sample approvals into trial lot approvals and mass production approvals over the medium term. When that happens, it will catapult Vardhman Special Steels into a new orbit altogether.

What is your plan for FY23?

We will focus on streamlining the processes and stabilise the production and quality of our steel from the SMS unit post the capacity expansion. We will work out the blueprint for expanding our rolled product capacity. On a more holistic basis, we will continue to work along with our Japanese partners to further improve our processes across our operating unit to match their efficiency and quality standards and we hope to increase our sales volume by 10-15%.

Financial performance

We registered an even better financial performance in terms of growth and profitability.

With every headwind, the Company only emerges stronger. This is the true character of Vardhman, which again shone bright in FY22, during which the Company posted an even better performance despite the second wave of the pandemic.

The Company reported Revenue from Operations of ₹1,368.46 crore in FY22 against ₹937.08 crore in FY21. The healthy uptick was owing to an increase in sales volumes and improved realisation. EBITDA scaled by 74% from ₹116.31 crore in FY21 to ₹202.58 crore in FY22. The EBIDTA margin improved from 12% in FY21 to 15% in FY22. The improvement in EBITDA encapsulates the improved realisation, increase in share of value-added products and cost optimisation initiatives implemented by the team and some help from the positive sentiments for steel industry.

Net Profit cross the elusive three-figure benchmark – it stood at ₹100.75 crore in FY22 against ₹44.19 crore in FY21. The feeling of the breakout was surreal. The holistic improvement in business performance and profitability helped in strengthening the Balance Sheet and improving the organisation's liquidity.

Net Cash flow from Operations stood at ₹58.88 crore in FY22 against ₹67.28 crore in FY21. The Company prudently deployed this liquidity in paring its debt burden and in capability building.

Networth increased appreciably as business surplus (after paying dividend) was ploughed into the operations – it stood at ₹554.96 crore as on March 31, 2022 against ₹459.36 crore as on March 31, 2021. The Return on Networth also upped considerably – from 10% in FY21 to 20% in FY22.

The working capital requirement increased with the growing business operations. The working capital cycle stood at 82 days in FY22 against 63 days in FY21.

The net debt portfolio was ₹121.53 crore as on March 31, 2022 against ₹135.90 crore as on March 31, 2021. As a result, the interest liability reduced from ₹19.71 crore in FY21 to ₹17.28 crore in FY22. The net debt-equity ratio improved from 0.30x to 0.23x over the same period.

The strong financial position and improved prospects positions the Company perfectly for improving its performance in the current year.

23.51%

Return on Capital Employed in FY22 against 13.06% in FY21

Key Financial Ratios

Particulars	UOM	2021-22	2020-21	Change (%)	Reason for change of 25% or more
Trade Receivables Ratio	(x)	6.13	4.64	32.11	Due to decrease in the credit days, overall increase in business volumes and better collection efficiency.
Inventory Turnover Ratio	(x)	5.51	5.45	1.10	
Interest Coverage Ratio	(x)	8.41	5.02	67.53	Higher Profitability & lower interest rates resulted in improvement in this ratio.
Current Ratio	(x)	2.27	2.09	8.61	
Net Debt-Equity Ratio	(x)	0.23	0.30	-23.33	
Operating Margin	%	12.69	11.03	15.05	
Net Profit Margin	%	7.36	4.72	55.93	These ratios have increased on account of higher margins, higher volumes & electricity duty exemption accounted under Industrial Policy, 2017 for the period Sep'19 to Mar'22.
Return on Net Worth	%	19.87	10.12	96.34	

We work continually to mitigate our business risk **that could have an adverse impact on our business performance.**

The risk management process at Vardhman begins with the identification of risks and an assessment of their impact. The assessment is based on past trends and future projection. Thereafter, ways to mitigate these risks are identified and implemented when necessary. Risks, once identified, are periodically monitored, along with emerging risks.

Demand risk: A slowdown in the automotive sector could curtail demand for our products.

Mitigation measure: The Company enjoys strong business relations with leading OEMs in the automotive sector – especially in the passenger vehicle and 2-wheeler spaces. This wide customer base cushions the Company from a drop in volumes in any one segment.

Vardhman has commenced exports of its products to the multiple facilities of its global partner Aichi Steel – volumes are expected to be ramped up in a phased manner over the coming years. This could promise a continuous flow of business to the Company.

Quality risk: A drop in product quality could result in customer attrition.

Mitigation measure: At Vardhman quality is not a process, it is a habit that has, over the years, transformed into its culture. The passion for quality enables the Company to cater to all OEMs operating in India. Further, the global partner is helping the Company to move further up the quality barometer – to match international standards. The journey has only just begun.

Cost risk: Increase in cost of inputs and utilities could impact business margins.

Mitigation measure: This will impact every player in the sector without exception. Vardhman is better placed as it can pass on some part of the cost increase to its customers. Besides, the shopfloor team continues to endeavour to improve operational efficiencies and improve productivity to absorb part of the cost increase in material and utilities.

Safety risk: The Company's operations are high-risk in nature.

Mitigation measure: Vardhman's key assets are its people. Hence people safety is of paramount importance to the Leadership team. This was reflected in the pandemic and lockdowns. The Company left no stone unturned to ensure the safety of its team members. To safeguard its operations teams, the Company has created a Safety Cell which provides training (which includes mock drills) to its people to instill safety consciousness. Moreover, with Aichi Steel members being present on the Vardhman shopfloor, safety has climbed a few notches higher.

Funding risk: The Company may not be able to garner sufficient funds to implement its strategic initiatives and enjoys a AA rating from CRISIL.

Mitigation measure: Vardhman is comfortably placed with regard to its business liquidity. The Company has a healthy net debt-equity ratio at 0.23x as on March 31, 2022, which allows it to borrow low-cost funds from bankers and other financial institutions when required. Further, the company has strong parents and can infuse funds to support any expansion.

Human resources/ Industrial relations

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. The Management has been continuously endeavoring in fostering high performance culture in the organization. During the year, the Company has employed around 1,031 employees on rolls. Further, industrial relations remained peaceful and harmonious during the year.

Internal control systems and their adequacy:

Your Company has been regularly reviewing and updating its internal controls by benchmarking against the industry standards. Dynamics of changing business requirements, statutory compliances and corporate governance are adopted in existing systems after careful review to remain in line with compliance requirements, expectations of business partners like customers and institutions. Senior management monitors the recommendations of internal audits for continuous system updating. IT System infrastructure is updated regularly to support business decision making as well as better controls.

Corporate Information

BOARD OF DIRECTORS

Mr. Rajeev Gupta – Chairman
Mr. Raghav Chandra
Mr. Rakesh Jain
Mr. Sanjeev Pahwa
Mr. Sanjoy Bhattacharyya
Mrs. Shubhra Bhattacharya
Mr. Suman Chatterjee
Mrs. Vidya Shah
Mr. Toshio Ito
Mr. Rajinder Kumar Jain
Mr. B.K. Choudhary
Mrs. Suchita Jain
Mr. Rajendar Kumar Rewari – Executive Director
Mr. Sachit Jain – Vice-Chairman & Managing Director

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Singla

COMPANY SECRETARY

Ms. Sonam Taneja

STATUTORY AUDITORS

M/s BSR & Co. LLP,
Chartered Accountants, Chandigarh.

WORKS

Vardhman Special Steels Limited Unit-I,
C-58, Phase-III, Focal Point,
Ludhiana- 141010

BANKERS

State Bank of India
HDFC Bank Limited
Axis Bank Limited
Yes Bank Limited
ICICI Bank Limited

REGISTERED OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana – 141010.
Phones: (0161)2228943-48
Fax: (0161) 2601048, 2220766
E-mail: secretarial.lud@vardhman.com
Website: www.vardhmansteel.com
www.vardhman.com

REGISTRAR & TRANSFER AGENT

Alankit Assignments Limited
205-208, Anarkali Complex, Jhandewalan Extn.,
New Delhi – 110 055.
Phone: (011) 41540060-63
Fax: (011) 41540064
E-mail: rta@alankit.com

BRANCHES & WAREHOUSES

- Plot Nos. 400-401, Block-C, Pioneer Industrial Park, Pathredi, Gurugram – 123 413.
- Survey No. 10/1, Bommasandra Village, Attibale Hubli, Anekal Taluka, Bangalore – 560 099.
- Bhurarani Road, Near Haryana Rice Mill, Distt. Udham Singh Nagar, Rudrapur – 263153, Uttarakhand.
- DP No. 17, Sidco Women's Industrial Estate, Thirumullaivoyal, Chennai- 600062, Tamil Nadu.
- C/O M/s Sudalloys Private Limited, B-26, MIDC Chakan,Pune-410501, Maharashtra.
- Gala #908A, Gat #71 B/s, Goodyear Tyre, Group Grampanchayat – Ghanegaon, Vitava Naryangaon (Khurad) – Aurangabad-410504.
- C/o Sh. Inderjeet Singh, Village Mangli Nichi, Adjoining HP Lotey Petrol Pump, Chandigarh Road, Ludhiana– 141010, Punjab.
- C/o North India Oxygen Company, B-21, Focal Point, Phase II, Dhandari Kalan, Ludhiana - 141010, Punjab.

Directors' Report

Dear Members,

The Directors of your Company have pleasure in presenting their 12th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2022.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2022 is as under:-

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
Revenue from operations (Net)	1,36,846.01	93,708.00
Other Income	2,889.16	1,296.14
Profit before Depreciation, Interest & Tax (PBDIT)	20,257.95	11,631.33
Interest and Financial expenses	1,727.94	1,970.72
Profit before Depreciation and Tax (PBDT)	18,530.01	9,660.61
Depreciation	2,696.45	3,022.94
Profit/(Loss) before Tax (PBT)	**15,833.56**	**6,637.67**
Provision for Tax		
- Current Tax (including tax adjustment relating to prior years)	2,704.01	1,191.84
- Deferred Tax	3,054.51	1,026.35
Profit after tax (PAT)	**10,075.04**	**4,419.48**
Other Comprehensive Income/(Expense)	18.75	62.70
Total Comprehensive Income	**10,093.79**	**4,482.18**
Earnings per share (₹)		
- Basic	24.87	10.94
- Diluted	24.71	10.93

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, the production of Billet increased from 1,59,798 MT to 1,89,719 MT, showing an increase of 18.72% over the previous year. The Rolled production increased from 1,34,091 MT to 1,65,809 MT, showing an increase of 23.65% over the previous year.

Your Company has registered Revenue from Operations of ₹1,36,846.01 lakhs as compared to ₹93,708 lakhs in the previous year. The exports of the Company increased from ₹1,267.60 lakhs to ₹7,594.32 lakhs showing an increase of 499.11%.

PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹20,257.95 lakhs as against ₹11,631.33 lakhs in the previous year. After providing for depreciation of ₹2,696.45 lakhs (Previous Year ₹3,022.94 lakhs), interest of ₹1,727.94 lakhs (Previous Year ₹1,970.72 lakhs), provision for current tax including tax adjustment relating to prior years of ₹2,704.01 lakhs (Previous Year ₹1,191.84 lakhs) and Deferred Tax amounting to ₹3,054.51 lakhs (Previous Year ₹1,026.35 lakhs), the total comprehensive income worked out to ₹10,093.79 lakhs as compared to ₹4,482.18 lakhs in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹22,966.41 lakhs.

RESOURCES UTILISATION:

a) Fixed Assets:

The net block as at 31st March, 2022 was ₹28,830.23 lakhs as compared to ₹28,162.29 lakhs in the previous year.

b) Current Assets:

The current assets as on 31st March, 2022 were ₹59,672.50 lakhs as against ₹48,227.87 lakhs in the previous year. Inventory level was at ₹30,432.20 lakhs as compared to the previous year level of ₹19,225.90 lakhs.

FINANCIAL CONDITIONS & LIQUIDITY:

The Company enjoys a rating of "AA/Stable" from Credit Rating Information Services of India (CRISIL) for long term borrowings and "A1+" for short term borrowings. Management believes that the Company's liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:-

(₹ in Lakhs)

PARTICULARS	2021-22	2020-21
Cash and Cash equivalents:		
Beginning of the year	234.00	230.31
End of the year	27.10	234.00
Net cash provided (used) by:		
Operating Activities	5,887.98	6,728.13
Investing Activities	(911.18)	679.59
Financing Activities	(5,183.70)	(7,404.03)

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

4. DIVIDEND:

The Board of Directors in its meeting held on 29th April, 2022 has recommended dividend of ₹3.50/- per share on the fully paid-up Equity Shares of the Company.

5. CONSOLIDATED FINANCIAL STATEMENT:

As your Company does not have any subsidiary, associate or joint venture company, the provisions of Companies Act, 2013 and Indian Accounting Standards (Ind AS) 110, 111 and 112 in relation to consolidation of accounts do not apply.

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any subsidiary, associate or joint venture company.

7. DIRECTORS:

Liable to retire by rotation: In accordance with the provisions of the Articles of Association of the Company, Mr. Rajinder Kumar Jain, Director of the

Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. The Board recommended his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Declaration by Independent Directors:

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

Your Board confirms that in its opinion the Independent Directors possess the requisite integrity, experience, expertise, proficiency and qualifications. All the Independent Directors on the Board of the Company are registered with the Indian Institute of Corporate Affairs, Manesar, Gurgaon (IICA) as notified by the Central Government under Section 150(1) of the Companies Act, 2013 and, if applicable, shall undergo online proficiency self-assessment test within the time prescribed by the IICA.

Company's Policy relating to Directors appointment, payment of remuneration and discharge of their duties:

The Nomination & Remuneration Committee of the Company has formulated a 'Nomination & Remuneration Policy' on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Section 178(3) of the Companies Act, 2013.

The Nomination & Remuneration Policy is annexed hereto and forms part of this report as **Annexure - I**.

Familiarization programmes for Board Members:

Your Company has formulated Familiarization Programme for all the Board members in accordance with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Schedule IV of the Companies Act, 2013 which provides that the Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of Industry in which the Company operates, business model of the Company, etc. through various programs.

The Familiarization Programme for Board members may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Familiarisation_Programme_for_Board_Members.pdf

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the financial year 2021-22 was held on 28th January, 2022 to evaluate the performance of Non-Independent Directors, Chairperson of the Company and the Board as a whole.

The evaluation was done by way of discussions on the performance of the Non- Independent Directors, Chairperson and Board as a whole.

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of non-executive directors and executive directors has been formulated by the Company.

8. KEY MANAGERIAL PERSONNEL (KMP):

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2022:

S. No.	Name	Designation
1.	Sachit Jain	Vice-Chairman & Managing Director
2.	Sanjeev Singla	Chief Financial Officer
3.	Sonam Taneja	Company Secretary

9. NUMBER OF BOARD MEETINGS:

During the year under review, the Board met Six (6) times and the intervening gap between any two meetings was within the period prescribed under Companies Act, 2013. The details of Board Meetings are set out in Corporate Governance Report which forms part of this Annual Report.

10. AUDITORS AND AUDITORS' REPORT:

Statutory Auditors:

At the Annual General Meeting held on 27th September, 2018, M/s. BSR & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of 13th Annual General Meeting of the Company.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2022.

This Auditors' Report is self-explanatory and requires no comments.

Secretarial Auditor:

M/s. Harsh Goyal & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on 13th May, 2021 for the financial year 2021-22.

The Secretarial Auditors of the Company have submitted their Report in Form No. MR-3 as required under Section 204, of the Companies Act, 2013 for the financial year ended 31st March, 2022. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure - II**.

Cost Auditor:

The Company is maintaining the Cost Records, as specified by the Central Government under section 148(1) of Companies Act, 2013.

The Board of Directors has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2022-23. However, as per the provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by Members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2022-23 is placed for ratification by the Members.

11. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

The Audit Committee consists of Mr. Rakesh Jain, Independent Director, Mr. Sanjeev Pahwa, Independent Director, Mr. Sanjoy Bhattacharyya, Independent Director and Mr. Rajinder Kumar Jain, Non-Executive Director. Mr. Rakesh Jain is the Chairman of the Committee and Ms. Sonam Taneja is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating whistle blower policy in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for employees and Directors of the Company, for expressing the genuine concerns of unethical behavior, actual or suspected fraud or violation of the codes of conduct by way of direct access to the Managing Director/ Chairman of the Audit Committee.

The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

The Policy on Vigil Mechanism and Whistle Blower Policy as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/_Whistle_Blower_Policy.pdf

12. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the report on Corporate Governance.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Vision & Core areas of CSR: Your Company is committed to and fully aware of its CSR, the guidelines in respect of which are more clearly laid down in the Companies Act, 2013. The Company's vision on CSR is to pursue a corporate strategy that enables shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.

CSR Policy: The Corporate Social Responsibility Policy of the Company indicating the activities to be undertaken by the Company, as approved by the Board, may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Corporate_Social_Responsibility_Policy.pdf

During the year, the Company has spent a total of ₹66.66 lakhs on CSR activities.

The disclosures related to CSR activities pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 9 of Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014 is annexed hereto and forms part of this report as **Annexure - III**.

14. RISK MANAGEMENT:

The Risk Management Policy required to be formulated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board of Directors of the Company. The aim of Risk Management Policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company.

The Risk Management Policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Risk_Management_Policy.pdf

15. BUSINESS RESPONSIBILITY REPORT (BRR):

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandate the inclusion of the BRR as part of the Annual Report for top 1000 listed entities based on market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosure into our Annual Report.

16. DIVIDEND DISTRIBUTION POLICY (DDP):

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 1000 listed companies are required to formulate a DDP. Accordingly, a DDP was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The policy is available on the Company's website at the link: https://www.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/VSSL_DIVIDEND_DISTRIBUTION_POLICY.pdf

17. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

A report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 as given by the Statutory Auditors of the Company forms part of the Independent Auditor's Report as Annexure B.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Related_Party_Transaction_Policy.pdf

Your Directors draw attention of the Members to Note 44 to the financial statement which sets out related party disclosures.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Particulars of loans given/ taken, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement (Please refer to Note 6, 7, 12 and 20 to the financial statement).

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Energy conservation continues to be an area of major emphasis in our Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are annexed hereto and forms part of this report as **Annexure - IV**.

21. ANNUAL RETURN:

In terms of Section 92(3) and 134(3)(a) of the Companies Act, 2013 the Annual Return of the Company is available on the website of the Company www.vardhman.com/ www.vardhmansteel.com.

22. HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2022, the Company employed around 1,031 employees on permanent rolls.

Pursuit of proactive policies for industrial relations has resulted in a peaceful and harmonious situation on the shop floor of the plant.

23. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The disclosures in respect of managerial remuneration as required under section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and forms part of this report.

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto and forms part of this report.

All the above details are provided in **Annexure - V**.

In terms of section 197(14) of the Companies Act, 2013, the Company does not have any Holding or Subsidiary Company.

24. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the date of this report.

25. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 134 (5) of the Companies Act, 2013 the Board hereby submit its Responsibility Statement:—

a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;

b. appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 and of the profit of the Company for the year ended on 31st March, 2022;

c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts have been prepared on a going concern basis;

e. the Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. a proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

26. GENERAL DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

a. Details relating to deposits covered under Chapter V of the Act.

b. Issue of equity shares with differential rights as to dividend, voting or otherwise.

c. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

d. Change in nature of Business of Company.

e. Transfer of Unclaimed dividend to Investor Education and Protection fund.

f. No fraud has been reported by the Auditors to the Audit Committee or the Board.

g. There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

h. There was no instance of one time settlement with any Bank or Financial Institution.

Further, your Directors state that the Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there was no complaint filed under the said Act.

27. VARDHMAN SPECIAL STEELS LIMITED EMPLOYEE STOCK OPTION PLAN, 2016:

The Company has granted options to its employees under Vardhman Special Steels Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan 2016). As per the terms of the plan, the Company can grant a maximum of 3,71,108 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan 2016. Accordingly, during the financial year, a total of 54,164 options were exercised by the eligible employees under 1st grant of ESOP Plan 2016. Now, all the options which were granted under 1st grant of ESOP Plan 2016 has been fully exercised by the eligible employees. The paid-up equity share capital of the Company after this allotment stood increased to ₹40,56,11,640.

Further, the Nomination and Remuneration Committee in its meeting held on 11th November, 2020 has made a second grant of 1,35,000 options under ESOP Plan 2016 to its eligible employees out of 1,36,937 options lying ungranted under the said Plan. These options will vest with the eligible employees after two years from the date of grant.

The ESOP Plan 2016 of the Company is being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution passed by the shareholders approving the said plan. A certificate from the Secretarial Auditor of the Company in this regard would be available during the Annual General Meeting for the inspection by the Members.

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/ESOP_Disclosure_-_2021-22.pdf

28. VARDHMAN SPECIAL STEELS LIMITED EMPLOYEE STOCK OPTION PLAN, 2020:

The Board of Directors in its meeting held on 6th August, 2020, approved introduction of an equity based compensation scheme called "Vardhman Special Steels Limited Employee Stock Option Plan 2020" for its eligible employees subject to approval of Members of the Company in the 10th Annual General Meeting of the Company. The Board has delegated necessary power to the Nomination and Remuneration Committee to implement and administer the Plan. Accordingly, out of the total 5,00,000 options under the said Plan, the Nomination and Remuneration Committee of the Board in its meeting held on 11th November, 2020, has made a first grant of 3,63,000 options to the eligible employees. These options will vest with the eligible employees after two years from the date of grant.

The ESOP Plan 2020 of the Company is being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution passed by the shareholders approving the said plan. A certificate from the Secretarial Auditor of the Company in this regard would be available during the Annual General Meeting for the inspection by the Members.

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/ESOP_Disclosure_-_2021-22.pdf

29. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Bankers, Business Constituents and Shareholders for their continued and valuable co-operation and support to the Company and look forward to their continued support and co-operation in future too.

They also take this opportunity to express their deep appreciation for the devoted and sincere services rendered by the employees at all levels of the operations of the Company during the year.

FOR AND ON BEHALF OF THE BOARD

Place : Ludhiana
Dated : 29th April, 2022

(RAJEEV GUPTA)
Chairman

INDEX OF ANNEXURES

(FORMING PART OF BOARD REPORT)

Annexure No.	Particulars
I	Nomination & Remuneration Policy.
II	Secretarial Audit Report in form no. MR-3 for FY 2021-22.
III	Annual Report on CSR activities for the Financial Year 2021-22.
IV	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
V	Particulars of employees and related disclosures.

ANNEXURE - I

NOMINATION & REMUNERATION POLICY OF THE COMPANY

1. PREFACE:

In terms of the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, this policy on Nomination and Remuneration of Directors and Senior Management has been formulated by the Committee and approved by the Board of Directors in their meeting held on 2nd August, 2014.

Upon the recommendations of Nomination and Remuneration Committee, the Board of Directors of VSSL in its meeting held on 2nd May, 2015 made certain amendments in the existing policy and thereafter replaced the existing policy with the amended policy.

The amended policy is as under:-

2. ROLE OF THE COMMITTEE:

a) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to Board their appointment and removal.

b) To formulate criteria for determining qualifications, positive attributes and independence of a Director.

c) To recommend to the Board remuneration policy related to remuneration of Directors (Whole Time Directors, Executive Directors etc.), Key Managerial Personnel and other employees while ensuring the following:-

   i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

   ii. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

   iii. That remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

d) To formulate criteria for evaluation of Directors and the Board.

e) To devise a policy on Board diversity.

3. MEMBERSHIP:

a) The Committee shall consist of a minimum three (3) non-executive directors, majority of them being independent.

b) Minimum two (2) members shall constitute a quorum for the Committee meeting.

c) Membership of the Committee shall be disclosed in the Annual Report.

d) Term of the Committee shall be continued unless terminated by the Board of Directors.

4. CHAIRMAN:

a) Chairman of the Committee shall be an Independent Director.

b) Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

5. FREQUENCY OF MEETINGS:

The meeting of the Committee shall be held at such regular intervals as may be required.

6. COMMITTEE MEMBERS' INTERESTS:

a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

7. SECRETARY:

The Company Secretary of the Company shall act as Secretary of the Committee.

8. VOTING:

a) Decisions of the Committee shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

9. MINUTES OF COMMITTEE MEETING:

The minutes of all the proceedings of all meetings must be signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board meetings.

10. EFFECTIVE DATE & AMENDMENTS:

This policy will be effective from 2nd May, 2015 and may be amended subject to the approval of Board of Directors.

ANNEXURE- II

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

Vardhman Special Steels Limited

Ludhiana.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vardhman Special Steels Limited (hereinafter referred to as Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit period)

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit period)

(h) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.(Not applicable to the Company during the Audit period)

We have also examined the compliance of the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check basis, the company has complied with the following laws applicable specifically to the company:

(a) Environment Protection Act, 1986

(b) Water (Prevention and Control of Pollution) Act, 1974

(c) Air (Prevention and Control of Pollution) Act, 1981

We further report that

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Harsh Goyal & Associates**

Company Secretaries

Sd/-

(Harsh Kumar Goyal)

Prop.

FCS 3314

Place: Ludhiana C P No.:2802

Date: 29.04.2022 UDIN: F003314D000237702

This report is to be read with our letter of even date which is annexed as' Annexure A' and forms an integral part of this report.

'ANNEXURE A'

To

The Members,

Vardhman Special Steels Limited

Ludhiana

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Harsh Goyal & Associates**
Company Secretaries

Sd/-
(Harsh Kumar Goyal)
Prop.

Place: Ludhiana
Date: 29.04.2022

FCS 3314
C P No.:2802

Annexure -III

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2021-22

1. Brief outline on CSR Policy of the Company.

The thrust area for CSR includes promotion of education, environment protection and energy conservation, development of human capital, rural development, women empowerment and any other project/ programme pertaining to activities listed in Rules.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sanjeev Pahwa	Chairman, Independent, Non-Executive Director	3	3
2.	Mr. Sachit Jain	Member, Non-Independent, Executive Director	3	3
3.	Mrs. Suchita Jain	Member, Non-Independent, Non-Executive Director	3	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

Link of Composition- https://www.vardhman.com/Document/Report/Company%20Information/Board/Vardhman%20Special%20Steels%20Ltd/List_of_Committees_of_Directors.pdf

Link of Policy- https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Corporate_Social_Responsibility_Policy.pdf

Link of CSR Projects - https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/VSSL_CSR_Projects_2022-23.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable for the financial year.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ In lakhs)	Amount required to be set-off for the financial year, if any (₹ In lakhs)
1	2020-21	3.10*	-

* This amount of ₹3.10 lakhs will be set-off in the FY 2022-23, as the same was not adjusted in the FY 2021-22.

6. **Average net profit of the company as per section 135(5):** ₹2,988.22 lakhs

7

7 (a)	7 (b)	7 (c)	7 (d)
Two percent of average net profit of the company as per section 135(5)	**Surplus arising out of the CSR projects or programmes or activities of the previous financial years**	**Amount required to be set off for the financial year, if any**	**Total CSR obligation for the financial year (7a+7b-7c)**
₹59.76 lakhs	NIL	₹3.10 lakhs	₹56.66 lakhs

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
2021-22	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
66.66	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: 2021-22

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project Duration	Amount allocated for the project (₹ In lakhs)	Amount spent in the current financial Year (₹ In lakhs)	Amount transferred to unspent CSR Account for the project as per Section 135(6) (₹ In lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District						Name	CSR registration number
1.	Development of Green Forest with Miyawaki technique in Focal Point, Ludhiana	Clause (iv) Environment Sustainability	Yes	Punjab	Ludhiana	2 years	75.00	45.25	-	Yes	-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Supplied medical oxygen to Hospitals in Ludhiana during Covid-19 pandemic	Clause (i) Promoting health care including preventive health care and Sanitation	Yes	Punjab	Ludhiana	7.15	Yes	-	-
2.	Financial support for construction of toilets in Anganwadi Canteen, under 'Swach Bharat Abhiyan'		Yes	Punjab	Ludhiana	2.00	Yes	-	-
3.	Financial support to Government Dispensary for upliftment of Medical Facilities and Infrastructure at Public Hospitals, Ludhiana		Yes	Punjab	Ludhiana	0.30	Yes	-	-
4.	Distribution of sanitary napkins, surgical masks and ayush kits to females of Slum areas		Yes	Punjab	Ludhiana	0.62	Yes	-	-
5.	Education sponsorship for B.D.S./ M.D.S. course of deserving & needy children	Clause (ii) Promoting Education	Yes	Punjab	Ludhiana	2.00	Yes	-	-
6.	Distribution of Books to children of BPL Families through District Administration		Yes	Punjab	Ludhiana	0.71	Yes	-	-
7.	Distribution of Books to children of Slum Area school run by Jeet Foundation		Yes	Punjab	Ludhiana	0.11	Yes	-	-
8.	Financial support for providing gardener and for maintenance & development of parks at Mini Secretariat and District Industries Centre (DIC), Ludhiana	Clause (iv) Environment Sustainability	Yes	Punjab	Ludhiana	1.73	Yes	-	-
9.	Provided Barricades, with slogan of environment protection, to Police Commissioner-ate		Yes	Punjab	Ludhiana	0.50	Yes	-	-
10.	Financial support for Promoting Sports to Ranjit Garh Golf Club, Phillaur, for training of candidates/ sportspersons for National/ International Events	Clause (vii) Promoting Sports	No	Punjab	Jalandhar	0.40	Yes	-	-
11.	Financial support for promotion of Karate Paralympic Sports for deserving children and sportsman in Rural Areas/ Villages		Yes	Punjab	Ludhiana	1.20	Yes	-	-
12.	Financial Support to Ludhiana Cycling Association for promotion of Cycling		Yes	Punjab	Ludhiana	1.40	Yes	-	-
13.	Financial support to Art Sanctuary for Protection of National Heritage, Art and Culture	Clause (v) Conservation of National Heritage	No	Karnataka	Bengaluru	2.00	Yes	-	-
14.	Financial support for providing benches and other infrastructure for public usage in Rural areas	Clause (x) Rural Development Projects	Yes	Punjab	Ludhiana	1.29	Yes	-	-
	Total					**21.41**			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : NA

(f) Total amount spent for the financial year (8b+8c+8d+8e) : ₹66.66 lakhs

(g) Excess amount for set off, if any

Sr. No.	Particular	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)	59.76
(ii)	Total amount spent for the financial year	66.66
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6.90
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.90

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in lakhs)	Amount spent in the reporting Financial Year (₹ In lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ In lakhs)
				Name of the Fund	Amount (₹ In lakhs)	Date of transfer	
NA							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s) : NA

(b) Amount of CSR spent for creation or acquisition of capital asset : NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : NA

Sd/-
(Sachit Jain)
(Vice-Chairman & Managing Director)

Sd/-
(Sanjeev Pahwa)
(Chairman CSR Committee)

ANNEXURE- IV

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014.

CONSERVATION OF ENERGY:

STEPS TAKEN FOR CONSERVATION OF ENERGY:

The Company has taken various measures in conservation of energy. Our industry is highly energy-intensive among other industries, so efforts to promote energy conservation by our team can lead to reduction in cost of production and making us more competitive globally.

The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimize the operation of various equipment which also leads to energy conservation. We are procuring only energy efficient equipment like Premium efficient motors (IE3 or IE4) & 5 star rated air conditioners, LED lights and regulating usage of LED lights as per requirement. We are maintaining power factor 0.99 continuously which results in reduction of energy charges.

Natural light is one of the key ways of saving energy. Daylighting minimizes the amount of artificial light and reduces electricity costs. We are focusing on increase usage of natural lights in our production sheds.

Conservation measures taken, proposed measures being implemented for reduction of consumption of energy and consequent impact thereof on the cost of production of goods in Vardhman Special Steels Limited for the year 2021-22 are as mentioned below:

Sr. No.	Energy Conservation	Approx cost Savings Per Annum (₹ in lakhs)
1	Natural Gas usage at Reheating furnace, results in saving of electricity consumption of compressors and heaters.	83
2	LED lights installed by replacing conventional lights at BBS and Rolling Mill shed.	2
3	CRM entry Roller table motors stopped during idle condition by changing the PLC programme.	21

STEPS TAKEN FOR UTILISING ALTERNATE SOURCES OF ENERGY

1. Switched over to Natural Gas, a green fuel, over Furnace oil at Reheating Furnace.
2. Roof top solar power plant planned to be installed in the coming years.

CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS – Nil

TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as under:

A) RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which Research & Development is carried out by the Company:

- Improvement in steel making practices to further increase length of sequence to improve the yield and productivity.
- Capability building of NDT line to meet Japanese OEM Quality Standards.
- Developed steel for transmission applications like Gear & Shaft.
- Heat treated steel developed for non-automotive Japanese customer.
- Development of steel for crank shaft for Automobile application for Japanese customer for Asian region.
- Optimized practice of Al, Ca, S addition for steel cleanliness.

2. Benefits derived as a result of R & D:

- Reduction in Clogging to improve steel cleanliness.
- New business for automotive product segments in Japan, Thailand Vietnam, Germany, Egypt, Philippines, Malaysia.
- Yield improvement due to further increase in sequence length.
- Cost reduction / MT of liquid steel for small projects initiated.

- Clear environment & reduced Sox.

3. **Future Course of action:**

   Management is fully committed to further strengthen the Research & Development activities by adding more equipment's to strengthen its product testing and development activities.

4. **Expenditure on R & D:**

(₹ in lakhs)

Particulars	2021-22	2020-21
Capital	19.60	32.71
Recurring	1,072.69	761.53
Total	**1,092.29**	**794.24**
Total R & D expenditure as a Percentage of Turnover	**0.80%**	**0.85%**

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made:

Planning to install new technologies namely-

- Scanning Electron Microscopy with EDS.
- Optical Metallurgical Microscope with automatic image analysis.
- Digital and automatic Rockwell & Micro-Vickers hardness tester to ensure precision in measurement and reporting.
- Automatic Hardenability Tester.

2. Particulars of technology imported in last three years:

Details of Technology imported	Year of Import	Whether the technology been fully absorbed
Carbon & Sulphur Analyzer	2021-22	Yes
O2, N2, & H2 Gas Analyzer	2021-22	Yes

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the financial year 2021-22, the Company exported 8,671 MT of rolled products having FOB value of ₹7,354.09 lakhs.

Total Foreign Exchange earned and used:

(₹ In lakhs)

Particulars	2021-22	2020-21
a) Earnings (FOB value of Exports)	7,354.09	1,235.66
b) Outgo (CIF value of Imports and Expenditure in Foreign Currency)	7,761.76	7,016.65

ANNEXURE- V

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-22 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 are as under:

S. NO.	NAME OF DIRECTOR/ KMP AND DESIGNATION	REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2021-22 (Amount in ₹)	% INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2021-22	RATIO OF REMUNERATION OF EACH DIRECTOR/ KMP TO MEDIAN REMUNERATION OF EMPLOYEES
1.	Sachit Jain Vice-Chairman & Managing Director	9,26,87,518	63.37	220.96
2.	Suchita Jain Non-Executive Director	-	-	-
3.	B.K. Choudhary Non-Executive Director	-	-	-
4.	Rajinder Kumar Jain Non-Executive Director	3,90,000	62.50	0.93
5.	Takashi Ishigami Non-Executive Director	-	-	-
6.	Rakesh Jain Independent Director	4,50,000	60.71	1.07
7.	Rajeev Gupta Independent Director	3,00,000	66.67	0.72
8.	Raghav Chandra Independent Director	2,60,000	85.71	0.62
9.	Sanjeev Pahwa Independent Director	5,30,000	89.29	1.26
10.	Sanjoy Bhattacharyya Independent Director	4,30,000	43.33	1.03
11.	Shubhra Bhattacharya Independent Director	2,20,000	175.00	0.52
12.	Sanjeev Singla Chief Financial Officer	47,80,292	-11.55	11.40
13.	Sonam Taneja Company Secretary	10,23,938	31.42	2.44

2. The median remuneration of employees of the Company during the financial year was ₹4,19,476.
3. In the financial year, there was an increase of 0.53% in the median remuneration of employees.
4. There were 1,031 permanent employees on the rolls of Company as on March 31, 2022.
5. Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2021-22 was 33.43% whereas the increase in the managerial remuneration for the same financial year was 56.54%.
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. **PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹1,02,00,000/- PER ANNUM:**

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (₹ in lakhs)	Quali-Fication	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. Sachit Jain	Vice-Chairman & Managing Director	926.88	B. Tech, MBA	55	32	14.05.2010	Joint Managing Director (Vardhman Textiles Limited)

2. **PERSONS EMPLOYED FOR A PART OF FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION FOR ANY PART OF THAT YEAR, AT A RATE WHICH IN AGGREGATE, WAS NOT LESS THAN ₹8,50,000/- PER MONTH:**

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (₹ in lakhs)	Quali-Fication	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. Rajendar Kumar Rewari*	Chief Executive Officer	18.01	B.Sc., LLB	65	40	01.02.2022	Director, MP Location, Vardhman Textiles Limited
2.	Mr. Mukesh Srivastava**	Chief Operating Officer	149.25	M.Com, LLB, PGDIRPM, DLL & DBS	58	39	06.04.1999	Kumar Group of Industries

* Mr. Rajendar Kumar Rewari was appointed as Chief Executive Officer of the Company w.e.f. 01.02.2022.
** Mr. Mukesh Srivastava ceased to be Chief Operating Officer of the Company w.e.f. 31.01.2022.

3. **STATEMENT SHOWING DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN:**

S.No., Name, Age, Designation, Gross Remuneration (in ₹ lakhs per annum), Nature of Employment, Qualifications, Experience (in years), Date of Joining, Previous Employment and No. of Equity Shares held by the employee as on 31.03.2022

1, Sachit Jain, 55, Vice-Chairman & Managing Director, 926.88, Regular, B. Tech & MBA, 32, 14.05.2010, Vardhman Textiles Limited, 56,02,119. 2, Mukesh Srivastava, 58, Chief Operating Officer, 149.25, Regular, M.Com, LLB, PGDIRPM, DLL & DBS, 39, 06.04.1999, Kumar Group of Industries, 37,665 (Ceased to be employee w.e.f. 31.01.2022). 3, Mukesh Gupta, 47, Sr. Vice- President, 89.96, Regular, BE (MET), 21.08, 12.08.2016, Mahindra Sanyo Special Steels Private Limited, 39,870. 4. Davinder Singh, 48, Vice-President, 51.44, Regular, M.Sc. & MDBA, 26.11, 04.05.2015, Modern Steels Limited, 25,000. 5, Amit Chopra, 47, Vice-President, 51.19, Regular, MBA & BE, 23.11, 15.05.2009, Jindal Stainless Limited, 2,617. 6. Jagdish Chand, 52, Vice-President, 48.48, Regular, DIP (Elect), 32.08, 10.03.1992, Shreyans Spinning Mills, 20,181. 7, Sanjeev Singla, 46, Chief Financial Officer, 47.80, Regular, B.Com & CS (Inter), 27, 25.03.2014, Vardhman Polytex Limited, 31,852. 8, Devinder Singh, 63, Vice-President, 42.53, Regular, DIP (Instrumentation), AMIE (Section A) & BA, 44.2, 15.06.1994, Munjal Gases, 0. 9, Dinesh Singh, 42, Vice-President, 34.82, Regular, B.E Metallurgy, 18, 22.03.2010, SPS Steel and Power Limited, 0. 10, Subrata Majumdar, 55, Sr. Vice-President, 33.90, Regular, B. Tech (Textiles), 30, 01.06.2020, Trident Group, 0.

Note: Except Mr. Sachit Jain, none of the above employee is related to any Director of the Company.

Corporate Governance Report

This report on Corporate Governance forms part of the Annual Report. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities is hallmark of the best practices followed by the Company. This report on Corporate Governance, besides being in compliance of the mandatory SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, gives an insight into the functioning of the Company.

1. VARDHMAN GROUP'S PHILOSOPHY:

- Continued expansion in areas "which we know best".
- Total customer focus in all operational areas.
- Products to be of best available quality for premium market segments through TQM.
- Zero defect implementation.
- Integrated diversification/ product range expansion.
- Global orientation.
- World class manufacturing facilities with most modern R & D and process technology.
- Faith in individual potential and respect for human values.
- Encouraging innovation for constant improvements to achieve excellence in all functional areas.
- Accepting change as a way of life.
- Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS/ BOARD MEETINGS:

i. **Composition as on 31st March, 2022:**

The Composition of Board and category of Directors are as follows:-

Category	Name of Directors
Promoter Directors	# Sachit Jain - Vice-Chairman & Managing Director # Suchita Jain - Non- Executive Non- Independent Director
Independent Directors	Rajeev Gupta Rakesh Jain Sanjeev Pahwa Sanjoy Bhattacharyya Shubhra Bhattacharya Raghav Chandra
Non- Executive Non- Independent Director	B.K. Choudhary #Rajinder Kumar Jain Takashi Ishigami

Relationship Inter-se:

Except Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Rajinder Kumar Jain, none of the Directors of the Company is related to any other Director of the Company.

ii. **Board Meetings:**

During the financial year 2021-22, the Board met 6 times on the following dates:

- 13th May, 2021
- 4th August, 2021
- 25th October, 2021
- 28th January, 2022
- 1st February, 2022
- 1st March, 2022

iii. **Attendance of the Directors at the Board Meetings during the year and at last Annual General Meeting of the Company and also the number of other Directorships/Chairmanships in Indian Public Limited Companies and names of other Listed Entities where the person is director and category of directorship therein are as follows:-**

Name of Director	No. of Board meetings attended	Attendance at last AGM	Total No. of Directorships in other Companies	Names of other Listed Entities where the person is Director	Category of Directorship in other listed entities	No. of Committee memberships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanships in other companies
Sachit Jain	6	Yes	8	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Non- Executive Director Non- Executive Director	2	-	-
Rajinder Kumar Jain	6	No	-	-	-	-	-	-
Suchita Jain	5	Yes	9	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Executive Director Non- Executive Director	5	1	1
B.K. Choudhary	5	No	2	Vardhman Acrylics Limited	Executive Director	1	-	-
Sanjeev Pahwa	6	Yes	5	-	-	1	-	-
Rajeev Gupta	6	No	4	United Spirits Limited Rane Holdings Limited EIH Limited T.V. Today Network Limited	Non- Executive Director Non- Executive Director Non- Executive Director Non- Executive Director	4	-	1
Sanjoy Bhattacharyya	6	No	-	-	-	-	-	-
Shubhra Bhattacharya	5	No	-	-	-	-	-	-
Rakesh Jain	6	Yes	-	-	-	-	-	-
Raghav Chandra	6	No	1	Welspun Enterprises Limited	Non-Executive Director	2	-	-
Takashi Ishigami	6	Yes	-	-	-	-	-	-

Video conferencing facility was provided to facilitate Directors travelling abroad or present at other locations to participate in the Board meetings.

3. BOARD COMMITTEES:

i. **Board Committees, their composition and terms of reference are provided as under:**

NAME OF COMMITTEE	COMPOSITION	TERMS OF REFERENCE
Audit Committee	Rakesh Jain (Chairman) Sanjoy Bhattacharyya Sanjeev Pahwa Rajinder Kumar Jain	• The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	Sanjoy Bhattacharyya (Chairman) B.K. Choudhary Rajeev Gupta Rakesh Jain	• The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. • Formulated and recommended Nomination and Remuneration Policy. • The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013. • Nomination and Remuneration Policy of the Company forms part of the Board Report as **Annexure - I**.
Corporate Social Responsibility Committee	Sanjeev Pahwa (Chairman) Sachit Jain Suchita Jain	• Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Corporate_Social_Responsibility_Policy.pdf • Recommends expenditure to be incurred for CSR activities/ project and ensures effective monitoring of CSR policy of the Company from time to time. • The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as **Annexure - III**.
Stakeholders' Relationship Committee	Sanjeev Pahwa (Chairman) Suchita Jain B.K. Choudhary	• The Committee reviews and ensures redressal of investor grievances. • The Committee noted that during the year the Company did not receive any complaint from Investors.
Risk Management Committee	Sanjeev Pahwa (Chairman) B.K. Choudhary Sanjeev Singla	• The Risk Management Policy of the Company aims to maximize opportunities in all activities and to minimize adversity. • The Risk Management framework includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. • The Risk Management policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Risk_Management_Policy.pdf

Ms. Sonam Taneja, Company Secretary and Compliance Officer, is the Secretary of all Board Committees constituted under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

ii. Meetings of Board Committees held during the year and Director's attendance:

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders' Relationship	Risk Management
Meetings held	**5**	**3**	**2**	**1**	**2**
Sachit Jain	N.A.	3	N.A	N.A.	N.A.
Suchita Jain	N.A.	2	N.A.	1	N.A.
Rajeev Gupta	N.A.	N.A.	2	N.A.	N.A.
Sanjeev Pahwa	5	3	N.A.	1	2
Rajinder Kumar Jain	5	N.A.	N.A.	N.A.	N.A.
B.K. Choudhary	N.A.	N.A.	1	0	2
Sanjoy Bhattacharyya	5	N.A.	1	N.A.	N.A.
Rakesh Jain	5	N.A.	2	N.A.	N.A.
Raghav Chandra	N.A.	N.A.	N.A.	N.A.	N.A.
Shubhra Bhattacharya	N.A.	N.A.	N.A.	N.A.	N.A.
Takashi Ishigami	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. - Not a member of the Committee

iii. Meeting of Independent Directors:

The meeting of Independent Directors of the Company for the financial year 2021-22 was held on 28th January 2022, to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

The performance evaluation of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole, was done by Independent Directors by way of discussions on their performance.

A policy on the performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of non-executive directors and executive directors have been formulated by the Company.

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and as per the Nomination and Remuneration Policy, the Board of Directors/ Independent Directors/ Nomination & Remuneration Committee ("NRC") (as applicable) had undertaken an evaluation of the Board's own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees.

Familiarisation Programme for Independent Directors

The details of the Familiarisation Programme conducted for the Independent Directors of the Company are available on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Familiarisation_Programme_for_Board_Members.pdf

iv. Core Skills/ Expertise / Competencies available with the Board

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The table below summarizes the key attributes and skills matrix considered necessary for effective functioning of the Company and are currently available with Board.

Name of Director	Area of Expertise
Rajeev Gupta	Strategic Planning Financial Expertise
Sachit Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Rajinder Kumar Jain	Leadership Operational Experience Industry Experience Financial Expertise
Sanjeev Pahwa	Strategic Planning Leadership Operational Experience Industry Experience Administrative Experience
B.K. Choudhary	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Suchita Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Sanjoy Bhattacharyya	Strategic Planning Financial Expertise
Rakesh Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Shubhra Bhattacharya	Strategic Planning Leadership Administrative Experience
Raghav Chandra	Strategic Planning Leadership Financial Expertise Administrative Experience
Takashi Ishigami	Strategic Planning Leadership Operational Experience Industry Experience

4. DIRECTORS' REMUNERATION:

i) Vice-Chairman & Managing Director:

The Company pays remuneration to Vice-Chairman & Managing Director as approved by the Board of Directors and the Members of the Company in the General Meeting.

A detail of remuneration paid to the Vice-Chairman & Managing Director during the year 2021-22 is as given below:

(₹ in lakhs)

Name	Sachit Jain
Designation	Vice- Chairman & Managing Director
Salary	138.00
Perquisites & Allowances	127.84
Retirement Benefit	17.90
Commission	643.14
Performance Linked Incentive and criteria thereof	-
Stock Option details	-

The tenure of office of Mr. Sachit Jain is 5 (five) years from the date of his appointment and can be terminated by either party by giving 3 months' notice in writing. There is no separate provision for payment of severance fees.

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings. The Non-Executive Directors were paid sitting fees @ ₹40,000/- per Board Meeting, ₹30,000/- per Audit Committee Meeting and ₹20,000/- per meeting for other Committee Meetings.

The detail of sitting fees paid to the Directors during the Financial Year 2021-22 is given hereunder: -

S.NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Rakesh Jain	4,50,000
2.	Rajinder Kumar Jain	3,90,000
3.	Rajeev Gupta	3,00,000
4.	Sanjeev Pahwa	5,30,000
5.	Sanjoy Bhattacharyya	4,30,000
6.	Shubhra Bhattacharya	2,20,000
7.	Raghav Chandra	2,60,000

5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31ST MARCH, 2022:

The shareholding of the Directors in the Equity Share Capital of the Company is given as follows: -

S.NO.	NAME OF DIRECTOR	NUMBER OF SHARES HELD
1.	Suchita Jain	90,267
2.	Sachit Jain	56,02,119
3.	Rajinder Kumar Jain	18,170
4.	Sanjoy Bhattacharyya	10

*No other director holds any share in the Equity Share Capital of the Company.

6. GENERAL BODY MEETINGS:

i The details of Annual General Meeting & No. of Special Resolutions passed thereat is as follows:

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
11th Annual General Meeting for the Financial Year ended 31st March, 2021.	Friday, 17th September, 2021 at 10:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	2
10th Annual General Meeting for the Financial Year ended 31st March, 2020.	Friday, 25th September, 2020 at 10:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	4
9th Annual General Meeting for the Financial Year ended 31st March, 2019.	Friday, 20th September, 2019 at 10:00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	2

ii. Postal Ballot

During the year, no resolution was passed through postal ballot. There is no immediate proposal for passing any resolution through postal ballot in financial year 2022-23.

7. DISCLOSURES:

i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link : https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Related_Party_Transaction_Policy.pdf

ii. There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.

iii. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/_Whistle_Blower_Policy.pdf

iv. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

v. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under SEBI (Prohibition of Insider Trading) Regulations, 2015.

vi. During the year, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

vii. Risk Management Policy as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board of Directors of the Company. The aim of Risk Management Policy is to maximize opportunities in all activities and to minimize adversity.

viii. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may also take up the non-mandatory requirements of the Listing Regulations in due course of time.

ix. The Company has no material subsidiary. The policy for determining 'Material' Subsidiary is available at Company's Website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Policy_for_determining_Material_Subsidiary.pdf

x. As on March 31, 2022, there was no outstanding GDRs/ADRs/Warrants or any convertible instruments.

xi. During the year 2021-22, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts and options contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in the Note No. 47 to the Financial Statements.

xii. A certificate from a Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority forms part of this Report.

xiii. There is no such instance where the Board has not accepted any recommendation of any Committee of the Board which is mandatorily required.

xiv. Total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/ company of which statutory auditor is part is ₹33.04 lakhs.

8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders at large through its Annual Reports, publication of financial results, publication to institutional investors, press releases in leading newspapers, conducting investor calls/ analyst meet and by filing of various reports and returns with the Statutory Bodies like Stock Exchanges and the Registrar of Companies. The Quarterly Financial Results are published in prominent daily newspapers viz., "Business Standard" and "Desh Sewak". The Financial Results of the Company are also made available at the Company's web-site www.vardhman.com / www.vardhmansteel.com

GENERAL INFORMATION FOR SHAREHOLDERS

i) 12th Annual General Meeting:

Date	:	30th September, 2022
Time	:	9:30 a.m.
Venue	:	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

ii) Financial Calendar 2022-23 (Tentative):

First Quarter Results	:	July, 2022
Second Quarter Results	:	November, 2022
Third Quarter Results	:	February, 2023
Annual Results	:	May, 2023

iii) Dates of Book Closure : 20th September, 2022 to 30th September, 2022 (both days inclusive)

iv) Dividend payment date : Within 30 days after declaration

v) Listing : The securities of the Company are listed on the following Stock Exchanges: -

1. BSE Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
2. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai.

Listing fee, as applicable, has been duly paid to both the aforesaid Stock Exchanges.

vi) Stock Code:

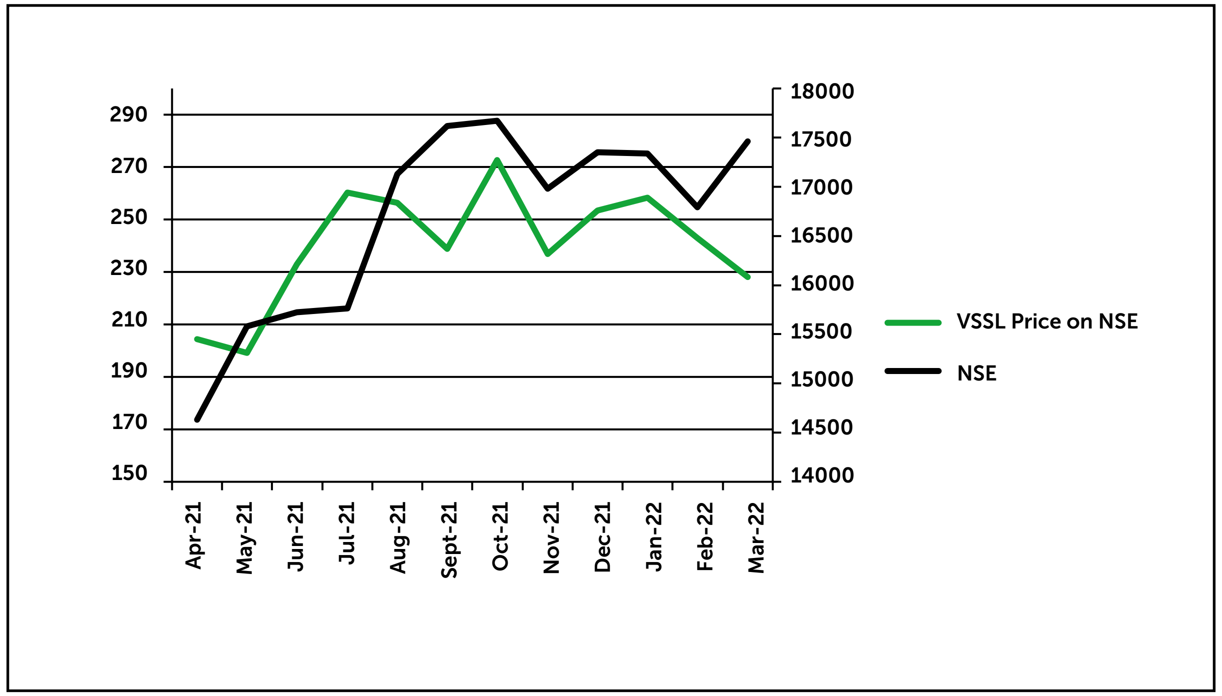
- BSE Limited, : 534392
- National Stock Exchange of India Limited : VSSL

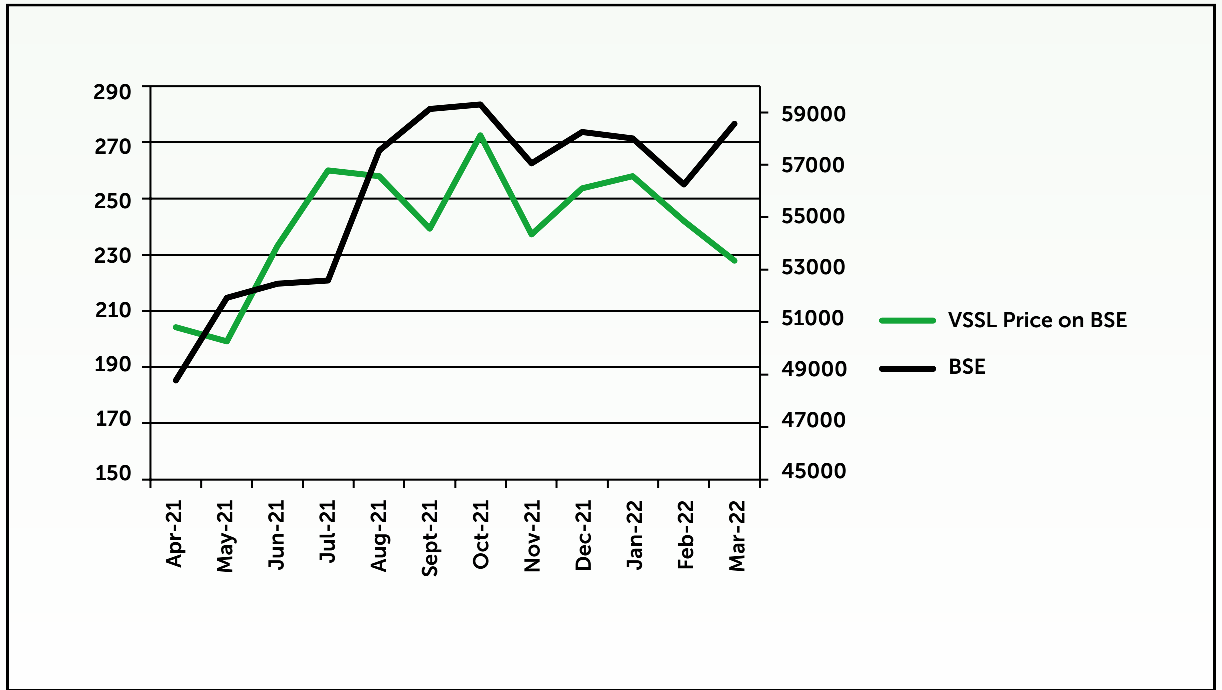
vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE vis-a-vis BSE during the financial year 2021-22 is given below: -

Financial Year 2021-22	Share Prices of Vardhman Special Steels Limited on NSE				Share Prices of Vardhman Special Steels Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	217.90	134.05	204.30	47.78	217.95	134.00	204.20	48.24
May	209.80	186.10	199.15	(2.52)	209.40	185.50	199.20	(2.45)
June	245.90	190.00	232.85	16.92	246.00	190.00	233.10	17.02
July	279.00	230.50	260.30	11.79	279.00	230.55	260.15	11.60
August	309.00	221.50	256.40	(1.50)	309.30	221.80	257.95	(0.85)
September	278.80	229.80	238.80	(6.86)	278.65	230.60	239.40	(7.19)
October	284.00	235.30	272.70	14.20	283.90	233.15	272.55	13.85
November	288.00	226.80	236.80	(13.16)	287.60	228.00	237.20	(12.97)
December	261.95	215.50	253.55	7.07	261.00	216.00	253.65	6.94
January	284.40	246.80	258.30	1.87	284.00	247.30	258.10	1.75
February	278.00	225.00	242.95	(5.94)	278.00	225.00	242.05	(6.22)
March	260.90	216.20	228.10	(6.11)	260.25	225.00	227.90	(5.85)

viii) Performance of the Company in comparison to broad-based indices:





ix) Registrar & Transfer Agent:

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Limited at the address given below: -

M/s. Alankit Assignments Limited,

(Unit: Vardhman Special Steels Limited)

205-208, Anarkali Complex, Jhandewalan Extension, New Delhi - 110 055.

Phone: (011) 41540060-63, Fax: (011) 41540064, E-mail: rta@alankit.com

x) Share Transfer System:

With effect from April 1, 2019, SEBI has mandated that no share can be transferred by the Company in physical mode. Accordingly, the Company has stopped accepting any fresh lodgement for transfer of shares in physical form. The Company had sent communication to the shareholders encouraging them to dematerialize their holding in the Company. The procedure for dematerialisation of shares is available on the website of the Company.

The shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) of the Company is **INE 050M01012**.

xi) Distribution of Shareholding as on 31st March, 2022:

RANGE	SHAREHOLDERS		SHARES	
No. of Shares	Numbers of total holders	% to total holders	Numbers of shares held	% to total shares
Upto-500	34,275	94.30	22,58,700	5.57
501-1000	1,007	2.77	7,97,758	1.97
1001-2000	490	1.35	7,37,235	1.82
2001-3000	171	0.47	4,34,593	1.07
3001-4000	97	0.27	3,45,085	0.85
4001-5000	60	0.16	2,76,705	0.68
5001-10000	109	0.30	7,95,736	1.96
10001- above	139	0.38	3,49,15,352	86.08
Total	**36,348**	**100.00**	**4,05,61,164**	**100.00**

xii) Dematerialisation of shares:

As on 31st March, 2022, 99.61% of the capital comprising 4,04,01,111 shares, out of total of 4,05,61,164 shares, were dematerialized.

xiii) Stock Options:

(a) Vardhman Special Steels Limited Employee Stock Options Plan, 2016

The Company has granted options to its employees under Vardhman Special Steels Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan 2016). As per the terms of the ESOP Plan 2016, the Company can grant a maximum of 3,71,108 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan. Accordingly, during the financial year, a total of 54,164 options were exercised by the eligible employees under 1st grant of ESOP Plan 2016. Now, all the options which were granted under 1st grant of ESOP Plan 2016 has been fully exercised by the eligible employees.

Further, the Nomination and Remuneration Committee in its meeting held on 11th November, 2020 has made a second grant of 1,35,000 options under ESOP Plan 2016 to its eligible employees out of 1,36,937 options lying ungranted under the said Plan. These options will vest with the eligible employees after two years from the date of grant.

(b) Vardhman Special Steels Limited Employee Stock Options Plan, 2020

The Company has granted Options to its employees under Vardhman Special Steels Limited Employee Stock Option Plan, 2020. Out of a total of 5,00,000 options, the Nomination & Remuneration Committee in its meeting held on 11th November, 2020 has granted 3,63,000 options to its eligible employees. One option entitles the holder to apply for one equity share of the Company, subject to corporate action, after a vesting period of 2 years from the date of grant. So, the exact impact on the paid up capital of the Company depends on the rights exercised by the eligible employees to convert these options into equity shares of the Company.

xiv) Plant Location:

Vardhman Special Steels Limited, Unit-1

C-58, Focal Point,

Ludhiana- 141 010.

Vardhman
Delivering Excellence. Since 1965.

xv) Address for correspondence:

Registered office	:	Vardhman Premises, Chandigarh Road Ludhiana-141010
Tel	:	0161-2228943-48
Fax	:	0161-2601048, 2602710, 2222616
E-mail	:	secretarial.lud@vardhman.com
		(Exclusively for redressal of investors' grievances)

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP).

xvi) List of credit ratings:

The Company has obtained rating from CRISIL Limited during the financial year 2021-22. There has been no revision in the credit ratings during the financial year 2021-22. List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Rating during FY 2021-22
Long Term Bank Facilities	CRISIL AA/Stable
Short Term Bank Facilities	CRISIL A1+
Commercial Papers	CRISIL A1+

VICE-CHAIRMAN & MANAGING DIRECTOR'S DECLARATION

A. I, Sachit Jain, Vice-Chairman & Managing Director of Vardhman Special Steels Limited declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2022.

Place: Ludhiana
Dated: 29th April, 2022

Sachit Jain
Vice-Chairman & Managing Director

B. I, Sachit Jain, Vice-Chairman & Managing Director of Vardhman Special Steels Limited, on behalf of the Board of Directors of the Company, hereby confirm that the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

Place: Ludhiana
Dated: 29th April, 2022

Sachit Jain
Vice-Chairman & Managing Director

CERTIFICATE FROM PRACTISING COMPANY SECRETARIES

This is to certify that on the basis of documents verified by us and explanations given to us by the Company, we hereby certify that none of the following directors on the Board of Vardhman Special Steels Limited ('the Company') have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any other Statutory Authority:

Sr. No.	Director Identification Number	Name of Director
1.	00746409	Mr. Sachit Jain
2.	00746471	Mrs. Suchita Jain
3.	00046541	Mr. Rajinder Kumar Jain
4.	00307110	Mr. B.K. Choudhary
5.	00241501	Mr. Rajeev Gupta
6.	00057760	Mr. Raghav Chandra
7.	00020425	Mr. Rakesh Jain
8.	00022674	Mr. Sanjeev Pahwa
9.	00059480	Mr. Sanjoy Bhattacharyya
10.	01225975	Mrs. Shubhra Bhattacharya
11.	08577824	Mr. Takashi Ishigami

This certificate is issued pursuant to Clause 10 (i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Ashok K Singla & Associates**
Company Secretaries,

Sd/-
Ashok Singla
Proprietor
Membership No. 2004
Certificate of Practice No. 1942
UDIN: F002004D000234489

Date: 29th April, 2022
Place: Ludhiana

PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of CIN : L27100PB2010PLC033930

Vardhman Special Steels Limited Nominal Capital : ₹ 600000000

We have examined relevant records of M/s Vardhman Special Steels Limited (the company) for the purpose of certifying compliance of the conditions of Corporate Governance for the financial year ended 31st March 2022 as per the provisions of Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedure and implementation thereof. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance for the financial year ended 31st March 2022 as stipulated in the Listing Regulations.

This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Harsh Goyal & Associates**
Company Secretaries

Sd/-
Harsh Kumar Goyal
Proprietor
FCS:3314

Date: 29th April, 2022 CP:2802
Place: Ludhiana UDIN: F003314D000237801

Business Responsibility Report

About Vardhman

Vardhman Group ventured into Steel business way back in 1973. In 2010, Vardhman Textiles Limited (VTXL) demerged the steel business into a separate legal entity Vardhman Special Steels Limited (VSSL). Since then, the Company has exponentially expanded its operations in all fronts, attaining a melting and rolling capacity of 2,00,000 MT per annum, producing high-grade billets and hot rolled bars for varied applications in Engineering, Automotive, Tractor, Bearing and Allied Industries. In August 2019, the Company had entered into a strategic alliance with Aichi Steel Corporation (ASC) Japan, the main material producer for Toyota Group wherein ASC had participated in equity and had entered into a Technical Assistance Agreement.

Through its quality steel for different components in the automobiles, it touches lives of millions of people and assures quality product and services to its customers.

About This Report

The Securities and Exchange Board of India (SEBI) as per its (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated the inclusion of a "Business Responsibility Report" (BRR) as part of Company's Annual Report for top 1000 listed entities based on market capitalization at the BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE). The reporting framework is based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011 which contains 9 Principles and Core Elements for each of those 9 Principles. Following is the Business Responsibility Report of our Company based on the format suggested by SEBI. Detailed Business Responsibility Report for 2021-22 (available at: www.vardhman.com/ www.vardhmansteel.com is based on the 9 Principles enshrined in the NVGs.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L27100PB2010PLC033930
2.	Name of the Company	:	Vardhman Special Steels Limited
3.	Registered address	:	Vardhman Premises, Chandigarh Road, Ludhiana- 141010.
4.	Website	:	www.vardhman.com / www.vardhmansteel.com
5.	E-mail id	:	secretarial.lud@vardhman.com
6.	Financial Year reported	:	2021-2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Steel, NIC Code - 241
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet):	:	Steel Billets, Steel Bars, Steel Bright Bars
9.	Total number of locations where business activity is undertaken by the Company		
	(a) Number of International Locations (Provide details of major 5)	:	Nil
	(b) Number of National Locations	:	1
10.	Markets served by the Company – Local/State/National/International	:	National / International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	:	₹40.56 crore
2.	Total Turnover (INR)	:	₹1,368.46 crore
3.	Total profit after taxes (INR)	:	₹100.75 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	0.66%
5.	List of activities in which expenditure in 4 above has been incurred	:	As per Annexure III of the Director's Report

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	: No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	: No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	: No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1. DIN Number: 00746409
2. Name: Mr. Sachit Jain
3. Designation: Vice Chairman & Managing Director

(b) Details of the BR head

S. No.	Particulars	Details
1	DIN number	00746409
2	Name	Mr. Sachit Jain
3	Designation	Vice Chairman & Managing Director
4	Telephone number	0161-2228943
5	Email id	sachit@vardhman.com

The details of members of Corporate Social Responsibility Committee and their roles and responsibilities are elaborated in Annual Report.

PRINCIPLE 1: Corporate Governance for Ethics, Transparency and Accountability

PRINCIPLE 2: Sustainability of Products & Services across Life-cycle

PRINCIPLE 3: Employee Well-being

PRINCIPLE 4: Stakeholder Engagement

PRINCIPLE 5: Human Rights

PRINCIPLE 6: Protection and Restoration of the Environment

PRINCIPLE 7: Responsible Advocacy

PRINCIPLE 8: Supporting Inclusive Growth and Equitable Development

PRINCIPLE 9: Providing Value to Customers and Consumers

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	N	Y ISO 14001: 2015, ISO 45001: 2018, ISO 9001: 2015	Y ISO 45001: 2018	Y ISO 45001: 2018	Y ISO 45001: 2018	Y ISO 14001: 2015, ISO 45001: 2015	N	N	Y ISO 9001: 2015
4.	Is it a board approved policy? If yes, has it been signed by MD /owner / CEO /appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	Various policies of the Company are available on the website of the Company at https://www.vardhman.com/Investors/CompanyInformation								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have an in-house structure to implement the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
10.	Has the Company carried out independent audit /evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	N	Y	Y

(b) If answer to the question at serial number 1 against any principal, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task					NA				
4	It is planned to be done within the next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. The hyperlink for viewing the same is https://www.vardhman.com/Document/Report/Compliances/BRR/Vardhman%20Special%20Steels%20Ltd/BRR_2021-22.pdf It is published annually in the Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Corporate Governance for Ethics, Transparency and Accountability

We are committed to adopting the best corporate governance practices as manifested in the Company's functioning to achieve business excellence by enhancing the long-term shareholder's value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed at VSSL.

The composition of the Board of Directors of the Company is governed by the Companies Act, 2013 and SEBI Regulations 2015. As on March 31, 2022, the Company has 11 Directors on its Board (including the Chairman), of which 6 are independent, 4 are non-executive non-independent directors and 1 is executive director.

To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Risk Management Committee and Stakeholders' Relationship Committee. The Committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken.

Code of Conduct: The Company's Code of Conduct extends to all directors and senior employees of the Company which aims at maintaining highest standards of business conduct in line with the Ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws. All senior employees have to read and understand this code and agree to abide by it.

The Code of Conduct is available at the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Code_of_Conduct_for_Directors_&_Senior_Management.pdf

Vigil Mechanism/ Whistle Blower Policy: The Vigil Mechanism of the Company, which also incorporates a Whistle Blower Policy in terms of the Uniform Listing Agreement aims to provide a channel to the employees and directors to report to the Management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and directors and also provide for direct access to the Managing Director/ Chairman of the Audit Committee in exceptional cases.

The Vigil Mechanism/ Whistle Blower Policy is available at the Company's website at the link https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/_Whistle_Blower_Policy.pdf

Principle 2: Sustainability of Products & Services across Life-cycle

The Sustainable Business Model and the framework driving towards identification and implementation of strategies that add value to the lives of numerous people linked, directly or indirectly, with the organization is a core strength of Vardhman. The image of Vardhman Group and its position in society has been developed by proactively and effectively fulfilling our responsibility towards the world around us. The three facets of sustainability namely – social, environmental and economic play a pivotal role in formulating our plan of action. A blueprint developed in compliance with national and international standards for the industry, emphasizing on initiatives towards sustainable growth and development maps our journey. This works with a long-term perspective, objectivity and apt understanding of the impact of choices made. Vardhman's Sustainability Drive, backed with innovation, is one of several initiatives to broaden the perspective towards sustainable development.

Responsible Sourcing of Raw Material

Today, environmental factors are at the forefront of material selection for specifiers. Steel's long service life, 100 percent recyclability make it an excellent environmental performer. In an effort to reduce resource consumption, the Company primarily uses steel scrap such as Shredded Scrap, Heavy melting scrap, MSTB scrap, End Cutting, Forging Flash apart from some materials which are made from Iron Ore such as DRI, Sponge Iron and Pig Iron. These raw materials carry dust, trump elements and hazardous elements. Some of these are combustible in nature and as such are harmful to the nature, living beings and quality steel making.

To combat these challenges, the Company has its own set standards for sourcing, transportation and storage of these materials. The Company has installed a Radioactive Gate to check all incoming material whether it is free from any Radioactive substance, Fume extraction system for collection of dust and slag crusher plant for disposal of slag.

Water

Water being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the effluent quantities and treat to keep it well-within the standards set by Central and State Pollution Control Boards.

Water Recharge

To contribute towards replenishment of ground water we have been continuously investing in water conservation initiatives. Till March 2022, we have installed 7 Rain Water Harvesting Systems (RWH) within our premises.

Energy Conservation

We keep investing in energy-efficient technologies and renewable energy to improve energy security. We have invested in Statcom System in 2017-18 which has resulted in improvement in power factor from 0.94 to 0.99.

Electricity is a major requirement for the industry and so is looking for measures to make optimum use of electric energy. With an approach for "Less input, more output", we constantly strive to minimize the energy consumption and maximize the output.

Energy Saving Measures implemented during 2021-22:

- Natural Gas usage at Reheating furnace, results in saving of electricity consumption of compressors and heaters.
- LED lights installed by replacing conventional lights at BBS and Rolling Mill shed.
- CRM entry Roller table motors stopped during idle condition by changing the PLC programme.

Solar Power

Roof top Solar Power Plant planned to be installed in coming years.

Air

Climate change, emissions of greenhouse gases, depletion of ozone etc. are indicators of the deteriorating quality of air. We execute our responsibility towards restricting emissions by enhancing the energy efficiency of our processes as well as investing in low-carbon technologies. Over the years, a focused drive to improve the efficiencies of our operations has resulted in managing emissions to a significant extent. Some major initiatives taken are:

- Fume extraction system installed to collect the dust going into the air.
- Sequestration: Trees, plants and other forms of vegetation play a great role in reducing the carbon dioxide levels. For effective sequestration of carbon dioxide, we promote afforestation, tree plantation and planting of various type of vegetation.

Planting trees and developing green belts remain our focus every year. Not only we maintain green areas within our premises, but also take the responsibility of generating awareness in the masses about the need for planting more and more trees. Our employees enthusiastically participate in this drive and we have, till date, planted about 36,960 trees & shrubs to combat air pollution.

The Company has taken a new initiative of developing a forest on 5 acres of land in Focal Point, Ludhiana, owned by our parent company, Vardhman Textiles. We have planned to plant about 53,500 trees on this land with Miyawaki technique and it would become a dense forest in 2 to 3 years. This will be a unique facility benefitting the environment and society at large.

Principle 3: Employee Well-being

At Vardhman, we have a culture of empowerment that values and respects individual potential and helps each one to achieve to its fullest. Our people own their jobs and not just perform them. We continuously strive to improve quality of work-life for total job satisfaction and social harmony for the employees.

We have laid down various training practices and methodologies for our employees and workmen. We also have various HR monitored development activities that are carried out from time to time for employees at different levels.

1. Total number of employees. – 1,469 (including contractual manpower)
2. Total number of employees hired on temporary/ contractual/ casual basis. – 438
3. Number of permanent women employees. – 23 (does not include 5 contractor female employees)
4. Number of permanent employees with disabilities. – 15
5. Do you have an employee association that is recognized by management – No
6. What percentage of your permanent employees is member of this recognized employee association? – N.A.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees – 88%

(b) Permanent Women Employees – 100%

(c) Casual/Temporary/Contractual Employees – 81%

(d) Employees with Disabilities – 100%

Principle 4: Stakeholder Engagement

At Vardhman, we understand that we have several stakeholder groups with distinct priorities and diverse interests. We, therefore, developed a method for structured identification of stakeholder groups, understanding their concerns and incorporating their views in our sustainability strategy.

The Company actively engages with all its stakeholders throughout the year on its strategic aspirations. Material matters arising from stakeholder engagements are managed as part of the risk management process.

Engaging with our partners in progress

Stakeholder group	Initiatives
Employees	Our Employee policies safeguard employees against any kind of discrimination based on caste, creed, religion, geography, educational or social background, gender, age, family status, citizenship, disability, etc. We believe in the continuous people development through investment in the training & development of our employees even in adverse business times. Women workforce are given ample opportunities and are treated with utmost respect. Ensuring the safety of women employees is a top priority for Vardhman.
Local Communities around our manufacturing Locations	Development and deployment of need-based community programs in the areas of health, education, skill development, sanitation, livelihood etc. as part of Corporate Social Responsibility (CSR) initiatives.
Business associates	We directly engage with the suppliers for new opportunities available to substitute the existing products yielding cost conservation and environment protection. Our technical team partners to promote such initiatives to reach to a win – win situation for all.
Customers	We provide a dedicated sales team to ensure pre to post sale services to our customers. Post sale service ensures smooth usage of our products and problem solving through a partnership approach has helped us forge long lasting relationships with our customers. We also endeavour to develop newer grades of steel with the OEMs both in the domestic and overseas market.

Principle 5: Human Rights

We subscribe fully to the basic tenets of human rights as defined in our Constitution. We adhere to the human rights principle of dignity of workforce regardless of the nation, location, language, religion, ethnic origin or any other status of an individual.

We have placed grievance redressal mechanisms and we try to ensure a harassment free work environment along with healthy and safe workplace. A Labour Welfare Officer is placed in our Unit to take care and ensuring the basic amenities to workers.

Communication meetings between workers and senior officials are regularly conducted to redress the grievance of workers and maintain harmonious relations between the management and workers.

Prime importance is given towards maintaining better working conditions in the plant to take care of the health & safety of employees. No complaint was received pertaining to human rights violation during the past financial year.

Principle 6: Protection and Restoration of the Environment

1. VSSL has implemented stringent standards and policies for Environment, Health and Safety in its unit.
2. Changes in climatic conditions leading to global warming and degradation of the environment owing to overexploitation of resources are threats to the existence of life on the planet. These challenges are contemplated to create sustainable products and manufacturing mechanisms at VSSL. We invest heavily in developing advanced technology and innovative solutions to minimize the strain, the steel industry puts on the environment. Alternative energy, optimum consumption and replenishment of natural resources are some of the initiatives undertaken to brace our goal of sustainable development. A dedicated team has been deployed to devise and implement strategies to manage the environmental risks. In our endeavor to protect and restore the environment, following steps have been initiated:

   a) Disposal of hazardous solid waste generated at the unit is done only through HEC recognized recyclers & TSDF.

   b) Ground water recharge is done through Rainwater Harvesting Systems.

   c) Fume extraction system installed to collect the dust going into the air.

   d) Plantation within the plant and at surroundings help to reduce the impact of pollution.

   e) Developing a forest on 5 acres of land located in the centre of Focal Point, Ludhiana through Miyawaki technique. We are planting around 53,500 trees on this land.

   Initiatives like these are effective in reducing the impact of industry on our natural resources and environment.

3. We accord highest priority to the safety of human lives. All recruits have to go through mandatory Safety Training Program before they are introduced to the shop floor. Regular refresher training is provided for employees at every level and visitors are instructed on security measures too to keep workplace safe as top priority and minimize the probability of accidents.

   In the light of the Covid-19 pandemic, the safety protocols have been revised as required.

From contactless screening to quarantine and vaccination, we have taken every step essential for the safekeeping of our employees.

4. All the hazardous waste generated is stored and disposed as per the statutory norms. Our unit has requisite facilities for proper management of e-waste, waste oil, slag, hazardous dust and medical waste. The disposal of such waste is carried out through HEC recognized recyclers & TSDF.
5. Though we have not registered ourselves under any of the projects for Clean Development mechanism but have undertaken several initiatives for our clean and sustainable growth, which is eco-friendly and promotes better management.

   Energy Conservation: Optimum utilization of resources as a principle is ingrained in all the processes at VSSL. Energy conservation initiatives for reduction in power consumption and increasing efficiency are regular features.

   Water Conservation: Our rainwater harvesting systems, ground water recharge initiatives and similar provisions allow us to conserve water. Till March 2022, we have installed 7 Rain Water Harvesting Systems (RWH) within our premises.

   Reduction in Office waste: Our initiative to reduce waste generation at our offices include using jet hand dryers in washrooms to minimize usage of tissue rolls, printing on both sides of paper and generating awareness in employees to shift to paperless office model.

   Awareness Programs: To spread awareness about environmental protection measures, every year we celebrate Safety month, Earth Day, Environment Day, Fire Day, Tobacco Day, Cycling Day, Yoga Day & Children's Day etc.

   Plantations: Plantation drives are carried out every year by us to increase the green area around our factory, we have planted about 36,960 trees & shrubs till date and also undertaken many areas for development of green belt.

   Environment and Safety Certifications: Our Company is ISO 14001 (2015), ISO 45001 (2018), ISO 9001 (2015), IATF 16949 (2016) & ISO 17025 (2017) certified organization.
6. The emissions at our unit is within the permissible limits as prescribed by the State and Central Pollution Control Boards.
7. VSSL has not received any legal notices for causing any environmental issues.

Principle 7: Responsible Advocacy

As a responsible organization, VSSL has embraced globally best sustainability practices in letter and spirit. Its operations are ISO 14001 (2015), ISO 45001 (2018), ISO 9001 (2015), IATF 16949 (2016) & ISO 17025 (2017) certified.

The Company's emphasis on improvement in health and safety of its workers continues to remain strong. All hazards and its associated risks identified across its facilities. Any risk that deems to be high in the Hazard Identification and Risk Analysis (HIRA) are prioritized in management plan. Various control measures are adopted to oversee safe functioning of business activities.

VSSL is a member of several industrial and trade associations. These are listed as under:

- Confederation of Indian Industries (CII)
- Engineering Export Promotion Council of India (EEPC)
- Chamber of Industrial & Commercial Undertaking (CICU)
- Society of Indian Defense Manufacturers
- Alloy Steel Producers Association (ASPA)
- Steel Furnace Association of India

The Company leverages these to update the industry concerns to the relevant government offices through seminars, delegations and memorandums.

Principle 8: Supporting Inclusive Growth and Equitable Development

Through CSR (Corporate Social Responsibility) initiatives as well as an ingrained mechanism for sustainable development in core business activities, VSSL supports the principles of inclusive growth and equitable development. The Company has in effect, a detailed CSR policy monitored by a CSR Committee constituted by the Board of Directors. CSR initiatives at VSSL are developed with a key emphasis on promoting education, offering advanced healthcare facilities, contributing to rural development, conservation of environment etc. The areas of emphasis are covered in Schedule VII of the Companies Act, 2013. A number of CSR programs are pursued within close proximity to our unit to enable supervision and maximize the impact of these developmental activities. While we equally participate in offering services for national causes, an emphasis is laid on ensuring that the intended effect of the initiatives taken is received. Programs under this principle are developed and executed by:

a) In-house teams

Our in-house teams remain vigilant and actively engaged with the local communities. These teams carry out need assessment and analyze the existing problems to formulate and implement suitable solutions benefitting the local population.

b) Trusts

Community development initiatives are performed by inducing trusts and organizations dedicated for the cause. Close monitoring for the optimum utilization of resources invested helps in ensuring positive outcome from such drives. We have trusted entities that carry out developmental activities as per the directions of the Board.

c) Other organizations

For healthcare, education and such benefits to reach the masses, we collaborate with public and private organizations like hospitals, schools etc. These initiatives aim at presenting underprivileged sections of society with the right to quality healthcare facilities and opportunity to learn and grow.

Women Empowerment and the Right to Equal Opportunity

Offering an equal opportunity to women employees; allowing them to share the responsibility of development of the nation is critical to the working culture at VSSL. We see women as a human resource that if utilized to its optimum potential can prove to be a great deal to the development of nation and therefore, take initiatives to augment women's participation in our workforce. However, bringing out women who never had a job before is not easy and requires tireless efforts. We reach out to them, counsel their families, offer favorable working conditions and healthy lifestyle in order to connect them to mainstream economy.

Impact Assessment

VSSL, in order to ensure that the benefit of CSR initiatives reaches the people who need to be supported, internally performs an impact assessment at the end of each financial year. This assessment helps us in understanding the efficacy of the programs in terms of delivering the desired benefits to the community and gaining insights for improving the design and impact of future initiatives.

Contribution under CSR (2021-22)

Environment Sustainability:

1. Incurred ₹45.25 lakhs towards development of Green Forest with Miyawaki technique on 5 acres land situated in centre of Focal Point, Ludhiana.
2. Financial support amounting to ₹1.73 lakhs for providing gardener and for maintenance & development of Parks at Mini Secretariat and District Industries Centre, Ludhiana.
3. Provided Barricades with slogan of environment protection, amounting to ₹0.50 lakhs, to Police Commissioner-ate.

Promoting / Preventive Healthcare and Sanitation:

1. Supplied medical oxygen amounting to ₹7.15 lakhs to Hospitals in Ludhiana during second wave of Covid 19 pandemic.
2. Financial support of ₹2.00 lakhs for construction of toilets in Anganwadi Canteen, under 'Swach Bharat Abhiyan'.
3. Distributed sanitary napkins, surgical masks and ayush kits amounting to ₹0.62 lakhs to females of Slum areas.
4. Financial support of ₹0.30 lakhs to Govt. Dispensary, Ludhiana.

Promoting Sports:

1. ₹1.40 lakhs towards support to Ludhiana Cycling Association for promotion of Cycling.
2. ₹1.20 lakhs towards promotion of Karate Paralympic Sports for deserving Children and Sportsman in Rural Areas/ Villages.
3. Financial support of ₹0.40 lakhs to Ranjit Garh Golf Club, Phillaur, for promoting sports.

Promoting Education:

1. ₹2.00 lakhs towards education sponsorship for B.D.S./ M.D.S. course of deserving & needy students.
2. ₹0.82 lakhs towards distribution of school books to children of Slum areas.

Protection / Conservation of Natural Heritage:

Financial Support of ₹2.00 lakhs to Art Sanctuary for Protection of Natural Heritage, Art and Culture.

Rural Development:

Financial support of ₹1.29 lakhs for providing benches and other infrastructure for public usage in Rural areas.

Principle 9: Providing Value to Customers and Consumers

We are a special steel manufacturing company which customizes steel manufacturing to meet customer requirements. Adding value is not always about money or discounts. Hence, for understanding our customer requirements and its application we endeavor to offer them the best solution and product quality that is accurate for their requirement. We position ourselves as consultants for our customers and work towards establishing and nurturing a memorable customer experience.

In keeping with our customer first philosophy, the Company and its management engages with its customers at multiple forums to know the customer satisfaction level so that necessary steps may be taken to enhance the same.

The inputs received are then forwarded to the respective business teams for undertaking new developments besides remedial action, as may be required.

In 2021-22, the Company received 26 customer complaints. Of this, 100% were amicably resolved. Further, during the last five years, no cases have been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti–competitive behavior.

Independent Auditor's Report

To the Members of Vardhman Special Steels Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vardhman Special Steels Limited (the "Company"), which comprise the balance sheet as at 31 March 2022 and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Revenue Recognition

Refer to Note 2(o) and 29 to the financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods is recognized when control in goods is transferred to the customer and is measured net of discounts and returns. Standards on Auditing presume that there is fraud risk with regard to revenue recognition. We focused on this area since there is a risk that revenue may be overstated because of fraud, resulting due to the pressure from Management and Board of Directors who may strive to achieve performance targets. Also, revenue is a key performance indicator for the Company which makes it susceptible to misstatement because the timing of revenue recognition requires exercise of judgement. In view of the above, we have identified risk of fraud in revenue recognition as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. • We evaluated the design and implementation of key internal financial controls in relation to revenue recognition and tested the operating effectiveness of such controls for a sample of transactions (using random sampling); • We performed testing by selecting samples (using statistical sampling) of revenue transactions recorded for the year. For such samples, verified the underlying documents, including invoices, good dispatch notes, customer acceptances and shipping documents (as applicable), to assess whether these are recognized in the appropriate period in which control is transferred. • We carried out analytical procedures on revenue recognized during the year to identify unusual variances. • We tested, on a sample basis (selected based on specified risk-based criteria), specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period. • We tested, on a sample basis (selected based on specified risk-based criteria), specific revenue transactions with respect to discounts, returns and unbilled revenue to assess whether these have been appropriately accounted and disclosed in the financial statements. • We tested sample journal entries for revenue, selected based on specified risk-based criteria to identify unusual items. • Assessed the adequacy of the disclosures made in accordance with the relevant accounting standard.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its financial statements - Refer Note 40 to the financial statements.

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 53 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 53 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The final dividend paid by the Company during the year in respect of the dividend declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend. As stated in Note 48(ii) to the financial statements, the Board of Directors of the Company have proposed final divided for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Gaurav Mahajan
Partner
Membership No. 507857
ICAI UDIN: 22507857AICRQN7876

Place: Chandigarh
Date: 29 April 2022

Annexure A referred to in clause 1 under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the Members of Vardhman Special Steels Limited on the accounts for the year ended 31 March 2022.

We report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

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Quarter	Name of bank	Particulars	Amount as per books of account (in ₹ lakhs)	Amount as reported in the quarterly return/ statement (in ₹ lakhs)	Amount of difference (in ₹ lakhs)	Whether return/ statement subsequently rectified
Quarter ended 31 December 2021	ICICI Bank	Receivables	27,123	26,353	770	Yes, the Company has subsequently revised the statement on 28 April 2022

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided guarantee and security or granted any advances in the nature of loans to the companies, firms, limited liability partnership or any other parties. The Company has made investments in companies and granted loans to its employees during the year. The requisite information on loans to employees is stated in paragraph (iii)(a) below. Except as stated above, the Company has not made any investments or granted any loans, secured or unsecured, to Companies, firms, limited liability partnership or any other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to employees as below:

Particulars	Interest bearing loans to employees (Amount in ₹ lakhs)	Non-interest bearing loans to employees (Amount in ₹ lakhs)
Aggregate amount of loans granted during the year to employees	180.18	258.14
Balance outstanding as at balance sheet date with employees	279.71	177.03

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made during the year and loans granted during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given to employees, in our opinion, the repayment of principal and payment of interest (except for non-interest bearing loans) has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. In respect of the investments made by the Company, in our opinion the provisions of section 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident Fund, Employees' State Insurance, Income tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases of income tax.

According to the information and explanations given to us, and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident Fund, Employees' State Insurance, Income tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into Goods and Services Tax.

(b) According to the information and explanations given to us and on the basis of the examination of the records of the Company, statutory dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other material statutory dues which have not been deposited on account of any dispute are as follows:

(All amounts are in ₹ lakhs)

Name of the Statute	Nature of the Dues	Amount*	Amount paid under protest*	Period to which the amount relates	Forum where dispute is pending
UP VAT Act, 2008	VAT	7.32	5.12	2014-15	Assistant Commissioner Sale Tax
The Central Sales Tax Act, 1956	Sales Tax	1,900.00	1,900.00	2011-12, 2012-13 & 2013-14	High Court Punjab & Haryana-Chandigarh
CGST Act 2017	GST	18.45	18.45	2020-21	Additional/ Joint Commissioner (Appeals), State Goods & service Tax Haryana
		6.9	6.9	2017-18	Pending for hearing before Assistant/Deputy Commissioner of Goods & Service Tax Range I Division East Ludhiana

*amount as per demand orders including interest and penalty, wherever indicated in the order.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loan during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under Companies Act, 2013) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under Companies Act, 2013) during the year ended 31 March 2022. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. However, proceeds from issue of equity shares amounting to ₹3,108 lakhs which were received during the year ended 31 March 2020, remain unutilised as at 31 March 2022 and are included in investments (current) and other bank balances. Also refer to Note 12 and 15 to the financial statements.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) The Company is not a part of any group. Accordingly, clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

(xxi) According to the information and explanations given to us, the preparation of consolidated financial statements is not applicable to the Company. Accordingly, clause 3(xxi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Gaurav Mahajan
Partner
Membership No.: 507857
UDIN: 22507857AICRQN7876

Place: Chandigarh
Date: 29 April 2022

Annexure B to the Independent Auditors' report on the financial statements of Vardhman Special Steels Limited for the period ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Vardhman Special Steels Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN : 22507857AICRQN7876

Place: Chandigarh
Date: 29 April 2022

Balance Sheet as at 31 March, 2022

(All amounts are in ₹ lakhs except for share data)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	28,821.76	28,149.09
(b) Right-of-use assets	4	86.24	91.49
(c) Capital work-in-progress	3	1,287.83	1,273.65
(d) Other intangible assets	5	8.47	13.20
(e) Financial assets			
- Loans	6	291.92	177.87
- Other financial assets	7	256.54	-
(f) Deferred tax assets (net)	8	-	969.19
(g) Income tax assets (net)	9	31.90	83.07
(h) Other non-current assets	10	1,630.62	1,287.81
Total non-current assets		**32,415.28**	**32,045.37**
Current assets			
(a) Inventories	11	30,432.20	19,225.90
(b) Financial assets			
- Investments	12	1,540.00	-
- Trade receivables	13	22,186.29	22,430.05
- Cash and cash equivalents	14	27.10	234.00
- Bank balances other than cash and cash equivalents	15	1,570.52	5,000.00
- Loans	6	151.71	99.49
- Other financial assets	16	206.69	471.22
(c) Other current assets	17	3,557.99	767.21
Total current assets		**59,672.50**	**48,227.87**
TOTAL ASSETS		**92,087.78**	**80,273.24**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	4,056.12	4,050.70
(b) Other equity	19	51,439.92	41,885.63
Total equity		**55,496.04**	**45,936.33**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	20	7,889.21	10,965.16
- Lease liabilities	21	91.27	94.34
- Other financial liabilities	22	10.95	31.74
(b) Provisions	23	180.97	176.18
(c) Deferred tax Liabilities (net)	8	2,085.32	-
(d) Other non-current liabilities	24	46.20	19.29
Total non-current liabilities		**10,303.92**	**11,286.71**
Current liabilities			
(a) Financial liabilities			
- Borrowings	20	8,203.13	7,981.45
- Lease liabilities	21	13.59	10.76
- Trade payables:			
(i) Total outstanding dues of micro enterprises and small enterprises;		206.91	256.56
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	14,540.80	12,761.43
- Other financial liabilities	26	1,976.55	1,057.61
(b) Other current liabilities	27	898.82	946.14
(c) Provisions	23	27.06	23.70
(d) Current tax liabilities (net)	28	420.96	12.55
Total current liabilities		**26,287.82**	**23,050.20**
TOTAL EQUITY AND LIABILITIES		**92,087.78**	**80,273.24**
Significant accounting policies	**2**		
Notes to financial statements	**3-54**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of Board of Directors of
Vardhman Special Steels Limited

Gaurav Mahajan
Partner
Membership number: 507857

Sachit Jain
Vice Chairman & Managing Director
DIN : 00746409

Suchita Jain
Director
DIN : 00746471

Sanjeev Singla
Chief Financial Officer

Sonam Taneja
Company Secretary

Place: Chandigarh
Date: 29 April 2022

Place: Ludhiana
Date: 29 April 2022

Statement of Profit and Loss for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

	Particulars	Note	Year ended 31 March 2022	Year ended 31 March 2021
I.	Revenue from operations	29	1,36,846.01	93,708.00
II.	Other income	30	2,889.16	1,296.14
III.	**Total income (I + II)**		**1,39,735.17**	**95,004.14**
IV.	**Expenses:**			
	Cost of materials consumed	31	89,652.50	53,741.45
	Purchases of stock-in-trade	32	61.54	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(10,032.38)	(1,224.92)
	Employee benefits expense	34	8,099.28	5,960.88
	Finance costs	35	1,727.94	1,970.72
	Depreciation and amortization expense	36	2,696.45	3,022.94
	Other expenses	37	31,696.28	24,895.40
	Total expenses		**1,23,901.61**	**88,366.47**
V.	**Profit before income tax (III-IV)**		**15,833.56**	**6,637.67**
VI.	**Income tax expense:**			
	Current tax (including tax adjustment relating to prior periods)	38	2,704.01	1,191.84
	Deferred tax		3,054.51	1,026.35
	Total income tax expense		**5,758.52**	**2,218.19**
VII.	**Profit for the year (V-VI)**		**10,075.04**	**4,419.48**
VIII.	**Other Comprehensive Income/(expense)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability /(asset)		18.75	62.70
	Income tax relating to items that will not be reclassified to profit or loss			
	- Remeasurement of the net defined benefit liability / (asset)		-	-
	Other comprehensive Income/(expense) for the year (net of income tax)		**18.75**	**62.70**
IX.	**Total comprehensive income for the year (VII+VIII)**		**10,093.79**	**4,482.18**
	Earnings per equity share [nominal value of ₹10 (previous year ₹10)]			
	Basic (₹)	39	**24.87**	**10.94**
	Diluted (₹)	39	**24.71**	**10.93**
	Significant accounting policies	**2**		
	Notes to financial statements	**3-54**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of Board of Directors of
Vardhman Special Steels Limited

Gaurav Mahajan
Partner
Membership number: 507857

Sachit Jain
Vice Chairman & Managing Director
DIN : 00746409

Suchita Jain
Director
DIN : 00746471

Sanjeev Singla
Chief Financial Officer

Sonam Taneja
Company Secretary

Place: Chandigarh
Date: 29 April 2022

Place: Ludhiana
Date: 29 April 2022

Statement of Cash Flow for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash flow from operating activities**		
	Profit before income tax	**15,833.56**	**6,637.67**
	Adjustments for:		
	Depreciation and amortization expense	2,696.45	3,022.94
	Change in fair value of derivative contracts	13.34	163.19
	Unrealized foreign exchange loss (net)	(11.07)	(29.09)
	Gain on sale of property, plant and equipment (net)	(3.73)	(8.34)
	Share based payments to employees	41.56	24.77
	Loss on sale of assets held for sale	-	17.01
	Expected credit loss on trade receivables	-	250.00
	Finance costs	1,727.94	1,970.72
	Interest income	(690.97)	(818.32)
	Profit on sale of current investments	(12.25)	(19.44)
	Capital work-in-progress written-off	-	122.29
	Property, plant and equipment written off	24.07	354.35
	Liabilities no longer required written back	(17.60)	(6.99)
	Operating profit before change in following assets and liabilities	**19,601.30**	**11,680.76**
	Adjustments for:		
	(Increase) in inventories	(11,206.30)	(4,048.12)
	Decrease /(increase) in trade receivables	242.45	(4,685.87)
	(Increase) in current loans	(52.22)	(8.11)
	(Increase)/decrease in other financial current assets	(47.90)	40.60
	(Increase)/decrease in other current assets	(2,449.99)	529.49
	(Increase) in non-current loans	(114.05)	(93.66)
	(Increase)in other financial assets	(256.54)	-
	(Increase) in other non-current assets	(42.00)	(19.40)
	Increase in non-current provisions	4.79	55.80
	Increase / (decrease) in other non-current liabilities	26.91	(3.93)
	Increase in trade payables	1,757.39	6,873.23
	Increase / (decrease) in other financial current liabilities	708.55	(2,866.43)
	(Decrease)/ increase in other financial liabilities	(20.79)	14.14
	(Decrease)/ increase in other current liabilities	(47.32)	224.78
	Increase in current provisions	22.11	0.25
	Cash generated from operating activities	**8,126.39**	**7,693.53**
	Income tax paid (net)	(2,238.41)	(965.40)
	Net cash generated from operating activities	**5,887.98**	**6,728.13**
B	**Cash flow from investing activities**		
	Acquisition of property, plant and equipment and other intangible assets	(3,529.98)	(948.41)
	Proceeds from sale of property, plant and equipment and other intangible assets	60.69	17.45
	Proceeds from assets held for sale	-	995.42
	Taxes paid on sale of assets held for sale	-	(7.72)
	Movement in current deposit accounts	3,429.48	(5,000.00)
	Movement in non-current deposit accounts	-	5,000.00
	(Acquisition of) / proceeds from current investments	(1,527.75)	519.79
	Interest received	656.38	103.06
	Net cash (used in) / generated from investing activities	**(911.18)**	**679.59**

Statement of Cash Flow for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash flow from financing activities**		
	Proceeds from issue of share capital (including premium)	31.97	66.37
	Proceeds from non-current borrowings	-	3,760.00
	Repayments of non-current borrowings	(1,995.80)	(2,413.96)
	Payment of Lease liabilities	(20.54)	(19.98)
	Repayments of current borrowing (net)	(869.22)	(6,880.90)
	Dividends on equity share capital paid	(605.10)	-
	Interest paid	(1,725.01)	(1,915.56)
	Net cash (used in) financing activities	**(5,183.70)**	**(7,404.03)**
	Net increase in cash and cash equivalents (A+B+C)	**(206.90)**	**3.69**
	Cash and cash equivalents at the beginning of the year (see below)	234.00	230.31
	Cash and cash equivalents at the end of the year (see below)	**27.10**	**234.00**

Notes:

1. Cash and cash equivalents include:

Balance with banks		
- in current accounts	26.13	232.99
Cash on hand	0.97	1.01
	27.10	**234.00**

2. The above cash flow statement has been prepared in accordance with Indirect Method as set out in the applicable Indian Accounting Standard - 7 on "Statement of Cash Flow". (refer to note 2 (w))

3. Refer note 20.6 for reconciliation of movements of liabilities to cash flows arising from financing activities.

4. During the current year, the Company paid in cash ₹66.66 (31 March 2021 - ₹51.63) towards corporate social responsibility (CSR) expenditure, included in corporate social responsibility expenditure - (refer note 45.2)

Significant accounting policies	**2**
Notes to financial statements	**3-54**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Gaurav Mahajan
Partner
Membership number: 507857

Place: Chandigarh
Date: 29 April 2022

For and on behalf of Board of Directors of
Vardhman Special Steels Limited

Sachit Jain
Vice Chairman & Managing Director
DIN : 00746409

Suchita Jain
Director
DIN : 00746471

Sanjeev Singla
Chief Financial Officer

Sonam Taneja
Company Secretary

Place: Ludhiana
Date: 29 April 2022

Statement of Changes in Equity for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

a. Equity share capital	Note	
	18	
Balance as at 1 April 2020		**4,039.45**
Changes in the equity share capital during the year		11.25
Balance as at 31 March 2021		**4,050.70**
Changes in the equity share capital during the year		5.42
Balance as at 31 March 2022		**4,056.12**

b. Other Equity

Particulars	Reserve & Surplus				Total
	Securities Premium (refer note 19)	General Reserve (refer note 19)	Share Options Outstanding Account (refer note 19)	Retained Earnings (refer note 19)	
Balance as at 1 April 2020	**14,371.93**	**13,890.62**	**67.76**	**8,993.25**	**37,323.56**
Total comprehensive income for the year ended 31 March 2021					
Profit for the year	-	-	-	**4,419.48**	**4,419.48**
Other comprehensive income / (expense) (net of tax)	-	-	-	62.70	62.70
Total comprehensive income/(expense) for the year		**-**	**-**	**4,482.18**	**4,482.18**
Share based payment expense	-	-	24.77	-	24.77
Transfer on account of share options not exercised	-	-	(4.80)	4.80	-
Share option exercised	96.81	-	(41.69)	-	55.12
Total for the year	**96.81**	**-**	**(21.72)**	**4,486.98**	**4,562.07**
Balance as at 31 March 2021	**14,468.74**	**13,890.62**	**46.04**	**13,480.23**	**41,885.63**
Total comprehensive income for the year ended 31 March 2022					
Profit for the year	-	-	-	**10,075.04**	**10,075.04**
Other comprehensive income / (expense) (net of tax)	-	-	-	18.75	18.75
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**10,093.79**	**10,093.79**
Final equity dividend for the financial year 2020-2021 (Amount ₹1.50 per share)	-	-	-	(607.61)	(607.61)
Share based payment expense	-	-	41.56	-	41.56
Share option exercised	50.25	-	(23.70)	-	26.55
Total for the year	**50.25**	**-**	**17.86**	**9,486.18**	**9,554.29**
Balance as at 31 March 2022	**14,518.99**	**13,890.62**	**63.90**	**22,966.41**	**51,439.92**
Significant accounting policies		**2**			
Notes to financial statements		**3-54**			

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of Board of Directors of
Vardhman Special Steels Limited

Gaurav Mahajan
Partner
Membership number: 507857

Sachit Jain
Vice Chairman & Managing Director
DIN : 00746409

Suchita Jain
Director
DIN : 00746471

Sanjeev Singla
Chief Financial Officer

Sonam Taneja
Company Secretary

Place: Chandigarh
Date: 29 April 2022

Place: Ludhiana
Date: 29 April 2022

Notes to the Financial Statements for year ended 31 March 2022

1. Reporting entity

Vardhman Special Steels Limited ('the Company'), is a public limited company incorporated under the provisions of the Companies Act, 1956 on 14 May 2010 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana - 141010. The equity shares of the Company are listed on BSE Limited and The National Stock Exchange of India Limited. In addition, the Company listed secured commercial papers (CP's) on various dates on BSE Limited in accordance with the circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115. The Company's business primarily consists of manufacturing of Billets, Steel bars and Bright bars of various categories of special and alloy steels.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

i) Statement of Compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, the Act and other relevant provisions of the Act as amended from time to time.

ii) Effective 01 April 2015, the Company had transitioned to Ind AS while the financial statements were being prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (previous GAAP) till 31 March 2017 and the transition was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. While carrying out transition, in addition to the mandatory exemptions, the Company had elected certain exemptions which are listed as below:

- The Company had opted to continue with the carrying value for all of its property, plant and equipment, intangible assets and investment property as recognized in the financial statements prepared under previous GAAP and use the same as deemed cost in the financial statement as at the transition date.
- The Company had opted to carry the assessment whether a contract or arrangement contains a lease on the basis of facts and circumstances existing at the date of transition, except where the effect is not expected to be material. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement.

The financial statements of the Company for the year ended 31 March 2022 were approved by the Company's Board of Directors on 29 April 2022.

iii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees. All amounts have been rounded-off to the nearest lakhs, up to two places of decimal, unless otherwise indicated.

iv) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefits (assets)/ liabilities	Fair value of the plan assets less present value of defined benefits obligations

v) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has established policies and procedures with respect to the measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party

Notes to the Financial Statements for year ended 31 March 2022

information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's board of directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

— **Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.

— **Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

— **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in note 45 and 46- Financial instruments.

vi) Current versus non-current classification

The Company presents assets and liabilities in the Statement of Assets and Liabilities based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

vii) Use of estimates and judgements

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that impact the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Notes to the Financial Statements for year ended 31 March 2022

Financial reporting results rely on the estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. Estimates and Judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The Management believes that the estimates used in preparation of these financial statements are prudent and reasonable. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2(a)(vi) – Fair value measurement
- Note 2(d) and 3 – Assessment of useful life of Property, plant and equipment
- Note 2(e) and 5 – Assessment of useful life of Intangible assets
- Note 2(h), 5 and 21– leases classification and assessment of discount rate in relation to lease accounting as per Ind AS 116
- Note 2(i) – Valuation of inventories
- Note 2(p) – Accounting for Government grant
- Note 2(l), 2(m) and 40 – Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(r), 8 and 38 – Recognition of tax expense including deferred tax
- Note 2(j) – Impairment of financial assets
- Note 2(j) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts and
- Note 2(k) and 43 – Measurement of defined benefit obligations: key actuarial assumptions; Share based Payments
- Note 2(o) – Revenue from contract with customers and related accruals

b) Foreign currency transactions

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

c) Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Notes to the Financial Statements for year ended 31 March 2022

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as - measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- fair value through other comprehensive income (FVOCI) – equity investment, or
- fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses	
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investment at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency risk exposures. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contact is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liability when the fair value is negative.

d) Property, plant and equipment ('PPE')

Recognition and measurement

Property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment, if any.

The Cost of an item of Property, Plant and equipment comprises:

- its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- any cost directly attributable to bringing the asset to the location and the working condition for its intended use and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- financing cost related to borrowed funds attributable to the construction or acquisition of qualifying assets upto the date of the assets are ready for use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit

Notes to the Financial Statements for year ended 31 March 2022

and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Subsequent expenditure

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred.

Depreciation

Depreciation is calculated on cost of items of PPE (excluding freehold land) less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in the Statement of Profit and Loss. Freehold land is not depreciated.

Depreciation on items of property, plant and equipment is provided as per the rates corresponding to the useful life specific in Schedule II of the Companies Act, 2013 read with notification dated 29 August 2014 of Ministry of Corporate Affairs as follows:

Assets	Useful life as per Schedule II (Years)	Management estimate of useful life (Years)
Building - Factory	30	30
Building – Office	60	60
Building- Roads, Tubewell and temporary shed	3 - 10	3 - 10
Plant and equipment	15 - 20	15 - 25
Furniture and fixtures	10	10
Vehicles	8 - 10	8 - 10
Office equipments	3 - 6	3 – 6

Significant components of assets and their useful life and depreciation charge is based on an internal technical evaluation. These estimated lives are based on technical assessment made by technical expert and management estimates. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposal) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Derecognition

A property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

e) Other Intangible Assets

Acquired Intangible

Intangible assets that are acquired by the Company are measured initially at cost. Cost of an item of Intangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Statement of Profit and Loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation expense in Statement of Profit and Loss. The estimated useful life of Computer software is 5 years.

Amortisation method, useful life and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Notes to the Financial Statements for year ended 31 March 2022

Derecognition

Intangible assets is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

f) Non-current assets held for sale

Non-current assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less cost to sell, if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the Statement of Profit and Loss.

Once classified as held-for sale, property, plant and equipment, and intangible assets are no longer amortised or depreciated.

g) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

h) Leases

As lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. Accordingly, there was no adjustment in the opening balance of retained earnings as on 1 April 2019.

The Company elected to use the following practical expedients on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment

Notes to the Financial Statements for year ended 31 March 2022

to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities' in the statement of financial position.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The Company recognises the lease payments associated with these leases as an expense in the Statement of Profit or Loss over the lease term.

Amendments to Ind AS 116

On 24 July 2020, Ministry of Corporate Affairs notified amendments to Ind AS 116 – Leases, introducing an optional practical expedient for leases in which the Company is a lessee wherein the Company is not required to assess whether eligible rent concessions, to payments originally due on or before 30 June 2021, which are direct consequences of the COVID-19 pandemic are lease modifications. The Company has elected to apply the practical expedient consistently to lease contracts.

i) Inventories

Inventories are measured at the lower of cost and net realizable value. The methods of determining cost of various categories of inventories are as follows:

Raw materials, Stores and spares	Weighted average method
Traded goods	Weighted average method
Work-in-progress and finished goods (manufactured)	Weighted average cost and includes an appropriate share of variable and fixed production overheads. Fixed production overheads are included based on normal capacity of production facilities.
Goods in transit	Specifically identified purchase cost

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

j) Impairment

Impairment of financial asset

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit – impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 90 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for the recovery of amount due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses, if any, are recognised in the Statement of Profit and Loss.

In regard to assets for which impairment loss has been recognised in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., salaries and wages and bonus etc., if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share- based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Post-employment benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The administration of the gratuity scheme has been entrusted to the VSSL gratuity fund trust. The Company's net obligation in respect of gratuity is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the net defined benefit liability i.e. Gratuity, which comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirement.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards employee provident fund and employee state insurance scheme ('ESI') to Government administered scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and loss during the period in which the employee renders the related service.

Compensated absences

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

l) Provisions (other than for employee benefits)

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Expected future losses are not provided for.

Onerous contracts

A provision for onerous contract is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on assets associated.

m) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

A contingent asset is disclosed where an inflow of economic benefits is probable.

n) Commitments

Commitments include the amount of purchase order (net of advances) issued to pares for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

o) Revenue from contract with customers

Under Ind AS 115, the Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Notes to the Financial Statements for year ended 31 March 2022

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Deferred revenue is recognised when there is billings in excess of revenues. The Company disaggregates revenue from contracts with customers by geography.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as cash discount, trade discount, and rebate. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Export Incentives

Export incentives under various schemes notified by the government are recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

Insurance and Other Claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

Notes to the Financial Statements for year ended 31 March 2022

p) Government grant

Government grants related to capital assets are recognized initially as deferred income at fair value or deducted from the carrying value of the asset when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis or depreciated over the remaining useful life of the asset, respectively.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which such expenses are recognised.

q) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

a) the gross carrying amount of the financial asset; or

b) the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

r) Income taxes

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses (if any) and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that the related tax benefits will be realized. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. In view of the substantial utilisation of unabsorbed depreciation, unabsorbed losses and MAT Credits, the Company has determined that it will opt for the new regime of lower taxes effect 1 April 2022. Accordingly,

Notes to the Financial Statements for year ended 31 March 2022

deferred taxes for the current year have been recognised at the lower tax rate of 25.168%.

Minimum Alternative tax

Minimum Alternative tax ('MAT') under the provisions of Income-tax Act,1961 is recognised as current tax in profit or loss. The credit available under the Act in respect of MAT paid is adjusted from deferred tax liability only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. In view of the decision taken by the Company to opt in to the lower tax regime effective 1 April 2022, MAT credit to the extent remaining unutlized as at 31 March 2022 is no longer considered as a recoverable asset.

s) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

t) Royalty

Payment of technical know-how in the form of royalty for providing technical assistance is being accounted for on accrual basis as per the agreement between the parties.

u) Corporate Social Responsibility ("CSR") expenditure

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

v) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

w) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

x) Earnings per share

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

y) Recent Indian Accounting Standards (Ind AS)

On 23 March 2022, the Ministry of Corporate Affairs (MCA) through notifications, amended to existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1st April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment – For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of Profit and Loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.

Notes to the Financial Statements for year ended 31 March 2022

- Ind AS 41 Agriculture– This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.
- Ind AS 101 – First time Adoption of Ind AS – Measurement of Foreign Currency Translation Difference in case of subsidiary/associate/ JV's date of transition to Ind AS is subsequent to that of Parent – FCTR in the books of subsidiary/associate/JV can be measured based Consolidated Financial Statements.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

3 Property, plant and equipment and Capital work-in-progress

Gross carrying amounts

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2020	**3,402.33**	**5,595.89**	**31,531.04**	**122.23**	**324.79**	**350.85**	**41,327.13**
Additions	-	29.00	568.30	0.35	64.31	11.78	673.74
Disposals	-	(234.25)*	(234.09)	-	(10.16)	(0.44)	(478.94)
Balance as at 31 March 2021	**3,402.33**	**5,390.64**	**31,865.25**	**122.58**	**378.94**	**362.19**	**41,521.93**
Additions	-	45.95	3,212.01	9.89	110.16	50.12	3,428.13
Disposals	-	(24.81)	(4.08)	(0.25)	(87.68)	(23.57)	(140.39)
Balance as at 31 March 2022	**3,402.33**	**5,411.78**	**35,073.18**	**132.22**	**401.42**	**388.74**	**44,809.67**
Accumulated depreciation							
Balance as at 1 April 2020	**-**	**937.14**	**9,176.30**	**42.37**	**119.40**	**220.81**	**10,496.02**
Depreciation for the year	-	575.15*	2,322.45	11.04	39.78	43.88	2,992.30
Disposals	-	(20.88)	(88.62)	-	(5.94)	(0.04)	(115.48)
Balance as at 31 March 2021	**-**	**1,491.41**	**11,410.13**	**53.41**	**153.24**	**264.65**	**13,372.84**
Depreciation for the year	-	200.49	2,372.22	11.00	48.46	42.27	2,674.44
Disposals	-	(5.15)	(1.25)	(0.20)	(33.62)	(19.14)	(59.36)
Balance as at 31 March 2022	**-**	**1,686.75**	**13,781.10**	**64.21**	**168.08**	**287.78**	**15,987.92**
Net carrying amounts							
As at 31 March 2021	**3,402.33**	**3,899.23**	**20,455.12**	**69.17**	**225.70**	**97.54**	**28,149.09**
As at 31 March 2022	**3,402.33**	**3,725.03**	**21,292.08**	**68.01**	**233.34**	**100.96**	**28,821.76**

Notes:

A. Refer note 20 for information on property, plant and equipment pledged as security by the Company.

B. Refer note 40 (b) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

C. Capital work in progress

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2020	**-**	**134.87**	**1,097.75**	**-**	**-**	**-**	**1,232.62**
Additions	-	15.85	477.38	-	-	1.97	495.20
Deletions		(122.29)*	-	-	-	-	(122.29)
Capitalisations	-	(17.18)	(312.73)	-	-	(1.97)	(331.88)
Balance as at 31 March 2021	**-**	**11.25**	**1,262.40**	**-**	**-**	**-**	**1,273.65**
Additions	-	106.78	3,005.45	-	-	25.77	3,138.00
Deletions	-	-	-	-	-	-	-
Capitalisations	-	(45.95)	(3,063.97)	-	-	(13.90)	(3,123.82)
Balance as at 31 March 2022	**-**	**72.08**	**1,203.88**	**-**	**-**	**11.87**	**1,287.83**

D. Capital work in progress (CWIP) ageing schedule

As at 31 March 2021	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	96.55	225.70	261.77	689.63	1,273.65
Projects temporarily suspended	-	-	-	-	-
Total	**96.55**	**225.70**	**261.77**	**689.63**	**1,273.65**

As at 31 March 2022	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	1,287.83	-	-	-	1,287.83
Projects temporarily suspended	-	-	-	-	-
Total	**1,287.83**	**-**	**-**	**-**	**1,287.83**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

E. Capital work in progress (CWIP) completion schedule

-For capital-work-in progress, whose completion is overdue to its original plan:-

As at 31 March 2021	To be completed in			
CWIP	<1 year	1-2 years	2-3 years	> 3 years
Laddle refining furnace (LRF) project*	943.42	-	-	-
Natural Cooler (NC) project*	233.68	-	-	-
Total	**1,177.10**	**-**	**-**	**-**

As at 31 March 2022

There is is no such capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

*Pursuant to its application to the Ministry of Environment, Forest and Climate Change (MoEFC) New Delhi, seeking permission to increase its manufacturing capacity of rolled products from 2,00,000 TPA to 2,80,000 TPA, the Company was advised to maintain greenbelt equivalent to minimum 33% of the total land area. In order to comply this stipulation, the Company demolished some of the buildings and accordingly, the Company recognised Loss on asset retirement of ₹213.36 and had also written off capital work-in-progress (Building) of ₹122.29 in the Statement of Profit and Loss during the previous year. Further, the Company identified some of the additional building space for demolishing and considered these to be no longer usable. Accordingly, management accelerated the depreciation rate and reduced the carrying value to ₹ Nil on the related buildings resulting in accelerated depreciation of ₹343.88 during the previous year. During the current year, the Company received the necessarry permisisons from MoEFC and from Punjab pollution control baord basis which the Company has capitalised the LRF & NC project on 11 December 2021. The Company did not capitilise any borrowing cost on the project in the extended delay period.

4 Right-of-use assets

Following are the changes in the carrying value of right of use assets

Particulars	Category of ROU asset- Building	
	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance as at beginning of the year	91.49	154.82
Deletions#	-	(44.92)
Impact of lease modification	10.67	-
Depreciation for the year	(15.92)	(18.41)
Balance as at end of the year	**86.24**	**91.49**

#One lease deed revoked w.e.f. 30 September 2020

Notes:

a) The Company incurred ₹72.60 (Previous year: ₹43.32) during the current year towards expenses relating to short-term leases and leases of low-value assets for which the recognition exemption has been applied (refer note 37).

b) The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

5 Other intangible assets

	Computer Softwares	Total
Gross carrying amount		
Balance as at 1 April 2020	**67.56**	**67.56**
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	**67.56**	**67.56**
Additions	1.36	1.36
Disposals	(36.84)	(36.84)
Balance as at 31 March 2022	**32.08**	**32.08**
Accumulated amortisation		
Balance as at 1 April 2020	**42.13**	**42.13**
Amortisation for the year	12.23	12.23
Disposals		
Balance as at 31 March 2021	**54.36**	**54.36**
Amortisation for the year	6.09	6.09
Disposals	(36.84)	(36.84)
Balance as at 31 March 2022	**23.61**	**23.61**
Net carrying amount		
As at 31 March 2021	**13.20**	**13.20**
As at 31 March 2022	**8.47**	**8.47**

6 Loans

Non-Current (unsecured considered good, unless otherwise stated)	As at 31 Mar 2022	As at 31 March 2021
Financial assets at amortized cost		
Loans to employees	291.92	177.87
	291.92	**177.87**

Current (unsecured considered good, unless otherwise stated)	As at 31 Mar 2022	As at 31 March 2021
Financial assets at amortized cost		
Loans to employees	151.71	99.49
	151.71	**99.49**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

7 Other financial assets

	As at 31 March 2022	As at 31 March 2021
Non-current		
Security deposit	250.00	-
Interest accrued		
- interest accrued on non-current security deposit	6.54	-
	256.54	**-**

8 Deferred tax (Liabilities)/ assets (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets on account of		
Tax losses carried forward	0.00	331.27
Expenses allowable on payment basis	85.89	99.43
ICDS disallowance on MTM forward contracts	16.72	21.89
Lease liabilities	26.39	36.73
Expected credit loss allowance	100.67	304.91
Minimum alternate tax credit entitlement	-	2,696.34
Provision for slow moving inventory	13.78	6.42
	243.45	**3,496.99**
Deferred tax liabilities on account of		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,307.04	2,495.83
Right-of-use assets	21.73	31.97
	2,328.77	**2,527.80**
	(2,085.32)	**969.19**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Deferred tax (Liabilities)/assets (net)
2020-21

Deferred tax assets (net)	Balance as at 1 April 2020	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2021
Deferred tax assets on account of				
Tax losses carried forward	3,085.98	(2,754.71)	-	331.27
Expenses allowable on payment basis	134.89	(35.46)	-	99.43
ICDS disallowance on MTM forward contracts	6.81	15.09	-	21.89
Lease liabilities	57.21	(20.49)	-	36.73
Expected credit loss allowance	217.55	87.36	-	304.91
Minimum alternate tax credit entitlement	1,490.13	1,206.21	-	2,696.34
Provision for slow moving inventory	-	6.42	-	6.42
	4,992.57	**(1,495.58)**	**-**	**3,496.99**
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,942.93	(447.10)	-	2,495.83
Right-of-use assets	54.10	(22.13)	-	31.97
	2,997.03	**(469.23)**	**-**	**2,527.80**
	1,995.54	**(1,026.35)**	**-**	**969.19**

Deferred tax (Liabilities)/assets (net)
2021-22

Deferred tax assets (net)	Balance as at 1 April 2021	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2022
Deferred tax assets on account of				
Tax losses carried forward	331.27	(331.27)	-	-
Expenses allowable on payment basis	99.43	(13.54)	-	85.89
ICDS disallowance on MTM forward contracts	21.89	(5.17)	-	16.72
Lease liabilities	36.73	(10.34)	-	26.39
Expected credit loss allowance	304.91	(204.24)	-	100.67
Minimum alternate tax credit entitlement	2,696.34	(2,696.34)	-	-
Provision for slow moving inventory	6.42	7.36	-	13.78
	3,496.99	**(3,253.54)**	**-**	**243.45**
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,495.83	(188.79)	-	2,307.04
Right-of-use assets	31.97	(10.24)	-	21.73
	2,527.80	**(199.03)**	**-**	**2,328.77**
Deferred tax assets (net)	**969.19**	**(3,054.51)**	**-**	**(2,085.32)**

Note: The Company intends to opt into the new tax regime effective 1 April 2022. Accordingly deferred tax assets / liabilities have been recognised at the lower tax of 25.168%. Till the previous year, the Company remeasured the deferred tax assets/liabilities likely to be reversed at the time the Company would opt for new tax regime which resulted in write back of deferred tax liability amounting to ₹214.71 to the Statement of Profit and Loss for the year ended 31 March 2021. As a result of this policy choice, the unutilised MAT credit of ₹211.49 as at 31 March 2022 has been taken to the Statement of Profit and Loss as it is no longer considered recoverable.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

9 Income tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Non-current		
Advance income tax and tax deducted at source {net of provision of ₹3,109.75 (31 March 2021: ₹1,849.22)}	31.90	83.07
	31.90	**83.07**

10 Other non-current assets

(unsecured considered good, unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Capital advances		
- to others	491.64	190.83
Advances other than capital advances:		
-Security deposits	983.79	938.19
-Prepaid expenses	9.53	6.63
-Amount paid under protest to government authorities	145.66	152.16
	1,630.62	**1,287.81**

11 Inventories

(at lower of cost and net realizable value)

	As at 31 March 2022	As at 31 March 2021
Raw materials	3,636.98	4,423.76
Raw material in transit	555.33	122.54
Stores and spares *	4,109.98	2,594.80
Stores and spares in transit	165.41	152.69
Work-in-progress	6,241.33	4,477.80
Finished goods - manufactured #	15,723.17	7,454.31
	30,432.20	**19,225.90**

*During the current year, an amount of ₹36.39 (Previous year : ₹18.38) was charged to the Statement of Profit and loss on account of slow moving inventory.

includes stock lying with third party amounting to ₹1,173.97 (Previous year : ₹1,242.40) and sales in transit ₹143.97 (Previous year : ₹233.54).

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

12 Investments (Current)

	As at 31 March 2022	As at 31 March 2021
Unquoted investment at amortised cost		
Deposits with financial institutions		
- 5.45% Deposits with Housing Development Finance Corporation Limited (HDFC Ltd.)*	1,540.00	-
	1,540.00	**-**
Aggregate amount of un-quoted Investments	1,540.00	-
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-

*represents unutilised amount of ₹1,540 in addition to ₹1,568 reflected as "Bank Balances other than cash and cash Equivalents" (refer note 15), as at 31 March 2022 relating to proceeds from Aichi Steel Corporation on account of preferential allotment. These amounts can be used for making capital expenditure after consultation with Aichi Steel Corporation (refer note 18). As on 31 March 2021 an amount of ₹5,000 was reflected as "Bank Balances other than cash and cash Equivalents" (refer note 15).

13 Trade receivables

(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Trade receivables	22,586.29	23,302.61
Less: Loss allowance	400.00	872.56
	22,186.29	**22,430.05**

Break-up of security details	As at 31 March 2022	As at 31 March 2021
Trade receivable considered good - secured	-	-
Trade receivables considered good - unsecured	22,504.35	23,145.56
Trade receivables which have significant increase in Credit risk	81.94	157.05
Trade Receivables – credit impaired	-	-
Total	**22,586.29**	**23,302.61**
Less: Expected credit loss allowance		
-Trade receivable considered good - secured	(318.05)	(715.50)
-Trade receivables considered good - unsecured	(81.95)	(157.06)
-Trade receivables which have significant increase in Credit risk	-	-
-Trade Receivables – credit impaired	-	-
Total trade receivables	**22,186.29**	**22,430.05**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Trade receivable ageing schedule

As at 31 March 2022	Outstanding for following periods from due date of payment									
	Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total gross receivables	Expected credit loss	Net receivables
Undisputed Trade Receivable - considered good	206.30	17,925.12	4,050.40	86.95	197.21	3.26	35.10	22,504.34	318.05	22,186.29
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	3.35	78.60	-	-	-	81.95	81.95	-
Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable -which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total	**206.30**	**17,925.12**	**4,053.75**	**165.55**	**197.21**	**3.26**	**35.10**	**22,586.29**	**400.00**	**22,186.29**

As at 31 March 2021	Outstanding for following periods from due date of payment									
	Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total gross receivables	Expected credit loss	Net receivables
Undisputed Trade Receivable - considered good	589.92	18,763.58	3,135.33	117.24	30.37	23.83	485.28	23,145.55	715.50	22,430.05
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	13.44	143.62	-	-	-	157.06	157.06	-
Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total	**589.92**	**18,763.58**	**3,148.77**	**260.86**	**30.37**	**23.83**	**485.28**	**23,302.61**	**872.56**	**22,430.05**

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Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

14 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balance with banks		
- in current accounts	26.13	232.99
Cash on hand	0.97	1.01
	27.10	**234.00**

15 Bank Balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Other bank balance		
- Bank deposit with original maturity more than 3 months and upto 12 months*	1,568.00	5,000.00
- Earmarked balance with banks on account of unpaid dividends	2.52	-
	1,570.52	**5,000.00**

*represents unutilised amount of ₹1,568 in addition to ₹1,540 reflected as "Investments (Current)", as at 31 March 2022 relating to proceeds from Aichi Steel Corporation on account of preferential allotment. These amounts can be used for making capital expenditure after consultation with Aichi Steel Corporation (refer note 18). As on 31 March 2021 an amount of ₹5,000 was reflected as above.

16 Other financial assets (Current)

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Financial assets at amortized cost		
Interest recoverable on account of fixed deposit in bank	143.43	455.86
Claims recoverable	33.12	-
Security deposits	14.71	5.50
Other recoverable	15.43	9.86
	206.69	**471.22**

17 Other current assets

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2022	As at 31 March 2021
Recoverable on account of government grant	1,865.51	-
Advances for supply of goods & services	1,036.23	415.29
Recoverable from / balance with government authorities	437.20	189.41
Prepaid expenses	197.55	129.23
Asset for gratuity (refer note 43)	8.51	28.71
Security deposits	8.63	-
Prepaid (deferred) expenses for employee benefits	3.63	3.84
Others	0.73	0.73
	3,557.99	**767.21**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

18 Equity share capital

(a) Details of share capital

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
	6,00,00,000	**6,000.00**	**6,00,00,000**	**6,000.00**
Issued, subscribed and fully paid up				
Equity shares of ₹10 each fully paid up	4,05,61,164	4,056.12	4,05,07,000	4,050.70
	4,05,61,164	**4,056.12**	**4,05,07,000**	**4,050.70**

(b) Reconciliation of number of shares outstanding at beginning and end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	4,05,07,000	4,050.70	4,03,94,502	4,039.45
Add: Shares issued under employee stock option	54,164	5.42	1,12,498	11.25
Balance at the end of the year	**4,05,61,164**	**4,056.12**	**4,05,07,000**	**4,050.70**

(c) Rights, preferences and restrictions attached to shares

i) The Company has only one class of equity shares having par value of ₹10 per share. Accordingly all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their Individual shareholding in the paid up equity capital of the Company.

ii) Pursuant to Share Subscription and Investment Agreement entered on 10 August 2019 with Aichi Steel Corporation (ASC) a Japanese Corporation incorporated under the laws of Japan having its registered office at 1, Wanowari, Aro-machi, Tokai-shi, Aichi-ken, 476-8666, Japan and the Company, ASC as minority protection, has rights in the Company such as right to nominate on the Board, affirmative vote rights, participatory rights, etc.

(d) Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2022.

During the five years immediately preceding 31 March 2022 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

(e) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% holding in the class	Number of shares	% holding in the class
- Vardhman Textiles Limited	97,08,333	23.94	97,08,333	23.97
- Mr. Sachit Jain	56,02,119	13.81	55,46,011	13.69
- Vardhman Holdings Limited	52,18,954	12.87	52,18,954	12.88
- Aichi Steel Corporation	46,29,629	11.41	46,29,629	11.43
- Devakar Investment & Trading company (P) Ltd	22,15,016	5.46	22,15,016	5.47
Total	**2,73,74,051**	**67.49**	**2,73,17,943**	**67.44**

(f) Promoter Shareholding

Promoter's name	As at 31 March 2022			As at 31 March 2021		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Vardhman Textiles Limited	97,08,333	23.94	(0.03)	97,08,333	23.97	(0.06)
Sachit Jain	56,02,119	13.81	0.12	55,46,011	13.69	1.47
Vardhman Holdings Limited	52,18,954	12.87	(0.01)	52,18,954	12.88	0.17
Devakar Investment & Trading Company Private Ltd	22,15,016	5.46	(0.01)	22,15,016	5.47	(0.01)
Mahavir Shares Trust	5,32,911	1.31	(0.01)	5,32,911	1.32	(0.00)
VTL Investments Limited	3,78,000	0.93	(0.00)	3,78,000	0.93	(0.01)
S.P. Oswal	2,20,702	0.54	(0.00)	2,20,702	0.54	(0.01)
Flamingo Finance & Investment Company Limited	1,96,836	0.49	(0.00)	1,96,836	0.49	(0.00)
Santon Finance & Investment Company Limited	1,68,533	0.42	(0.00)	1,68,533	0.42	(0.00)
Ramaniya Finance & Investment Company Limited	1,56,676	0.39	(0.00)	1,56,676	0.39	(0.00)
Suchita Jain	90,267	0.22	(0.00)	90,267	0.22	(0.00)
Shakun Oswal	51,191	0.13	(0.00)	51,191	0.13	(0.00)
Paras Syndicate	30,515	0.08	(0.00)	30,515	0.08	(0.00)
Amber Syndicate	28,748	0.07	(0.00)	28,748	0.07	(0.00)
Northern Trading Company	27,520	0.07	(0.00)	27,520	0.07	(0.00)
Eastern Trading Company	19,680	0.05	(0.00)	19,680	0.05	(0.00)
Mahavir Spinning Mills Private Limited	3,548	0.01	(0.00)	3,548	0.01	(0.00)
Soumya Jain	2,660	0.01	(0.00)	2,660	0.01	(0.00)
Sagrika Jain	2,580	0.01	(0.00)	2,580	0.01	(0.00)

(g) Utilization of proceeds from equity shares issued on preferential basis to ASC

Proceeds from issue of equity shares amounting to ₹5,000 were received during the year ended 31 March 2020. Out of these proceeds, ₹3,108 remained unutilised as at 31 March 2022 (₹5,000 as at 31 March 2021) reflected as Investments (Current) of ₹1,540 (Previous year: Nil) and as Bank Balances other than cash and cash Equivalents of ₹1,568 (Previous year: ₹5,000). Refer note 12 and 14.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

19 Other equity

(also refer to Statement of Changes in Equity)

(i) Securities premium

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the applicable provisions of the Companies Act, 2013.

(ii) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss.

(iii) Share Options Outstanding Account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve.

(iv) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

20 Borrowings

	As at 31 March 2022	As at 31 March 2021
I. Non current borrowings		
Secured		
Term loans (refer note 20.1)		
- From banks (net of unamortized processing charges)	10,975.91	12,960.96
Total non-current borrowings (including current maturities)	**10,975.91**	**12,960.96**
Less: Current maturities of non-current borrowings disclosed as part of current borrowings	3,086.70	1,995.80
	7,889.21	**10,965.16**

	As at 31 March 2022	As at 31 March 2021
II. Current borrowings		
Secured		
Loan repayable on demand		
- From banks (refer note 20.2 and 20.3)	3,281.55	5,985.65
Current maturities of non-current borrowings	3,086.70	1,995.80
Unsecured		
- Working capital loan- Corporate credit card (refer nore 20.4)	1,834.88	-
	8,203.13	**7,981.45**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

20.1 Notes

(a) Security details

i. Term loans of ₹10,975.91 (Previous year: ₹12,960.96) are secured by a first parri passu charge on entire movable & immoveable property, plant and equipments of the Company (both present & future) including land and Building situated at C-58 & C-59, Focal Point Ludhiana & Pioneer Industrial park Pathrerdi and second parri passu charge on entire current assets of the Company.

(b) Terms & repayment schedule

i. Term loan of ₹3,295.63 (Previous year: ₹4,092.35) from State Bank of India is repayable in 10 quarterly instalments from June 2022 till Q2 of FY 2024-25 (31 March 2021: 14 quarterly instalments).

ii. Term loan of ₹4,712.50 (Previous year: ₹5,241.95) from ICICI Bank Limited repayable in 13 quarterly instalments from June'2022 till Q1 of FY 2025-26 (31 March 2021: 15 instalments).

iii. Term loan of ₹2,967.78 (Previous year: ₹3,626.66) from HDFC Bank Limited repayable in 18 quarterly instalments from April'2022 till Q2 of FY 2025-26 (31 March 2021: 22 instalments).

iv. During the current year, the nominal (floating) interest rate was in the range of 7.20 % to 9.80 % per annum (31 March 2021: in the range of 7.25 % to 9.80 % per annum).

20.2 Cash credit/overdraft, commercial papers and working capital demand loan facilities from Consortium banks aggregating to ₹3,275.22 (Previous year: ₹5,985.65) against a sanctioned fund based and non-fund based working capital facility of ₹20,000 and ₹10,000 respectively. These limits are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future property, plant and equipments of the Company.

20.3 The Company has listed secured commercial papers (CP's) on various dates on BSE limited (BSE) during the current and previous year.

20.4 Unsecured corporate Card facilities taken from Axis Bank Limited aggregating to ₹1,834.88 (Previous year: ₹Nil) against a sanctioned limit of ₹2,000.

20.5 The Company has filed quarterly statement of current assets with banks and these are in agreement with books of account for all quarters in the current year and previous year, except for:

Quarter end date	Bank Name	Particulars	Amount as per books of account	Amount as reported in the quaterly statements	Amount of difference	Reason for Material discrepancy
31 December 2021	ICICI	Trade receivable	27,122.81	26,352.72	770.09	Unbilled revenue of ₹770.09 was inadvertently not added in trade receivable amount reported to the bank. The company has subsequently revised the statement on 28 April 2022

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

20.6 Reconciliation of movement in borrowings to cash flows from financing activities

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning of the year		
- Non current borrowings	10,965.16	10,787.46
- Current borrowings	7,981.45	14,862.35
Total Opening Balance	**18,946.61**	**25,649.81**
a) Cash flow movements		
- Proceeds from non-current borrowings	-	3,760.00
- (Repayments)/ proceeds of current borrowing (net)	(869.22)	(6,880.90)
- Repayment of non-current borrowings	(1,995.80)	(2,413.96)
b) Non-cash movements		
- Effect of amortisation of loan origination costs	10.75	13.79
Balance at the end of the year		
- Non current borrowings	7,889.21	10,965.16
- Current borrowings	8,203.13	7,981.45
Total Closing Balance	**16,092.34**	**18,946.61**

21 Lease liabilities

The Company has entered into agreements for leasing office premises/guest house on leave and license basis. The leases typically run for a period of up to 10 years with no restriction placed upon the Company for entering into said lease.

The Company also leases certain office premises with contract terms up to one year. These leases are short-term in nature and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Rental expense recorded for short-term leases was ₹72.60 (Previous year: ₹43.32) (Refer note 37)

Information about leases for which the Company is a lessee is presented below:

(a) The following are the amounts recognised in statement of profit and loss:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on lease liabilities	9.63	6.29
Expenses relating to short-term leases	72.60	43.32
	82.23	**49.61**

(b) The total cash outflow for leases are as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
The total cash outflow for leases, including cash outflow for short term leases	93.14	63.30
Total	**93.14**	**63.30**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

(c) The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2022	As at 31 March 2021
Current lease liabilities	13.59	10.76
Non-current lease liabilities	91.27	94.34
	104.86	**105.10**

(d) The weighted average incremental borrowing rate applied to lease liabilities is 8.87%.

(e) The following is the movement in lease liabilities during the year

	For the year ended 31 March 2022	For the year ended 31 March 2021
Balance at the beginning	105.10	163.73
Deletion	-	(44.94)
Finance cost accrued during the period	9.63	6.29
Payment of lease liabilities	(20.54)	(19.98)
Impact of lease modification	10.67	-
Balance at the end	**104.86**	**105.10**

(f) The table below provides details regarding the contractual maturities of lease liabilities as at, on an undiscounted basis

	As at 31 March 2022	As at 31 March 2021
Less than one year	50.11	10.77
One to five years	81.00	64.23
More than five years	10.27	31.88
Total	**141.38**	**106.88**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

22 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Non current		
Security deposits	10.95	31.74
	10.95	**31.74**

23 Provisions

	As at 31 March 2022	As at 31 March 2021
Provisions for employee benefits (refer note 43)		
Non current		
Liability for compensated absences	180.97	176.18
	180.97	**176.18**
Current		
Liability for gratuity		-
Liability for compensated absences	27.06	23.70
	27.06	**23.70**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

24 Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
Security deposits	46.20	19.29
	46.20	19.29

25 Trade Payables

	As at 31 March 2022	As at 31 March 2021
Current		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	206.91	256.56
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14,540.80	12,761.43
	14,747.71	13,017.99

Trade payable ageing schedule

As at 31 March 2022	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	206.91	-	-	-	-	206.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	14,226.38	247.62	10.42	11.25	8.85	14,540.80
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	36.28	14,433.29	247.62	10.42	11.25	8.85	14,747.71

As at 31 March 2021	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	256.56	-	-	-	-	256.56
Total outstanding dues of creditors other than micro enterprises and small enterprises	23.66	12,629.51	82.29	8.75	9.29	7.93	12,761.43
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	23.66	12,886.07	82.29	8.75	9.29	7.93	13,017.99

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

26 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Current		
Interest accrued but not due on borrowings	30.96	48.41
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises	11.23	2.65
- Total outstanding of creditors other than micro enterprises and small enterprises	280.45	74.53
Employee related payables	1,366.40	661.61
Dues to government authorities, other payables etc.	220.87	219.62
Unpaid dividend	2.51	-
Liability for mark to market loss on derivative contracts	64.13	50.79
	1,976.55	1,057.61

27 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Contract liabilities	152.45	149.89
Statutory dues	746.37	796.25
	898.82	946.14

28 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for Income tax {net of advance income tax and tax deducted at source of ₹2,283.05 (31 March 2021: ₹1,247.98)}	420.96	12.55
	420.96	12.55

29 Revenue from operations

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products		
- Finished goods	1,35,414.75	92,872.84
- Traded Goods	62.95	-
Other operating revenues		
- By product & miscellaneous sale	1,248.68	809.52
- Export incentives	119.63	25.64
	1,36,846.01	93,708.00

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Revenue from sale of products disaggregation by geography is as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Geography		
India	1,27,883.38	91,605.24
Outside India	7,594.32	1,267.60
Total	**1,35,477.70**	**92,872.84**

Information about major customers:

Revenue from sale of products to two customers which individually constitutes more than 10 percent of the Company's total revenue is ₹30,130.85 (previous year revenue from sale of products to one customer constituted more than 10 percent of the Company's total revenue ₹11,405.03).

Changes in unbilled revenue is as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening Balance	589.92	-
Less: Bills raised during the year	589.92	-
Addition during the year	206.30	589.92
Closing Balance	**206.30**	**589.92**

Reconciliation of revenue recognized with the contracted price is as follows:

	For the year ended 31 March 2022	For the year ended 31 March 2021
Contracted price	1,36,015.34	93,229.67
Reductions towards variable consideration components	537.64	356.83
Revenue recognized	**1,35,477.70**	**92,872.84**

Contract Balances

	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade receivables including unbilled revenue	22,186.29	22,430.05
Contract liabilities	152.45	149.89

The unbilled revenue included in trade receivables primarily relate to the Company's rights to consideration for revenue accrued but not billed at the reporting date. The contract liabilities relate to the advance received from customers against which revenue will be recognized when the performance obligation is satisfied.

30 Other income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Income on account of government grants	2,114.03	373.46
Interest income		
- fixed deposits with banks	239.38	374.06
- others (Punjab State Power Corporation Limited, employee loans etc)	451.59	444.26
Liabilities no longer required written back	17.60	6.99
Gain on sale of investments	12.25	19.44
Gain on sale of property, plant and equipment (net)	3.73	8.34
Miscellaneous income	50.58	69.59
	2,889.16	**1,296.14**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

31 Cost of materials consumed

	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventory of raw materials at the beginning of the year (including raw material in transit)	4,546.30	2,248.58
Purchases of raw materials*	89,298.51	56,039.17
Inventory of raw materials at the end of the year (including raw material in transit)#	(4,192.31)	(4,546.30)
	89,652.50	**53,741.45**

* includes inventory of semi-finished goods ₹3,753.67 (previous year: ₹3,864.58) purchased during the year.
# includes inventory of semi-finished goods purchased of ₹13.28 (previous year: ₹1,281.93)

32 Purchases of stock-in-trade

	For the year ended 31 March 2022	For the year ended 31 March 2021
Steel bars	61.54	-
	61.54	**-**

33 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening inventory		
Finished goods	7,454.31	7,380.20
Work-in-progress	4,477.80	3,326.99
	11,932.11	**10,707.19**
Closing inventory		
Finished goods	15,723.16	7,454.31
Work-in-progress	6,241.33	4,477.80
	21,964.49	**11,932.11**
	(10,032.38)	**(1,224.92)**

34 Employee benefits expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	7,449.04	5,372.77
Contribution to provident and other funds (refer note 43)	471.63	485.85
Share based payments to employees	41.56	24.77
Staff welfare expenses	137.05	77.49
	8,099.28	**5,960.88**

35 Finance cost

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense on		
Term loans	714.30	951.86
Lease liabilities	9.63	6.29
Others*	925.73	902.97
Other borrowing cost	78.28	109.60
	1,727.94	**1,970.72**

* Others represent interest on cash credit, working capital demand loan and commercial paper etc.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

36 Depreciation and amortisation expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipment (refer note 3)	2,674.44	2,992.30
Depreciation on right of use asset (refer note 4)	15.92	18.41
Amortisation of intangible asset (refer note 5)	6.09	12.23
	2,696.45	**3,022.94**

37 Other expenses

		For the year ended 31 March 2022	For the year ended 31 March 2021
Stores and spare consumed		8,421.53	5,686.11
Power and fuel		14,177.32	11,626.48
Packing material		436.15	265.61
Processing Charges		1,541.38	1,225.15
Rent		72.60	43.32
Repairs and maintenance		2,114.07	1,409.09
Insurance		69.35	55.79
Rates and taxes		97.34	42.20
Net loss on account of foreign exchange fluctuation		100.43	226.08
Property, plant and equipment written off		24.07	354.35
Loss on sale of assets held for sale		-	17.01
Capital work-in-progress asset written off		-	122.29
Bad debts	472.56		
Less: Withdrawal from provision for expected credit loss allowances	472.56	-	-
Legal and professional expenses (refer note 45.1)		254.82	313.26
Director sitting fees		25.80	15.00
Expected credit loss allowances for doubtful trade receivables		-	250.00
Freight and handling expense		2,763.50	1,877.38
Commission on sales		442.88	309.99
Royalty (refer note 44)		678.34	691.58
Corporate Social Responsibility expense (refer note 45.2)		66.66	51.63
Common corporate expenses (refer note 44)		99.76	99.76
Travelling Expense		31.27	12.36
Miscellaneous expenses		279.01	200.96
		31,696.28	**24,895.40**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

38 Tax expense

		For the year ended 31 March 2022	For the year ended 31 March 2021
A.	**Income tax recognised in Statement of Profit and Loss**		
	Current tax (including tax adjustment relating to prior periods)	2,704.01	1,191.84
	Deferred tax		
	Attributable to -		
	Origination and reversal of temporary differences	3,054.51	1,026.35
	Total tax expense recognised in the current year	**5,758.52**	**2,218.19**
B.	**Reconciliation of effective tax rate**		
	Profit before tax	15,833.56	6,637.67
	Tax at the Indian tax rate of 34.94 % (previous year 34.94%)	5,532.88	2,319.47
	Effect of expenses that are not deductible in determining taxable profit	42.26	123.61
	Reversal of unutilised MAT credit lying as on 31 March 2022	211.49	-
	Recognition of previously unrecognised tax losses	136.75	(14.38)
	Effect of change in tax rate due to section 115 BAA of Income Tax Act, 1961*	(164.86)	(214.71)
	Effect of change in estimate related to previous year	-	4.20
	Income tax expenses recognised in statement of profit and loss	**5,758.52**	**2,218.19**
	*Refer Note 8		
C.	**Income tax expense recognised in other comprehensive (expense)**		
	Deferred tax assets/(liabilities)		
	Arising on income and expenses recognised in other comprehensive income		
	- Remeasurement of defined benefit obligation	18.75	62.70
	Total income tax recognised in other comprehensive (expense)	**18.75**	**62.70**
	Bifurcation of the income tax recognised in other comprehensive income into:-		
	Items that will not be reclassified to profit or loss	-	-
		-	**-**

39 Earning per share (EPS)

		For the year ended 31 March 2022	For the year ended 31 March 2021
A.	**Basic earnings per share**		
i)	Profit for basic earning per share of ₹10 each	10,075.04	4,419.48
ii)	Weighted average number of equity shares for (basic)		
	Balance at the beginning of the year	4,05,07,000	4,03,94,502
	Effect of fresh issue of shares	-	-
	Weighted average shares at fair value in employee stock option	9,942	20,342

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

39 Earning per share (EPS) (Contd.)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Total weighted average number of equity shares outstanding for Basic EPS	4,05,16,942	4,04,14,844
Add: Effect of dilutive common equivalent shares - share option outstanding**	2,57,321	35,728
Total weighted average number of equity shares outstanding for Diluted EPS	4,07,74,263	4,04,50,572
Basic Earnings per share (face value of ₹ 10 each)	24.87	10.94
B. Diluted earnings per share		
i) Profit for diluted earning per share of ₹10 each	10,075.04	4,419.48
ii) **Total weighted average number of equity shares outstanding for Dilutive EPS**	4,07,74,263	4,04,50,572
Diluted Earnings per share (face value of ₹10 each) **	24.71	10.93

**161,679 options (31 March 2021: 459,027) were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive in reference with Paragraph 46/47/47A of Ind AS 33.

40 Contingent liabilities and commitments:
(to the extent not provided for)

	As at 31 March 2022	As at 31 March 2021
a) Claim against the Company not acknowledged as debts, under dispute		
-Sales tax, Value added tax, Goods and services tax etc.	32.67	74.90
b) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account {(net of capital advances ₹491.64 (Previous year ₹190.83)}	1,929.10	906.71
Export commitments against import of capital goods under EPCG scheme	664.95	1,073.19

c) Pursuant to judgement by the Hon'ble Supreme Court dated 28 February 2019, it was held that basic wages, for the purpose of provident fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies. The Company had assessed that there was no impact of the same for current year since provident fund was already deducted on such special allowances for the current year. Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Company had not recognised any provision for the years prior to 28 February 2019. Further, management also believes that the impact of the same on the Company though not quantifiable will not be material.

d) The Company has initiated legal proceedings which have arisen in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material effect on the Company's results of operations or financial condition. Further, the Company has filed legal cases against certain parties for recoverability of balances due from them. Appropriate provision wherever required, has been created in the financial statements.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

41 Segment information

Board of Directors of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments". Operating Segments have ben defined and presented based on the regular review by the CODM to assess the performance of segment and to make decision about allocation of resources. The Company has identified only one operating segment i.e. 'Steel' and operations are mainly within India. Hence, it is the only reportable segment under Ind AS 108 'Operating Segments'. Entity wide disclosure required by Ind AS 108 are made as follows:

Entity wide disclosures	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Information about products and services		
Sale of products		
Finished goods		
- Black bars	1,00,842.48	68,071.59
- Bright bars	34,572.17	23,944.25
- Others (represent items which individually account for less than 10% of the total value of sale of own manufactured products)	0.10	857.00
Traded goods		
- Black bars	62.95	-
- Bright bars	-	-
Inventories:		
- Black bars	13,183.82	5,942.35
- Bright bars	2,781.88	1,648.68
- Billets	5,998.80	4,341.08
- Raw Material (Including material in transit)	4,192.31	4,546.30
- Others (represent items which individually account for less than 10% of the total value of inventory)	4,275.39	2,747.49

B. Information about major customers (from external customers)

Revenue from sale of products to two Customers of the Company amounting to ₹30,130.85 during the year 2021-22 (Previous year one customer amounting to ₹11,405.03) constitutes more than 10% of the total revenue from sale of products of Company.

C. Information about geographical areas

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Domestic	Foreign	Domestic	Foreign
Revenues from sale of products to external customers *	1,27,883.38	7,594.32	91,605.24	1,267.60
Non - Current assets :				
Property, Plant and Equipment	28,821.76	-	28,149.09	-
Right-of-use assets	86.24	-	91.49	-
Capital work in progress	1,287.83	-	1,273.65	-
Intangible Assets	8.47	-	13.20	-
Other non current assets	1,630.62	-	1,287.81	-

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

42 The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Company as under :

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a)	Principal amount and Interest due thereon remaining unpaid to any supplier		
	- Principal		
	Trade payable	206.91	256.56
	Capital creditors	11.23	2.65
	- Interest		
	Trade payable	-	-
	Capital creditors	-	-
b)	The amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"); along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of year.	-	-
e)	The amount of interest accrued and remaining unpaid at the end of the year.		
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act 2006.	-	-
		218.14	**259.21**

43 Employee benefits

A. Assets and liabilities relating to employee benefits

	Non - current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Asset for gratuity	-	-	8.51	28.71
Asset for gratuity shown under other current assets (refer note 17)	**0.00**	**0.00**	**8.51**	**28.71**
Liability for gratuity	-	-	-	-
Liability for compensated absences	180.97	176.18	27.06	23.70
Provisions for employee benefits (refer note 23)	**180.97**	**176.18**	**27.06**	**23.70**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

For details about the related employee benefit expenses, refer to note 34.

B. Defined contribution plan:-

The Company's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Company has recorded an expense of ₹281.94 (Previous year: ₹245.09) under provident fund scheme and ₹46.73 (Previous year: ₹44.59) under ESI scheme. These have been included in the note 34 Employees benefits expenses, in Statement of Profit and Loss.

C. Defined benefit plan

Gratuity (funded)

The employees' gratuity fund scheme managed by VSSL Gratuity fund trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The Company made annual contributions to the VSSL Gratuity fund trust.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increase in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of VSSL Gratuity Fund Trust.

a) Funding

Gratuity is a funded benefit plan for qualifying employees. 100% of the plan assets are managed by VSSL Gratuity fund trust. The assets managed are highly liquid in nature and the Company does not expect any significant liquidity risks. The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Particulars	As at 31 March 2022	As at 31 March 2021
b) Reconciliation of present value of defined benefit obligation		
Present value of obligation at the beginning of the year	892.88	801.95
Current service cost	93.84	84.87
Interest cost	60.62	54.53
Actuarial loss recognised in other comprehensive income	13.86	5.01
Benefits paid	(80.57)	(53.48)
Present value of obligation at the end of the year	**980.63**	**892.88**
c) Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	921.59	733.37
Expected return on plan assets	62.56	49.87
Actuarial gain/(loss) on plan assets recognised in other comprehensive income	32.61	67.71
Contributions	(27.51)	70.72
Benefits paid	(0.11)	(0.08)
Plan assets at the end of the year, at fair value	**989.14**	**921.59**
d) Amount recognised in the balance sheet		
Present value of defined benefit obligation at the end of the year	980.63	892.88
Fair value of plan assets at the end of the year	989.14	921.59
Net asset / (liability) recognised in balance sheet*	**8.51**	**28.71**

*Net asset shown under the head "Other current assets" and net liability shown under the head Provision for employee benefits

Particulars	As at 31 March 2022	As at 31 March 2021
e) Plan Assets		
Equity Instruments	22.27%	19.06%
Govt. Securities & Debt Instruments	75.06%	77.01%
Bank balances	2.38%	3.42%
Others	0.29%	0.51%
f) Expenses recognised in the Statement of Profit or Loss		
Current service cost	93.84	84.87
Interest cost	60.62	54.53
Expected return on plan assets	(62.56)	(49.87)
Expenses recognized in profit or loss	**91.90**	**89.53**
g) Remeasurement recognized in other comprehensive expense		
Actuarial (gain)/loss on the defined benefit obligation	(18.75)	(62.70)
Amount recognized in other comprehensive expense	**(18.75)**	**(62.70)**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

h) Actuarial Assumptions

(i) Economic assumptions: The principal assumptions are the discount rate and salary growth rate. The discount rate is generally based upon the market yield available on the Government bonds at the accounting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate (per annum)	7.18%	6.80%
Expected rate of return on plan assets (per annum)	6.33%	6.19%
Future salary growth rate	6.00%	6.00%

(ii) Demographic assumptions:

Particulars	As at 31 March 2022	As at 31 March 2021
Retirement age	58	58
Mortality rate	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)
Attrition rate	Withdrawal Rate %	Withdrawal Rate %
Upto 30 years	5.00%	5.00%
31 to 44 years	5.00%	5.00%
44 and above	5.00%	5.00%

i) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(34.85)	37.45	(31.88)	34.31
Future salary growth (0.50 % movement)	36.62	(34.56)	33.72	(31.58)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

j) Expected future benefit payments

Particulars	As at 31 March 2022	As at 31 March 2021
Undiscounted amount of expected benefit payments for next 10 years:		
within 1 year	120.53	125.72
1-2 years	121.30	72.36
2-3 years	73.25	99.50
3-4 years	71.30	64.55
4-5 years	45.21	56.92
5-6 years	54.27	36.51
6 year onwards	494.77	437.32

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

k) Weighted average duration and the expected employers contribution for next year of the defined benefit plan:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Weighted average duration of the defined benefit plan (in years)	11.59	11.61
Expected employers contribution for next year	103.90	94.07

D. Share based payments to employees

i) ESOP Plan 2016: First Grant

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which has been approved by the Board of Directors in its meeting held on 24 August 2016 and by the shareholders in their meeting held on 28 September 2016. The Board had delegated necessary power to the Nomination and Remuneration Committee to Implement and administer the plan. Accordingly, the Nomination and Remuneration Committee of the company in its meeting held on 12 November 2016 has granted 210,000 options to its eligible employees against the plan under the first grant out of total of 371,108 options.

Further, on the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on 6 August 2020 have approved to increase the exercise period from existing 2 years to 5 years and recommended the same to the Members for their approval. The Members of the Company in the Annual General Meeting held on 25 September 2020 have approved the same by the way of Special Resolution.

During the year, the Company has allotted 32,500 (Previous year : 67,500) equity shares to the eligible employees at a price of ₹65 per share and 21,664 (Previous year : 44,998) equity shares on right basis on these equity shares in the ratio 2:3 at a price of ₹50 per equity share. Now, all the options which were granted under First grant of ESOP Plan 2016 has been fully exercised by the eligible employees.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Reconciliation of outstanding share options (1st Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	54,176	59	1,85,424	59
Increase on account of modification (Rights issue)	-	-	-	-
Forfeited during the year	(12)	59	(18,750)	59
Exercised during the year	(54,164)	59	(1,12,498)	59
Outstanding at end of the year*	-	-	54,176	59

*The options outstanding as at 31 March 2021 have an exercise price of C65 (Original options) and C50 (Right issue) per option.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
12-Nov-18	25% of total allotment	57.10
12-Nov-19	25% of total allotment	61.20
12-Nov-20	25% of total allotment	64.50
12-Nov-21	25% of total allotment	68.40

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	3.00	3.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	65.00	65.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	99.00	99.00

ii) ESOP Plan 2016: Second Grant

The Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 1,35,000 options to its eligible employees against the plan under the Second grant out of 1,36,937 options lying un-granted at a price of ₹72 per share, other terms and conditions remaining the same.

During the year no allotment has been made by the company to the eligible employees under 2nd Grant of ESOP Plan 2016, as vesting period is 2 years.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,35,000	72	-	-
Granted during the period	-	-	1,35,000	72
Forfeited during the year	(7,500)	72	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year*	1,27,500	72	1,35,000	72

*The options outstanding as at 31 March 2022 & 31 March 2021 have an exercise price of ₹72 per option.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
12-Nov-22	25% of total allotment	30.21
12-Nov-23	25% of total allotment	33.59
12-Nov-24	25% of total allotment	36.16
12-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

iii) ESOP Plan 2020: First Grant

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014) which has been approved by the Board of Directors in its meeting held on 6 August 2020 and by the shareholders in their meeting held on 25 September, 2020. The Board had delegated necessary power to the Nomination and Remuneration Committee to Implement and administer the plan. Accordingly, the Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 3,63,000 options to its eligible employees against the plan under the first grant out of total of 5,00,000 options.

During the year no allotment has been made by the company to the eligible employees under 2nd Grant of ESOP Plan 2016, as vesting period is 2 years.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Reconciliation of outstanding share options (1st Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	3,63,000	72	-	-
Granted during the period	-	-	3,63,000	72
Forfeited during the year	(71,500)	72	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year*	2,91,500	72	3,63,000	72

*The options outstanding as at 31 March 2022 & 31 March 2021 have an exercise price of ₹72 per option.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
12-Nov-22	25% of total allotment	30.21
12-Nov-23	25% of total allotment	33.59
12-Nov-24	25% of total allotment	36.16
12-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

iv) Movement of Share Option Outstanding Account

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Total liability as the beginning of the year	46.04	67.76
Employee option plan expense	41.56	24.77
Transfer on account of share options not exercised	-	(4.80)
Transfer to securities premium account	(23.70)	(41.69)
Total liability as the end of the year	**63.90**	**46.04**

44 Related party disclosures

A. List of related parties and nature of relationship where control exists:

Name of party	Description of relationship
Vardhman Textiles Limited	VSSL* is an associate of Vardhman Textiles Limited
Aichi Steel Corporation	VSSL* is an associate of Aichi Steel Corporation

* VSSL refers to Vardhman Special Steels Limited

B. List of related parties and nature of relationship with whom transactions have taken place during the current/previous year

a) Name of party	Description of relationship
Vardhman Yarns and Threads Limited ('VYTL')	VYTL is an associate of Vardhman Textiles Limited

b) Key management personnel and individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise

Mr. Sachit Jain, Vice Chairman and Managing Director

Mr. Sanjeev Singla, Chief Financial Officer

Ms. Sonam Taneja, Company Secretary

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Mr. Mukesh Kumar Srivastava, Chief Operating Officer (up to 31 January 2022)

Mr. Rajendar Kumar Rewari, Chief Executive Officer (w.e.f. 01 February 2022)

c) Relatives of KMP

Mr. S.P. Oswal

Ms. Shakun Oswal

Ms. Soumya Jain

Ms. Sagrika Jain

d) Non Executive directors

Mr. Rajeev Gupta (Non -Executive Chairman)

Mr. Sanjeev Pahwa

Mr. Rajinder Kumar Jain

Mr. Sanjoy Bhattacharyya

Mr. Bal Krishan Choudhary

Ms. Suchita Jain

Mr. Rakesh Jain

Ms. Shubhra Bhattacharya

Mr. Raghav Chandra

Mr. Takashi Ishigami

e) Enterprise over which KMP's have significant influence

Vardhman Holdings Limited

Vardhman Acrylics Limited

Vardhman Nisshinbo Garments Company Limited

VMT Spinning Company Limited

VSSL Gratuity Fund Trust

Devakar Investment & Trading Company Private Limited

Mahavir Shares Trust

VTL Investments Limited

Flamingo Finance & Investment Company Limited

Santon Finance & Investment Company Limited

Ramaniya Finance & Investment Company Limited

Paras Syndicate

Amber Syndicate

Northern Trading Company

Eastern Trading Company

Mahavir Spinning Mills Private Limited

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

C. Transactions with related parties during the current / previous year# :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Purchase of raw material		
Vardhman Yarns and Threads Limited	8.18	3.24
Vardhman Textiles Limited	116.79	24.18
Vardhman Nisshinbo Garments Company Limited	-	6.04
(ii) Purchase of MEIS/RODTEP License		
Vardhman Textiles Limited	21.87	35.31
Vardhman Nisshinbo Garments Company Limited	-	20.82
(iii) Royalty		
Aichi Steel Corporation	678.34	691.58
(iv) Professional Charges		
Aichi Steel Corporation	121.68	227.44
(v) Sale of goods and services		
Vardhman Textiles Limited	0.39	0.35
(vi) Logo charges		
Vardhman Holdings Limited	24.20	15.08
(vii) Reimbursement of expenses received		
Vardhman Textiles Limited	4.46	4.70
Aichi Steel Corporation	4.23	13.14
(viii) Common corporate expenses		
Vardhman Textiles Limited	117.71	117.71
(ix) Dividend paid		
Vardhman Textiles Limited	145.62	-
Vardhman Holdings Limited	78.28	-
Aichi Steel Corporation	69.44	-
Devakar Investment & Trading Company Private Limited	33.23	-
Mahavir Shares Trust	7.99	-
VTL Investments Limited	5.67	-
S.P. Oswal	3.31	-
Flamingo Finance & Investment Company Limited	2.95	-
Santon Finance & Investment Company Limited	2.53	-
Ramaniya Finance & Investment Company Limited	2.35	-

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Suchita Jain	1.35	-
Shakun Oswal	0.77	-
Paras Syndicate	0.46	-
Amber Syndicate	0.43	-
Northern Trading Company	0.41	-
Eastern Trading Company	0.30	-
Mahavir Spinning Mills Private Limited	0.05	-
Sagrika Jain	0.04	-
(x) Contribution (from)/to post employment benefit plans		
VSSL Gratuity Fund Trust	(27.51)	70.72
(xi) Compensation to KMP & their relative:		
Short-term employee benefits*		
Mr. Sachit Jain	282.00	282.54
Mr. Sanjeev Singla	40.42	48.07
Ms. Sonam Taneja	10.21	7.52
Mr. Mukesh Kumar Srivastava	69.13	78.98
Mr. Rajendar Kumar Rewari	17.04	-
Directors Sitting Fees		
Mr. Rajeev Gupta	3.00	1.80
Mr. Sanjeev Pahwa	5.30	2.80
Mr. Rajinder Kumar Jain	3.90	2.40
Mr. Sanjoy Bhattacharyya	4.30	3.00
Mr. Rakesh Jain	4.50	2.80
Ms. Shubhra Bhattacharya	2.20	0.80
Mr. Raghav Chandra	2.60	1.40
Commission to Vice Chairman and Managing Director		
Mr. Sachit Jain	643.14	282.04
Compensation to Relative of KMP		
Ms. Soumya Jain	7.91	-
Dividend		
Mr. Sachit Jain	84.03	-
Mr. Sanjeev Singla	0.38	-
Ms. Sonam Taneja	0.01	-
Mr. Mukesh Kumar Srivastava	0.41	-
Mr. Rajinder Kumar Jain	0.27	-

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Ms. Soumya Jain	0.04	-
Post employment benefits		
Mr. Sachit Jain	49.07	45.99
Mr. Sanjeev Singla	9.00	6.78
Ms. Sonam Taneja	1.71	1.47
Mr. Mukesh Kumar Srivastava	-	20.58
Mr. Rajendar Kumar Rewari	1.92	-
Ms. Soumya Jain	0.21	-
(xi) Termination Benefit:		
Mr. Mukesh Kumar Srivastava	68.16	-

* Including value of perquisites.
# Including taxes wherever applicable.

D. Outstanding balances with related parties as at year end:

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Aichi Steel Corporation	279.00	362.98
Vardhman Holdings Limited	22.15	14.07
(Asset) / liability for gratuity contribution		
VSSL Gratuity Fund Trust	(8.51)	(28.71)

E. Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year end are unsecured.

45 Other disclosures required by statute

		For the year ended 31 March 2022	For the year ended 31 March 2021
45.1	**Auditors Remuneration (excluding taxes as applicable)**		
	As Auditor		
	- Statutory audit and limited review of quarterly results	27.00	21.00
	- in other capacity		
	Tax audit fee	3.75	3.50
	Certification work	0.75	1.50
	For reimbursement of expenses	1.54	1.23
		33.04	**27.23**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

45.2 Where the company covered under section 135 of the Companies Act, the following shall be disclosed with regard to CSR activities:-

S. No.	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i	Amount required to be spent by the company during the year	59.76	48.53
ii	Amount of expenditure incurred	66.66	51.63
iii	Shortfall/(Surplus) at the end of the year	**(6.90)**	**(3.10)**
iv	Total of previous years shortfall/(Surplus)	**(10.00)**	**-**
v	Reason for shortfall	-	-
vi	Nature of CSR activities*		
vii	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
viii	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	-	-

***Current Year-**On Preventive Health care ₹10.07, On Promoting Education ₹2.82, On Environment Sustainability ₹47.48, On Promoting Sports ₹3.00, On Protection / Conservation of Natural Heritage ₹2.00 and on Infrastructure and Rural Development ₹1.29.

(Previous year -On Preventive Health care ₹33.06, On Promoting Education ₹3.31, On Environment Sustainability ₹13.06, On Promoting Sports ₹0.25, On Women Empowerment and Livelihood ₹1.95.

46 Financial instruments - Fair values and risk management

A. Accounting classification and fair values

The following table shows the carrying amounts and fair value of financial assets and financial liabilities including their level in the fair value hierarchy:

Particulars	Note	Level of hierarchy	As at 31 March 2022			As at 31 March 2021		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
- Loans	(ii)	Level-3	-	-	291.92	-	-	177.87
- Other financial assets	(ii)	Level-3	-	-	-	-	-	-
Current								
- Investments		Level-1	-	-	-	-	-	-
- Investments		Level-2	-	-	-	-	-	-
- Trade receivables	(i)	Level-3	-	-	22,186.29	-	-	22,430.05
- Cash and cash equivalents	(i)	Level-3	-	-	27.10	-	-	234.00
- Bank balances other than cash and cash equivalents	(i)	Level-3	-	-	1,570.52	-	-	5,000.00
- Loans	(i)	Level-3	-	-	151.71	-	-	99.49
- Other financial Assets (excluding derivative contracts)	(i)	Level-3	-	-	206.69	-	-	471.22
- Derivative financial instruments	(iv)	Level-2	-	-	-	-	-	-
Total financial assets			**-**	**-**	**24,434.23**	**-**	**-**	**28,412.63**

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Particulars	Note	Level of hierarchy	As at 31 March 2022			As at 31 March 2021		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Liabilities								
Non-current								
- Borrowings		Level-3	-	-	7,889.21	-	-	10,965.16
- Lease liabilities		Level-3	-	-	91.27	-	-	94.34
- Other financial liabilities		Level-3	-	-	10.95	-	-	31.74
Current								
- Borrowings	(i)	Level-3	-	-	8,203.13	-	-	7,981.45
- Lease liabilities	(i)	Level-3	-	-	13.59	-	-	10.76
- Trade payables	(i)	Level-3	-	-	14,747.71	-	-	13,017.99
- Derivative financial instruments	(iv)	Level-2	64.13	-	-	50.79	-	-
- Other financial liabilities	(i)	Level-3	-	-	1,912.42	-	-	1,006.82
			64.13	**-**	**32,868.28**	**50.79**	**-**	**33,108.26**

Notes:

(i) Fair value of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments. Further, in accordance with amendment Ministry of Corporate Affairs notified in Ind AS 113 on 30 March 2019, fair value measurement of lease liabilities is not required.

(ii) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.

(iii) Fair value of borrowings is as follows :

	Level	Fair value		Amortised cost	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Non-current borrowings (including current maturities)*	3	**11,173.76**	13,441.53	**10,975.91**	12,960.96

*The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

(iv) Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporates various inputs including credit quality of counter-parties and foreign exchange forward rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2022 and 31 March 2021.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

47 Financial risk management

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (ii))
- liquidity risk (see (iii)): and
- market risk (see (iv))

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit risk exposure and arises principally from the Company's receivable from customers and loans. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet:

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables	22,186.29	22,430.05
Cash and cash equivalents	27.10	234.00
Loans	151.71	99.49
Other financial assets	206.69	471.22

Trade receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually. Any sales exceeding those limits require approval from the appropriate authority as per policy. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

	As at 31 March 2022	As at 31 March 2021
Within India	21,911.12	22,331.62
Outside India	275.17	98.43

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from top customer	11.21%	12.18%
Revenue from top five customers	37.06%	31.19%

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaird
31 March 2022					
Not Due	18,131.42	16.32	18,115.10	0.09%	No
0-90 Days	3,782.21	15.86	3,766.35	0.42%	No
91-180 Days	271.54	25.97	245.57	9.56%	No
181-365 Days	165.55	106.28	59.27	64.20%	No
366 Days and above	235.57	235.57	-	100.00%	No
	22,586.29	**400.00**	**22,186.29**		

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaird
31 March 2021					
Not Due	19,423.50	116.62	19,306.88	0.60%	No
0-90 Days	3,118.00	43.36	3,074.64	1.39%	No
91-180 Days	30.77	6.62	24.15	21.52%	No
181-365 Days	190.86	166.48	24.38	87.23%	No
366 Days and above	539.48	539.48	-	100.00%	No
	23,302.61	**872.56**	**22,430.05**		

The movement in the allowance for impairment in respect of trade receivables is as follows:

	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	872.56	622.56
Amounts added during the year	-	250.00
Withdrawal from provision towards bad debts written off	(472.56)	-
Balance as at the end of the year	**400.00**	**872.56**

The loans primarily represents security deposits and loans given to employees. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no allowance for expected credit loss has been provided on these financial assets.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet it's liabilities when they are due, under both normal and stressed circumstances, without incurring losses or risking damage to the Company's reputation. Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The following table provides details regarding the contractual maturities of significant financial liabilities:

31 March 2022	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	8,203.13	7,907.86	-	16,110.99
Trade payables	14,717.19	30.52	-	14,747.71
Other financial liabilities	1,912.42	-	-	1,912.42
	24,832.74	**7,938.38**	**-**	**32,771.12**

31 March 2021	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	7,981.45	10,664.55	330.00	18,976.00
Trade payables	12,992.02	25.97	-	13,017.99
Other financial liabilities	1,006.82	-	-	1,006.82
	21,980.29	**10,690.52**	**330.00**	**33,000.81**

(iv) Market risk

(a) Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check to the extent possible.

(b) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

Exposure to interest rate risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

	As at 31 March 2022	As at 31 March 2021
Fixed rate borrowings	-	-
Floating rate borrowings	16,092.34	18,946.61
	16,092.34	**18,946.61**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have impacted the Statement of Profit and Loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Strengthening	Weakening
For the year ended 31 March 2022		
Interest rate (0.5% movement)	(80.46)	80.46
For the year ended 31 March 2021		
Interest rate (0.5% movement)	(94.73)	94.73

(c) Foreign Currency Risk and sensitivity

The functional currency of the Company is Indian Rupee (INR). The Company is exposed to foreign exchange risk through its sales in international markets and purchases from overseas suppliers in various foreign currencies. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company holds derivative financial instruments such as foreign exchange contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/depreciates against these currencies.

Exposure to currency risk

The following table provides details of the Company's exposure to currency risk:

		As at 31 March 2022		As at 31 March 2021	
	Currency	Amount in indian currency (in lakhs)	Amount in foreign currency (in lakhs)	Amount in indian currency (in lakhs)	Amount in foreign currency (in lakhs)
Trade payable	USD	454.03	5.99	524.20	7.17
	EURO	-	-	22.30	0.26
	JPY	289.54	467.00	363.42	549.97
Trade receivables	USD	268.32	3.54	658.72	9.01

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

The following table summarizes the company's exposure foreign currency risk from financial instruments at the end of each reporting period:

Particulars	As at 31 March 2022 (in lakhs)	As at 31 March 2021 (in lakhs)
a) Exposure on account of Financial assets		
Trade Receivable (A)		
-In USD	3.54	9.01
Amount hedged through forwards & options # (B)		
-In USD	19.00	9.50
Net Exposure of Foreign Currency Assets (C = A - B)		
-In USD	-	-
b) Exposure on account of Financial Liabilities		
Trade Payable (D)		
-In USD	5.99	7.17
-In Euro	-	0.26
-In JPY	467.00	549.97
Amount hedged through forwards & options # (E)		
-In USD	29.35	25.33
-In Euro	5.11	6.13
-In JPY	900.00	900.00
Net Exposure of Foreign Currency Liabilities (F = D - E)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-
Net Exposure to Foreign Currency Assets / (Liability) (C-F)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	-

Excess forwards and options against pending purchase orders.

The followings are the significant exchange rates applied during the year:

Particulars	2021-2022 (Average exchange rate)	2020-2021 (Average exchange rate)	2021-2022 (Year end rate)	2020-2021 (Year end rate)
INR/USD	74.51	74.23	75.80	73.11
INR/EURO	86.61	86.62	84.12	85.78
INR/SEK	8.12	8.37	8.14	8.38
INR/JPY	0.66	0.70	0.62	0.66

Foreign currency sensitivity

The Impact on the Company profit before tax due to changes in the fair value of monetary assets and liability including foreign currency derivatives on account of 1% change in USD, SEK and JPY exchange rate (With all other variables held consent) will be as under:

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

Particular	As at 31 March 2022	As at 31 March 2021
1 % Strengthening/(weakening) of USD against INR	-	-
1 % Strengthening/(weakening) of Euro against INR	-	-
1 % Strengthening/(weakening) of JPY against INR	-	-

b) Summary of Exchange difference accounted in Statement of Profit and loss:

Particulars	As at 31 March 2022	As at 31 March 2021
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	87.09	62.89
Derivatives		
Derivatives (gain) / losses shown as operating expenses	13.34	163.19
Total	**100.43**	**226.08**

48 Capital Risk Management

(i) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders . The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	As at 31 March 2022	As at 31 March 2021
Borrowings	16,092.34	18,946.61
Trade payables	14,747.71	13,017.99
Lease liabilities	104.86	105.10
Other payables	3,065.47	2,222.92
Less: cash and cash equivalents	27.10	234.00
Net debt	**33,983.28**	**34,058.62**
Equity	55,496.04	45,936.33
Capital and net debt	**89,479.32**	**79,994.95**
Gearing Ratio	37.98%	42.58%

(ii) Dividend not recognised at the end of the year

Subsequent to the year end, the Board of Directors have recommended payment of final dividend of ₹3.50 (31 March 2021 : ₹1.50) per fully paid equity share amounting ₹1,419.64 (31 March 2021 : ₹607.61). The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

49 Ratios

The following are the analytical ratios for the year ended 31 March 2022 and 31 March 2021

	Particulars	Numerator	Denominator	31 March 2022	31 March 2021	%age change	Remarks
(i)	Current Ratio	Current Assets	Current Liabilities	2.27	2.09	8.49%	-
(ii)	Debt Equity Ratio (times)	Net Debt*	Net Worth	0.23	0.30	-21.80%	-
(iii)	Debt Service Coverage ratio (times)	Profit after tax + non cash operating expense (depreciation and amortization) + interest + loss on sale/ write off PPE	Gross Interest + Scheduled principal repayment of Long term debts + lease payments	2.97	2.47	20.49%	-
(iv)	Return on Equity Ratio	Profit after tax	Average shareholder equity	19.87%	10.12%	96.20%	Refer note 1 below
(v)	Inventory Turnover ratio (times) (Annualised)	Revenue from operations	Average Inventory	5.51	5.45	1.17%	-
(vi)	Trade receivables ratio (times) (Annualised)	Revenue from operations	Average Trade Receivable	6.13	4.64	32.30%	Refer note 2 below
(vii)	Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	7.59	6.89	10.14%	-
(viii)	Net capital turnover ratio	Net Sales	Net working capital (Current assets - current liability)	4.84	4.39	10.13%	-
(ix)	Net Profit Margin (%)	Profit after tax	Revenue from Operations	7.36%	4.72%	56.11%	Refer note 3 below
(x)	Return on Capital employed	EBIT	Capital employed***	23.51%	13.06%	80.06%	Refer note 4 below
(xi)	Return on investment	Profit after tax	Average shareholder equity	19.87%	10.12%	96.20%	Refer note 1 below

*Net Debt: Long term borrowings (including current maturities of and gross initiation costs)+ short term borrowings - cash and cash equivalents - other bank balance - investments in mutual funds / term deposits.

**EBIT: Earnings before interest and tax.

*** Capital employed: Tangible net worth (total assets-total liabilities-intangible assets) + total debt + deferred tax liability +lease liability.

Note : Below are the remarks for changed in ratios, for the year 31 March 2022, for more than 25 % from previous year

1 This ratio has increased from 10.12 % in March 2021 to 19.87 % in March 2022 mainly on account of increase in Net profit after tax, which was mainly due to increase in business volumes and in other income.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

2 This ratio has increased from 4.64 in March 2021 to 6.13 in March 2022 due to decrease in the credit days, overall increase in business volumes and better collection efficiency.

3 This ratio has increased from 4.72 % in March 2021 to 7.36% in March 2022 mainly on account of increase in Net profit after tax due to increase in sales & other income.

4 This ratio has increased from 13.06 % in March 2021 to 23.51 % in March 2022 on account of increase in EBIT which is mainly due revenue growth along with efficient utilisation of working capital.

50 The Company is eligible for incentive of electricity duty among other incentives under the Punjab State Government's Fiscal Incentives for Industrial Promotion Policy (R) 2013 for its expansions completed up to 31 March 2016 and continuously receiving the benefit under this policy. Further, under the Industrial and Business Development Policy 2017 of the State Government, in previous years the Company had filed application for claiming incentives for its expansion cum upgradation project of Steel Melt Shop. Pursuant to the necessary approvals from the competent authorities, in the current year, the Company has recorded ₹2,147.15 (Previous year: 373.46) under the head Other Income towards its incentive of electricity duty exemption and property tax exemption filed under Fiscal Incentives for Industrial Promotion Policy (R) 2013 & 2017. Other incentives will be considered post sanction/assessment/approval by appropriate authority.

The Company has been permitted exemption of 5% stamp duty on registration of land and building purchased in 2018-19. The said exemption shall be recognised in books on compliance of conditions under the Policy and necessary approvals from the competent authority.

51 Reclassification done in current year balance sheet, to the figures of previous year, as per Schedule III Amendments:

Particulars	Amount as on year ended 31 March 2021	Presented as, in financial of year ended 31 March 2021.	Reclassified as, in financial of year ended 31 March 2022.	Remarks
Contract Assets	589.92	Other financial Assets -Current	Financial Assets - Trade receivables	Reduction in Other financial Assets (Current) by ₹589.92 and equivalent addition in Financial assets - Trade Receivable for the figures of year ended 31 March 2021.
Current maturities of non-current borrowings	1,995.80	Other financial liabilities - Current	Financial liabilities - Borrowing	Reduction in Other financial liabilities (Current) by ₹1,995.80 and equivalent addition in Financial assets - Trade Receivable for the figures of year ended 31 March 2021.

52 Impact of COVID 19 (Global Pandemic) on Business

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these audited financial statements including but not limited to the recoverability of carrying amounts of financial and non-financial assets, its assessment of liquidity and going concern assumption. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these audited financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered.

The Company continues to take adequate safety precautions and will continue to closely monitor future economic conditions to ensure business continuity.

Notes to the Financial Statements for year ended 31 March 2022

(All amounts are in ₹ lakhs except for share data)

53 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

54 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Gaurav Mahajan
Partner
Membership number: 507857

Place: Chandigarh
Date: 29 April 2022

For and on behalf of the Board of Directors of
Vardhman Special Steels Limited

Sachit Jain
Vice Chairman & Managing Director
DIN : 00746409

Suchita Jain
Director
DIN : 00746471

Sanjeev Singla
Chief Financial Officer

Sonam Taneja
Company Secretary

Place: Ludhiana
Date: 29 April 2022

Notice

NOTICE is hereby given that the **12th ANNUAL GENERAL MEETING** of Vardhman Special Steels Limited will be held on Friday, the 30th day of September, 2022 at 9:30 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – To adopt financial statements:

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2022 together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To declare Dividend:

To declare a dividend of ₹3.50/- per equity share for the year ended 31st March, 2022.

Item No. 3 – To re-appoint Mr. Rajinder Kumar Jain as a director liable to retire by rotation:

To appoint a Director in place of Mr. Rajinder Kumar Jain, (holding DIN: 00046541), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 4 – To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2023:

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ramanath Iyer & Company, Cost Auditors, New Delhi appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023, be paid the remuneration of ₹51,000/- plus out of pocket expenses and applicable taxes.

RESOLVED FURTHER THAT Mr. Sachit Jain, Vice-Chairman & Managing Director and Ms. Sonam Taneja, Company Secretary, be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution."

Item No. 5 - To approve continuation of directorship of Mr. Rajinder Kumar Jain as a Non-Executive Director of the Company:

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 Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company be and is hereby given for continuation of the directorship of Mr. Rajinder Kumar Jain (DIN: 00046541) as a Non-Executive Director of the Company."

Item No. 6 - To appoint Mr. Toshio Ito as a Non-Executive Non-Independent Director of the Company:

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

"**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Toshio Ito (DIN: 09654963), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 25th July, 2022 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Item No. 7 - To appoint Mr. Suman Chatterjee as an Independent Director of the Company:

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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, the rules made thereunder and Regulations 16, 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Suman Chatterjee (DIN: 00734061), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of consecutive five (5) years starting from 25th July, 2022."

Item No. 8 - To appoint Mrs. Vidya Shah as an Independent Director of the Company:

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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, the rules made thereunder and Regulations 16, 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Vidya Shah (DIN: 00274831), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of consecutive five (5) years starting from 25th July, 2022."

Item No. 9 - To appoint Mr. Rajeev Gupta as a Non-Executive Non-Independent Director of the Company:

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

"**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions, if any, of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rajeev Gupta (DIN: 00241501), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, w.e.f. the conclusion of the 12th Annual General Meeting."

Item No. 10 - To re-appoint Mr. Rakesh Jain as an Independent Director of the Company:

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 Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013, read with Schedule IV of the Companies Act, 2013, the rules made thereunder and Regulations 16, 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Rakesh Jain (DIN: 00020425), Independent Director, whose period of office is expiring on 26th April, 2023 and who has submitted a declaration confirming he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term in accordance with the provisions of the Companies Act, 2013 and rules made thereunder and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation for a term of five (5) consecutive years w.e.f. 26th April, 2023."

Item No. 11 - To appoint Mr. Rajendar Kumar Rewari as an Executive Director of the Company:

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 196, 197 & Schedule V of Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of Members be and is hereby accorded to appoint Mr. Rajendar Kumar Rewari (DIN: 00619240) as an Executive Director of the Company for a term of five (5) consecutive years starting from 25th July, 2022 to 24th July, 2027.

RESOLVED FURTHER THAT Mr. Rajendar Kumar Rewari shall be paid remuneration and other perquisites as per terms and conditions as detailed below:-

S.NO.	REMUNERATION	DETAILS
I.	Basic Salary	₹4,57,000/- per month.
II.	Performance Linked Incentive	Upto 0.5% of the Net Profit of the Company, as may be decided by Nomination & Remuneration Committee.
III.	Housing	Fully furnished Rent free accommodation.
IV.	Other Perquisites	Other Perquisites in addition to basic salary, performance linked incentive and housing shall be restricted to an amount equal to one year's basic salary during each year as per details given below:-
a)	Other Allowance	₹3,32,722/- per month.
b)	Medical reimbursement*	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to ceiling of one month's basic salary in a year or five months' basic salary over a period of five years.
c)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed by the Company subject to a maximum of ₹1,00,000 per annum.
d)	Personal Accident Insurance	Premium not to exceed ₹5,000/- per annum.
e)	Provident Fund & other funds	Contribution to provident fund and other funds will be subject to the rules framed by the Company in this respect.
f)	Gratuity	Gratuity payable shall not exceed half a month's salary for each completed year of service. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
g)	Car and Telephone	Free use of Company's car for official work as well as for personal purposes along with Driver and telephone at Company's cost.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT if in any financial year during the tenure of Mr. Rajendar Kumar Rewari as an Executive Director of the Company, the Company has no profits or its profits are inadequate, then the total remuneration payable to him shall be as per the terms and conditions enumerated above.

RESOLVED FURTHER THAT Mr. Sachit Jain, Vice-Chairman & Managing Director, be and is hereby authorised to enter into an agreement with Mr. Rajendar Kumar Rewari in respect of his appointment as an Executive Director of the Company, for and on behalf of the Company."

By Order of the Board

Place: Ludhiana

(Sonam Taneja)

Dated: 25th July, 2022

Company Secretary

NOTES:

1. Considering the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its circular dated May 5, 2022, read together with circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021 and December 14, 2021 (collectively referred to as "MCA Circulars"), permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the Members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations (as amended) and MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the agency to provide e-Voting facility.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice (Refer Point 12). The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc.

4. Generally, a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Member has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Route Map and Attendance Slip are not annexed hereto.

5. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.

6. The information pursuant to Regulation 36 of the SEBI Listing Regulations, regarding the Director retiring by rotation/ seeking appointment or re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.

7. The Register of Members and the Share Transfer Books of the Company shall remain closed from 20th September, 2022 to 30th September, 2022 (both days inclusive).

8. The relevant statutory registers/documents will be available electronically for inspection by the Members during the AGM. Further, the documents referred to in the Notice, if any, will also be available electronically for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email at secretarial.lud@vardhman.com.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. In compliance with the MCA Circulars and SEBI Circular dated May 13, 2022 read with circular dated January 15, 2021 and May 12, 2020, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website www.vardhman.com/ www.vardhmansteel.com, websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on website of Central Depository Services (India) Limited (e-Voting agency) at www.evotingindia.com.

10. For receiving all communications (including Annual Report) from the Company electronically:

    a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at secretarial.lud@vardhman.com or to RTA at rta@alankit.com

    b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

11. **INTRUCTIONS FOR REMOTE E-VOTING AND JOINING VIRTUAL MEETING AS UNDER:**

    (i) The Remote e-Voting period commences on 27th September, 2022 (9:00 a.m.) and ends on 29th September, 2022 (5:00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2022, may cast their vote electronically. The Remote e-Voting module shall be disabled by CDSL for voting after end of voting period on 29th September, 2022.

    Further, the facility for voting through electronic voting system will also be made available at the Meeting and Members attending the Meeting will be able to vote at the Meeting.

    (ii) Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.

    (iii) As per SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, on e-Voting Facility provided by Listed Entities, "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The procedure to login and access remote e-Voting and join virtual meeting, as devised by the Depositories / Depository Participant(s), is given below:

Option 1 – Login through Depositories

NSDL	CDSL
1. Members who have already registered for IDeAS facility to follow below steps: (i) Go to URL: https://eservices.nsdl.com (ii) Click on the "Beneficial Owner" icon under 'IDeAS' section. (iii) A new page will open. Enter the existing User ID and Password. On successful authentication, click on "Access to e-Voting". (iv) Click on the Company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.	**1. Members who have already registered for Easi / Easiest to follow below steps:** (i) Go to URL: https://web.cdslindia.com/myeasi/home/login; or (ii) URL: www.cdslindia.com and then go to Login and select New System Myeasi. (iii) Login with user id and password. (iv) Click on e-Voting. The option will be made available to reach e-Voting page without any further authentication. (v) Click on the Company name or e-Voting service provider name to cast your vote during the remote e-Voting period.
2. User not registered for IDeAS e-Services: (i) To register click on link: https://eservices.nsdl.com. Select option "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp (ii) Proceed with completing the required fields	**2. User not registered for Easi/Easiest:** (i) Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration (ii) Proceed with completing the required fields.

3. **Users can directly access e-Voting module of NSDL and follow the below process:**
   (i) Go to URL: https://www.evoting.nsdl.com/
   (ii) Click on the icon "Login" which is available under 'Shareholder/Member' section.
   (iii) Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.
   (iv) On successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.
   (v) Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

3. **Users can directly access e-Voting module of CDSL and follow the below process:**
   (i) Go to URL: www.cdslindia.com
   (ii) Click on the icon "E-Voting"
   (iii) Provide demat Account Number and PAN No.
   (iv) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.
   (v) After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress.
   (vi) Click on the Company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Option 2 - Login through Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(iv) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders:**

(i) The Members should log on to the e-Voting website www.evotingindia.com.

(ii) Click on "Shareholders" module.

(iii) Now enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-Voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual 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) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details Or Date of Birth (DOB)	Enter the Dividend 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 Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) 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.

(ix) For members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.

(x) Click on the EVSN:220906005 for <**Vardhman Special Steels Limited**> on which you choose to vote.

(xi) 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.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) 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.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) **Additional facility for Non-Individual Shareholders and Custodians – for Remote e-Voting only**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- 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.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.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.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial.lud@vardhman.com, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

12. INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

a. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-Voting at point no. 11.

b. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-Voting.

c. Members are encouraged to join the Meeting through Laptops / iPads for better experience.

d. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

e. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

f. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial.lud@vardhman.com. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of AGM.

g. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

h. If any Votes are cast by the shareholders through the e-Voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-Voting during the meeting is available only to the shareholders attending the meeting.

13. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:

a. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by email to secretarial.lud@vardhman.com/rta@alankit.com.

b. For Demat shareholders - please update your email id & mobile no. with your respective Depository Participant (DP).

c. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you may write an email to helpdesk.evoting@cdslindia.com or contact 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

14. M/s. Harsh Goyal & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer shall upon the conclusion of e-Voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

15. The Results of the resolutions passed at the AGM of the Company will be declared within 2 working days of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website www.vardhman.com / www.vardhmansteel.com and on the website of CDSL and will be communicated to the Stock Exchanges.

16. Dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961. In general, no tax will be deducted on payment of dividend to category of members who are resident individuals (with valid PAN details updated in their folio/client ID records) and the total dividend amount payable to them does not exceed ₹5,000/-. Members not falling in the said category, can go through the detailed note with regard to applicability of tax rates for various other categories of members and the documents that need to be submitted for nil or lower tax rate, which has been provided on the Company's website at https://www.vardhman.com/Investors/InvestorHelP

By Order of the Board

Place: Ludhiana **Sonam Taneja**

Dated: 25th July, 2022 Company Secretary

ANNEXURE TO THE NOTICE:

Statement pursuant to section 102 of the Companies Act, 2013:

Item No. 4 of the Special Business:

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Cost Audit is required to be conducted in respect of the Cost Accounts maintained by the Company. Upon the recommendation of the Audit Committee, the Board of Directors in its meeting held on 29th April, 2022 re-appointed M/s. Ramanath Iyer & Co., 808, Pearls Business Park, Netaji Subhash Place, New Delhi as Cost Auditors of the Company to conduct Cost Audit for the Financial Year ending 31st March, 2023.

Accordingly, the consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 4 of the notice for ratification of payment of remuneration of ₹51,000/- to the Cost Auditors for the Financial Year ending 31st March, 2023. The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the Members.

Memorandum of Interest:

None of the Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5 of the Special Business:

Pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f April 1, 2019, approval of the shareholders is required by way of a Special Resolution for continuing the directorship of any Non-Executive Director who has attained the age of 75 years.

Now, pursuant to these provisions, for continuation of directorship of Mr. Rajinder Kumar Jain who is aged about 83 years and proposed to be re-appointed in this AGM as a director liable to retire by rotation, a Special Resolution is required to be approved by the Members of the Company.

Mr. Rajinder Kumar Jain holds degree in Chartered Mechanical Engineer from The Institute of Mechanical Engineers, London. He is an Engineer and has retired as General Manager from Indian Railways. After 35 years of service, he is associated with the Company for more than eleven years. Now, considering his vast and rich experience and expertise, the Board of Directors recommends this Special Resolution for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Rajinder Kumar Jain, appointee, Mr. Sachit Jain and Mrs. Suchita Jain, being relatives of the appointee, none of the Directors and Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6 of the Special Business:

Pursuant to the Share Subscription and Investment Agreement entered into by the Company with Aichi Steel Corporation (ASC), the latter has a right to appoint a Director on the Board of the Company, withdraw the nomination of the Director appointed by it on the Board of the Company and nominate the appointment of a new Director in place of the existing Director by serving a notice to the Company. Consequent to Mr. Takashi Ishigami's retirement from ASC, his nomination as a Director was withdrawn by ASC and Mr. Toshio Ito was nominated to be appointed as a Director on the Board of the Company in place of Mr. Takashi Ishigami.

Accordingly, the Board of Directors of your Company, on the recommendation of Nomination & Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, in its meeting held on 25th July, 2022 had appointed Mr. Toshio Ito as an Additional Director, designated as Non-Executive Non-Independent Director, on the Board of the Company with effect from 25th July, 2022, to hold office up to the date of the forthcoming Annual General Meeting of the Company.

Mr. Toshio Ito is a Mechanical Engineer, from Nagoya University, Japan. He is the Managing Executive Officer at Aichi Steel Corporation since 2020 and is President of Hagane Company (Specialty Steel Division). He has an extensive plant leadership experience as a Plant Manager at the steelmaking, rolling mill and forging plants of Aichi Steel. In addition, he had led some of the large global operations of ASC, including as MD of Shanghai Aichi Forging Company, a subsidiary of Aichi Steel.

The Company has received requisite notice in writing from a Member proposing the appointment of Mr. Toshio Ito as a candidate for the office of Director of the Company.

The Company has received consent from Mr. Toshio Ito and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. Accordingly, it is proposed to appoint Mr. Toshio Ito as a Director of the Company liable to retire by rotation.

A brief profile of Mr. Toshio Ito is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Toshio Ito, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item No. 7 of the Special Business:

The Board of Directors of the Company, on the basis of recommendation of Nomination & Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, in its meeting held on 25th July, 2022, had appointed Mr. Suman Chatterjee (DIN: 00734061) as an Additional Director, designated as an Independent Director, of the Company w.e.f. 25th July, 2022 to hold office upto the date of forthcoming Annual General Meeting. His term of appointment as an Independent Director will be five consecutive years starting from 25th July, 2022. He will be paid sitting fees and incidental expenses for attending the Board/ Committee Meetings, as applicable to other Independent Directors of the Company.

Mr. Suman Chatterjee has done graduation in B.Sc. Economics from Presidency College, Kolkata and holds a post graduate diploma in Business Management from the Indian Institute of Management, Ahmedabad. Mr. Chatterjee has worked in multiple leadership roles in India and abroad for both Indian and Multinational companies for over 30 years. He started his career with the Unilever Group of Companies in India and has spent most of his career with Levi Strauss and SC Johnson. He has worked in sales & marketing and has led businesses for Levi Strauss and SC Johnson in India where he had the opportunity to grow the businesses multi-fold during his tenure. He was head of Marketing for Asia Pacific for Levi Strauss out of their regional office in Singapore. In his last corporate stint, he was the Chief Revenue Officer of Lenskart Solutions till end of 2020. He has been a trader in equities and derivatives using algorithmic price-action models since April' 2021 and is an active mentor to a fast-growing start-up in the pet care space.

Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, appointment of Independent Directors requires approval of the Members of the Company. Further, pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall take approval of shareholders for appointment of Director at the next general meeting or within three months from the date of appointment, whichever is earlier. Accordingly, the appointment of Mr. Suman Chatterjee require the approval of Members.

The Company has received requisite notice in writing from a Member proposing appointment of Mr. Suman Chatterjee as a candidate for the office of Independent Director of the Company for a term of consecutive five (5) years starting from 25th July, 2022.

The Company has received consent from Mr. Suman Chatterjee and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr. Suman Chatterjee is Independent of the Management and in the opinion of the Board, fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mr. Suman Chatterjee is provided at the end of this statement.

The Board recommends the Special Resolution as set out at Item No. 7 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Suman Chatterjee, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

Item No. 8 of the Special Business:

The Board of Directors of the Company, on the basis of recommendation of Nomination & Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company, in its meeting held on 25th July, 2022, had appointed Mrs. Vidya Shah (DIN: 00274831) as an Additional Director, designated as an Independent Director, of the Company w.e.f. 25th July, 2022 to hold office upto the date of forthcoming Annual General Meeting. Her term of appointment as an Independent Director will be five consecutive years starting from 25th July, 2022. She will be paid sitting fees and incidental expenses for attending the Board/ Committee Meetings, as applicable to other Independent Directors of the Company.

Mrs. Vidya Shah has done MBA from the Indian Institute of Management, Ahmedabad. She has spent the first 11 years of her career in the field of investment banking with companies like ICICI, Peregrine and NM Rothschild. She was subsequently appointed as Chief Financial Officer of Edelweiss for 7 years. At present, Mrs. Vidya is Non-Executive Director of Edelweiss Financial Services Limited and an Executive Chairperson of EdelGive Foundation, the philanthropic initiative of Edelweiss Group. In addition to this, she is on the Board of various prominent CSOs such as Agastya International Foundation, Janaagraha Centre for Citizenship and Democracy, etc. and also serves on the Governing Board of the Indian Institute of Management, Udaipur. She has been recognised as India's Top 100 Women in Finance by Association of International Wealth Management of India (AIWMI) 2019.

Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, appointment of Independent Directors requires approval of the Members of the Company. Further, pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall take approval of shareholders for appointment of Director at the next general meeting or within three months from the date of appointment, whichever is earlier. Accordingly, the appointment of Mrs. Vidya Shah require the approval of Members.

The Company has received requisite notice in writing from a Member proposing appointment of Mrs. Vidya Shah as a candidate for the office of Independent Director of the Company for a term of consecutive five (5) years starting from 25th July, 2022.

The Company has received consent from Mrs. Vidya Shah and also a declaration confirming that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. Vidya Shah is Independent of the Management and in the opinion of the Board, fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as an Independent Director of the Company. A copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee to the Members at the Registered Office of the Company during normal business hours on any working day. A brief profile of Mrs. Vidya Shah is provided at the end of this statement.

The Board recommends the Special Resolution as set out at Item No. 8 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mrs. Vidya Shah, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Item No. 9 of the Special Business:

Mr. Rajeev Gupta, Chairman & Independent Director of the Company, was re-appointed as an Independent Director of the Company, for a second consecutive term of five years by the Members in their Annual General Meeting held on 22nd September, 2017. As such, his second term as an Independent Director is going to complete on the conclusion of this 12th Annual General Meeting. Further, pursuant to the provisions of Section 149 of the Companies Act, 2013, no independent director shall hold office as an Independent Director for more than two consecutive terms.

But considering his knowledge, experience, skills, performance, etc., the Board of Directors of the Company, on the basis of recommendation of Nomination & Remuneration Committee and pursuant to the provisions of Section 152 of the Companies Act, 2013, in its meeting held on 25th July, 2022, had approved the appointment of Mr. Rajeev Gupta (DIN: 00241501), as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, w.e.f. the conclusion of the 12th Annual General Meeting.

The Company has received requisite notice in writing from a Member proposing the appointment of Mr. Rajeev Gupta as a candidate for the office of Director of the Company.

A brief profile of Mr. Rajeev Gupta is provided at the end of this statement.

The Board recommends the Ordinary Resolution as set out at Item No. 9 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Rajeev Gupta, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

Item No. 10 of the Special Business:

Mr. Rakesh Jain was appointed as an Independent Director of the Company for a term of five consecutive years, pursuant to approval of the Members under the provisions of the Companies Act, 2013 through resolution passed at the 8th Annual General Meeting held on 27th September, 2018. Now, his term of appointment is expiring on 26th April, 2023.

Considering the rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of Mr. Rakesh Jain, the Board of Directors of the Company in its meeting held on 25th July, 2022 had approved and recommended his re-appointment as an Independent Directors for a second term of five (5) consecutive years to the Members of the Company for their approval.

Pursuant to the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company.

Mr. Rakesh Jain has given declaration to the Board that he meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013. In the opinion of the Board, he fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as an Independent Director.

The Company has received notice in writing from a member proposing the candidature of Mr. Rakesh Jain to be re-appointed as an Independent Director of the Company in accordance with the provisions of the Companies Act, 2013.

His brief Profile is provided at the end of this statement.

The Board of Directors recommends the Special Resolution as set out at Item No. 10 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Rakesh Jain, being appointee, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 10.

Item No. 11 of the Special Business:

The Board of Directors in its meeting held on 1st February, 2022 had appointed Mr. Rajendar Kumar Rewari as a Chief Executive Officer of the Company. But, considering his performance and active involvement in vital assignments of the Company in this short span of time, the Board of Directors, on the basis of recommendation of Nomination & Remuneration Committee and pursuant to the provisions of the Companies Act, 2013, in its meeting held on 25th July, 2022, had approved the appointment of Mr. Rajendar Kumar Rewari (DIN: 00619240), as an Executive Director on the Board of the Company for a term of five consecutive years starting from 25th July, 2022 to 24th July, 2027, on the terms and conditions as detailed in the resolution.

Mr. Rajendar Kumar Rewari has done B. Sc. from Punjabi University, Patiala and LLB & Post Graduation diploma from Kurukshetra University. Before joining the Company, he was appointed as Director (M.P. Locations) in Vardhman Textiles Limited. He has a long track record at Vardhman Group in various key positions, including at Vardhman Special Steels Limited when it was a division of Vardhman Textiles Limited. He has a long experience of more than 30 years in the manufacturing sector, which includes his experience of more than 10 years as the Managing Director of Morarjee Textiles Limited.

The Company has received requisite notice in writing from a Member proposing the appointment of Mr. Rajendar Kumar Rewari as a candidate for the office of Director of the Company.

The Company has received consent from Mr. Rewari and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

A brief profile of Rajendar Kumar Rewari is provided at the end of this statement.

The Board recommends the Special Resolution as set out at Item No. 11 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Rajendar Kumar Rewari, being appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 11.

Information Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS–2), regarding the Directors retiring by rotation/ seeking appointment or re-appointment in the Annual General Meeting.

Name of the Director	Mr. Rajinder Kumar Jain	Mr. Suman Chatterjee	Mrs. Vidya Shah	Mr. Toshio Ito
Date of Birth	07.02.1939	27.12.1965	18.06.1966	17.10.1962
Age	83	56	56	59
Date of First Appointment	15.03.2011	25.07.2022	25.07.2022	25.07.2022
No. of meetings attended during the FY 2021-22	6	0	0	0
Expertise in specific functional area	Mr. Rajinder Kumar Jain is an Engineer and has retired as a General Manager from Indian Railways.	Mr. Suman Chatterjee has worked in multiple leadership roles in India and abroad for both Indian and Multinational companies for over 30 years. He has rich experience in sales & marketing and has led businesses for Levi Strauss and SC Johnson in India.	Mrs. Vidya Shah has rich experience in Investment Banking and Finance. She is deeply involved in philanthropic initiatives of Edelweiss Group and is also appointed on the Board of various prominent CSOs.	Mr. Toshio Ito is a Mechanical Engineer. He has rich experience as a Plant Manager at the steelmaking, rolling mill and forging plants of Aichi Steel.
Qualification	Chartered Mechanical Engineer, The Institute of Mechanical Engineers, London	B. Sc. Economics & MBA from IIM- Ahmedabad	MBA from IIM-Ahmedabad	Mechanical Engineer, Nagoya University, Japan
Directorships in Other Listed Companies as on 31st March, 2022	Nil	Nil	Edelweiss Financial Services Limited	Nil
Chairperson/Member of Committees of Other Listed Companies as on 31st March, 2022	Nil	Nil	Nil	Nil
Listed entity from which the Director resigned in last 3 years	Nil	Nil	Nil	Nil
Skills and capabilities required by Independent Directors for the role and manner in which such requirements are met	N.A.	- Operational and Administrative experience, Strategic Planning and Leadership. - He will contribute the Board with his rich leadership experience in sales & marketing.	- Financial Expertise, Strategic Planning and Leadership. - She will contribute the Board with her rich experience in finance and will also help in widening the scope of CSR initiatives of the Company.	N.A.
Shareholding in the Company	18,170	Nil	Nil	Nil
Relationship with other Directors/ KMP	Mr. Sachit Jain is the son and Mrs. Suchita Jain is the daughter-in-law of Mr. Rajinder Kumar Jain.	Not related to any Director.	Not related to any Director.	Not related to any Director.

Name of the Director	Mr. Rajeev Gupta	Mr. Rajendar Kumar Rewari	Mr. Rakesh Jain
Date of Birth	19.03.1958	11.11.1956	19.01.1961
Age	64	65	61
Date of First Appointment	15.03.2011	25.07.2022	27.04.2018
No. of meetings attended during the FY 2021-22	6	0	6
Expertise in specific functional area	Mr. Rajeev Gupta is one of Country's topmost Investment Bankers. He has an experience of more than 39 years, including 10 year experience in senior management roles in industrial businesses and 29 years in financial services.	Mr. Rajendar Kumar Rewari has rich experience of more than 30 years in manufacturing sector.	Mr. Rakesh Jain has rich experience in significant transformation across industries. He is specialized in developing and executing strategies in organizations undergoing turnarounds. He has served as a Managing Director of globally diversified conglomerate and multiple senior leadership roles in GE and Aditya Birla Group globally.

Name of the Director	Mr. Rajeev Gupta	Mr. Rajendar Kumar Rewari	Mr. Rakesh Jain
Qualification	B. Tech & MBA from IIM-Ahmedabad	B. Sc. from Punjabi University, Patiala and LLB & Post Graduation Diploma from Kurukshetra University	Ph.d in Polymers
Directorships in Other Listed Companies as on 31st March, 2022	1. EIH Limited 2. T.V. Today Network Limited 3. United Spirits Limited 4. Rane Holdings Limited	Nil	Nil
Chairperson/ Member of Committees of Other Listed Companies as on 31st March, 2022	<u>Audit Committee:</u> 1. EIH Limited 2. T.V. Today Network Limited 3. United Spirits Limited 4. Rane Holdings Limited	Nil	Nil
Listed entity from which the Director resigned in last 3 years	Nil	1. Morarjee Textiles Limited 2. Integra Essentia Limited	Nil
Skills and capabilities required by Independent Directors for the role and manner in which such requirements are met	N.A.	N.A.	- Strategic Planning, Leadership, Financial Expertise and Industry, Operation & Administrative experience. -He will contribute the Board with his rich experience in Strategic Planning and Operations.
Shareholding in the Company	Nil	192	Nil
Relationship with other Directors/ KMP	Not related to any Director.	Not related to any Director.	Not related to any Director.

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