BUILDING TRUST

Vardhman Special Steels Limited

Annual Report 2020-21

Contents

FY21

Was a **disastrous start.**

But had a **Strong finish.**

Our start-to-**finish journey**

₹ 90 cr → ₹ 35 cr → ₹ 11 → ₹ 11 cr

Loss before tax - our estimate as we stepped into FY21

Uncertainty of the pandemic spread and the initially announced lockdown duration led us to adopt maximum conservatism.

Loss before tax – at our Board meeting in June, 2020

We saw demand trickle in… we estimated that losses could be contained.

Profit before tax – in July 2020

The guidance to our shopfloor team.. because we decided to talk only about profits… it lifted our mind…out of negativity to strive towards positivity.

Profit before tax – in July 2020

We gave our marketing guys a slightly taller task…it was difficult … but not impossible…we sought to challenge ourselves… if we reached this, we had a surprise waiting.

₹ 20 cr → ₹ 35 cr → ₹ 65 cr-plus

Profit before tax – by September 2020

Demand remained robust…our team's passion surged…we set a higher goal.

Profit before tax – by October 2020

As headwinds transformed into tailwinds… our spirit soared … we aimed for the sky.

Profit before tax – March 31, 2021

*Our hard work paid off… **We were thrilled.***

This transpired because, all along the way, we continued to

build trust!

Building trust in the workplace has always been at the core of any successful enterprise.

Because trustworthiness is absolutely necessary to establish a strong team which really makes an organisation stand out of the clutter.

It goes without saying: No one person is responsible for the success of a company; it's always a team effort. In order to achieve results in any organization, there is an interlocking chain of events that needs to happen. People rely on each other in the workplace.

But that reliance can't exist without trust.

More than just a buzzword to throw around, trust is a reflection of the organisation's character, and we believe that co-workers will work harder for people they trust.

That, in turn, helps produce much better results than anyone's wildest expectations.

Vardhman built trust.

As the pandemic spread and the lockdown was announced, every individual was worried. Needless to say it was a first for everyone.

Fear of life forced everyone to withdraw into the confines of their homes. Being shut in, raised the uncertainty of livelihood.

The mind was drawn into an abyss of negativity.

Sensing their trauma, we decided to draw our people out.

We connected with them.

The Vice- Chairman spoke with everyone, executives and workers alike. The communication was simple…it was a manageable problem; you needed to stay safe and adhere to precautions and not to panic. He gave them the confidence that the organisation was with them in this crisis. It worked wonders for the morale.

We reassured them.

The Company reassured them. Their jobs were safe. Their salaries would not be cut. Their time of disbursement would not change. We made sure that contract workers were also paid their entire dues. It worked miracles.

We engaged them.

The entire team was taught the Aichi Methodology of doing things. Subsequently, cross-functional teams (CFTs) were created to identify areas of improvement and ideate solutions leveraging the Aichi Methodology. We trained the team on the 3R concept (Reduce, Reuse, Recycle).

We started work.

With the unlocking in May, 2020, a small part of the workers were asked to join. The Company created dormitories for them, provided food. And made them feel safe.

We got them working.

When demand was abysmally low, we captured every opportunity, even the unprofitable ones – only to keep the plant running; it boosted employee morale.

The team worked their heart out!

At Vardhman, our team did not say 'Thank You'.

Because they felt, it was too trivial.

They had other plans.

They entered the plant with a disciplined determination to make a difference.

The team worked with their heart.

Team that entered the plant for maintenance and to re-ignite the facility, worked for 12-16 hours every day; they declined the overtime offered.

They pruned the expense statement.

Suggestions put forth by the CFTs and individual improvement ideas pruned the Company's expenses.

They raised the efficiency bar.

Plant availability improved. Man-machine productivity scaled. Production climbed every month July 2020 onwards. Despatches per month touched a higher benchmark. People absenteeism was at a record low.

They stood together.

In August there was a massive liquid metal spill on the shopfloor. The ladle furnace and trolley were jammed. For three days, the entire team worked round the clock to get operations back on track. When the Vice-Chairman met the workers after the plant restarted and asked them if they were scared of corona during that difficult time, they said 1500 Celsius degree centigrade of furnace temperature scares corona away.

Vardhman thrilled its people.

Vardhman, respected its people's unflinching effort.

Their dogged determination had taken Vardhman a few notches higher.

Vardhman also did not just say 'Thank you'

They thrilled their team.

VSSL gave increments.

In a year when a number of enterprises cut salaries, Vardhman announced increments for the entire team.

VSSL announced and paid a special incentive.

In a year when many entrepreneurs, froze increments, Vardhman gave a special incentive across the organisation, even to its contract workers.

VSSL widened the ambit of its ESOP scheme.

Vardhman went a step higher, its ESOP-II was offered to its senior and middle management team.

About
Vardhman Special Steels Limited

A leading manufacturer of special steels

Part of the US$1.20 billion Vardhman Group, Vardhman Special Steels features among the leading producers of special and alloy steels catering primarily to the domestic automotive sector.

The Company, for more than 40 years, caters to diverse requirements of hot rolled bars for Engineering, Automotive, Tractor, Bearing and Allied Industries. It has emphasis on building customer relationships with all clients and business associates has increased it wallet share with automotive OE customers operating in India.

Committed to delivering unmatched quality, Vardhman Special Steels Limited is an ISO 14001:2015; ISO 45001:2018; ISO 9001:2015; ISO/ TS 16949:2016 & ISO 17025 (2017) certified organization

Headquartered in Ludhiana, India, the Company equity is listed on The BSE Limited and The National Stock Exchange of India Limited.

Total Sales (₹ crore)

937.08

Sales by user segment

97%	**3%**
Auto sector	Non-Auto sector

Employees

978

41%	**59%**
White-collar	Blue-collar

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

From the **Vice-Chairman's Desk**

> We won the trust of Aichi by demonstrating the learning ability of our people. We won the trust of society by delivering oxygen cylinders, our customers by running the supply chain efficiently and our shareholders by delivering the best ever financial results and by recommending a maiden dividend.

Dear fellow shareholders,

It is that time of the year again. I am here to share my thoughts with you as I look back on the previous year and try to give you a perspective on the current year and the journey ahead.

To start with, I completed ten years as MD of the Company on the 15th of March 2021. To say that the previous year which was the 10th year of my running VSSL has been unprecedented would be a gigantic understatement. This was the year of the pandemic. This year was such a roller coaster ride that it began with an initial estimate of an annual loss of ₹ 90 crores (PBT) and ended with a profit of ₹ 66 crores (PBT). This was a year where the first quarter was a total washout and the fourth quarter was the highest ever performance by far. On one hand this was a year of fear, anxiety and uncertainty and on the other hand this was a year of hope, resilience, flexibility and renewal. This was a year of strengthening trust amongst all our stakeholders and I am certain your Company emerged much stronger from this crucible of experiences. I must acknowledge, at the outset the strong support we got from our Board and our partners Aichi, gave us the strength to face these times.

Winning Trust

This is the theme of this year's annual report and this is an area where we made substantial progress. We won the trust of our employees by looking after them well in these trying times.

We won the trust of Aichi by demonstrating the learning ability of our people. We won the trust of society by delivering oxygen cylinders, our customers by running the supply chain efficiently and our shareholders by delivering the best ever financial results and by recommending a maiden dividend. As a result what was looking like a disastrous year turned out to be a phenomenal year.

What led to the improved margins?

There were several factors that contributed to the superior margins. To start with there were some sustainable factors. We had been working very hard on several cost saving projects and we found that a few major ones fructified. The biggest area was in raw material where we shifted our scrap from imported shredded scrap towards more of local engineering scrap. There were several other areas like yield improvement by increasing the percentage of sequence heats and in addition taking longer sequences in the casting leading to reduction in end cuts. We increased the size of our heats which too added to improving our yield as well as reduce the cost of several consumables. We improved our power factor for electricity which reduced the cost per unit of power. In addition, there were hundreds of ideas of cost savings under the 3R scheme and cumulatively they have all added to the bottom line. Further to these costs, with increased volume, fixed costs like manpower & administration cost do not increase in proportion. So, overall cost per ton came down as we ran at full capacity in the 2nd half of last year. On the basis of all of these factors we got emboldened to revise our normal EBITDA/ton range from ₹ 4500-6000 to now ₹ 7000-9000. There was one more factor in addition to these sustainable factors, a favourable steel cycle. As you are aware that the steel sector is on an upsurge which leads to higher scrap and other raw material prices but it also led to reasonable price increases from our OEMs. This has further added to our profitability for the previous year beyond this range and is likely to contribute to a good first half of 2021-22 also. To support my faith in our Company in these times, I have personally hiked my stake in the Company by continuously buying small quantities of shares regularly.

Environment Approval

The environment clearance finally came through for increasing our capacity. This is a big breakthrough as we are approaching full capacity utilization and we expect business from Aichi to start coming through in the coming years. There was a big concern on the capacity as this would have become a major bottleneck, hence the expansion was imperative. The biggest stumbling block was the creation of Green areas within the plant which was a problem because of the relatively small overall plant area. I am happy to share that during various brainstorming sessions, our team came up with the idea of creating green spaces by making our

storage spaces more efficient and demolishing some buildings. In addition we are planning to create a forest green cover in some idle land of Vardhman Group near the factory.

Expansion Plans

After getting the environment approval we have also kick started the expansion plan to increase the capacity of the plant. The investment will take place over phases. We have a shutdown coming in November when most of the work to increase the capacity of the furnace will be done. As regards the rolling mill, the expansion work will be mostly done in November next year when we have a scheduled shutdown. The third major category of investments will be the ones for meeting the environment norms which will be happening on a continuous basis. The fourth category is R&D equipment which also will be happening on a continuous basis as they don't require a shutdown. The fifth category is normal and replacement capital expenditure which too would be happening on a continuous basis. The last category will be the 2nd NDT line which will be a big-ticket expenditure and it is under planning and discussion at this stage. There is also a plan to consider shifting the bright bar plant to another location to create space and to streamline material flow. The total expenditure involved is estimated to be about ₹ 250 crores and is expected to take place over the next 3-5 years with majority of the investment being completed in the next 3 years. The envisaged expansion plan will take our capacity to 280,000 tons of billets and about 250,000 of saleable material. We should be able to finance this investment from our internal accruals, the cash infused by Aichi of ₹ 50 crores and small amounts of incremental debt and in all probability we will not need to raise any capital by equity dilution, unless some newer plans come up or Aichi decides to increase its stake in the Company.

Trust and Motivation

As I shared with you that we had covered a lot of ground with our employees in building trust with them last year by assuring them by words and actions that we were with them through the worst times we had seen in our lifetimes. We were lucky as an organization that we did not lose a single member to Covid. Some of our team members, however, did lose close relatives. In return, I must say that the courage our employees showed in restarting the plant and in facing a major liquid metal spill that shut our plant for 3 days was exemplary. I saw with my own eyes how they threw aside any fear from Covid and plunged into restart the plant. Their motto was the organization has our back and they in turn felt they had to contribute to the Company. As explained earlier, by 2nd quarter things were looking good and we were rocking by the 3rd quarter. We responded by going a step further and declared a special one-time incentive to all the employees including the contractor workers to show our appreciation for what they had contributed to the organization. To top it all, we sent several employees on treks last year on company time at company expense which greatly enhanced teamwork. I can see overall that the morale and motivation has gone up substantially.

The Future outlook

Since Aichi became our partner, lot of developments are coming to us from Japanese OEMs. We have already started making steels for Electric Vehicles and will be developing steels for Hybrid cars in the near future. We believe that Hybrid cars have strong future in India and we will have an advantage to develop steels for Hybrid cars, thanks to our partner - Aichi. Last year was the year of learning to work with them and improving safety and quality. FY'22 is the year of preparing samples and sending to Aichi companies and other customers for approval. FY'23 is the year when trial orders will come in and FY'24 is the year when actual orders will come. Finally, FY'25 is the year when the full potential of the current plans is likely to be realised with full utilisation of the expanded capacity of 250,000 tons and at an enhanced profitability of around ₹ 10,000/ton EBITDA. We will also be continuing our work on capital efficiency and will be targeting an EBITDA/capital employed of 25%. These are tough targets and I assure you our team is putting in its best to achieve these.

> The environment clearance finally came through for increasing our capacity. This is a big breakthrough as we are approaching full capacity utilization and we expect business from Aichi to start coming through in the coming years

The time has also come when we will start brainstorming with Aichi about ideas on what next after the implementation of this expansion. Do we need to further expand the steel capacity which would mean a green field plant or an acquisition or should we think of going in for some product diversification to some other specialised steels or should we take a look at forward integrating into forgings. All these ideas will be thrashed out in the next couple of years.

Personal Front

Fortunately, our family escaped lightly and were safe during these Covid times. My elder daughter Soumya has settled down in Hyderabad and completed her first year of marriage. I am trying to get her involved in our Company. My younger daughter Sagrika has finished her 1st year of MBA at London Business School. My wife Suchita is busy helping her dad run the Group Flagship, Vardhman Textiles Limited. And as regards me, I am living life to the fullest and have developed two new hobbies, cycling and yoga and I completed my 1st 100 km ride in May, 2021. I was also able to go for a trek in November last year which was as usual a phenomenal experience. All in all life continues to be exciting and adventurous. Tough times have opened the doors to newer opportunities for us and we at Vardhman Special Steels intend to grab these and make the most of it to propel us towards our objective of becoming a world class company.

Thank you for being a part of my adventure.

Cheers

Sachit Jain

Vice-Chairman & fellow shareholder

Building
Trust
with our key business partners

1) Vardhman & its customers

Vardhman, was among the first special steel manufacturer to commence manufacturing operation. When OE demand exploded, first 2-wheeler followed by 4-wheeler, the Company delivered upto its customer commitment despite the raging pandemic and the considerable logistical challenges owing to the lockdown across the nation. This earned Vardhman the stamp of being a reliable business partner.

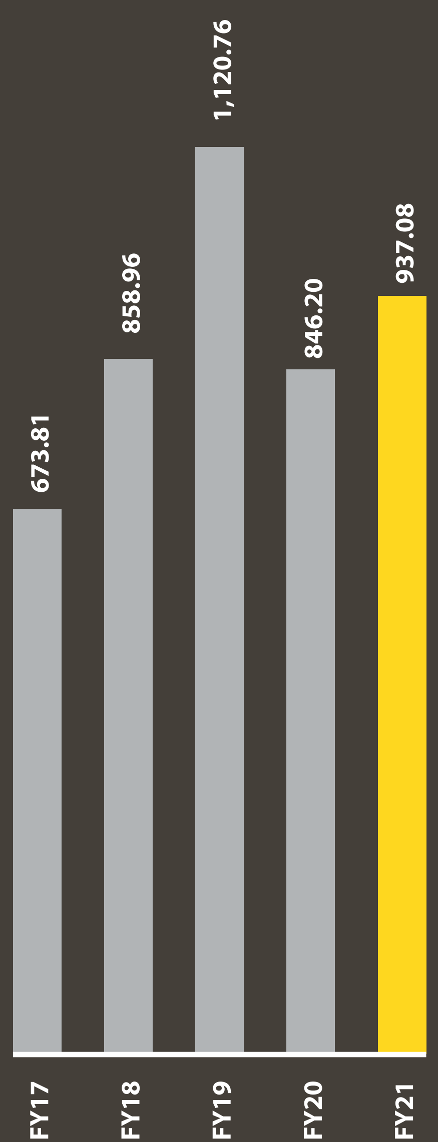
Raw material prices moved northward after the October 2020 settlement. Vardhman could not increase prices for it had mutually-agreed price contracts with its OE customers. Yet, the Company approached them in January for a mid term increase and was rewarded with a healthy increase in prices. This restored the Company's profitability.

2) Vardhman & the community

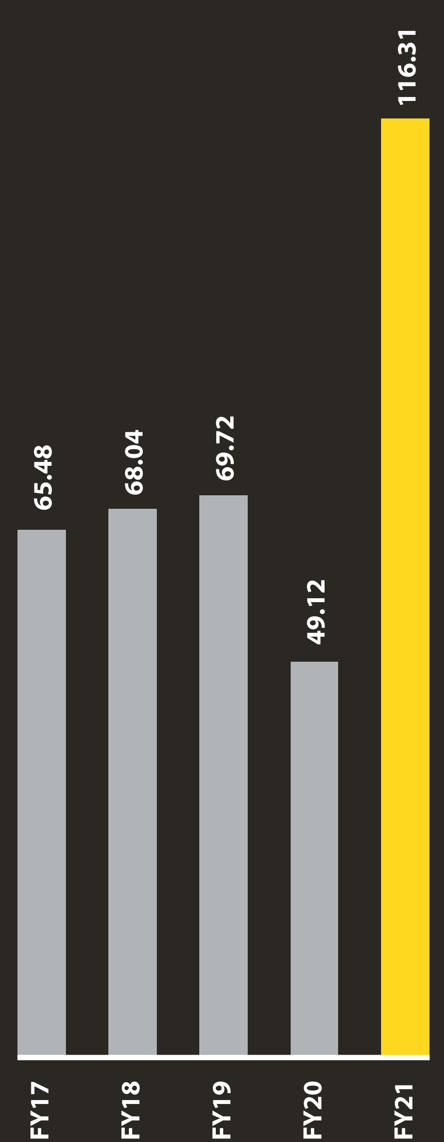
Even as India and fellow Indian fought valiantly against the first wave of the Coronavirus, the chink in its armour was something as basic as Oxygen. The Indian healthcare sector gasped for this precious resource.

Vardhman, in its effort to support India's front line warriors made tweaks in its infrastructure to provide medical grade oxygen (it generates industrial grade oxygen) to the Punjab Government. It supplied upto 2000 cylinders every day, which made a significant contribution in eliminating the shortage.

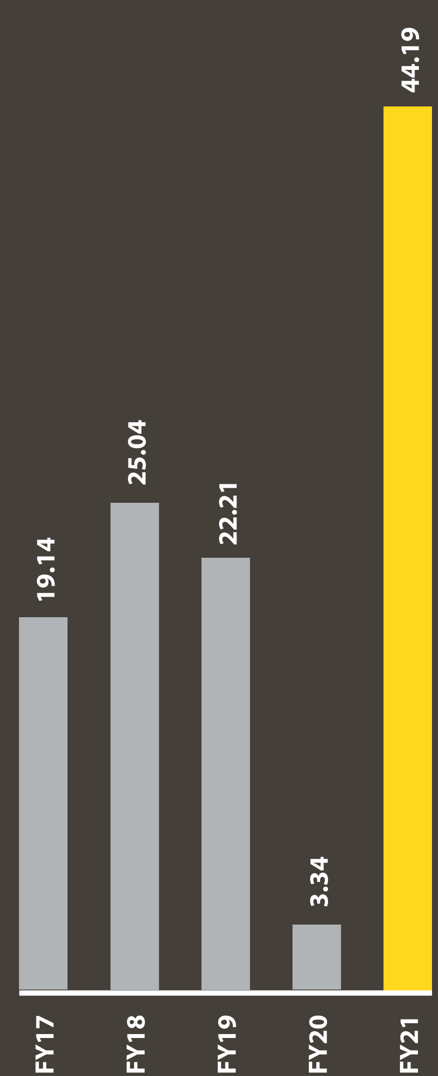
Key Performance Indicators



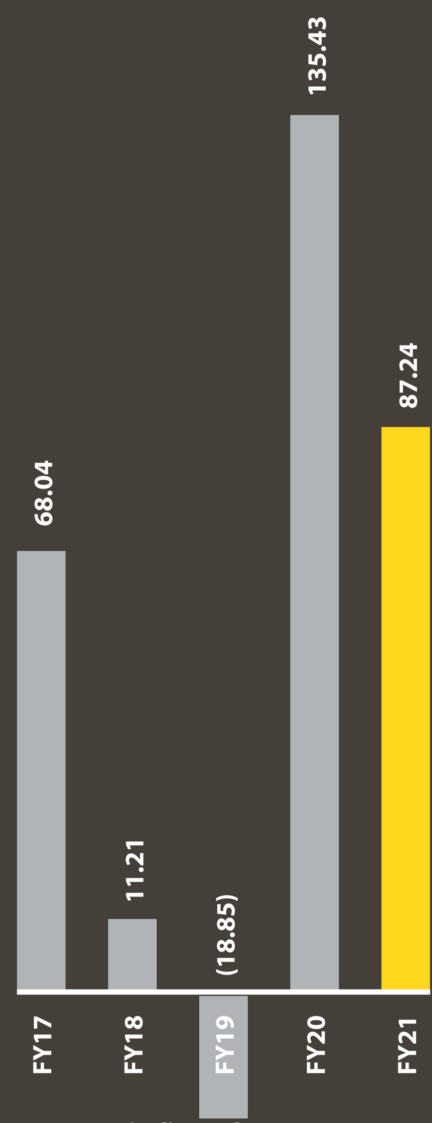
Revenue from operations (₹ crore)



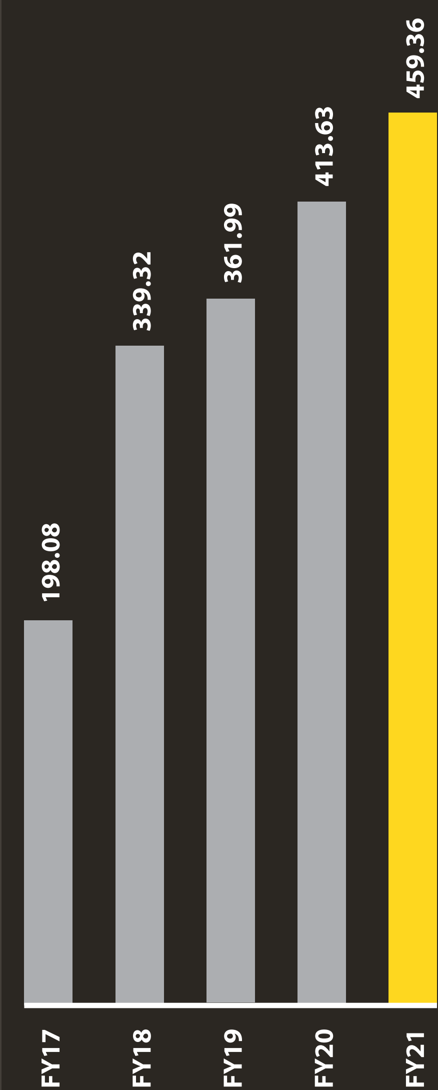
EBITDA (₹ crore)



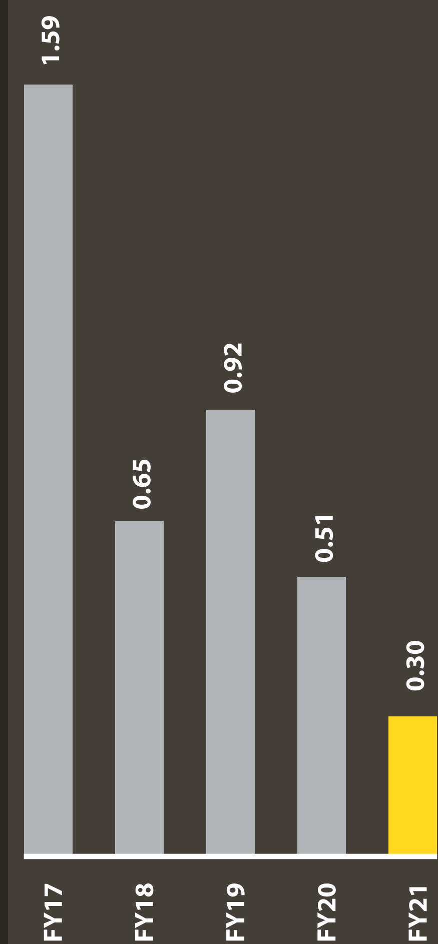
Net Profit (₹ crore)



Net cash flow from operations (₹ crore)



Networth (₹ crore)



Net Debt-Equity (x)

Wander in a non-Wi-fi zone

The digital wave that swept the world has not spared India. Office-goers today, are glued onto laptops and mobiles as if their life depended on it. True to the word their lives today depend on it – for possibly everything. We just cannot do without the blue screen. This has only been accentuated by the pandemic and the work from home culture that has entrenched its roots in India's working culture. Today, even on a holiday, we are at work. Because the internet follows us like our shadow.

Vardhman decided to break this link. It encouraged and sponsored its people to wander in wifi-less zones.

It sent its people (in groups) for treks. To be at one with nature. To live with just the basics. To work hard and experience peace of mind. To work as a team. To enjoy the journey. To keep looking up and aim higher.

Unlike the traditional approach of putting theory class learnings into practice at work, Vardhman asked its teams to put its Aichi methodology learnings into practice at these treks. 37 people were sent for treks in FY21.

One Group of 6 members went on a winter trek to Kedarkantha between January 29, 2021 to February 1, 2021. There learnings were as such:

KEEP TREKKING! KEEP WORKING!

TIME MANAGEMENT

Handling time and schedule constraints during trek translate into a better sense of time management at the workplace.

ADAPTABILITY

A trek often means stepping out of your comfort zone. Making your way in thick pine forests with limited knowledge of the local language, customs and geography. This has a way of teaching us to think on our feet and be ready for anything; learn how to be flexible and adapt to change.

TEAMWORK

Travel involves tours or larger groups of people. Any of these scenarios can lead to friction as different travel styles and diverging interests emerge; these differences, the variety of choices and preferred activities can be more manageable if the group can work together as a team and play to each member's strength.

LEADERSHIP

Often a group will look for a leader to help organize, unify and consolidate different opinions and requests. An avid traveler can usually take the lead thanks to his experience, awareness and knowledge, but a true leader will make sure everyone has a voice, asking for positive contributions, weighing preferences and different approaches, identifying strengths and letting people do the jobs with which they are most comfortable.

COMMUNICATION

When traveling, language barriers may be challenging at first, but you soon learn to navigate around them.

NETWORKING

It was an amazing opportunity to meet, interact and learn from people you would have never connected with otherwise.

DIVERSITY

Experiencing new cultures unquestionably inspires people to open their mind to different ways of thinking, new possibilities and novel ways of doing things. Having an understanding of different cultural nuances and customs leads to broader knowledge of how the world works.

GRATITUDE

Enjoy the little things. For one day you may look back and realise they were the big things.

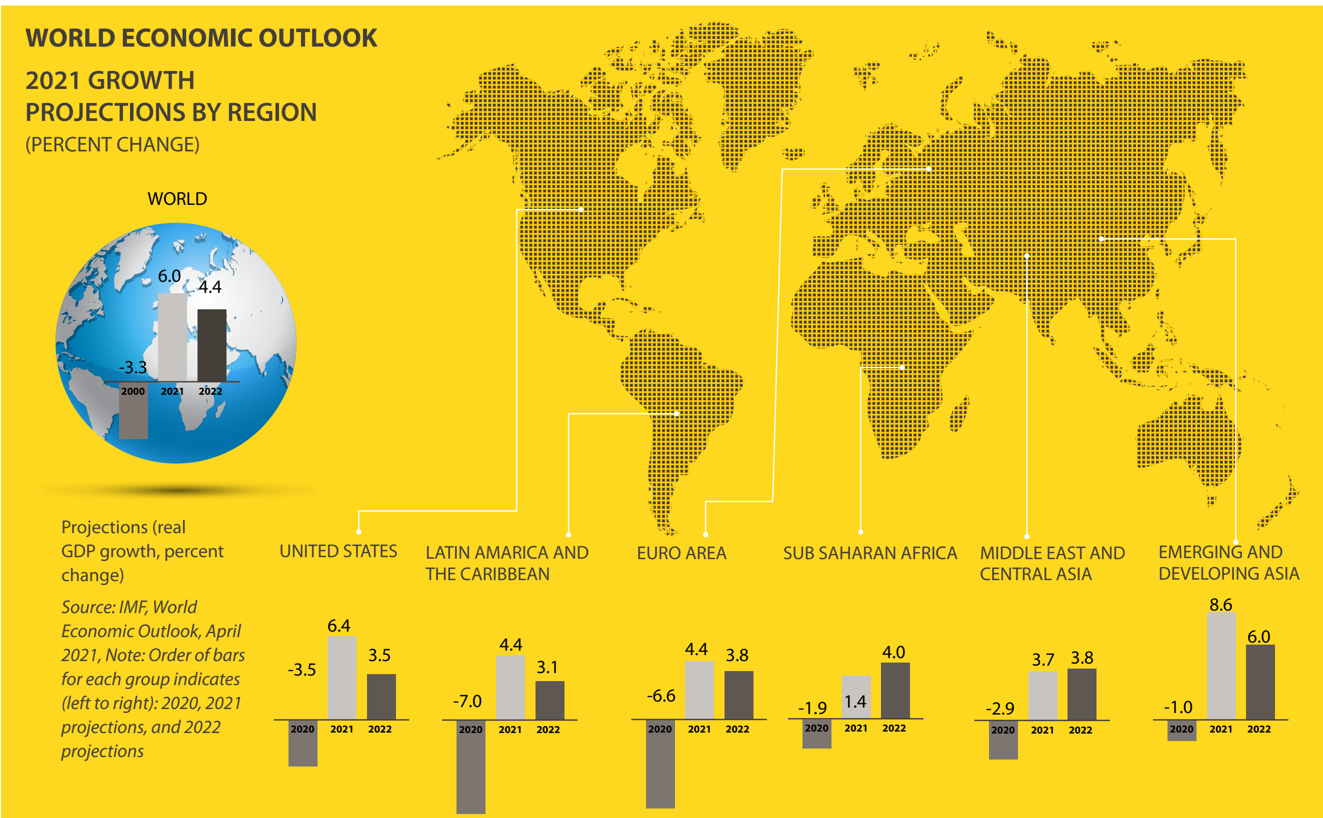
Management Discussion & Analysis

The world moved into a recession ...

The contraction of activity in 2020 (GDP growth at -3.3%) was unprecedented in living memory in its speed and synchronised nature. The IMF estimates suggest that the contraction could have been three times as large if not for the extraordinary policy support.

Going forward, the global economy is projected to grow at 6% in 2021, moderating to 4.4% in 2022. These projections will depend on the path of the health crisis, the effectiveness of policy actions to limit economic damage , the evolution of financial conditions and commodity prices and the adjustment capacity of the economy.

Over the medium-term, global growth is expected to moderate to 3.3%, reflecting projected damage to supply potential and forces that predate the pandemic, including aging-related slower labour force growth in advanced economies and some emerging market economies.



... and so did India!

FY21 was one of the most unprecedented year in living history for most. The pandemic and the pan-India lockdown pushed the Indian economy into a recession for the first time in decades. According to the second estimate by the Government, growth in India's real GDP during FY21 is estimated at -8% as compared to the growth rate of 4.0% in FY20.

But an incisive analysis showcases India's resilience in fighting back with disciplined determination. After a contraction in GDP for the first half of FY21, India recovered smartly to emerge as one of the select few economies that have witnessed positive year-on-year growth in the six months period October'20-March'21.

The positive momentum is also reflected in healthy GST collections in the second half of FY21. GST revenues crossed above ₹ 1 lakh crore mark at a stretch for the last six months – it was ₹ 1.23 Lakh crore in March 2021, the highest collection ever since the launch of GST.

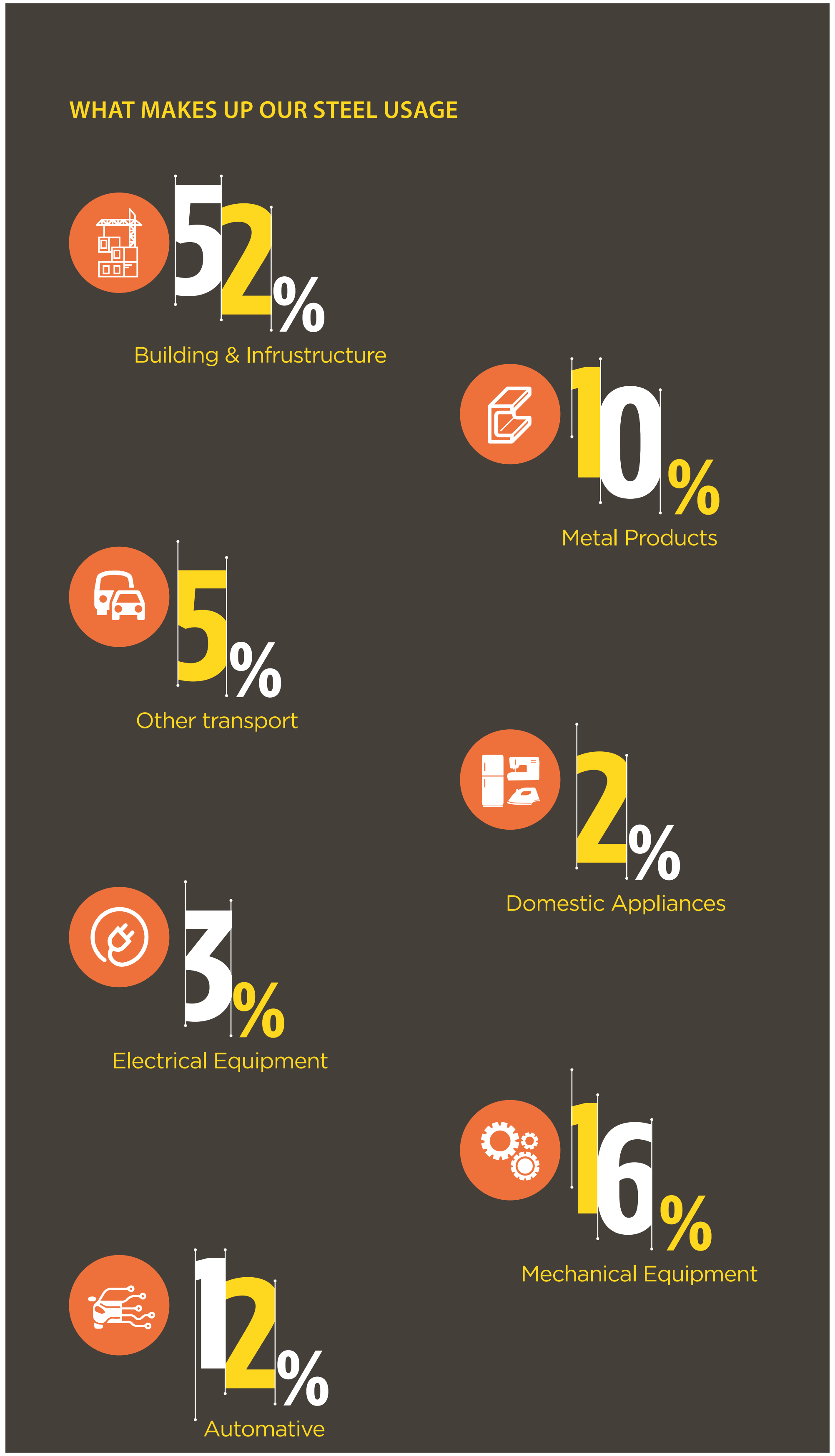
Output in six infrastructure sectors posted 6.8% growth in March—a 32-month high. Overall, the core sector contracted 7% in FY21 against 0.4% growth in the preceding year.

While most economic experts had predicted a sharp recovery in India's economy, the recent second wave of Covid has emerged a significant challenge to India's economic progress.

Steel. Fundamental to a successful circular economy

Steel is essential to our society. As a permanent material which can be recycled over and over again without losing its properties, steel is also fundamental to a successful circular economy. From transport systems, infrastructure and housing, to manufacturing, agriculture or energy, the industry is continuing to expand its offer of advanced high strength steels which reduce the weight of applications and encourage circular economy practices. For society, the benefits include durable products, local jobs, reduced emissions and the conservation of raw materials for future generations.

Steel will continue to be the backbone and enabler of society's evolution and progress. It will make the world a better place to live. Tomorrow's smart cities will be built on steel. As an infinitely recyclable and reusable asset, using steel helps to reduce the burden on the Earth's resources.



World steel. A subdued performance

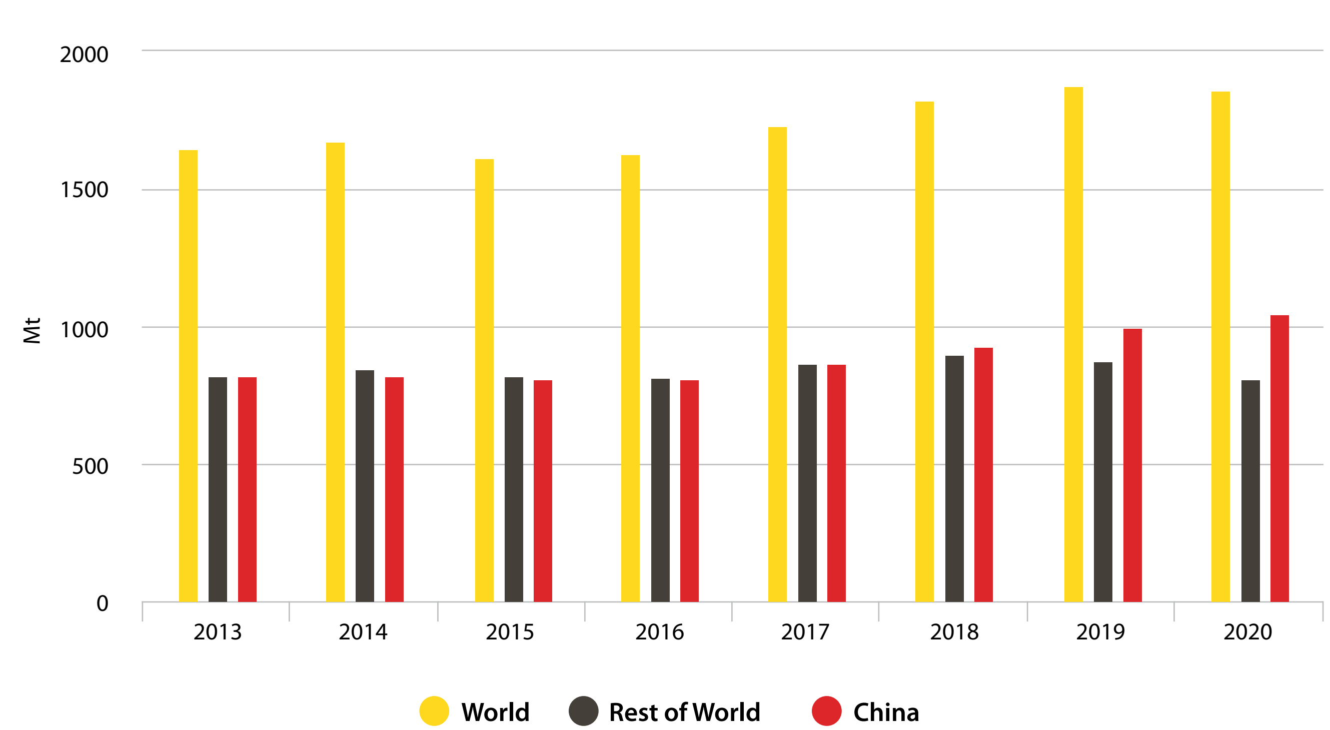
After global crude steel production rose for four consecutive years, output declined in 2020. Global crude steel production reached 1,864.0 million tonnes (Mt.) for the year 2020, down by 0.9% compared to 2019.

Asia produced 1,374.9 Mt. of crude steel in 2020, an increase of 1.5% compared to 2019.

Mirroring its economic recovery, China's steel production remained strong -- it's crude steel production in 2020 reached 1,053.0 Mt, up by 5.2% on 2019. China's share of global crude steel production increased from 53.3% in 2019 to 56.5% in 2020.

India and Japan, the No. 2 and No. 3 steel producers, respectively, both saw their output decline in 2020. India's fell by 10.6% (99.6 Mt. in 2020), while Japan's dropped by 16.2%. Among the top 10 steel producers in the world, only China, Russia, Turkey and Iran posted year-over-year growth.

Annual crude steel production (in million tonnes)



Indian steel. Started on a weak note.. but recovered sharply.

(Data provided by the Ministry of Steel's Joint Plant Committee)

Domestic production of finished steel fell by 10.3% on a year-on-year basis to 85.6 million tonnes during the first 11 months of FY21, consumption during the same period too fell by 9.9% to 84.7 million tonnes. Exports for the 11-month period jumped 22% on a year-on-year basis to 9.5 million tonnes. On the other hand, imports were down 9% to 4.3 million tonnes.

Steel producers made rapid gains in the second half of FY21 after a dismal performance in the first six months of the fiscal. Their prospects were supported by a sharp rise in steel prices over the same period.

Indian steel space: Opening up for global players

The Indian steel industry has been a protected sector in the recent past. But this has changed. The Central government has made a massive push for self-reliance or 'Atmanirbhar Bharat' in this year's Budget which removes the protection for the domestic steel industry. This was especially important as the government is banking on a massive infrastructure push to revive demand after the economy suffered considerable contraction in the aftermath of the pandemic.

Optimism: Ratings agency India Ratings and Research (Ind-Ra) recently revised its outlook on the domestic steel sector from negative to stable for FY22. It expects FY22 steel volumes to improve year-on-year and compensate for a likely moderation in per tonne margins, as steel prices gradually moderate over FY22 from the high levels witnessed over 2HFY21.

In FY22, demand and supply are also expected to be strong and recover from the slowdown in FY20 and the Covid-induced demand and supply disruptions in FY21. Furthermore, the government allowing secondary producers to supply rebar for infrastructure projects shall improve sector competitiveness and pricing.

The secondary steel

Steel has undergone significant evolution. Today every application need customised steel. This customisation of steel for varied applications is done primarily by the secondary steel sector. Since the quantity used for each application is small, secondary units are primarily small capacity units using cutting-edge technology to make special steels for niche applications.

The Steel Ministry has proposed a Draft Framework Policy for the development of steel clusters to meet the steel demand of 255 million tonne per annum by 2030 with per capita consumption of 160 kg. The policy will focus on creating an ecosystem for the development of secondary steel and steel ancillary units.

Impact of the pandemic on this sector: The pandemic has dealt a body blow to the fortunes of the secondary steel producers. During the peak lockdown period, unlike primary steelmakers, majority of the secondary steel players could not capitalise on export opportunities due to limited reach and infrastructure.

Further, in the second half of FY21, while a surge in steel prices bolstered the fortunes of ISPs (integrated steel plant), it had very little impact on the profitability of secondary steel producers as input prices escalated in tandem. This had a significant impact on their profitability.

The secondary steel sector is primarily responsible for growing the per capita steel consumption in India.

The automotive sector

The Covid-19 pandemic has only increased the industry's woes of FY20 to further slow it down. Vehicle sales across categories declined by 13.6% to 1,86,15,588 units, as against 2,15,45,551 units in the year-ago period.

On the sales front, a deep structural slowdown in the industry even before the pandemic, combined with the impact of Covid-19 in FY21, pushed all vehicle segments back by many years. Recovery from here will require time and efforts, by all stakeholders.

Passenger vehicles: Passenger vehicle sales in India declined by over 2% in FY21 fiscal as the Covid-19 pandemic hit the beleaguered sector which was witnessing a slowdown over the last few years.

As per Society of Indian Automobile Manufacturers (SIAM) data, in FY21 passenger vehicle wholesales declined by 2.24% to 27,11,457 units against 27,73,519 units in FY20. Also, passenger vehicle exports also declined by 39% from 6,62,118 vehicles in FY20 to 4,04,400 units in FY21.

Two-wheelers: Two-wheeler dispatches also declined in the same time period. Sale of units from manufacturer to dealer reduced by 13.18%. In FY20, the industry provided 1,74,16,432 units to dealerships, whereas in FY21 the industry only registered wholesale of 1,51,19,387 units.

What lies ahead: The second wave of Covid-19 is threatening to slam the brakes on the automotive sector that was just beginning to accelerate. The optimism among auto-makers for FY22 is now subdued owing to the sudden spike in infections.

But, the difficult phase could be short-lived as Indians from all walks of life are working in conjunction to flatten the curve of the second wave. Further, the vaccination drive which is expected to continue through FY22 will help in reducing the spread of the virus and strengthen people confidence.

The **operational overview**

The year was one of ups and downs. A fiscal that started with a lockdown, ended with surging volumes.

How was FY21 from an operational perspective?

The year was the most unprecedented one in our journey. A fiscal that started with a lockdown ended with surging volumes. And how we made the climb, was something which we had never envisioned. It was primarily owing to the unwavering passion and disciplined determination of the entire team that made FY21 the best year in our business journey.

How did you manage the Covid-mandated lockdown?

The unprecedented lockdown was mentally challenging for the entire team as fear of financial stability and job security loomed large in the minds of the entire team. After our Vice-Chairman & Managing Director put these fears to rest, we sought to channelise the energy of our team in productive pursuits. Towards this end, we trained out team on the 3R concept (Reduce, Reuse and Recycle). We educated them on using this technique in their areas of operation. We encouraged them to provide suggestions for improvement in their areas of operations. We created a team to evaluate these suggestions and bucketing them in terms of priority and importance. This motivated the team to get back to work.

What was the response when the factory gates were opened?

The lockdown opened on May 2, 2020. We asked about 200 people to join operations for two reasons: 1) for maintenance of the equipment and 2) to manage critical customer requirements. We created staying facilities for our people with food and all other facilities. This team worked tirelessly through the day to get the plant operational. Our plant was fully functional in a couple of weeks.

What was the mood of the team when operations commenced?

The team was completely charged. We determined to capitalise on every opportunity that the market provided – the volumes would help us improve our capacity utilisation. Moreover, it gave us the opportunity to implement the improvement suggestions received from the team which helped in optimising costs.

Our dogged determination to enhance volumes yielded heartening results – each month from June onwards our production and dispatch volumes increased. This worked wonders for the morale of the team.

The second half of FY21 was particularly good. What reasons would you ascribe for the same?

Demand appeared in the markets for multiple reasons: 1) India has successfully flattened the pandemic curve as a result Indians were more confident 2) business activity had gained momentum and the working class was back to their workstations 3) rural markets had significant liquidity owing to a good agricultural output and Government assistance (out of the Covid package announced). Also, in the wake of the pandemic, private transport was preferred over public transport. These factors fueled demand. Our orders increased. First from the two-wheeler customers followed by the passenger vehicles customers.

What was the high point for FY21?

The last quarter of FY21 was the best in our entire journey. Our machine breakdowns were at their lowest. Our dispatches were at an all-time high – in the last quarter, the team was seamlessly dispatching an average 16,000 tonnes per month (adhering to Covid protocols) when our previous average was only about 12,000 tonnes per month.

From Aichi perspective what were some of the important developments that took place during FY21?

While most of FY21 was focused on getting back on track, we made some definite progress with our Japanese business partners. In the last quarter we developed some trial material for some steel grades for their units in Thailand which will be sent for testing in the current year. Also, we initiated development of some other samples for the facilities in Philippines which we should deliver (for testing) in the current year.

What is your plan for FY22?

We closed the year in the hope of maintaining the current momentum. But, the second wave of Covid-19, a more aggressive and fatal one, could dampen our expectation from the current year. However, a good price increase for Q1 FY22 seems to suggest this year should also be a good year. From a capex perspective, we wish to augment the capacity of our rolling mill, upgrade our caster, bring in more sophisticated R&D equipment and invest in safety and environment control measures which should help in growing the proportion of value-added products in our revenue mix. A large part of the capex plan is finally getting initiated for the environmental approval to carry out expansion. We also plan to invest in some contemporary equipment which will enhance product quality and shore our environment commitment northward.

Analysis of financial statements

Vardhman Special Steels reported a stellar all-round performance in FY21. Increase in sales volumes coupled with an uptick in realisation resulted in 11% increase in revenue from operations from ₹ 846.20 crore in FY20 to ₹ 937.08 crore in FY21.

A sharp increase in steel prices in the second half of FY21 and increased volumes resulted in a 38% increase in cost of material consumed – from ₹ 389.29 crore in FY20 to ₹ 537.41 crore in FY21.

Employee benefit expenses also increased by about 24% over the previous year from ₹ 48.13 crore in FY20 to ₹ 59.61 crore in FY21. This jump was primarily owing to the one-time incentive given to all the employees on account of all-round better performance inspite of adverse conditions, payment of managerial commission and welfare expenses incurred to manage the pandemic. Annual increments also contributed to this increase.

Interest cost for the year declined by about 23% over the previous year as the Company prudently utilised part of the cash flow from operations to reduce its debt burden. The reduction in interest rates during year, also helped in reducing the Company's interest liability.

EBITDA for the year stood at ₹ 116.31 crore in FY21 against ₹ 49.12 crore in FY20, EBITDA margin improved from 6% in FY20 to 12% in FY21. Profit for the year scaled from ₹ 3.34 crore in FY20 to ₹ 44.19 crore in FY21.

Net worth increased by 11% from ₹ 413.63 crore as on March 31, 2020 to ₹ 459.36 crore as on March 31, 2021 – the jump was primarily owing to the ploughback of business surplus.

The net debt portfolio was ₹ 135.90 crore as on March 31, 2021 against ₹ 209.63 crore as on March 31, 2020. While the non-current financial liability (term loans) were largely at the previous year levels, the current financial liability (working capital loans and cash credit facility) dropped significantly owing to considerable repayments during the year. The net debt-equity ratio stood at a healthy 0.30 x as on March 31, 2021 against 0.51 x as on March 31, 2020.

During the year, the Company's capital investment was largely pertaining to routine equipment maintenance capex. The Company plans to incur capital expenditure in the current year for augmenting its melting and rolling capacity.

Current assets increased by 34% from ₹ 360.87 crore as on March 31, 2020 to ₹ 482.28 crore as on March 31, 2021. This was primarily owing to an increase in inventory and receivables. While the current ratio stood at a healthy 2.09 as on March 31, 2021, the working capital cycle for FY21 on an average was 50 days.

Net cash generating from operating activities stood at ₹ 87.24 crore in FY21 against ₹ 135.43 crore in FY20.

Significant changes (i.e. change of 25% or more as compared to the immediately previous financial years) in Key Financial Ratios, along with explanation are as under:

Particulars	UOM	FY21	FY20	Change (%)	Reasons for change
Net Debt-Equity Ratio	(x)	0.30	0.51	-41.63	Higher Profitability, better working capital management, lower interest rates resulted in improvement in these ratios.
Debt Service Coverage Ratio	(x)	2.93	1.31	123.11	
Interest Coverage Ratio	(x)	5.90	1.91	208.90	
Current Ratio	(x)	2.09	1.47	42.18	
Debtors Turnover Ratio (based on Q4 sales)	days	50	67	-25.35	Negotiated lower credit with or without cash discount with some of the customers.
Inventory Turnover Ratio (based on Q4 sales)	days	52	66	-22.12	Better management of inventory. Higher production levels resulting in fast turnaround of inventory.
EBIT Margin	%	9.19	2.77	231.77	Higher overall demand in the industry, changes in the raw material mix, 3R's (Reduce, Reuse & Recycle) and other saving initiatives lead to higher profitability during the year.
Net Profit Margin	%	4.72	0.39	1110.26	
Return on Net Worth	%	9.62	0.81	1087.65	

Managing business challenges

Risk is inevitable as an entrepreneur. It is required to get your business where you want it to go. Now perhaps more than ever before, successful business ownership involves taking risks.

While some risks are external and unforeseen, majority are calculated risks which are backed by a risk management model that allows enterprises to mitigate the challenges to move ahead.

Risk management at Vardhman Special Steels, is an integral part of the business model. The risk management framework encompasses strategies and operations and seeks to proactively identify, address and mitigate existing and emerging risks.

Managing uncertainty

The impact of the second wave is expected to dent business prospects significantly.

Mitigation: While the intensity of the second wave has been significantly severe, manufacturing operations continued in a staggered manner. Some leading automotive players shut operations only recently for a fortnight to dampen the spread of the contagion.

Also, the massive drive by State Governments to control the pandemic has reduced the overall case load in certain states which are automotive hubs. This provides some hope that near normal operations should resume in the second quarter of FY22.

Moreover, having crossed the challenge of the initial wave, the Company and its management are relatively more prepared in handling the uncertainty arising out of the continuing pandemic.

Managing funds

The liquidity pool may not be sufficient to manage cost of operations.

Mitigation: After a particularly good performance in FY21, the Company has a healthy cash balance of over ₹ 150 crore as on March 31, 2021.

The Company implemented a number of cost optimisation initiatives which will continue to give returns in the current year and also in the next few years. Also, the Company continues regular business operations even while aligning with Government protocols. This ensures that business costs are being covered.

Moreover, as things appear now, the challenges owing to the pandemic are expected to moderate by the second quarter of FY22. The Company has sufficient liquidity to tide over this period with relative ease.

Managing people

The stress owing to the pandemic could impact people productivity leading to attrition.

Mitigation: The Company's handling of the first wave of Covid w.r.t. people management has cemented a very strong bond between the team and the organisation. The people believe that the management will continue to give priority to people safety and well-being as it had done in FY21. This confidence among the team will continue to drive superior performance going forward.

Managing volumes

The Company may not have the requisite capacity to manage a surge in volumes, if and when that happens.

Mitigation: FY21 witnessed a sudden surge in demand when the health adversities from the pandemic reduced. The Company managed the same by first running at full utilization and then outsourcing some of its requirements to meet customer commitments. The management has planned to selectively augment capacities, based on the prevailing environment and business prospects, which should help in addressing a spike in demand. This will also help in addressing the requirement from its Japanese partner for their South-East Asian facilities – the requirement is expected to be small in the initial years.

Managing quality

Sustaining quality is a key requirement for all OEMs.

Mitigation: Vardhman has successfully nurtured lasting relations with leading OEMs based on its commitment to product quality and timely deliveries. Further, the Company's partnership with Aichi Steel, part of the Toyota Group also bears testimony to its ability of manufacture and deliver quality steels.

In FY21, the Company started leveraging the Aichi methodology to make small yet meaningful improvements in its processes to strengthen its quality commitment. Further, the Company plans to invest in a sophisticated Vacuum Degassing unit in the current year to assist in developing superior grades of special steels.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr. Rajeev Gupta – *Chairman*
Mr. B.K. Choudhary
Mr. Raghav Chandra
Mr. Rajinder Kumar Jain
Mr. Rakesh Jain
Mr. Sanjeev Pahwa
Mr. Sanjoy Bhattacharyya
Mrs. Shubhra Bhattacharya
Mrs. Suchita Jain
Mr. Takashi Ishigami
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

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, Rudrapur, District – Udham Singh Nagar, Uttarakhand – 263 153.
- DP No. 17, Sidco Womens Industrial Estate, Thirumullaivoyal, Chennai.
- C/O MPI Export Pvt Ltd, B-26, MIDC Chakan, Pune – 410 501.
- Gala #908A, Gat #71 B/s, Goodyear Tyre, Group Grampanchayat – Ghanegaon, Vitava Naryangaon (Khurad) – Aurangabad-410504.

DIRECTORS' **REPORT**

Dear Members,

The Directors of your Company have pleasure in presenting their 11th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2021.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2021 is as under:- (₹ in lakhs)

PARTICULARS	2020-21	2019-20
Revenue from operations (Net)	93,708.00	84,620.03
Other Income	1,296.14	939.82
Profit before Depreciation, Interest & Tax (PBDIT)	11,631.33	4,912.05
Interest and Financial expenses	1,970.72	2,571.61
Profit before Depreciation and Tax (PBDT)	9,660.61	2,340.44
Depreciation	3,022.94	2,572.08
Profit/(Loss) before Tax (PBT)	**6,637.67**	**(231.64)**
Provision for Tax		
- Current Tax	1,236.54	6.45
- Tax adjustment relating to prior years	(44.70)	-
- Deferred Tax	1,026.35	(572.08)
Profit after tax (PAT)	**4,419.48**	**333.99**
Other Comprehensive Income/(Expense)	62.70	(84.12)
Total Comprehensive Income	**4,482.18**	**249.87**
Earnings per share (₹)		
- Basic	10.94	0.89
- Diluted	10.93	0.89

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, the production of Billet increased from 1,18,591 MT to 1,59,798 MT, showing an increase of 34.75% over the previous year. The Rolled production increased from 1,31,576 MT to 1,34,091MT, showing an increase of 1.91% over the previous year.

Your Company has registered Revenue from Operations of ₹ 93,708 lakhs as compared to ₹ 84,620.03 lakhs in the previous year. The exports of the Company decreased from ₹ 2,498.90 lakhs to ₹ 1,267.60 lakhs showing a decrease of 49.27%.

PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹ 11,631.33 lakhs as against ₹ 4,912.05 lakhs in the previous year. After providing for depreciation of ₹ 3,022.94 lakhs (Previous Year ₹ 2,572.08 lakhs), interest of ₹ 1,970.72 lakhs (Previous Year ₹ 2,571.61 lakhs), provision for current tax of ₹ 1,236.54 lakhs (Previous Year ₹ 6.45 lakhs), tax adjustment relating to prior years of ₹ (44.70) lakhs (Previous Year Nil) and Deffered Tax amounting to ₹ 1,026.35 lakhs (Previous Year ₹ (572.08) lakhs), the total comprehensive income worked out to ₹ 4,482.18 lakhs as compared to ₹ 249.87 lakhs in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 13,480.23 lakhs.

RESOURCES UTILISATION:

a) Fixed Assets:

The net block as at 31st March, 2021 was ₹ 28,162.29 lakhs as compared to ₹ 30,856.54 lakhs in the previous year.

b) Current Assets:

The current assets as on 31st March, 2021 were ₹ 48,227.87 lakhs as against ₹ 36,086.79 lakhs in the previous year. Inventory level was at ₹ 19,225.90 lakhs as compared to the previous year level of ₹ 15,177.78 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	2020-21	2019-20
Cash and Cash equivalents:		
Beginning of the year	230.31	28.43
End of the year	234.00	230.31
Net cash provided (used) by:		
Operating Activities	8,723.93	13,542.86
Investing Activities	679.59	(8,816.50)
Financing Activities	(9,399.83)	(4,524.48)

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 of your Company has recommended a dividend of ₹ 1.50 per share for the financial year 2020-21.

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, Mrs. Suchita Jain, Director of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommended her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Independent Director: Mr. Sanjoy Bhattacharyya was appointed as an Independent Director of the Company for a term of five (5) consecutive years starting from 6th Annual General Meeting of the Company i.e. 28th September, 2016 till the conclusion of 11th Annual General Meeting. Since, his term is going to expire in this Annual General Meeting, the Board of Directors in its meeting held on 13th May, 2021, recommended his re-appointment for the consideration of Members of the Company at the ensuing Annual General Meeting for a term of four (4) consecutive years.

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 shall undergo online proficiency self-assessment test, if applicable, 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 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/familarisation%20program.pdf

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the financial year 2020-21 was held on 19th January, 2021 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, 2021:

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 Five (5) 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.

The Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2021.

The 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 15th June, 2020 for the financial year 2020-21.

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, 2021. The Auditors' 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 2021-22. However, as per 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 2021-22 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Vigil%20Mechanism.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 Corporate Governance Clauses of the 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 Corporate Social Responsibility (CSR), the guidelines in respect of which were 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Corporate%20Social%20Responsibility%20Policy.pdf

During the year, the Company has spent a total of ₹ 51.63 lakhs on CSR activities. Out of this, ₹ 28.59 lakhs pertains to financial year 2020-21.

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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/RISK_MANAGEMENT_POLICY%20final.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 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/RELATED_PARTY_TRANSACTION%20-%20VSSL.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, 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:

Pursuant to the provisions of Section 134(3)(a) of Companies Act, 2013, the web address of the extract of Annual Return of the Company is https://www.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/MGT-9_2020-21.pdf

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. During the year, the Company employed around 978 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 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, 2021 and of the profit of the Company for the year ended on 31st March, 2021;

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. Proper systems have 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 Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

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 1,12,498 options were exercised by the eligible employees. The paid-up equity share capital of the Company after this allotment stood increased to ₹ 40,50,70,000.

Further, during the year the Nomination and Remuneration Committee in its meeting held on 11th November, 2020 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.

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 received from the Auditors 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/ESOP%20Disclosure%20-%202020-21.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 once approved by the shareholders of the Company. Accordingly, out of the total 5,00,000 options under the said Plan, the Nomination and Remuneration Committee of the Company in its meeting held on 11th November, 2020, made a first grant of 3,63,000 options to the eligible employees.

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/ESOP%20Disclosure%20-%202020-21.pdf

29. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, 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 **(RAJEEV GUPTA)**

Dated : 13th May, 2021 **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 2020-21.
III	Annual Report on CSR activities for the Financial Year 2020-21.
IV	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
V	Particulars of employees and related disclosures.

ANNEXURES TO THE DIRECTORS' REPORT

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, 2021

[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,
Vardhman Premises Chandigarh Road,
Ludhiana, PB 141010

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, 2021 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, 2021 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) Regulations, 2014;

  (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, 2009; (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 Debt Securities) Regulations, 2008.(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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(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.

The prevailing circumstances in the country on account of Partial Lockdown and COVID-19 have impacted to some extent, verification of documents and records of the company.

For Harsh Goyal & Associates
Company Secretaries
Sd/-
(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802
UDIN: F003314C000344083

Place: Ludhiana
Date: 13.05.2021

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.
FCS 3314
C P No.:2802

Place: Ludhiana
Date: 13.05.2021

ANNEXURE- III

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

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	1	1
2.	Mr. Sachit Jain	Member, Non-Independent, Executive Director	1	1
3.	Mrs. Suchita Jain	Member, Non-Independent, Non-Executive Director	1	1

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.vardhmansteel.com/vss/index.php?page=board-of-directors

Link of Policy- https://www.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Corporate%20Social%20Responsibility%20Policy.pdf

Link of CSR Projects - https://www.vardhmansteel.com/vss/index.php?page=investor-service

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	-	NIL	NIL

6. Average net profit of the Company as per section 135(5): ₹ 1,274.50 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)
₹ 25.49 lakhs	NIL	NIL	₹ 25.49 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)		
2020-21	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
28.59*	-	-	-	-	-

* In addition to ₹ 28.59 lakhs, the Company also spent ₹ 22.79 lakhs against CSR Projects for FY 2018-19 and ₹ 0.25 lakhs against CSR Projects for FY 2019-20.

(b) Details of CSR amount spent against ongoing projects for the financial year 2020-21: Nil

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
-	-	-	-	-	-	-	-	-	-	-	-	-

(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 Civil Hospital, Ludhiana during Covid-19 pandemic	Promoting health care including preventive health care and Sanitation	Yes	Punjab	Ludhiana	21.18	Yes	-	-
2.	Supplied face masks, PPE kits and pulse oximeters to District Administration, Ludhiana during Covid-19 pandemic		Yes	Punjab	Ludhiana	2.83	Yes	-	-
3.	Financial support to Govt. School, Sasrali Colony, Ludhiana, for maintenance of toilets under 'Swach Bharat'		Yes	Punjab	Ludhiana	1.10	Yes	-	-
4.	Distribution of sanitary napkins to women in slum areas of Focal Point, Ludhiana, under the project 'Nandini'		Yes	Punjab	Ludhiana	0.29	Yes	-	-
5.	Anti-Dengue Fogging in slum areas of Focal Point, Ludhiana		Yes	Punjab	Ludhiana	0.25	Yes	-	-
6.	Education sponsorship for B.D.S. course of deserving & needy children	Promoting Education	Yes	Punjab	Ludhiana	1.82	Yes	-	-
7.	Sponsorship of school fee of children belonging to slum area		Yes	Punjab	Ludhiana	0.52	Yes	-	-
8.	Distribution of Books to children of Slum Area school, run by Jeet Foundation		Yes	Punjab	Ludhiana	0.31	Yes	-	-
9.	Financial support for providing gardner for development and maintenance of parks at Mini Secretariat and District Industries Centre (DIC), Ludhiana	Environment Sustainability	Yes	Punjab	Ludhiana	0.29	Yes	-	-
	Total					**28.59**			

(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): ₹ 28.59 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)	25.49
(ii)	Total amount spent for the financial year	28.59
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.10
(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)]	3.10

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/-	Sd/-
(Sachit Jain)	**(Sanjeev Pahwa)**
(Vice-Chairman & Managing Director)	**(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. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimize the operation of various equipments which also leads to energy conservation.

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 2020-21 are as mentioned below:

Sr. No.	Energy Conservation	Approx cost Savings Per Annum (₹ in lakhs)
1	FES power consumption reduced by optimizing fan speed and damper control	115.00
2	LED lights installed by replacing conventional lights at Billet yard and scrap yard	2.00

STEPS TAKEN FOR UTILISING ALTERNATE SOURCES OF ENERGY - NIL

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:

- Flying Tundish practices adopted to increase sequence heats, hence saving in metal loss as a result of higher sequence.
- 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.
- Heat treated steel developed for non-automotive Japanese customer.
- Development of steel for crank shaft for Automobile application for Japanese customer.
- Developed high alloy >5% for Ring gear application.
- Vendor development for rolling in contingency.
- Optimised practice of Al, Ca, S addition.

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.
- Yield improvement due to further increase in sequence length.
- Cost reduction / MT of liquid steel.
- Sample developed for Toyota business.

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	2020-21	2019-20
Capital	32.71	86.15
Recurring	761.53	781.66
Total	**794.24**	**867.81**
Total R & D expenditure as a Percentage of Turnover	**0.85%**	**1.03%**

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.
- Gas Analyser and C & S Analyser.

2. Particulars of technology imported in last three years:

Details of Technology imported	Year of Import	Whether the technology been fully absorbed
XRF for raw material and slag analysis	2018-19	Yes

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the financial year 2020-21, the Company exported 1908 MT of rolled products having FOB value of ₹ 1,235.66 lakhs.

Total Foreign Exchange earned and used:

(₹ In lakhs)

Particulars	2020-21	2019-20
a. Earnings (FOB value of Exports)	1,235.66	2,241.13
b. Outgo (CIF value of Imports and Expenditure in Foreign Currency)	7,016.65	8,273.87

ANNEXURE- V

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF 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 2020-21 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

S. NO.	NAME OF DIRECTOR/ KMP AND DESIGNATION	REMUNERATION FOR DIRECTORS/ KMP FOR FINANCIAL YEAR 2020-21 (Amount in ₹)	% INCREASE IN REMUNERATION IN THE FINANCIAL YEAR 2020-21	RATIO OF REMUNERATION OF EACH DIRECTOR/ KMP TO MEDIAN REMUNERATION OF EMPLOYEES
1.	Sachit Jain Vice-Chairman & Managing Director	5,67,35,529	122.97	135.97
2.	Suchita Jain Non-Executive Director	-	-	-
3.	B.K. Choudhary Non-Executive Director	-	-	-
4.	Rajinder Kumar Jain Non-Executive Director	2,40,000	-25.00	0.58
5.	Takashi Ishigami Non-Executive Director	-	-	-
6.	Rakesh Jain Independent Director	2,80,000	-17.65	0.67
7.	Rajeev Gupta Independent Director	1,80,000	-35.71	0.43
8.	Raghav Chandra Independent Director	1,40,000	-36.36	0.34
9.	Sanjeev Pahwa Independent Director	2,80,000	-17.65	0.67
10.	Sanjoy Bhattacharyya Independent Director	3,00,000	36.36	0.72
11.	Shubhra Bhattacharya Independent Director	80,000	-55.56	0.19
12.	Sanjeev Singla Chief Financial Officer	54,04,597	65.25	12.95
13.	Sonam Taneja Company Secretary	7,79,147	17.81	1.87

2. The median remuneration of employees of the Company during the financial year was ₹ 4,17,254.
3. In the financial year, there was an increase of 4.80% in the median remuneration of employees.
4. There were 978 permanent employees on the rolls of Company as on March 31, 2021.
5. Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2020-21 was 17.98% whereas the increase in the managerial remuneration for the same financial year was 114.18%.
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 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)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1	Mr. Sachit Jain	Vice-Chairman & Managing Director	567.36	B. Tech, MBA	54	31	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: NIL

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 31.03.2021

1, Sachit Jain, 54, Vice-Chairman & Managing Director, 567.36, Regular, B. Tech & MBA, 31, 14.05.2010, Vardhman Textiles Limited, 55,46,011. 2, M.K. Srivastava, 57, Chief Operating Officer, 86.85, Regular, M.Com, LLB, PGDIRPM, DLL & DBS, 38.02, 06.04.1999, Kumar Group of Industries, 28,249. 3, Mukesh Gupta, 46, Sr. Vice- President, 77.08, Regular, BE (MET), 20.08, 12.08.2016, Mahindra Sanyo Special Steels Private Limited, 31,537. 4, Amit Chopra, 46, Vice-President, 71.69, Regular, MBA & BE, 22.11, 15.05.2009, Jindal Stainless Limited, 117. 5. Jagdish Chand, 51, Vice-President, 68.30, Regular, DIP (Elect), 31.08, 10.03.1992, Shreyans Spinning Mills, 16,098. 6. Davinder Singh, 47, Vice-President, 56.21, Regular, M.Sc. & MDBA, 25.11, 04.05.2015, Modern Steels Limited, 21,750. 7, Sanjeev Singla, 45, Chief Financial Officer, 54.05, Regular, B.Com & CS (Inter), 26, 25.03.2014, Vardhman Polytex Limited, 25,602. 8, Devinder Singh, 62, Assistant Vice-President, 40.82, Regular, DIP (Instrumentation), AMIE (Section A) & BA, 43.2, 15.06.1994, Munjal Gases, 250. 9, Rajesh Soni, 55, Chief Manager, 34.15, Regular, B.Sc, 33, 18.05.1994, Modern Steels, 4,350. 10, Dinesh Singh, 41, Assistant Vice-President, 29.00, Regular, B.E Metallurgy, 17, 22.03.2010, SPS Steel and Power Limited, 4,000.

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, 2021:

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 2020-21, the Board met 5 times on the following dates:

- 15th June , 2020
- 6th August, 2020
- 9th November, 2020
- 19th January, 2021
- 31st March, 2021

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	5	Yes	8	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Non- Executive Director Non- Executive Director	2	-	-
Rajinder Kumar Jain	5	Yes	-	-	-	-	-	-
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	4	No	2	Vardhman Acrylics Limited	Executive Director	1	-	-
Sanjeev Pahwa	5	No	4	-	-	1	-	-
Rajeev Gupta	5	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	-	-
Sanjoy Bhattacharyya	4	Yes	-	-	-	-	-	-
Shubhra Bhattacharya	4	No	-	-	-	-	-	-
Rakesh Jain	3	Yes	-	-	-	-	-	-
Raghav Chandra	5	No	2	Welspun Enterprises Limited	Non-Executive Director	2	-	-
Takashi Ishigami	5	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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Corporate%20Social%20Responsibility%20Policy.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 received 1 complaint from Investors and the same had been duly resolved.

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
Meetings held	**6**	**1**	**3**	**1**
Sachit Jain	N.A.	1	N.A	N.A.
Suchita Jain	N.A.	1	N.A.	1
Rajeev Gupta	N.A.	N.A.	3	N.A.
Sanjeev Pahwa	6	1	N.A.	1
Rajinder Kumar Jain	6	N.A.	N.A.	N.A.
B.K. Choudhary	N.A.	N.A.	3	0
Sanjoy Bhattacharyya	6	N.A.	2	N.A.
Rakesh Jain*	4	N.A.	1	N.A.
Raghav Chandra	N.A.	N.A.	N.A.	N.A.
Shubhra Bhattacharya	N.A.	N.A.	N.A.	N.A.
Takashi Ishigami	N.A.	N.A.	N.A.	N.A.

* Mr. Rakesh Jain was appointed as a Member of Nomination & Remuneration Committee w.e.f. 9th November, 2020.
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 2020-21 was held on 19th January 2021, 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/familarisation%20program.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 2020-21 is as given below:

(₹ in lakhs)

Name	Sachit Jain
Designation	Vice- Chairman & Managing Director
Salary	138.00
Perquisites & Allowances	130.47
Retirement Benefit	16.85
Commission	282.04
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. However, due to the outbreak of Covid-19 pandemic when uncertainty was looming large and the Company was passing through unprecedented crucial times, the concerned Directors of the Company in the Board Meeting dated 15th June, 2020, had unanimously proposed and decided to voluntarily forgo the sitting fees payable to them for the period April, 2020 to September, 2020. However, with the opening up of the economies, the Board of Directors in its meeting held on 09th November, 2020, decided to re-instate the sitting fee payable to Directors for attending the Board and Committee meetings from October' 2020 onwards.

The detail of sitting fees paid to the Directors during the Financial Year 2020-21 is given hereunder: -

S. NO.	NAME OF DIRECTOR	SITTING FEE (₹)
1.	Rakesh Jain	2,80,000
2.	Rajinder Kumar Jain	2,40,000
3.	Rajeev Gupta	1,80,000
4.	Sanjeev Pahwa	2,80,000
5.	Sanjoy Bhattacharyya	3,00,000
6.	Shubhra Bhattacharya	80,000
7.	Raghav Chandra	1,40,000

5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31ST MARCH, 2021:

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	55,46,011
3.	Rajinder Kumar Jain	71,183
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
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
8th Annual General Meeting for the Financial Year ended 31st March, 2018.	Thursday, 27th September, 2018 at 9.00 a.m.	Regd. Office, Chandigarh Road, Ludhiana- 141010.	2

* In compliance with circulars of the Ministry of Corporate Affairs dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020/ 79 dated May 12, 2020, permitting the holding of the Annual General Meeting ("AGM") through Video Conferencing without the physical presence of the Members at a common venue, the AGM of the Company was held through Video Conferencing.

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 2021-22.

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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/RELATED_PARTY_TRANSACTION%20-%20VSSL.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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Vigil%20Mechanism.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 case 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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Policy%20for%20determing%20Material%20Subsidiary.pdf

x. As on March 31, 2021, there was no outstanding GDRs/ADRs/Warrants or any convertible instruments.

xi. During the year 2020-21, 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 ₹ 18 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.vardhmansteel.com

GENERAL INFORMATION FOR SHAREHOLDERS

i) 11th Annual General Meeting:

Date	:	17th September, 2021
Time	:	10:30 a.m.
Venue	:	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

ii) Financial Calendar 2021-22 (Tentative):

First Quarter Results	:	August, 2021
Second Quarter Results	:	November, 2021
Third Quarter Results	:	January, 2022
Annual Results	:	May, 2022

iii) Dates of Book Closure : **6th September, 2021 to 17th September, 2021** (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:

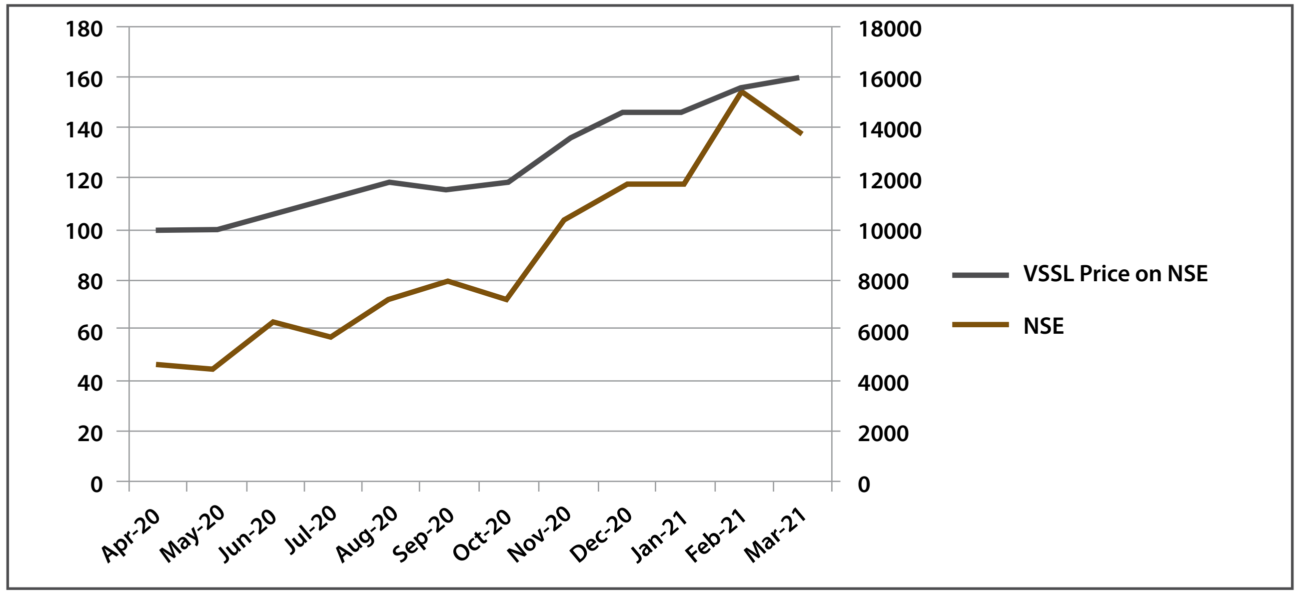
- BSE Limited : 534392
- National Stock Exchange of India Limited : VSSL

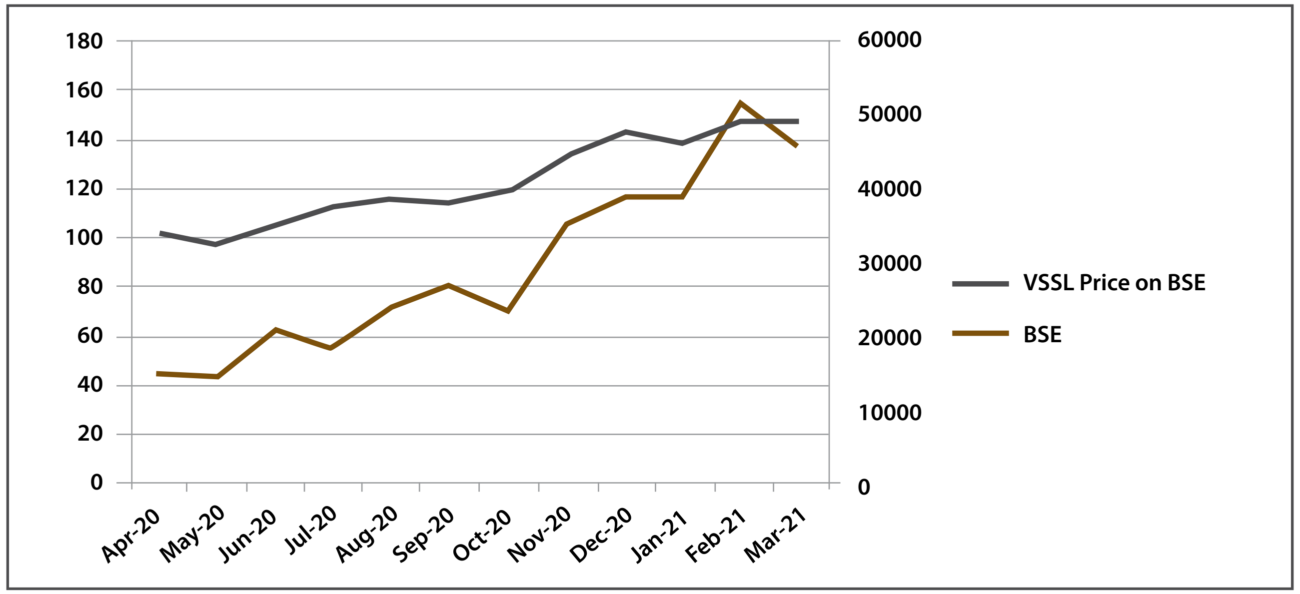
vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE vis-a-vis BSE during the financial year 2020-21 is given below: -

Financial Year 2020-21	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	48.15	37.05	45.60	10.28	47.70	38.50	44.25	8.99
May	47.75	40.25	44.85	(1.64)	47.15	41.60	43.90	(0.79)
June	75.00	43.00	62.35	39.02	73.95	45.35	61.85	40.89
July	62.90	55.10	56.70	(9.06)	62.95	54.55	55.35	(10.51)
August	76.70	54.10	72.10	27.16	76.00	54.55	70.95	28.18
September	83.75	68.45	78.95	9.50	81.00	68.75	80.00	12.76
October	80.95	65.25	71.80	(9.06)	80.00	65.20	70.45	(11.94)
November	105.95	69.00	104.85	46.03	105.50	70.05	105.10	49.18
December	130.85	101.25	117.05	11.64	131.00	100.60	116.75	11.08
January	135.00	111.00	117.90	0.73	134.10	111.20	117.50	0.64
February	156.70	116.45	155.00	31.47	160.35	117.00	154.95	31.87
March	176.10	134.20	138.25	(10.81)	176.00	135.00	137.75	(11.10)

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, 2021:

RANGE	SHAREHOLDERS		SHARES	
No. of Shares	**Numbers of total holders**	**% to total holders**	**Numbers of shares held**	**% to total shares**
Upto-500	16,621	91.25	11,18,904	2.76
501-1000	701	3.85	5,49,522	1.36
1001-2000	388	2.13	5,82,984	1.44
2001-3000	126	0.69	3,16,952	0.78
3001-4000	86	0.47	3,04,016	0.75
4001-5000	58	0.32	2,66,791	0.66
5001-10000	103	0.57	7,66,306	1.89
10001- above	131	0.72	3,66,01,525	90.36
Total	**18,214**	**100.00**	**4,05,07,000**	**100.00**

xii) Dematerialisation of shares:

As on 31st March, 2021, 99.54% of the capital comprising 4,03,19,972 shares, out of total of 4,05,07,000 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 1,12,498 options were exercised by the eligible employees.

Further, during the year the Nomination and Remuneration Committee in its meeting held on 11th November, 2020 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.

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

During the year, 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 Company 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 i.e. 11th November, 2020. 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.

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 2020-21. During the financial year 2020-21, CRISIL has revised the outlook for long term Bank facilities of the Company from "Negative" to "Stable". List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Rating during FY 2020-21
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, 2021.

Place: Ludhiana — **Sachit Jain**
Dated: 13th May , 2021 — 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 — **Sachit Jain**
Dated: 13th May , 2021 — 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: F002004C000287344

Date: 13th May, 2021
Place: Ludhiana

PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Vardhman Special Steels Limited

CIN : L27100PB2010PLC033930
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 2021 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 2021 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.

Date: 13th May, 2021
Place : Ludhiana

For **Harsh Goyal & Associates**
Company Secretaries

Sd/-
Harsh Kumar Goyal
Proprietor
FCS:3314
CP:2802
UDIN: F003314C000344151

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 2020-21 (available at: 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.vardhmansteel.com
5.	E-mail id	:	secretarial.lud@vardhman.com
6.	Financial Year reported	:	2020-2021
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	:	₹40.51 crore
2.	Total Turnover	:	₹937.08 crore
3.	Total profit after taxes	:	₹44.19 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	:	1.17%
5.	List of activities in which expenditure in 4 above has been incurred	:	As per Annexure III of the Directors' 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 CSR Annual Report.

9 Principles as charted by MCA in NVG are as follows:

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 4001, OHSAS 18001, ISO 9001	Y OHSAS 18001	Y OHSAS 18001	Y OHSAS 18001	Y ISO 14001, OHSAS 18001	N	N	Y ISO 9001
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.vardhmansteel.com/vss/index.php?page=investor-service								
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	NA								
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									
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 Business Responsibility

(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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Business%20Responsibility%20Report_2020-21.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, 2021, 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 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 link https://www.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/CODE%20OF%20CONDUCT_final.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.vardhmansteel.com/vss/uploads/tpl-buddy-011/img/Vigil%20Mechanism.pdf

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

The Sustainable Business Model and the framework driving towards identifying 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 the 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 them 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 2021, 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 2020-21:

- FES Power consumption reduced by optimizing fan speed and damper control.
- LED lights installed by replacing conventional lights at Rolling Mill billet yard and scrap yard.

Solar Power

Solar power plant planned (roof top) by the end of financial year 2022-23.

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.

Plantation of trees and developing green belt remains our focus every year. Not only we maintain green areas within our premises, but also take the responsibility of generating awareness in masses about the need for planting more and more trees. Our employees enthusiastically participate in this drive and we have, till date, planted about 33,000 trees to combat air pollution.

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 – 1,407 (including contractual manpower)
2. Total number of employees hired on temporary/ contractual/ casual basis – 429
3. Number of permanent women employees – 22 (does not include 5 contractor female employees)
4. Number of permanent employees with disabilities – 16
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 – 89%

(b) Permanent Women Employees – 100%

(c) Casual/Temporary/Contractual Employees – 87%

(d) Employees with Disabilities – 82%

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, issues like global warming and degradation of environment owing to over exploitation of resources are threats to the existence of life on the planet. These challenges, however, are seen as opportunities to create sustainable products and manufacturing mechanisms at VSSL. We invest heavily in developing future-ready technology and innovative solutions to minimize the strain, steel industry puts on the environment. Alternative energy, optimum consumption and replenishment of natural resources are some of the initiatives undertaken to back 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 environment, following steps have been initiated:
   a) Disposal of hazardous solid waste generated at the unit is done only through CPCB/SPCB authorized disposal facilities.
   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 Unit and in surroundings help to reduce the impact of pollution. 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. New recruits have to mandatorily pass through safety training before they are posted on the shop floor. While there are regular refresher programs for employees at each level, visitors too are given security instructions before entering the premises so as to ensure workplace safety and minimize the probability of accidents.

   In the light of ongoing 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 CPCB/SPCB authorized disposal facilities.
5. We have not registered ourselves under any project for Clean Development mechanism but have undertaken several initiatives on our own for clean, eco-friendly and sustainable growth.

   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 a regular feature.

   Water Conservation: Our rainwater harvesting systems, ground water recharge initiatives and similar provisions allow us to conserve water. Till March 2021, 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 Earth Day, Environment Day & Environment Week etc. The activities held during such programs include Tree Plantation, Safety week, etc.

   Plantations: Plantation drives are carried out every year by us to increase the green area around our factory, we have till date planted about 33,000 trees and also undertaken so many areas for development of green belt.

   Environment and Safety Certifications: Our Company is ISO 14001 (2015), ISO 45001 (2018), ISO 9001 (2015), ISO/TS 16949 (2016) & ISO 17025 (2017) certified organization.
6. The emissions at our unit are 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), ISO/TS 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 risk 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 marginalized farmers and 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.

Major Contribution under CSR (2020-21)

Promoting / Preventive Healthcare and Sanitation:

1. Donation of ₹ 1.10 lakhs to North India Palasy Foundation for providing support to children with Autism through NGO.
2. Supplied medical oxygen amounting to ₹ 21.18 lakhs to Civil Hospital, Ludhiana during Covid-19 pandemic.
3. Supplied face masks, PPE kits and pulse oximeters amounting to ₹ 2.83 lakhs to District Administration, Ludhiana during Covid-19 pandemic .
4. Provided Sanitary Napkin Vending Machine with incinerator amounting to ₹ 1.80 lakhs to School and College in slum area.
5. Financial support of ₹ 1.10 lakhs to Govt. School, Sasrali Colony, Ludhiana, under health hygiene for maintenance of toilets under 'Swach Bharat'.

Environment Sustainability:

1. Incurred ₹ 3.35 lakhs for developing and maintaining green area/park at 9 acres of land adopted in different offices and societies in Ludhiana.
2. Spent ₹ 7.25 lakhs towards social forestry and greenbelt development in Focal Point area, Ludhiana.

Promoting Education:

₹ 1.82 lakhs towards education sponsorship for B.D.S. course of deserving & needy children.

Women Empowerment:

Provided 30 sewing machines amounting to ₹ 1.95 lakhs to various Skill Development Centres run by Govt. of Punjab.

Support to Socially and Economically backward groups:

Distribution of winter wears amounting to ₹ 4.51 lakhs to needy people in Border Area's through Punjab CSR Authority and Saanjh.

Facilities for Senior Citizens:

₹ 2.15 lakhs towards providing cemented benches in various parks/religious centres/court complex/DIC/licensing bar for senior citizens and children.

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 2020-21, the Company received 21 customer complaints during the period under review. 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 AUDITORS' REPORT

To the Members of

Vardhman Special Steels Limited

Report on the Audit of the Financial Statements

1. Opinion

We have audited the financial statements of Vardhman Special Steels Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, 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 the 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 2021, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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.

3. Description of Key Audit Matters

1. Impact of Section 115 BAA and recoverability of MAT credit

See note 8 to the financial statements

The key audit matter	How the matter was addressed in our audit
The Company has evaluated the impact of section 115BAA and determined to continue to recognize tax expense at the existing income tax rate as applicable to the Company. Accordingly, the Company has continued to recognise MAT credits and remeasured the deferred tax assets/liabilities likely to be reversed at the time the Company would opt for new tax regime. The possible outcome of the above involves significant judgment, hence the same has been considered as key focus area for our audit.	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 income tax recognition accounting policies relating to deferred tax and minimum alternate tax (MAT) and compared them with the applicable accounting standards. • We evaluated the design of internal controls and operating effectiveness of the key internal control relating to taxation. • We inspected the board meeting minutes dated 04 November 2019 evidencing the decision to continue to pay tax in the old regime in view of the unabsorbed depreciation and MAT Credits. • We obtained the future business projections and assessed the recoverability of deferred tax asset and MAT credit as on the balance sheet date. • We involved our tax specialists to challenge the underlying assumptions in estimating the tax provision for the year. • We assessed the allowances and disallowances in the current tax computation. We checked the recognition of deferred tax asset/ liability for the timing differences using the substantively enacted tax rate after considering the impact of Section 115BAA. • We assessed the adequacy of disclosures made by the Company in relation to deferred tax assets, income tax assets, current tax computation and effective tax reconciliation.

2. Recognition of Government Grants

See note 49 to the financial statements

The key audit matter	How the matter was addressed in our audit
The Company is eligible for government grants under the fiscal incentives scheme of the Mega project policy of the Punjab State Government's Industrial Promotion Policy 2013 for its expansions completed up to 31 March 2016. Further, the Company is also eligible for claiming incentives under the Industrial and Business Development Policy 2017 of the State Government.	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 obtained and inspected the government incentive policies along with the various notifications issued. • We obtained and checked the fillings made by the Company in line with the requirements of the respective incentive policy.
Though the eligible plant has been commissioned in earlier years but few of the benefits are pending for sanction/ audit by the state government. This is considered as a key event to assess the compliance with the conditions attached to the recognition of government grant. Due to the significance of the amounts and the level of Company's judgment involved, we considered the criteria for recognition of incentives as a key focus for our audit.	• We obtained and checked the terms and conditions of the agreements with the government. We also inspected the interim notification for fiscal incentives along with the corrigendum to the same. • We assessed the accounting treatment of the government grant approved and received during the current year. • We assessed the adequacy of the disclosures given by the Company in relation to the government grant in the financial statements.

4. 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 auditors' 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.

5. Management's and Board of Directors' Responsibility 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 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.

6. 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 in the financial statements 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 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.

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 auditors' 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.

7. Report on Other Legal and Regulatory Requirements

(A) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government 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.

(B) 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 2021 and 5 April 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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".

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 40 to the financial statements.

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

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

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 in excess of the limit laid down under Section 197 of the Act. Accordingly, the Company has taken shareholder's approval by way of special resolution for such payment. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN : 21507857AAAAAO6093

Place: Chandigarh
Date: 13 May 2021

Annexure A to the Independent Auditors' report on the financial statements of Vardhman Special Steels Limited for the period ended 31 March 2021

(Referred to in paragraph 7 (A) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets 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. As informed to us, no discrepancies were noticed on such verification.

(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 the immovable property are held in the name of the Company.

(ii) The inventory, except materials-in-transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. For stocks lying with third parties, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately adjusted in books of account.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms or limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) The Company has not given any loans, provided any guarantee, or security as specified under Section 185 of the Act. Further, in respect of investments made by the Company, the provisions of Section 186 of the Act have been complied with.

(v) 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 accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products covered where, pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of products covered and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to ensuring whether they 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, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods and Services Tax ('GST'), Duty of customs and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there have been slight delays in few cases of deposit of income tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, GST, Duty of customs and other material statutory dues were in arrears as at 31 March 2021 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 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, there are no dues of Income tax, GST, Sales tax, Service tax, Duty of excise, Duty of customs and Value added tax which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

(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
		6.20	3.10	2013-14	Assistant Commissioner Sale Tax
		5.65	2.82	2014-15	Deputy Commissioner of Sale Tax
		4.27	2.14	2015-16	Deputy Commissioner of Sale Tax
		5.00	2.50	2016-17	Additional Commissioner (Appeals), Commercial Tax
The Central Sales Tax Act, 1956	Sale tax	0.25	0.13	2014-15	Deputy Commissioner of Sale Tax
		1,900.00	1,900.00	2011-12, 2012-13 & 2013-14	High Court Punjab & Haryana-Chandigarh
		6.70	3.35	2013-14	Assistant Commissioner Sale Tax
UP Entry Sale Tax Act , 2007	Entry tax	13.18	6.59	2013-14	Assistant Commissioner Sale Tax
		0.64	0.32	2014-15	Deputy Commissioner of Sale Tax
		0.28	0.14	2015-16	Deputy Commissioner of Sale Tax
		0.06	-	2016-17	Deputy Commissioner of Sale Tax
CGST Act 2017	GST	18.45	18.45	2020-21	ETO-cum Proper Officer (Inspection)
		6.90	6.90	2017-18	The Superintendent (P&C), CGST (Audit) Commissionerate

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

Note: The above table includes only those amounts on which demand orders have been served and are under dispute.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to any government, financial institution or debenture holders during the year.

(ix) According to the information and explanations given to us, the term loan taken by the Company have been applied for the purposes for which they were raised. As informed to us, Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

(x) According to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with the provision of section 197 read with Schedule V of the Act.

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

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) 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 ₹ 5,000 lakhs which were received during the previous year, remained unutilised as at 31 March 2021 and are included in current financial assets. Also refer to Note 14A to the financial statements.

(xv) 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 entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**

Chartered Accountants
Firm Registration No.: 101248W/W-100022

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN : 21507857AAAAAO6093

Place: Chandigarh
Date: 13 May 2021

Annexure B to the Independent Auditors' report on the financial statements of Vardhman Special Steels Limited for the period ended 31 March 2021

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 7(B)(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 2021 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 2021, 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 : 21507857AAAAAO6093

Place: Chandigarh
Date: 13 May 2021

BALANCE SHEET as at 31 March, 2021

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	28,149.09	30,831.11
(b) Right-of-use assets	5	91.49	154.82
(c) Capital work-in-progress	3	1,273.65	1,232.62
(d) Other intangible assets	4	13.20	25.43
(e) Financial assets			
- Loans	6	177.87	84.21
- Other financial assets	7	-	5,137.86
(f) Deferred tax assets (net)	8	969.19	1,995.54
(g) Income tax assets (net)	9	83.07	294.16
(h) Other non-current assets	10	1,287.81	1,181.08
Total non-current assets		**32,045.37**	**40,936.83**
Current assets			
(a) Inventories	11	19,225.90	15,177.78
(b) Financial assets			
- Investments	12	-	500.35
- Trade receivables	13	21,840.13	17,989.43
- Cash and cash equivalents	14	234.00	230.31
- Bank balances other than cash and cash equivalents	14A	5,000.00	-
- Loans	6	99.49	91.38
- Other financial assets	15	1,061.14	168.36
(c) Assets held-for-sale	16	-	1,012.43
(d) Other current assets	17	767.21	916.75
Total current assets		**48,227.87**	**36,086.79**
TOTAL ASSETS		**80,273.24**	**77,023.62**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	4,050.70	4,039.45
(b) Other equity	19	41,885.63	37,323.56
Total equity		**45,936.33**	**41,363.01**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	20	10,965.16	10,784.46
- Lease liabilities	21	94.34	149.40
- Other financial liabilities	22	31.74	17.60
(b) Provisions	23	176.18	120.38
(c) Other non-current liabilities	24	19.29	23.22
Total non-current liabilities		**11,286.71**	**11,095.06**
Current liabilities			
(a) Financial liabilities			
- Borrowings	20	5,985.65	14,862.35
- Lease liabilities	21	10.76	14.33
- Trade payables:	25		
(i) Total outstanding dues of micro enterprises and small enterprises;		256.56	126.52
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		12,761.43	6,046.07
- Other financial liabilities	26	3,053.41	2,708.77
(b) Other current liabilities	27	946.14	721.36
(c) Provisions	23	23.70	86.15
(d) Current tax liabilities (net)	28	12.55	-
Total current liabilities		**23,050.20**	**24,565.55**
TOTAL EQUITY AND LIABILITIES		**80,273.24**	**77,023.62**
Significant accounting policies	2		
Notes to financial statements	3-52		

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: 13 May 2021

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: 13 May 2021

STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2021

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

	Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
I.	Revenue from operations	29	93,708.00	84,620.03
II.	Other income	30	1,296.14	939.82
III.	**Total income (I + II)**		**95,004.14**	**85,559.85**
IV.	**Expenses:**			
	Cost of materials consumed	31	53,741.45	38,929.11
	Purchases of stock-in-trade	32	-	432.19
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(1,224.92)	14,438.63
	Employee benefits expense	34	5,960.88	4,812.87
	Finance costs	35	1,970.72	2,571.61
	Depreciation and amortization expense	36	3,022.94	2,572.08
	Other expenses	37	24,895.40	22,035.00
	Total expenses		**88,366.47**	**85,791.49**
V.	**Profit before income tax (III-IV)**		**6,637.67**	**(231.64)**
VI.	**Income tax expense:**			
	Current tax	38	1,236.54	6.45
	Tax adjustment relating to prior years		(44.70)	-
	Deferred tax		1,026.35	(572.08)
	Total income tax expense		**2,218.19**	**(565.63)**
VII.	**Profit for the year (V-VI)**		**4,419.48**	**333.99**
VIII.	**Other Comprehensive Income/(expense)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability /(asset)		62.70	(84.12)
	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)		**62.70**	**(84.12)**
IX.	**Total comprehensive income for the year (VII+VIII)**		**4,482.18**	**249.87**
	Earnings per equity share [nominal value of ₹ 10 (previous year ₹ 10)]			
	Basic (₹)	39	10.94	0.89
	Diluted (₹)	39	10.93	0.89
	Significant accounting policies	2		
	Notes to financial statements	3-52		

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: 13 May 2021

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: 13 May 2021

STATEMENT OF CASH FLOW for the year ended 31 March, 2021

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

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A	**Cash flow from operating activities**		
	Profit/(loss) before income tax	**6,637.67**	**(231.64)**
	Adjustments for:		
	Depreciation and amortization expense	3,022.94	2,572.08
	Gain on fair value of investments	-	0.44
	Change in fair value of derivative contracts	163.19	-
	Unrealized foreign exchange loss (net)	(29.09)	(498.85)
	Gain on sale of property, plant and equipment (net)	(8.34)	(86.07)
	Share based payments to employees	24.77	7.85
	Loss on sale of assets held-for-sale	17.01	11.69
	Balances written off	-	0.33
	Bad debts	-	1.00
	Expected credit loss on trade receivables	250.00	272.56
	Finance costs	1,970.72	2,571.61
	Interest income	(818.32)	(214.09)
	Dividend income	-	(0.01)
	Profit on sale of current investments	(19.44)	(62.96)
	Capital work-in-progress written-off	122.29	93.83
	Loss on asset retirement	354.35	-
	Liabilities no longer required written back	(6.99)	(33.37)
	Operating profit before change in following assets and liabilities	**11,680.76**	**4,404.40**
	Adjustments for:		
	(Increase)/decrease in inventories	(4,048.12)	16,144.42
	(Increase)/decrease in trade receivables	(4,095.95)	465.74
	(Increase)/decrease in current loans	(8.11)	11.20
	(Increase)/decrease in other financial current assets	(549.32)	722.36
	Decrease in other current assets	529.49	1,656.46
	(Increase) in non-current loans	(93.66)	(15.42)
	(Increase)/ decrease in other non-current assets	(19.40)	30.19
	Increase in non-current provisions	55.80	19.87
	(Decrease) in other non-current liabilities	(3.93)	(1.92)
	Increase/(decrease) in trade payables	6,873.23	(10,168.91)
	(Decrease) in other financial current liabilities	(870.63)	(32.25)
	Increase in other financial liabilities	14.14	-
	Increase in other current liabilities	224.78	446.74
	Increase/(decrease) in current provisions	0.25	(51.08)
	Cash generated from operating activities	**9,689.33**	**13,631.80**
	Income tax paid (net)	(965.40)	(88.94)
	Net cash generated from operating activities	**8,723.93**	**13,542.86**
B	**Cash flow from investing activities**		
	Acquisition of property, plant and equipment and other intangible assets	(948.41)	(3,582.78)
	Proceeds from sale of property, plant and equipment and other intangible assets	17.45	101.21
	Cost incurred towards assets held for sale	-	(129.12)
	Proceeds from assets held for sale	995.42	155.00
	Taxes paid on sale of assets held for sale	(7.72)	-

STATEMENT OF CASH FLOW (Contd...) for the year ended 31 March, 2021

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

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	Dividend income	-	0.01
	Movement in current deposit accounts	(5,000.00)	-
	Movement in non-current deposit accounts	5,000.00	(5,000.00)
	Proceeds/(acquisition) of current investments	519.79	(437.05)
	Interest received	103.06	76.23
	Net cash generated/(used in) investing activities	**679.59**	**(8,816.50)**
C	**Cash flow from financing activities**		
	Proceeds from issue of share capital (including premium)	66.37	4,906.44
	Proceeds from non-current borrowings	3,760.00	200.00
	Repayments of non-current borrowings	(2,413.96)	(3,258.00)
	Payment of Lease liabilities	(19.98)	(20.34)
	Repayments of current borrowing (net)	(8,876.70)	(3,819.33)
	Interest paid	(1,915.56)	(2,533.25)
	Net cash (used in) financing activities	**(9,399.83)**	**(4,524.48)**
	Net increase in cash and cash equivalents (A+B+C)	**3.69**	**201.88**
	Cash and cash equivalents at the beginning of the year (see below)	230.31	28.43
	Cash and cash equivalents at the end of the year (see below)	**234.00**	**230.31**

Notes:

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
1.	**Cash and cash equivalents include:**		
	Balance with banks		
	- in current accounts	232.99	229.64
	Cash on hand	1.01	0.67
		234.00	**230.31**

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 20.4 for reconciliation of movements of liabilities to cash flows arising from financing activities.
4. During the current year, the Company paid in cash ₹ 51.63 (31 March 2020 - ₹ 50.68) towards corporate social responsibility (CSR) expenditure, included in corporate social responsibility expenditure - (refer note 45.2)"

Significant accounting policies	2
Notes to financial statements	3-52

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: 13 May 2021

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: 13 May 2021

STATEMENT OF **CHANGES IN EQUITY** for the year ended 31 March, 2021

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

a. Equity share capital

Particulars	Note	
	18	
Balance as at 1 April 2019		**3,575.86**
Changes in the equity share capital during the year		463.59
Balance as at 31 March 2020		**4,039.45**
Changes in the equity share capital during the year		11.25
Balance as at 31 March 2021		**4,050.70**

b. Other Equity

Particulars	Reserve & Surplus				
	Securities Premium (refer note 19)	General Reserve (refer note 19)	Share Options Outstanding Account (refer note 19)	Retained Earnings (refer note 19)	Total
Balance as at 1 April 2019	**9,927.49**	**13,890.62**	**67.08**	**8,737.80**	**32,622.99**
Total comprehensive income for the year ended 31 March 2020					
Profit for the year	-	-	-	333.99	333.99
Other comprehensive income / (expense) (net of tax)	-	-	-	(84.12)	(84.12)
Total comprehensive income/(expense) for the year		**-**	**-**	**249.87**	**249.87**
Share based payment expense	-	-	7.85	-	7.85
Issue of equity shares (net of share issue expense of ₹ 97.23)	4,439.79	-	-	-	4,439.79
Transfer on account of share options not exercised	-	-	(5.58)	5.58	-
Share option exercised	4.65	-	(1.59)	-	3.06
	4,444.44	**-**	**0.68**	**255.45**	**4,700.57**
Balance as at 31 March 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
	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**
Significant accounting policies	2				
Notes to financial statements	3-52				

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: 13 May 2021

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: 13 May 2021

NOTES **TO THE FINANCIAL STATEMENTS** for the year ended 31 March, 2021

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. 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) Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets at least at the recorded amounts and discharge its liabilities in the usual course of business. The Company has recognized net profit after tax of ₹ 4,419.48 lakhs for the year ended 31 March 2021 and, as at that date, current assets exceed current liabilities by ₹ 25,177.67 lakhs. The Company has considered the impact of Covid-19 on the future projections of the Company as further disclosed in detail in Note 50. In view of the positive net worth, the assessment of future cash flows projections, availability of liquid funds and investments and unused credit facilities, the management considers that it is appropriate to prepare these financial statements on a going concern basis.

iii) 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 2021 were approved by the Company's Board of Directors on 13 May 2021.

iv) 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.

v) 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

vi) 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 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.

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.

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 4 – 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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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 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.

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

The Company has applied Ind AS 116 w.e.f. 01 April 2019 using the modified retrospective approach. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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. This policy (modified retrospective approach) has been applied to contracts existing and entered on or after 1 April 2019 and accordingly there has been 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 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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:

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.

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 unabsorbed depreciation and MAT Credits, the Company has determined that it will continue to recognize tax expense at the existing income tax rate as applicable to the Company.

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.

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 24 March, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company is evaluating these amendments on its financial statements and will give effect to the same as required by law.

(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	Capital work-in-progress
Balance as at 1 April 2019	**3,353.76**	**5,467.11**	**26,388.37**	**120.14**	**280.91**	**297.81**	**35,908.10**	**3,256.54**
Additions	48.57	128.78	5,148.72	2.09	54.78	53.25	5,436.19	3,182.17
Disposals	-	-	(6.05)	-	(10.90)	(0.21)	(17.16)	(5206.09) $
Balance as at 31 March 2020	**3,402.33**	**5,595.89**	**31,531.04**	**122.23**	**324.79**	**350.85**	**41,327.13**	**1,232.62**
Additions	-	29.00	568.30	0.35	64.31	11.78	673.74	495.20
Disposals	-	(234.25)*	(234.09)	-	(10.16)	(0.44)	(478.94)	(454.17) $ *
Balance as at 31 March 2021	**3,402.33**	**5,390.64**	**31,865.25**	**122.58**	**378.94**	**362.19**	**41,521.93**	**1,273.65**
Accumulated depreciation								
Balance as at 1 April 2019	**-**	**706.13**	**6,958.39**	**30.87**	**84.84**	**175.24**	**7,955.47**	**-**
Depreciation for the year	-	231.01	2,218.09	11.50	36.39	45.58	2,542.57	-
Disposals	-	-	(0.18)	-	(1.83)	(0.01)	(2.02)	-
Balance as at 31 March 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**	**-**
Net carrying amounts								
As at 31 March 2020	**3,402.33**	**4,658.75**	**22,354.74**	**79.86**	**205.39**	**130.04**	**30,831.11**	**1,232.62**
As at 31 March 2021	**3,402.33**	**3,899.23**	**20,455.12**	**69.17**	**225.70**	**97.54**	**28,149.09**	**1,273.65**

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.

C. The Company has capitalized the following expenses of revenue nature to the cost of property, plant and equipment/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	As at 31 March 2021	As at 31 March 2020
Salaries, wages and bonus	-	297.06
Store consumption	25.19	528.08
Power and fuel	-	236.26
Finance costs	-	61.14
Others	-	3.25
	25.19	**1,125.79**

* 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 has been advised to maintain greenbelt equivalent to minimum 33% of the total land area. In order to comply this stipulation, the Company has demolished some of the buildings and accordingly, the Company has recognised Loss on asset retirement of ₹ 213.36 and has also written off capital work-in-progress (building) of ₹ 122.29 in the Statement of Profit and Loss during the year. Further, the Company has identified some of the additional building space for demolishing and considered these to be no longer usable. Accordingly, management has accelerated the depreciation rate and has reduced the carrying value to ₹ Nil on the related buildings resulting in accelerated depreciation of ₹ 343.88 during the year. The Company is in continuous engagement with the MoEFC and expects to receive the necessary permission in the near future.

$ Includes ₹ 331.88 (Previous year: ₹ 5,206.09) on account of capital-work-in-progress capitalised during the year.

4 Other intangible assets

	Computer Softwares	Total
Gross carrying amount		
Balance as at 1 April 2019	**59.98**	**59.98**
Additions	7.58	7.58
Balance as at 31 March 2020	**67.56**	**67.56**
Additions	-	-
Balance as at 31 March 2021	**67.56**	**67.56**
Accumulated amortisation		
Balance as at 1 April 2019	**29.75**	**29.75**
Amortisation for the year	12.38	12.38
Balance as at 31 March 2020	**42.13**	**42.13**
Amortisation for the year	12.23	12.23
Balance as at 31 March 2021	**54.36**	**54.36**
Net carrying amount		
As at 31 March 2020	**25.43**	**25.43**
As at 31 March 2021	**13.20**	**13.20**

5 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 2021	For the year ended 31 March 2020
Balance as at beginning of the year	**154.82**	**-**
Reclassified on account of adoption of Ind AS 116	-	134.97
Additions*	-	50.46
Deletions#	(44.92)	-
Impact of lease modification	-	(13.49)
Depreciation for the year	(18.41)	(17.12)
Balance as at end of the year	**91.49**	**154.82**

*New lease deed entered w.e.f. 17 February 2020

#One lease deed revoked w.e.f. 30 September 2020

Notes:

a) The Company incurred ₹ 43.32 (Previous year: ₹ 51.10) 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.

6 Loans

Non-Current (unsecured considered good, unless otherwise stated)	As at 31 March 2021	As at 31 March 2020
Financial assets at amortized cost		
Loans to employees	177.87	84.21
	177.87	**84.21**

Current (unsecured considered good, unless otherwise stated)	As at 31 March 2021	As at 31 March 2020
Financial assets at amortized cost		
Loans to employees	99.49	91.38
	99.49	**91.38**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

7 Other financial assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
Balance with banks*		
- deposit accounts with original maturities more than 12 months	-	5,000.00
Interest accrued		
- interest accrued on deposit accounts with original maturities more than 12 months	-	137.86
	-	**5,137.86**

* represents unutilised amount as at 31 March 2021 and 31 March 2020 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 this amount is reflected as "Bank Balances other than cash and cash Equivalents" (refer note 14A).

8 Deferred tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets on account of		
Tax losses carried forward	331.27	3,085.98
Expenses allowable on payment basis	99.43	134.89
ICDS disallowance on MTM forward contracts	21.89	6.81
Lease liabilities	36.73	57.21
Expected credit loss allowance	304.91	217.55
Minimum alternate tax credit entitlement	2,696.34	1,490.13
Provision for slow moving inventory	6.42	-
	3,496.99	**4,992.57**
Deferred tax liabilities on account of		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,495.83	2,942.93
Right-of-use assets	31.97	54.10
	2,527.80	**2,997.03**
Deferred tax assets (net)	**969.19**	**1,995.54**

2019-20

Deferred tax assets (net)	Balance as at 1 April 2019	Recognised in Statement of profit and loss	Recognised in other compre-hensive income	Balance as at 31 March 2020
Deferred tax assets on account of				
Tax losses carried forward	2,445.58	640.40	-	3,085.98
Expenses allowable on payment basis	125.63	9.26	-	134.89
ICDS disallowance on MTM forward contracts	47.78	(40.97)	-	6.81
Lease liabilities	-	57.21	-	57.21
Expected credit loss allowance	122.30	95.25	-	217.55
Minimum alternate tax credit entitlement	1,483.67	6.46	-	1,490.13
Incentives received from government	24.40	(24.40)	-	-
	4,249.36	**743.21**	**-**	**4,992.57**
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,825.90	117.03	-	2,942.93
Right-of-use assets	-	54.10	-	54.10
	2,825.90	**171.13**	**-**	**2,997.03**
Deferred tax assets (net)	**1,423.46**	**572.08**	**-**	**1,995.54**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

2020-21

Deferred tax assets (net)	Balance as at 1 April 2020	Recognised in Profit or Loss	Recognised in other compre-hensive 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**
Deferred tax assets (net)	**1,995.54**	**(1,026.35)**	**-**	**969.19**

Note: The Company has remeasured the deferred tax assets/liabilities likely to be reversed at the time the Company would opt for new tax regime which has resulted in write back of deferred tax liability amounting to ₹ 214.71 (Previous year: 430.59) to the Statement of Profit and Loss for the year ended 31 March 2021.

9 Income tax assets (net)

	As at 31 March 2021	As at 31 March 2020
Non-current		
Advance income tax and tax deducted at source {net of provision of ₹ 1,849.22 (31 March 2020: ₹ 1,893.93)}	83.07	294.16
	83.07	**294.16**

10 Other non-current assets
(unsecured considered good, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Capital advances		
- to others	190.83	103.50
Advances other than capital advances:		
-Security deposits	938.19	937.18
-Prepaid expenses	6.63	2.52
-Amount paid under protest to government authorities	152.16	137.88
	1,287.81	**1,181.08**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

11 Inventories
(at lower of cost and net realizable value)

	As at 31 March 2021	As at 31 March 2020
Raw materials	4,423.76	1,936.62
Raw material in transit	122.54	311.96
Stores and spares *	2,594.80	2,210.72
Stores and spares in transit	152.69	11.29
Work-in-progress	4,477.80	3,326.99
Finished goods - manufactured #	7,454.31	7,380.20
	19,225.90	**15,177.78**

*During the current year, an amount of ₹ 18.38 (Previous year : ₹ Nil) was charged to the Statement of Profit and loss on account of slow moving inventory.

includes stock lying with third party amounting to ₹ 1,242.40 (Previous year : ₹ 376.36).

12 Investments (Current)

	As at 31 March 2021	As at 31 March 2020
Unquoted debt securities		
Securities at fair value through profit and loss		
Nil (31 March 2020: 15,367.66) units of SBI overnight fund direct growth	-	500.02
Quoted equity shares		
Equity shares at fair value through profit and loss		
Nil (31 March 2020: 235) equity shares of GNA Axles Ltd.	-	0.33
	-	**500.35**
Aggregate amount of un-quoted Investments	-	500.02
Aggregate book value of quoted investments	-	0.33
Aggregate market value of quoted investments	-	0.33

13 Trade receivables
(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Trade receivables	22,712.69	18,611.99
Less: Loss allowance	872.56	622.56
	21,840.13	**17,989.43**

Break-up of security details

	As at 31 March 2021	As at 31 March 2020
Trade receivable considered good - secured	-	-
Trade receivables considered good - unsecured	21,840.13	17,989.43
Trade receivables which have significant increase in Credit risk	-	-
Trade Receivables – credit impaired	872.56	622.56
Total	**22,712.69**	**18,611.99**
Less: Loss allowance	872.56	622.56
Total trade receivables	**21,840.13**	**17,989.43**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

14 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balance with banks		
- in current accounts	232.99	229.64
Cash on hand	1.01	0.67
	234.00	**230.31**

14A Bank Balances other than cash and cash Equivalents

	As at 31 March 2021	As at 31 March 2020
Other bank balance		
- Bank deposit with original maturity more than 3 months and upto 12 months from the reporting date	5,000.00	-
	5,000.00	**-**

15 Other financial assets (Current)
(Unsecured considered good, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Financial assets at amortized cost		
Contract assets	589.92	-
Advances to employees	-	0.34
Security deposits	5.50	-
Interest recoverable on account of Fixed deposit in bank	455.86	-
Other recoverables	9.86	55.62
Financial Assets measured at fair value through Profit and loss		
Derivative financial instruments	-	112.40
	1,061.14	**168.36**

16 Assets held-for-sale*

	As at 31 March 2021	As at 31 March 2020
Current		
Freehold Building	-	215.61
Freehold land	-	796.82
	-	**1,012.43**

*During the previous year, the Company had acquired these assets from a non-related party against settlement of outstanding dues with an intention to sell in the short term. This exchange of assets was considered to be a non-cash transaction in the previous year. During the current year, these assets have been sold at a loss of ₹ 17.01 (Refer note 37).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

17 Other current assets

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
Advances for supply of goods & services	415.29	421.08
Prepaid expenses	129.23	115.80
Asset for gratuity (refer note 43)	28.71	-
Recoverable on account of government grant	-	66.82
Prepaid (deferred) expenses for employee benefits	3.84	2.10
Recoverable from / balance with government authorities	189.41	253.42
Others	0.73	57.53
	767.21	**916.75**

18 Equity share capital

(a) Details of share capital

	As at 31 March 2021		As at 31 March 2020	
	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	4,05,07,000	4,050.70	4,03,94,502	4,039.45
	4,05,07,000	**4,050.70**	**4,03,94,502**	**4,039.45**

(b) Reconciliation of number of shares outstanding at beginning and end of the year

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	4,03,94,502	4,039.45	3,57,58,623	3,575.86
Add: Shares issued on preferential basis*	-	-	46,29,629	462.96
Add: Shares issued under employee stock option	1,12,498	11.25	6,250	0.63
Balance at the end of the year	**4,05,07,000**	**4,050.70**	**4,03,94,502**	**4,039.45**

*During the previous year ended 31 March 2020 the Company had made allotment of 46,29,629 equity shares of ₹ 5,000 on 4 November 2019 on preferential basis to Aichi Steel Corporation at an issue price of ₹ 108 per equity share (Including premium of ₹ 98 per equity share).

(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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

ii) Pursuant to Share Subscription and Investment Agreement entered on 4 November 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 2021.

During the five years immediately preceding 31 March 2021 ('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.

(e) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding in the class	Number of shares	% holding in the class
- Vardhman Textiles Limited	97,08,333	23.97	97,08,333	24.03
- Mr. Sachit Jain	55,46,011	13.69	49,37,232	12.22
- Vardhman Holdings Limited	52,18,954	12.88	51,34,195	12.71
- Aichi Steel Corporation	46,29,629	11.43	46,29,629	11.46
- Devakar Investment & Trading company (P) Ltd	22,15,016	5.47	22,15,016	5.48
Total	**2,73,17,943**	**67.44**	**2,66,24,405**	**65.90**

(f) Utilization of proceeds from equity shares issued on preferential basis to ASC

Proceeds from issue of equity shares amounting to ₹ 5,000 which have been received during the previous year ended 31 March 2020, remained unutilised as at 31 March 2021 and are included as deposits with bank under "Bank Balances other than cash and cash Equivalents" as on 31 March 2021 in Note 14A and under "Other non-current financial assets" as on 31 March 2020 in Note 7.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

20 Borrowings

	As at 31 March 2021	As at 31 March 2020
I. Non current borrowings		
Secured		
Term loans (refer note 20.1)		
- From banks (net of unamortized processing charges)	12,960.96	11,601.13
Total non-current borrowings (including current maturities)	**12,960.96**	**11,601.13**
Less: Current maturities of non-current borrowings (refer note 26)	1,995.80	816.67
	10,965.16	**10,784.46**

	As at 31 March 2021	As at 31 March 2020
II. Current borrowings		
Secured		
Loan repayable on demand		
- From banks (refer note 20.2 and 20.3)	5,985.65	14,862.35
	5,985.65	**14,862.35**

20.1 Notes

(a) Security details

i. Term loans of ₹ 12,960.96 (Previous year: ₹ 11,601.13) 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 ₹ 4,092.35 (Previous year: ₹ 5,686.33) from State Bank of India is repayable in 14 quarterly installments from June 2021 till Q2 of FY 2024-25 (31 March 2020: 20 quarterly installments)

ii. Term loan of ₹ 5,241.95 (Previous year: ₹ 5,719.29) from ICICI Bank Limited repayable in 15 quarterly installments from Dec'2021 till Q1 of FY 2025-26 (31 March 2020: 17 installments)

iii. Term loan of ₹ 3,626.66 (Previous year: ₹ 195.51) from HDFC Bank Limited repayable in 22 quarterly installments from April'2021 till Q2 of FY 2025-26 (31 March 2020: 24 installments)

iv. During the current year, the nominal (floating) interest rate was in the range of 7.25 % to 9.80 % per annum (31 March 2020: in the range of 9.30 % to 9.80 % per annum)

20.2 Cash credit/overdraft, commercial papers and working capital demand loan facilities from Consortium banks aggregating to ₹ 5,985.65 (Previous year: ₹ 14,862.35) 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

20.3 The Company has listed secured commercial papers (CP's) on various dates on BSE Limited (BSE) during the year ended 31 March 2021.

20.4 Reconciliation of movement in borrowings to cash flows from financing activities

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Balance at the beginning of the year		
- Non current borrowings	11,601.13	14,678.84
- Current borrowings	14,862.35	18,681.68
- Current maturities of non-current borrowings	(816.67)	(1,165.38)
Total Opening Balance	**25,646.81**	**32,195.14**
a) Cash flow movements		
- Proceeds from non-current borrowings	3,760.00	200.00
- (Repayments)/ proceeds of current borrowing (net)	(8,876.70)	(3,819.33)
- Repayment of non-current borrowings	(2,413.96)	(3,258.00)
b) Non-cash movements		
- Effect of amortisation of loan origination costs	13.79	15.06
- Foreign exchange translation	-	(34.77)
Balance at the end of the year		
- Non current borrowings	12,960.96	11,601.13
- Current borrowings	5,985.65	14,862.35
- Current maturities of long term borrowings	(1,995.80)	(816.67)
Total Closing Balance	**16,950.81**	**25,646.81**

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 ₹ 43.32 (Previous year: ₹ 51.10) (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 2021	For the year ended 31 March 2020
Interest on lease liabilities	6.29	12.13
Expenses relating to short-term leases	43.32	51.10
	49.61	**63.23**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

(b) The total cash outflow for leases are as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
The total cash outflow for leases, including cash outflow for short term leases	63.30	71.44
Total	**63.30**	**71.44**

(c) The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	10.76	14.33
Non-current lease liabilities	94.34	149.40
	105.10	**163.73**

(d) The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 8.87%.

(e) The following is the movement in lease liabilities during the year

	For the year ended 31 March 2021	For the year ended 31 March 2020
Balance at the beginning	163.73	-
Reclassified on account of adoption of Ind AS 116	-	134.97
Additions*	-	50.46
Deletion#	(44.94)	-
Finance cost accrued during the period ##	6.29	12.13
Payment of lease liabilities	(19.98)	(20.34)
Impact of lease modification	-	(13.49)
Balance at the end	**105.10**	**163.73**
*New lease deed entered w.e.f. 17 February 2020.	-	-

#One lease deed revoked w.e.f. 30 September 2020.

During the current year, the Company negotiated with its landlords for buildings taken on lease as a result of the impact of the COVID-19 pandemic during the year. The Company elected to apply the practical expedient for COVID-19 related rent concessions consistently to eligible rent concessions. Accordingly, the Company has recognized ₹ 2.43 (Previous year: ₹ Nil) to reflect changes in lease payments on account of eligible rent concessions in the statement of profit and loss during the year.

(f) The table below provides details regarding the contractual maturities of lease liabilities as at, on an undiscounted basis

	As at 31 March 2021	As at 31 March 2020
Less than one year	10.77	27.81
One to five years	64.23	125.85
More than five years	31.88	67.78
Total	**106.88**	**221.44**

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

22 Other financial liabilities

	As at 31 March 2021	As at 31 March 2020
Non current		
Security deposits	31.74	17.60
	31.74	**17.60**

23 Provisions

	As at 31 March 2021	As at 31 March 2020
Provisions for employee benefits (refer note 43)		
Non current		
Liability for compensated absences	176.18	120.38
	176.18	120.38
Current		
Liability for gratuity	-	68.58
Liability for compensated absences	23.70	17.57
	23.70	**86.15**

24 Other non-current liabilities

	As at 31 March 2021	As at 31 March 2020
Security deposits	19.29	23.22
	19.29	**23.22**

25 Trade Payables

	As at 31 March 2021	As at 31 March 2020
Current		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	256.56	126.52
- Total outstanding dues of creditors other than micro enterprises and small enterprises	12,761.43	6,046.07
	13,017.99	**6,172.59**

26 Other financial liabilities

	As at 31 March 2021	As at 31 March 2020
Current		
Current maturities of non current borrowings (refer note 20)	1,995.80	816.67
Interest accrued but not due on borrowings	48.41	39.05
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises	2.65	-
- Total outstanding of creditors other than micro enterprises and small enterprises	74.53	101.19
Employee related payables	661.61	431.97
Dues to government authorities, other payables etc.	219.62	1,319.89
Liability for mark to market loss on derivative contracts	50.79	-
	3,053.41	**2,708.77**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

27 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Contract liabilities	149.89	250.50
Statutory dues	796.25	470.86
	946.14	**721.36**

28 Current tax liabilities (net)

	As at 31 March 2021	As at 31 March 2020
Provision for Income tax {net of advance income tax and tax deducted at source of ₹ 1,247.98 (31 March 2020: ₹ Nil)}	12.55	-
	12.55	**-**

29 Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products		
- Finished goods	92,872.84	83,518.16
- Traded Goods	-	440.98
Other operating revenues		
- By product & miscellaneous sale	809.52	568.76
- Export incentives	25.64	92.13
	93,708.00	**84,620.03**

Revenue from sale of products disaggregation by geography is as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Geography		
India	91,605.24	81,460.24
Outside India	1,267.60	2,498.90
Total	**92,872.84**	**83,959.14**

Information about major customers:

Revenue from sale of products to one customer which individually constitutes more than 10 percent of the Company's total revenue is ₹ 11,405.03 (previous year revenue from sale of products to one customer constituted more than 10 percent of the Company's total revenue ₹ 8,515.26).

Changes in deferred revenue is as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening Balance	-	650.94
Revenue recognised during the year	-	650.94
Provision created during the year	589.92	-
Closing Balance	**589.92**	**-**

Reconciliation of revenue recognized with the contracted price is as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Contracted price	93,229.67	84,374.20
Reductions towards variable consideration components	356.83	415.06
Revenue recognized	**92,872.84**	**83,959.14**

Contract Balances

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables	21,840.13	17,989.43
Contract assets	589.92	-
Contract liabilities	**149.89**	**250.50**

The contract assets primarily relate to the Company's rights to consideration for revenue accrued but not billed at the reporting date. The contract assets are transferred to receivables when the Company issues an invoice to the customer. The contract liabilities relate to the advance received from customers against which revenue is recognized when or as the performance obligation is satisfied.

30 Other income

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income		
- fixed deposits with banks	374.06	137.86
- others	444.26	76.23
Dividend income	-	0.01
Gain on sale of investments	19.44	62.96
Liabilities no longer required written back	6.99	33.37
Gain on sale of property, plant and equipment (net)	8.34	86.07
Income on account of government grants	373.46	482.32
Miscellaneous income	69.59	61.00
	1,296.14	**939.82**

31 Cost of materials consumed

	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventory of raw materials at the beginning of the year (including raw material in transit)	2,248.58	2,994.61
Purchases of raw materials*	56,039.17	38,183.08
Inventory of raw materials at the end of the year (including raw material in transit)#	(4,546.30)	(2,248.58)
	53,741.45	**38,929.11**

* includes inventory of semi-finished goods ₹ 3,864.58 (previous year: ₹ 3,268.50) purchased during the year.

\# includes inventory of semi-finished goods purchased of ₹ 1,281.93 (previous year: ₹ Nil)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

32 Purchases of stock-in-trade

	For the year ended 31 March 2021	For the year ended 31 March 2020
Steel bars	-	432.19
	-	**432.19**

33 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening inventory		
Finished goods	7,380.20	10,867.33
Work-in-progress	3,326.99	14,278.50
	10,707.19	**25,145.82**
Closing inventory		
Finished goods	7,454.31	7,380.20
Work-in-progress	4,477.80	3,326.99
	11,932.11	**10,707.19**
	(1,224.92)	**14,438.63**

34 Employee benefits expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	5,372.77	4,301.47
Contribution to provident and other funds (refer note 43)	485.85	438.52
Share based payments to employees	24.77	7.85
Staff welfare expenses	77.49	65.03
	5,960.88	**4,812.87**

35 Finance cost

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense on		
Term loans	951.86	1,051.12
Lease liabilities	6.29	12.13
Others*	902.97	1,384.60
Other borrowing cost	109.60	123.76
	1,970.72	**2,571.61**

* Others represent interest on cash credit, working capital demand loan and commercial paper etc.

36 Depreciation and amortisation expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment (refer note 3)	2,992.30	2,542.58
Amortisation of intangible asset (refer note 4)	12.23	12.38
Depreciation on right of use asset (refer note 5)	18.41	17.12
	3,022.94	**2,572.08**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

37 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Stores and spare consumed	5,686.11	6,084.51
Power and fuel	11,626.48	9,548.89
Packing material	265.61	75.43
Processing Charges	1,225.15	478.86
Rent	43.32	51.10
Repairs and maintenance	1,369.61	1,776.26
Insurance	55.79	52.33
Rates and taxes	42.20	54.89
Loss on fair value of investments	-	0.44
Net loss on account of foreign exchange fluctuation	226.08	49.14
Loss on asset retirement	354.35	-
Loss on sale of assets held-for-sale	17.01	11.69
Balances written off	-	0.33
Capital work-in-progress asset written off	122.29	93.83
Bad debts	-	1.00
Legal and professional expenses (refer note 45.1)	313.26	203.78
Director sitting fees	15.00	19.00
Expected Credit loss allowances for doubtful trade receivables	250.00	272.56
Freight and handling expense	1,804.40	1,648.77
Commission on sales	309.99	491.75
Royalty (refer note 44)	691.58	330.75
CSR Expense (refer note 45.2)	51.63	50.68
Miscellaneous expenses	425.54	739.01
	24,895.40	**22,035.00**

38 Tax expense

		For the year ended 31 March 2021	For the year ended 31 March 2020
A.	**Income tax recognised in Statement of Profit and Loss**		
	Current tax	1,236.54	6.45
	Tax adjustment relating to prior years	(44.70)	-
	Deferred tax		
	Attributable to -		
	Origination and reversal of temporary differences	1,026.35	(572.08)
	Total tax expense recognised in the current year	**2,218.19**	**(565.63)**
B.	**Reconciliation of effective tax rate**		
	Profit before tax	6,637.67	(231.64)
	Tax at the Indian tax rate of 34.94 % (previous year 34.94%)	2,319.47	(80.95)
	Effect of expenses that are not deductible in determining taxable profit	123.61	(7.45)
	Recognition of previously unrecognised tax losses	(14.38)	-
	Effect of change in tax rate due to section 115 BAA of Income Tax Act, 1961*	(214.71)	(430.59)
	Effect of change in estimate related to previous year	4.20	(46.64)
	Income tax expenses recognised in statement of profit and loss	**2,218.19**	**(565.63)**

*Refer Note 8

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

		For the year ended 31 March 2021	For the year ended 31 March 2020
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	62.70	(84.12)
	Total income tax recognised in other comprehensive (expense)	**62.70**	**(84.12)**
	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 2021	For the year ended 31 March 2020
A.	**Basic earnings per share**		
i)	Profit for basic earning per share of ₹ 10 each	4,419.48	333.99
ii)	Weighted average number of equity shares for (basic)		
	Balance at the beginning of the year	4,03,94,502	3,57,58,623
	Effect of fresh issue of shares	-	18,84,740
	Weighted average shares at fair value in employee stock option	20,342	5,089
	Total weighted average number of equity shares outstanding for Basic EPS	**4,04,14,844**	**3,76,48,452**
	Add: Effect of dilutive common equivalent shares - share option outstanding**	35,728	-
	Total weighted average number of equity shares outstanding for Diluted EPS	**4,04,50,573**	**3,76,48,452**
	Basic Earnings per share (face value of ₹ 10 each)	**10.94**	**0.89**
B.	**Diluted earnings per share**		
i)	Profit for diluted earning per share of ₹ 10 each	4,419.48	333.99
ii)	**Total weighted average number of equity shares outstanding for Dilutive EPS**	**4,04,50,573**	**3,76,48,452**
	**Diluted Earnings per share (face value of ₹ 10 each) ** **	**10.93**	**0.89**

** 459,027 options (31 March 2020: 185,424) 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 2021	As at 31 March 2020
a)	**Claim against the Company not acknowledged as debts, under dispute**		
	-Sales tax, Value added tax, Goods and services tax etc.	74.90	44.48
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 ₹ 190.83 (Previous year ₹ 103.50)}	906.71	171.11
	Export commitments against import of capital goods under EPCG scheme	1,073.19	922.84

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

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.

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 2021	For the year ended 31 March 2020
A. Information about products and services		
Sale of products		
Finished goods		
- Black bars	68,071.59	61,552.76
- Bright bars	23,944.25	21,184.61
- Others (represent items which individually account for less than 10% of the total value of sale of own manufactured products)	857.00	780.79
Traded goods		
- Black bars	-	111.57
- Bright bars	-	329.41
Inventories:		
- Black bars	5,942.35	6,387.34
- Bright bars	1,648.68	1,373.89
- Billets	4,341.08	2,945.96
- Raw Material (Including material in transit)	4,546.30	2,248.58
- Others (represent items which individually account for less than 10% of the total value of inventory)	2,747.49	2,222.01

B. Information about major customers (from external customers)

Revenue from sale of products to one Customer of the Company amounting to ₹ 11,405.03 during the year 2020-21 (Previous year one customer amounting to ₹ 8,515.26) constitutes more than 10% of the total revenue from sale of products of Company.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

C. Information about geographical areas

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	Domestic	Foreign	Domestic	Foreign
Revenues from sale of products to external customers *	91,605.24	1,267.60	81,460.24	2,498.90
Non - Current assets :				
Property, Plant and Equipment	28,149.09	-	30,831.11	-
Right-of-use assets	91.49	-	154.82	-
Capital work in progress	1,273.65	-	1,232.62	-
Intangible Assets	13.20	-	25.43	-
Other non current assets	1,287.81	-	1,181.08	-

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 2021	For the year ended 31 March 2020
a)	Principal amount and Interest due thereon remaining unpaid to any supplier		
	- Principal		
	Trade payable	256.56	126.52
	Capital creditors	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 the year		
e)	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	-	-
		259.21	**126.52**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

43 Employee benefits

A. Assets and liabilities relating to employee benefits

	Non - current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Asset for gratuity	-	-	28.71	-
Asset for gratuity shown under other current assets (refer note 17)	**0.00**	**0.00**	**28.71**	**0.00**
Liability for gratuity	-	-	-	68.58
Liability for compensated absences	176.18	120.38	23.70	17.57
Provisions for employee benefits (refer note 23)	**176.18**	**120.38**	**23.70**	**86.15**

For details about the related employee benefit expenses, refer to note 33.

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 ₹ 245.09 (Previous year: ₹ 243.49) under provident fund scheme and ₹ 44.59 (Previous year: ₹ 49.24) 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

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:

Particulars	As at 31 March 2021	As at 31 March 2020
b) Reconciliation of present value of defined benefit obligation		
Present value of obligation at the beginning of the year	801.95	702.29
Acquisition adjustment	-	13.06
Current service cost	84.87	79.82
Interest cost	54.53	53.72
Actuarial loss recognised in other comprehensive income	5.01	50.08
Benefits paid	(53.48)	(97.02)
Present value of obligation at the end of the year	**892.88**	**801.95**
c) Reconciliation of present value of plan assets		
Plan assets at the beginning of the year, at fair value	733.37	667.57
Acquisition adjustment	-	13.06
Expected return on plan assets	49.87	51.07
Actuarial gain/(loss) on plan assets recognised in other comprehensive income	67.71	(34.05)
Contributions	70.72	35.80
Benefits paid	(0.08)	(0.08)
Plan assets at the end of the year, at fair value	**921.59**	**733.37**
d) Amount recognised in the balance sheet		
Present value of defined benefit obligation at the end of the year	892.88	801.95
Fair value of plan assets at the end of the year	921.59	733.37
Net asset / (liability) recognised in balance sheet*	**28.71**	**(68.58)**

* 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 2021	As at 31 March 2020
e) Plan Assets		
Equity Instruments	19.06%	12.64%
Govt. Securities & Debt Instruments	77.01%	80.82%
Bank balances	3.42%	6.15%
Others	0.51%	0.39%

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
f) Expenses recognised in the Statement of Profit or Loss		
Current service cost	84.87	79.82
Interest cost	54.53	53.72
Expected return on plan assets	(49.87)	(51.07)
Expenses recognized in profit or loss	**89.53**	**82.47**
g) Remeasurement recognized in other comprehensive expense		
Actuarial (gain)/loss on the defined benefit obligation	(62.70)	84.12
Amount recognized in other comprehensive expense	**(62.70)**	**84.12**

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 2021	As at 31 March 2020
Discount rate (per annum)	6.80%	6.80%
Expected rate of return on plan assets (per annum)	6.19%	6.19%
Future salary growth rate	6.00%	6.00%

(ii) Demographic assumptions:

Particulars	As at 31 March 2021	As at 31 March 2020
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 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(31.88)	34.31	(28.51)	30.68
Future salary growth (0.50 % movement)	33.72	(31.58)	29.78	(27.90)

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

j) Expected future benefit payments

Particulars	As at 31 March 2021	As at 31 March 2020
Undiscounted amount of expected benefit payments for next 10 years:		
within 1 year	125.72	103.03
1-2 years	72.36	77.13
2-3 years	99.50	59.86
3-4 years	64.55	81.41
4-5 years	56.92	54.10
5-6 years	36.51	46.10
6 year onwards	437.32	380.32

k) Weighted average duration and the expected employers contribution for next year of the defined benefit plan:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average duration of the defined benefit plan (in years)	11.61	11.68
Expected employers contribution for next year	94.07	93.37

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 the shareholders. 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 67,500 (Previous year : 3,750) equity shares to the eligible employees at a price of ₹ 65 per share and 44,998 (Previous year : 2,500) equity shares on right basis on these equity shares in the ratio 2:3 at a price of ₹ 50 per equity share.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

Reconciliation of outstanding share options (1st Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,85,424	59	2,38,753	59
Increase on account of modification (Rights issue)	-	-	-	-
Forfeited during the year	(18,750)	59	(47,079)	59
Exercised during the year	(1,12,498)	59	(6,250)	59
Outstanding at end of the year*	54,176	59	1,85,424	59

*The options outstanding as at 31 March 2021 and 31 March 2020 have an exercise price of ₹ 65 (Original options) and ₹ 50 (Right issue) per option.

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 2021	Year ended 31 March 2020
1. Risk free interest rate	5.78%	6.53%
2. Expected life (In years)	3.00	4.00
3. Expected Volatility	9.05%	31.82%
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

During the year, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
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Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2021	
	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	-	-
Granted during the period	1,35,000	72
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at end of the year*	1,35,000	-

*The options outstanding as at 31 March 2021 have an exercise price of ₹ 72 per option.

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 2021
1. Risk free interest rate	5.78%
2. Expected life (In years)	10.00
3. Expected Volatility	9.05%
4. Exercise Price (in ₹)	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	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.

No allotment has been made by the company to the eligible employees under ESOP plan 2020 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.

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Reconciliation of outstanding share options (1st Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2021	
	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	-	-
Granted during the period	3,63,000	72
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding at end of the year*	3,63,000	72

*The options outstanding as at 31 March 2021 have an exercise price of ₹ 72 per option.

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 2021
1. Risk free interest rate	5.78%
2. Expected life (In years)	10.00
3. Expected Volatility	9.05%
4. Exercise Price (in ₹)	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00

iv) Movement of Share Option Outstanding Account

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Total liability at the beginning of the year	67.76	67.08
Employee option plan expense	24.77	7.85
Transfer on account of share options not exercised	(4.80)	(5.58)
Transfer to securities premium account	(41.69)	(1.59)
Total liability at the end of the year	46.04	67.76

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
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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

Mr. Aseem Srivastav, Chief Operating Officer (up to 5 April 2020)

Mr. Mukesh Kumar Srivastava, Chief Operating Officer (w.e.f. 6 April 2020)

c) 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 (w.e.f. 04 May 2019)

Mr. Takashi Ishigami (w.e.f. 04 November 2019)

d) 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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(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 2021	For the year ended 31 March 2020
(i) Purchase of raw material		
Vardhman Yarns and Threads Limited	3.24	6.10
Vardhman Textiles Limited	24.18	78.44
Vardhman Nisshinbo Garments Company Limited	6.04	1.55
(ii) Purchase of MEIS License		
Vardhman Textiles Limited	35.31	75.01
Vardhman Nisshinbo Garments Company Limited	20.82	4.23
(iii) Royalty		
Aichi Steel Corporation	691.58	330.75
(iv) Professional Charges		
Aichi Steel Corporation	227.44	87.46
(v) Sale of goods and services		
Vardhman Nisshinbo Garments Company Limited	-	0.01
Vardhman Textiles Limited	0.35	-
(vi) Miscellaneous expenses-Logo charges		
Vardhman Holdings Limited	15.08	14.54
(vii) Reimbursement of expenses paid		
Vardhman Textiles Limited	4.70	5.72
Vardhman Nisshinbo Garments Company Limited	-	0.05
Aichi Steel Corporation	13.14	11.71
(viii) Miscellaneous expenses-common corporate charges		
Vardhman Textiles Limited	117.71	117.71
(ix) Interest Paid		
Vardhman Textiles Limited	-	97.33
(x) Loan taken during the year		
Vardhman Textiles Limited	-	1,500.00
(xi) Loan repaid during the year		
Vardhman Textiles Limited	-	3,000.00
(xii) Contribution to post employment benefit plans		
VSSL Gratuity Fund Trust	70.72	35.80

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(xiv) Compensation to KMP:		
Short-term employee benefits*		
Mr. Sachit Jain	282.54	239.80
Mr. Sanjeev Singla	48.07	31.97
Ms. Sonam Taneja	7.52	6.39
Mr. Mukesh Kumar Srivastava	78.98	-
Mr. Aseem Srivastav	-	42.85
Directors Sitting Fees		
Mr. Rajeev Gupta	1.80	2.80
Mr. Sanjeev Pahwa	2.80	3.40
Mr. Rajinder Kumar Jain	2.40	3.20
Mr. Sanjoy Bhattacharyya	3.00	2.20
Mr. Rakesh Jain	2.80	3.40
Ms. Shubhra Bhattacharya	0.80	1.80
Mr. Raghav Chandra	1.40	2.20
Commission to Directors		
Mr. Sachit Jain	282.04	-
Post employment benefits		
Mr. Sachit Jain	45.99	15.63
Mr. Sanjeev Singla	4.84	5.76
Ms. Sonam Taneja	1.47	1.04
Mr. Mukesh Kumar Srivastava	20.58	-
Mr. Aseem Srivastav	-	1.18

* Including value of perquisites.

Including taxes wherever applicable.

D. Outstanding balances with related parties as at year end:

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables		
Aichi Steel Corporation	362.98	357.21
Vardhman Holdings Limited	14.07	13.24
(Asset) / liability for gratuity contribution		
VSSL Gratuity Fund Trust	(28.71)	68.58

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

45 Other disclosures required by statute

45.1 Auditors Remuneration (excluding taxes as applicable)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As Auditor		
- Statutory audit and limited review of quarterly results	18.00	18.00
- in other capacity		
Tax audit fee	-	-
Certification work*	3.00	-
For reimbursement of expenses	0.93	1.11
	21.93	**19.11**

* During the previous year, certification charges amounting to ₹ 4 related to preferential allotment of equity shares had been adjusted with Securities Premium.

45.2 Detail of Corporate Social Responsibility expenditure

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Amount required to be spent by the company during the year	25.49	43.69
b) Amount un-spent at the end of previous the year:	22.91	29.90
Total amount required to spent by company	48.40	73.59
c) Amount spent during the year:		
Construction / acquisition of any asset	-	-
On purpose other than above (i) above *	51.63	50.68
- in cash	51.63	50.68
- yet to be paid in cash	-	22.91

***Current 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.

(**Previous year** - On Preventive Health care ₹ 16.53, On Promoting Education ₹ 9.81, On Environment Sustainability ₹ 3.41, On Promoting Sports ₹ 3.00, On Women Empowerment and Livelihood ₹ 1.91, On VSSL CSR Policy for development of Human Capital ₹ 0.35, On Cultural activity ₹ 0.25, On Enhancing vocation skills among children ₹ 0.15 and On Eradicating hunger ₹ 0.05 and Contribution ₹ 0.36 to Prime Minister Relief Fund or any other Fund set by central Govt for Supported for Flood Relief Operations, Donation of ₹ 0.60 for Infrastructure for Senior Citizens and General Public, Donation of ₹ 13.33 for Protection of National Heritage including restoration of building and sites of Historical importance, Donation of ₹ 0.93 for Swachh Bharat Mission, providing clean drinking water and shelter for senior citizens).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021

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

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 2021			As at 31 March 2020		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
- Loans	(ii)	Level-3	-	-	177.87	-	-	84.21
- Other financial assets	(ii)	Level-3	-	-	-	-	-	5,137.86
Current								
- Investments		Level-1	-	-	-	0.33	-	-
- Investments		Level-2	-	-	-	500.02	-	-
- Trade receivables	(i)	Level-3	-	-	21,840.13	-	-	17,989.43
- Cash and cash equivalents	(i)	Level-3	-	-	234.00	-	-	230.31
- Bank balances other than cash and cash equivalents	(i)	Level-3	-	-	5,000.00	-	-	-
- Loans	(i)	Level-3	-	-	99.49	-	-	91.38
- Other financial Assets (excluding derivative contracts)	(i)	Level-3	-	-	1,061.14	-	-	55.96
- Derivative financial instruments	(iv)	Level-2	-	-	-	112.40	-	-
Total financial assets			**-**	**-**	**28,412.63**	**612.75**	**-**	**23,589.15**
Financial Liabilities								
Non-current								
- Borrowings		Level-3	-	-	10,965.16	-	-	10,784.46
- Lease liabilities		Level-3	-	-	94.34	-	-	149.40
- Other financial liabilities		Level-3	-	-	31.74	-	-	17.60
Current								
- Borrowings	(i)	Level-3	-	-	5,985.65	-	-	14,862.35
- Lease liabilities	(i)	Level-3	-	-	10.76	-	-	14.33
- Trade payables	(i)	Level-3	-	-	13,017.99	-	-	6,172.59
- Current maturities of non current borrowings	(i)	Level-3	-	-	1,995.80	-	-	816.67
- Derivative financial instruments	(iv)	Level-2	50.79	-	-	-	-	-
- Other financial liabilities	(i)	Level-3	-	-	1,006.82	-	-	1,892.10
			50.79	**-**	**33,108.26**	**-**	**-**	**34,709.50**

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 2021	31 March 2020	31 March 2021	31 March 2020
Non-current borrowings (including current maturities)*	3	13,441.53	12,073.60	12,960.96	11,601.13

*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 2021 and 31 March 2020.

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 2021	As at 31 March 2020
Trade receivables	21,840.13	17,989.43
Cash and cash equivalents	234.00	230.31
Loans	99.49	91.38
Other financial assets	1,061.14	168.36

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

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 2021	As at 31 March 2020
Within India	21,691.30	17,891.00
Outside India	148.83	98.43

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from top customer	12.18%	10.16%
Revenue from top five customers	31.19%	30.00%

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
31 March 2021			
Not Due	18,833.58	-	18,833.58
0-90 Days	3,118.00	111.45	3,006.55
91-180 Days	30.77	30.77	-
181-365 Days	190.86	190.86	-
366 Days and above	539.48	539.48	-
	22,712.69	**872.56**	**21,840.13**
31 March 2020			
Not Due	12,418.82	-	12,418.82
0-90 Days	5,389.40	-	5,389.40
91-180 Days	155.56	-	155.56
181-365 Days	59.80	34.15	25.65
366 Days and above	588.41	588.41	-
	18,611.99	**622.56**	**17,989.43**

The movement in the allowance for impairment in respect of trade receivables is as follows

	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	622.56	350.00
Amounts added during the year	250.00	272.56
Balance as at the end of the year	**872.56**	**622.56**

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.

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 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	13,017.99	-	-	13,017.99
Other financial liabilities	1,006.82	-	-	1,006.82
	22,006.26	**10,664.55**	**330.00**	**33,000.81**

31 March 2020	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	15,679.02	10,354.63	473.01	26,506.66
Trade payables	6,172.59	-	-	6,172.59
Other financial liabilities	1,892.10	-	-	1,892.10
	23,743.71	**10,354.63**	**473.01**	**34,571.35**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

(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:

	As at 31 March 2021	As at 31 March 2020
Fixed rate borrowings	-	-
Floating rate borrowings	18,946.61	26,463.48
	18,946.61	**26,463.48**

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 2021		
Interest rate (0.5% movement)	(94.73)	94.73
For the year ended 31 March 2020		
Interest rate (0.5% movement)	(132.32)	132.32

(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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

Exposure to currency risk

The following table provides details of the Company's exposure to currency risk:

	Currency	As at 31 March 2021 Amount in indian currency (in lakhs)	As at 31 March 2021 Amount in foreign currency (in lakhs)	As at 31 March 2020 Amount in indian currency (in lakhs)	As at 31 March 2020 Amount in foreign currency (in lakhs)
Trade payable	USD	524.20	7.17	584.53	7.74
	EURO	22.30	0.26	14.69	0.18
	JPY	363.42	549.97	358.32	504.68
Trade receivables	USD	658.72	9.01	628.58	8.32

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 2021 (in lakhs)	As at 31 March 2020 (in lakhs)
a) Exposure on account of Financial assets		
Trade Receivable (A)		
-In USD	9.01	8.32
Amount hedged through forwards & options # (B)		
-In USD	9.50	4.12
Net Exposure of Foreign Currency Assets (C = A - B)		
-In USD	-	4.20
b) Exposure on account of Financial Liabilities		
Trade Payable (D)		
-In USD	7.17	7.74
-In Euro	0.26	0.18
-In JPY	549.97	504.68
Amount hedged through forwards & options # (E)		
-In USD	25.33	45.87
-In Euro	6.13	2.87
-In SEK	-	12.15
-In JPY	900.00	500.00
Net Exposure of Foreign Currency Liabilities (F = D - E)		
-In USD	-	-
-In Euro	-	-
-In JPY	-	4.68
Net Exposure to Foreign Currency Assets / (Liability) (C-F)		
-In USD	-	4.20
-In Euro	-	-
-In JPY	-	(4.68)

Excess forwards and options against pending purchase orders.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

The followings are the significant exchange rates applied during the year:

Particulars	2020-2021 (Average exchange rate)	2019-2020 (Average exchange rate)	2020-2021 (Year end rate)	2019-2020 (Year end rate)
INR/USD	74.23	70.89	73.11	75.55
INR/EURO	86.62	78.79	85.78	82.95
INR/SEK	8.37	7.40	8.38	7.50
INR/JPY	0.70	0.65	0.66	0.71

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:

Particular	As at 31 March 2021	As at 31 March 2020
1 % Strengthening/(weakening) of USD against INR	-	3.17
1 % Strengthening/(weakening) of Euro against INR	-	-
1 % Strengthening/(weakening) of JPY against INR	-	(0.03)

Summary of Exchange difference accounted in Statement of Profit and loss:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	62.89	233.31
Net foreign exchange (gain)/ losses shown as Finance Cost	-	(71.77)
Derivatives		
Derivatives (gain) / losses shown as operating expenses	163.19	(112.40)
Total	**226.08**	**49.14**

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March, 2021
(All amounts are in ₹ Lakhs except for share data)

	As at 31 March 2021	As at 31 March 2020
Borrowings	18,946.61	26,463.48
Trade payables	13,017.99	6,172.59
Lease liabilities	105.10	163.73
Other payables	2,222.92	2,843.21
Less: cash and cash equivalents	234.00	230.31
Net debt	**34,058.62**	**35,412.70**
Equity	45,936.33	41,363.01
Capital and net debt	**79,994.95**	**76,775.71**
Gearing Ratio	42.58%	46.12%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company exceeded its maximum leverage threshold (loan covenant ratio i.e. DSCR, FACR & Debt/EBITDA) associated with a bank loan in the FY 2019-2020. During the year ended 31 March 2021, the Company has made the part-payment of ₹ 800 which has resulted in reduction of loan outstanding amount to less than ₹ 5,000. As a result of this, the requirement to ascertain compliance with covenant will no longer be required.

(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 ₹ 1.50 (31 March 2020 : ₹ Nil) per fully paid equity share amounting ₹ 607.61. The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

49 Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2021.

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. Further, the Company is also eligible for claiming incentives under the Industrial and Business Development Policy 2017 of the Punjab State Government. Pursuant to the necessary approvals from the competent authorities in the current year, the Company has recorded ₹ 373.46 (Previous year: ₹ 482.32) under the head ""Other Income"" towards its incentive of electricity duty exemption filed under Fiscal Incentives for Industrial Promotion Policy (R) 2013. Other incentives will be considered post sanction/assessment/approval by appropriate authority.

Further, under the Industrial and Business Development Policy 2017 of the State Government, the Company had filed application claiming incentives for its expansion cum upgradation project of Steel Melt Shop. 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 commissioning of project, compliance of conditions under the Policy and necessary approvals from the competent authority.

51 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.

52 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: 13 May 2021

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: 13 May 2021

NOTICE

NOTICE is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of Vardhman Special Steels Limited will be held on Friday, the 17th day of September, 2021 at 10:30 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, 2021 together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To declare Dividend:

To declare a dividend of ₹ 1.50 per share for the year ended 31st March, 2021.

Item No. 3 – To re-appoint Mrs. Suchita Jain as a director liable to retire by rotation:

To appoint a Director in place of Mrs. Suchita Jain (holding DIN: 00746471), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

Item No. 4 – To ratify the amendments made in Vardhman Special Steels Limited Employee Stock Option Plan 2020:

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

"RESOLVED THAT in furtherance of the resolution passed by Members in their Annual General Meeting held on 25th September, 2020 in relation to **Vardhman Special Steels Limited Employee Stock Option Plan 2020** (ESOP Plan 2020) and pursuant to the provisions of section 62(1)(b) of the Companies Act, 2013, read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and all other applicable provisions of the Companies Act, 2013, including any statutory modification or re-enactment thereof, for the time being in force, the amendments made in ESOP Plan 2020, so as to remove the provisions relating to grant of options to employees of holding company and/or subsidiary companies, be and are hereby ratified at the Eleventh Annual General Meeting of the Company.

Item No. 5 – To re-appoint Mr. Sanjoy Bhattacharyya 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. Sanjoy Bhattacharyya (DIN: 00059480), Independent Director, whose period of office is expiring at this Annual General Meeting 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 four (4) consecutive years starting from the date of 11th Annual General Meeting up to the date of 15th Annual General Meeting of the Company."

Item No. 6 – To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2022:

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, 2022, be paid the remuneration of ₹ 45,724/- 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."

By Order of the Board

Place: Ludhiana **(Sonam Taneja)**
Dated: 13th May, 2021 Company Secretary

NOTES:

1. Considering the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its circular dated January 13, 2021 read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (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 Chairpersons 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 Members 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 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 re-appointment.

7. The Register of Members and the Share Transfer Books of the Company shall remain closed from 6th September, 2021 to 17th September, 2021 (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 January 15, 2021 and May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 will also be available on the Company's website 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 address with the relevant Depository Participant.

11. INTRUCTIONS FOR E-VOTING AND JOINING VIRTUAL MEETING ARE AS UNDER:

(i) The Remote e-Voting period commences on 14th September, 2021 (9:00 a.m.) and ends on 16th September, 2021 (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 10th September, 2021, may cast their vote electronically. The Remote e-Voting module shall be disabled by CDSL for voting after end of voting period on 16th September, 2021.

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 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 and 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: **210817001** 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.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/user_files/investor/Shareholder%20Intimation_FY21-22%20-VSSL.pdf.

By Order of the Board

Place: Ludhiana **(Sonam Taneja)**

Dated: 13th May, 2021 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 provisions of Section 62(1)(b) and other applicable provisions of Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014, the Members in their 10th Annual General Meeting held on 25th September, 2020 had approved Vardhman Special Steels Limited Employee Stock Option Plan 2020 (ESOP Plan 2020). Thereafter, the Company had filed an application with the National Stock Exchange of India Limited (NSE) and BSE Limited, for seeking in-principle approval for listing 5,00,000 equity shares proposed to be issued under the ESOP Plan 2020. But, while reviewing the application, NSE has asked the Company to amend the ESOP Scheme so as to remove the provisions relating to grant of options to employees of holding company and/or subsidiary companies and get the same ratified by the Members in the ensuing General Meeting.

Accordingly, the Nomination & Remuneration Committee (NRC) in its meeting held on 15th October, 2020 had amended the ESOP Plan 2020 and submitted the same with NSE. Now, your approval is solicited for ratification of amendments made in the ESOP Plan 2020.

The Board of Directors recommends the Special Resolution as set out at Item No. 4 of the notice for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Sanjeev Singla, Chief Financial Officer, 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:

Mr. Sanjoy Bhattacharyya 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 6th Annual General Meeting held on 28th September, 2016. Now, his term of appointment is expiring at this Annual General Meeting.

Considering the rich experience, knowledge, skills, valuable contribution to the Company and overall performance evaluation of Mr. Sanjoy Bhattacharyya, the Board of Directors of the Company in its meeting held on 13th May, 2021 had approved and recommended his re-appointment as an Independent Directors for a second term of four (4) 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. Sanjoy Bhattacharyya 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. Sanjoy Bhattacharyya 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. 5 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Sanjoy Bhattacharyya, 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 resolutions set out at Item No. 5.

Item No. 6 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 13th May, 2021 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, 2022.

Accordingly, the consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of payment of remuneration of ₹ 45,724/- to the Cost Auditors for the Financial Year ending 31st March, 2022. 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:

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. 6.

Information Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding the Directors retiring by rotation/ seeking re-appointment in the Annual General Meeting.

Name of the Director	Mr. Sanjoy Bhattacharyya	Mrs. Suchita Jain
Date of Birth	07.06.1960	20.03.1968
Date of Appointment	30.10.2015	14.05.2010
Expertise in specific functional area	Rich experience in Investment Management	Rich experience of more than 28 years in Textiles Industry
Qualification	B.Sc. Statistics (Honours), M.B.A.	M.Com
Directorships in Other Listed Companies as on 31st March, 2021	Nil	1. Vardhman Textiles Limited 2. Vardhman Holdings Limited 3. Vardhman Acrylics Limited
Chairperson/Member of Committees of Other Listed Companies as on 31st March, 2021	Nil	**Stakeholder's Relationship Committee:** Vardhman Textiles Limited
No. of Shares held	10	90,267
Relationship with other Director(s)	Not related to any Director.	Mr. Sachit Jain is husband and Mr. Rajinder Kumar Jain is father-in-law of Mrs. Suchita Jain.

NOTES

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Vardhmān

Delivering Excellence. Since 1965.

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