

ANNUAL
REPORT 2025-26



Vardhman

Delivering Excellence. Since 1965.

**VARDHMAN
SPECIAL STEELS
LIMITED**

**KOCKS
BLOCK**

**REHEATING
FURNACE**

**NON-DESTRUCTIVE
TESTING**

**BRIGHT BAR
SHOP**

...ON A
ROLL

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1,754.43
Revenue from Operations
(₹ crore)

208.82
EBITDA
(₹ crore)

122.02
Net Profit
(₹ crore)

105.88
Net Cash Flow
from Operations
(₹ crore)

9,255
EBITDA per Tonne
(₹)

Some years confirm what a company can do.
This was one of them.
Record profit.
Zero debt.
A new reheating furnace running.
A new system live.
A Toyota Group partner deepening its stake.
Customers in segments and geographies that did not exist on the order book a year ago.
And this is not the finish.
This is the setup.
We are surely

...ON A
ROLL

CHAPTER ONE

BUILT & ROLLING

The list **was short**, and the results were not.

A new **sizing mill block**. A new reheating furnace.
A new **digital platform**. A new **energy source**.
A record **profit**. A **debt-free** balance sheet.

FY25-26 was the year the Company stopped planning and started delivering.

Every project **commissioned**.
Every **target** met.

CHAPTER ONE



I THE MEASURE OF PRECISION

The Kocks block reached full operation faster than the schedule asked. Stabilised within the year, it reset what the rolling mill could promise. Bars now hold exact diameters to within +/- 0.2 millimeters. Roundness improved across the range. Surface quality rose to a standard that opens demanding applications. The block widened the product window, bringing sizes and grades that earlier sat beyond reach. It also moved Vardhman Special Steels into import substitution, matching specifications once met only by Japanese steel. Each rolled length now carries a tighter tolerance and cleaner chemistry, the kind of precision that qualifies the Company for higher engineering work.

II THE DIGITAL SPINE

On 1 July 2025, the Company moved to SAP S/4HANA. The migration consolidated planning, finance, production, costing, maintenance and quality into a single platform. Information that once travelled between systems now lives in a single source. Each transaction posts in real time, so the picture managers see matches with the one on the floor. Internal controls tightened. Approvals route through defined paths. The audit trail runs clean from order to dispatch. For a company entering a heavy build cycle, the system provides leadership with a steadier view of costs, inventory and yield. It is the digital spine that the next phase of growth will lean on.

III THE YIELD ENGINE

The successful commissioning of the walking-beam Reheating Furnace in the fourth quarter has increased the Rolling Mill's capacity to 270,000 tonnes per annum. The new furnace operates with lower burning losses and accommodates longer billets of 5.2 meters, compared to 4.2 meters in the existing furnace, resulting in improved finished product yield. In addition, reduced process losses at the Continuous Casting Machine (CCM) while casting longer billets, along with the introduction of the new 210 x 210 mm billet section, have further enhanced metal recovery and overall yield. These improvements collectively reflect the Company's continued focus on operational excellence, productivity enhancement, and resource optimization.

IV THE WIDER REACH

Demand widened across the year. Global Toyota approvals came through, opening Vardhman Special Steels to a larger opportunity. With Maruti Suzuki, localisation projects set to replace grades previously imported from Japan. The same relationship deepened into a closed loop. From September 2025, scrap from Maruti plants returns to Ludhiana and leaves again as steel for Maruti's own vendors. New qualifications added depth across the two-wheeler and passenger-car segments. European brands operating in India have begun evaluating the Company's products. Globally, the Company is working closely with leading automotive brands in Europe, Indonesia and Vietnam to secure sample approvals. Each addition strengthens the order book and spreads the Company's reach across customers, segments and geographies.

V THE AICHI VOTE OF CONFIDENCE

Aichi Steel's commitment deepened into something structural during the year. The bond began in 2019 as a technical assistance agreement. Six years on, it carries equity, governance and shared intent.

In July 2025, Aichi invested ₹385 crore in fresh equity in Vardhman Special Steels. The investment lifted Aichi's holding near 25%. The capital cleared the balance sheet. The Company repaid ₹150 crore of working capital loans and closed the year debt-free.

The partnership grew on every front. Aichi renewed its technical agreement for a third term, running to 2028. It raised its on-the-ground expats from three to five, adding senior specialists in quality, marketing and technology transfer. Two seats on the Board gives the partner a direct line into how VSSL is run, holding output to the standards set in Nagoya.

The intent reaches further still. Aichi plans to hold its stake through the greenfield fund raising and may, over the coming years, seek a larger stake. The logic is global. India becomes Aichi's hedge against Japan's ageing workforce and a base from which Toyota's metallurgical needs stay secure. A vote of confidence, written in equity, in governance and in people.



VI THE YEAR, COUNTED

The numbers closed the year on a high note. Profit after tax reached a record ₹122 crore. EBITDA averaged close to ₹9,250 per tonne across the year, holding the upper half of guidance. Stronger product mix and steady volumes carried the result, even as steel prices eased and competitors pressed on price. The Board recommended a dividend of ₹3.50 per share, lifted above the first proposal on the strength of the year. Everything needed for the next phase is in place. Now the Company builds toward 2030.



THE GREEN STEEL MOAT

Decarbonisation has started shifting to an advantage during the year. With the transmission connection secured, the solar plant began feeding power into operations. It has the capacity to generate 9 crore clean units each year. That output reduces carbon intensity from 0.73 to 0.48 tonnes per tonne.

THE NUMBER SITS FAR AHEAD OF THE FIELD.

The government's green steel norm stands at 2.2. Major competitors run between 3.0 and 3.2. Vardhman Special Steels operates at 0.48, roughly one-fourth of the national benchmark and one-sixth of the competition.

That lead reframes sustainability for the business. It becomes a key to market access. As the government will begin to favour green steel in public procurement, in railways and beyond, the early mover earns the first call. OEMs racing to meet their own carbon commitments will seek partners who already hold the credentials.

THE ADVANTAGE REACHES INTO PRICE AS WELL.

With key customers, the Company has started writing integrated pricing formulas anchored in its green standing. These formulas steady the margin and hold it firm when larger, commodity-focused rivals cut prices to chase volume. Beyond carbon, the solar plant locks in lower

energy costs, free from gridprice swings. Most of all, it opens Europe. As the Carbon Border Adjustment Mechanism reshapes the economics of imports, low-carbon steel becomes the passport into European supply chains.

VARDHMAN SPECIAL STEELS ARRIVES EARLY, CREDENTIALS IN HAND.

CHAPTER TWO

THE BUILD AHEAD

The list **is longer** this time.

Melting production set to rise to the sanctioned 300,000 tonnes. A forging unit with Aichi Steel. A Greenfield plant targeting 500,000 tonnes. ₹2,600 crore of capital committed.

FY25-26 was the year the Company stopped planning and started delivering.

The previous year
delivered.
The next three years
will build.



I ON EXISTING GROUND

The first move builds on the ground the Company already holds. At Ludhiana, melting capacity will reach full utilization of 300,000 tonnes. A larger 210 by 210 section enters the cast, and the heat size grows from 37 to 40 tonnes. Both lift productivity and trim cost for every tonne produced. Larger heats also draw less energy per tonne, easing costs and carbon emissions together. The change suits the larger-diameter grades that exacting engineering calls for, and it clears the bottlenecks that remain in rolling and finishing. Brownfield work keeps capital efficient, since it draws on existing land, power and people. It readies the plant to feed the volumes the forward integration will need. Each upgrade tightens the link between melting, rolling, and the value added beyond. And ingot casting will start soon, laying the foundation for a non-automotive steel business.



II MOVING SMALLER MOVES

A set of smaller projects commissions through FY27, each aimed at a specific bottleneck. The second non-destructive testing line is expected to commission around mid-2026. It clears the queue for high-grade material headed to the four-wheeler segment and to export. A new peeling line follows, raising surface quality and enhancing output. Together, they will help to protect the margin on every premium order. The spend stays measured, near ₹100 crore for the year, weighted towards quality and maintenance. These steps look modest beside the larger plants. They matter because they let the existing assets run at their full, intended reach.

III MOVING CLOSER TO THE COMPONENT

The forging unit marks the Company's first step closer to the finished component. Built with Aichi Steel with a capex of ₹475 crore, it carries the Toyota Production System into Ludhiana. The line will forge ring gears for the passenger-car segment, serving leading automotive OEMs and Tier 1 suppliers. A Senior Executive from Aichi will lead the unit, which shortens the path to product validation and global quality sign-off. Commissioning will happen by the end of FY2028, with production close behind. Forging lets the Company capture value it previously lost to downstream players.



IV ON NEW GROUND

The Greenfield plant is the largest stride of all. Set for commissioning in FY30, it anchors a capital cycle worth close to ₹2,000 crore. The facility will produce 500,000 tonnes of billet, likely more, in sizes that extend beyond the present mill. Sections of 90 millimetres and above open the door to crankshafts and large specialised gears. Funding stays disciplined, split evenly between equity and debt, with leverage held inside a 0.75 ceiling. Aichi's technical reach is expected to speed customer approvals and shorten the ramp. From here, the road runs on, towards the Company's claim on first place in Indian special steels.



VARDHMAN SPECIAL STEELS LIMITED

OUR STRATEGIC EVOLUTION

For most of its life, Vardhman Special Steels made the steel that others turned into parts. The work ended at the bar. The forging, the machining, the finished component; all of it belonged to someone else. That is now changing. The Company is moving down the line.

Closer to the **car.**
Closer to the **customer.**

A name most people know stands behind the change. Aichi Steel is part of the Toyota Group. It makes the forgings that go into vehicles built to Toyota's standard. When Aichi looked to enter India, it chose one partner for the journey. It chose Ludhiana. It chose Vardhman Special Steels.

Consider what that means. A company from the Toyota family, trusted with the metallurgy inside its vehicles, has made Vardhman Special Steels its base in India. The discipline that goes into a Toyota now goes into the steel rolled here. The methods. The checks.

The way a problem gets solved on the floor. All of it arrives with the partnership. A company in Ludhiana is being built to a standard set in Japan, for a supply chain that spans the world.

From this base, Vardhman Special Steels will manufacture parts that India once imported. Components of a precision that few makers attempt, and that this alliance alone can deliver in the country.

The crowded end of the market, where many compete on price, that ground the Company leaves to others. It chooses the narrower path, where skill decides the outcome and the work itself is the protection.

A second strength runs underneath. The steel made here carries far less carbon than the steel it competes with. As buyers worldwide weigh carbon cost into every decision, this becomes a decisive advantage.

It opens doors in Europe. It earns the first call from carmakers working to clean their supply chains. Green has shifted from a cost the Company incurs to an advantage it holds.

Put it together, and a new facility comes into view. A steel maker is becoming a parts maker. A domestic supplier is becoming a link in a global chain. A vendor once judged on price is becoming a partner judged on skill. This is the evolution. The plants, volumes and numbers will follow in the years ahead. The direction is already set.

This is **more** than a steel company.
It is the **record of an Indian company** being built to the standard of the Toyota world.



A **PROMINENT NAME** AMONG THE LEADING

MANUFACTURERS OF **SPECIAL STEEL IN INDIA.**

Vardhman Special Steels Limited is part of the Vardhman Group. The Company makes premium special steels at its plant in Ludhiana, set alongside its corporate headquarters. From its start in 1973, it has grown into one of India's leading producers in the segment, supplying to automotive manufacturers across the country.

3 **Lac TPA**

Billet Capacity

A technical alliance with Aichi Steel Corporation, a member of the Toyota Group, sits at the centre of the Company's progress. Now strengthened by equity, the partnership brings Toyota-standard metallurgical practice to its operations and opens a path to global markets.

2.7 **Lac TPA**

Rolling Mill Capacity

Under the leadership of Mr. Sachit Jain, Chairman & Managing Director, the team holds to discipline, innovation, and efficiency in all that it builds. That focus on quality carries the Company deeper into demanding applications and wider across markets.

₹ 1,108 Cr

Capital Employed in the Business (March 31, 2026)

Vardhman Special Steels Limited is listed on BSE Limited and the National Stock Exchange of India Limited. The listing reflects a record of transparency and trust in the Indian steel sector.

₹ 2,015 Cr

Market Capitalisation on the NSE (March 31, 2026)

OUR PORTFOLIO

CARS



TWO-WHEELERS



HCL/LCVs



AUTO COMPONENTS



TRACTORS



OFF-HIGHWAY VEHICLES



DIVERSE APPLICATIONS OF OUR STEEL



OUR QUALITY CERTIFICATIONS



ISO 14001:2015



ISO 45001:2018



ISO 9001:2015



IATF 16949:2016



ISO 17025:2017

KEY MILESTONES

ON A ROLL... WE ARE!

1973-2011

1973
Started as Oswal Steels- 50,000 TPA capacity of special & alloy steels

1986
Acquired Mohta Alloys with a capacity of 1,00,000 TPA

1995
Installed modern Steel Melting shop with Electromagnetic Stirrer

2000
Commissioned Vacuum Degassing system

2001
Strengthened product portfolio- added Bright Bar facility

2010
Independent identity under Vardhman Group

August 2018
Change in Statutory Auditors to M/s B. S. R. & Co. LLP

February 2018
QIP of ₹50 Crore

April 2017
Rights Issue of ₹67.85 Crore

December 2016
Upgraded transformer & allied equipment to reduce melting time and resulting in SMS capacity to 1,65,000 TPA

August 2015
Increased bright bars capacity to 36,000 TPA & 1,80,000 TPA for hot rolled

July 2015
Installed Fume Extraction System

2013
Installed a fully automatic rolling mill with capacity of 1,50,000 TPA & Magnaflux leakage testing system (Dr. Foerster Germany) and Ultrasonic Testing from Olympus, Canada

2012
Listed on BSE & NSE

2012-2018

2019-TILL DATE

February 2019
Fortified Board of Directors- one Independent Woman Director and one Additional Director appointed

September 2019
Replacement of electric arc furnace and other related facilities

November 2019
Signs Technical Assistance Agreement with Aichi Steel Corporation (ASC) - Issuance of equity shares on a preferential basis worth ₹50 Crore

July 2021
Received environmental clearance for capacity expansion

March 2023
Joined hands with ASC to start mass production for Toyota

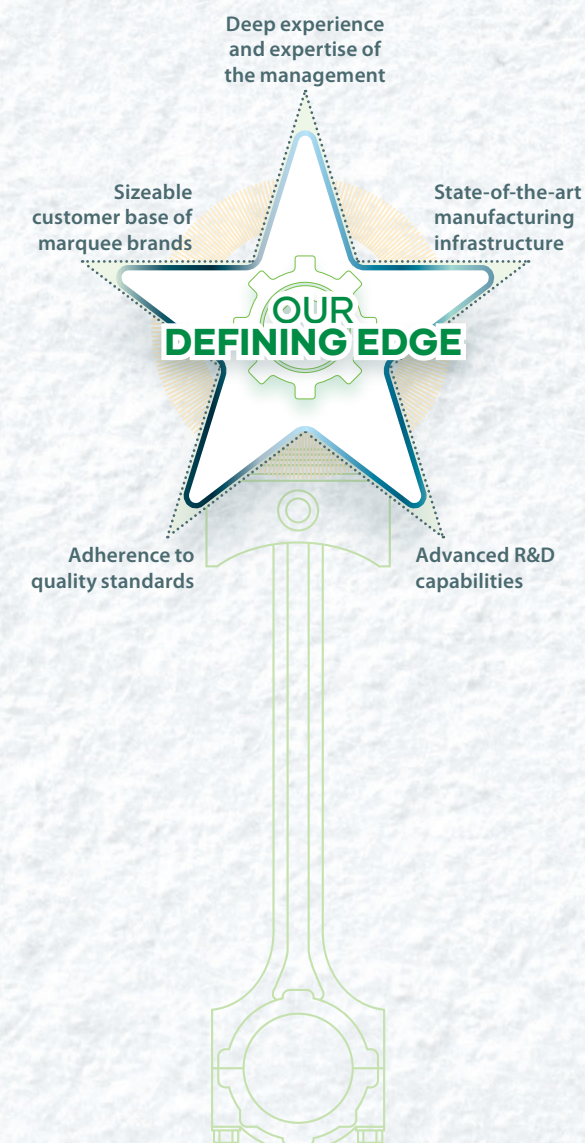
May 2023
Issued Bonus Share in ratio of 1:1

April 2025
Approved ₹2,000 Crore investment for setting up a Greenfield Steel Manufacturing Plant
Commissioned Kocks Block in Rolling Mill

July 2025
Aichi Steel Corporation raises its equity stake to 24.90%

December 2025
Approved a ₹475 crore investment for a new steel forging and machining facility in Ludhiana

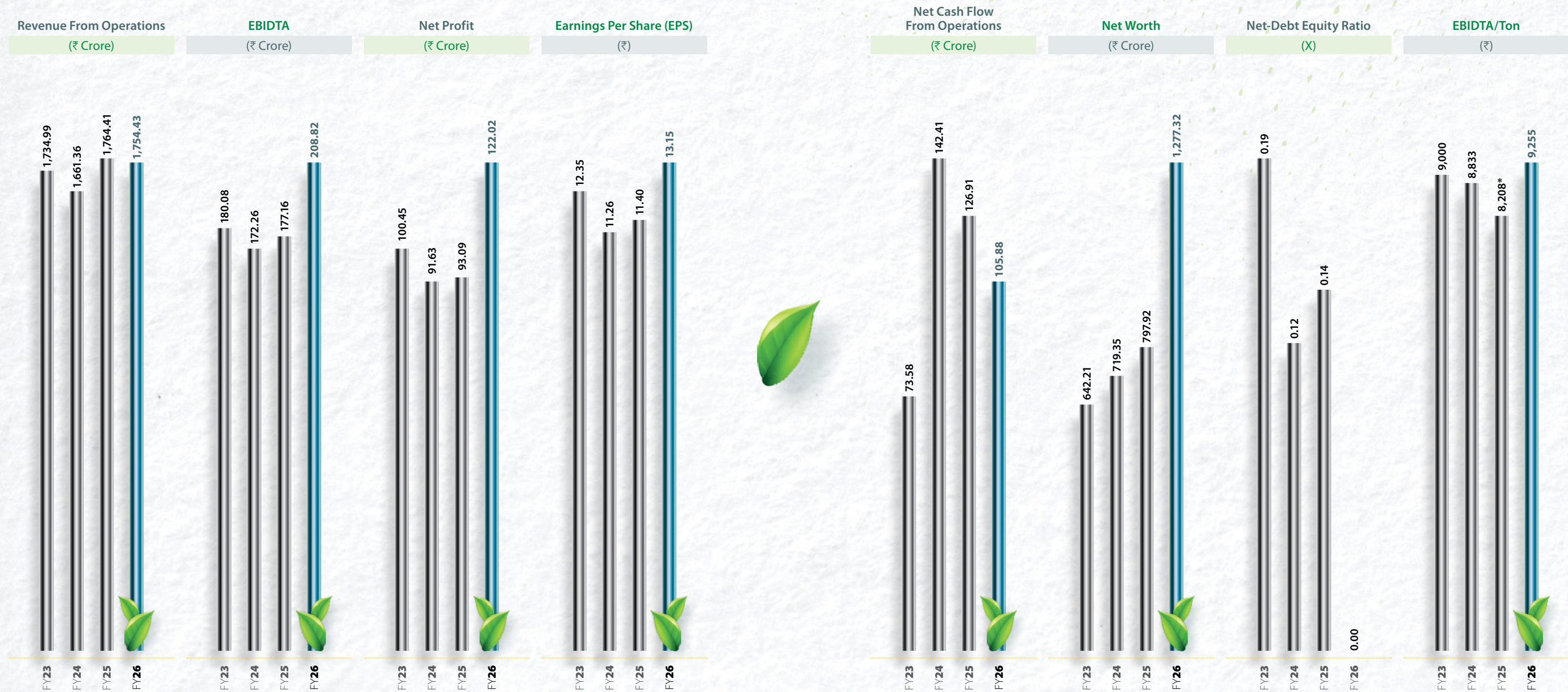
March 2026
Commissioned new re-heating furnace of 45 TPH enhancing our Rolling Mill capacity to 2.7 Lac TPA



KEY PERFORMANCE INDICATORS

WHEN PERFORMANCE SPEAKS

Our performance amidst adversity highlights our commitment to excellence, innovation and customer-centricity, reaffirming our position as a leading player in the special steel industry.



*On rolled sales quantity



STATEMENT FROM THE CMD'S DESK



HERE I AM
AGAIN ON
MY LAPTOP
WRITING MY
ANNUAL
LETTER TO YOU



STATEMENT FROM THE CMD'S DESK

DEAR SHAREHOLDERS

This is my first year as CMD. I became Chairman last year after the earlier Chairman, Mr. Rajeev Gupta's term finished. He was on the Board for 13 years and contributed immensely to VSSL's success. I shall remain eternally grateful to him for his service to the Company and his support to me personally.

The fact that 'this is a year of uncertainties' has become a cliché now. It makes better sense to say now that we are in a period of constant, continuing and increasing uncertainties. I look back on another year of good performance with satisfaction and happiness. To add to all the old wars going on, we also faced the Iran war and the almost complete closure of the Strait of Hormuz and the oil and gas shock. There are serious concerns about the price and availability of both commodities, though I must say the Indian government, on the whole, has handled the supply chain situation rather well.

A record year

Last year was a record year on many fronts, with a record sales volume of 2,25,620 MT and, of course; profits. For the past few years, we were stuck in a net profit range of ₹90 Crore to ₹100 Crore and it gives me great satisfaction that we broke out of that range and reported our highest net profit of ₹122 Crore, along

with a subsequent increase in dividend to ₹3.5 per share. Though, this was a record year with good performance on many parameters and good improvements in our operational results, we also had a few misses and constraints that we will be able to overcome by the first half of this year. This means that the 2nd half of 2026-27 is when we will be free of all constraints and able to take full advantage of our capacity.

The biggest constraint removal was the commissioning of the reheating furnace, so now we have the ability to roll 300,000 tons of input billets (our licensed capacity). This further implies that our job work of outside rolling will come down substantially from Q3.

The remaining constraints are our NDT line capacity and our bright bar capacity, both of which should be in place by September and hopefully stabilised by October. After these are in place, the focus will again shift back to operational improvement and an attempt to increase production further. Our team is convinced that we have the ability to raise billet production to 3.3 lakh tons and then to 3.6 lakh tons with some capex, and also increase the rolling capacity without any extra capex. We have, therefore, decided to apply for environmental clearance for 360,000 tons.

Green and circular economy

I am happy to report that, though delayed, our solar plant finally started operating in February, reducing our carbon footprint to below 0.5. We will be looking to reduce this further with an expansion of the solar plant and also adding a small battery module. This makes us a very competitive special steel supplier of green steel, as our competitors have a carbon footprint of around 3.2. Customers have started preferring green steel, though no one is prepared to pay a premium for it. We are happy as long as we get customer attention and gradually a better share of business.

As regards the Circular Economy, 100% of the scrap generated by scrapping old cars in the Maruti Suzuki scrapping JV in Haryana is coming to our plant. In addition, as a pilot project, we are directly lifting scrap from one of the Maruti factories and making steel from that and sending it back to Maruti vendors to go as components back to Maruti. This process will gain bigger momentum and also enable us to secure high-quality scrap.

Attarashii Kojo (new plant)

Planning for the new plant is in full swing and the land is also being finalised soon. The way this plant is being envisaged gives me a lot of hope for the future. This plant will be built with Japanese know-how from the ground up, giving it a superior quality edge. In addition, its size and new technology will reduce operating costs and lower its carbon footprint compared to the mother plant. To part-finance the project, Aichi has already invested ₹385 crores as equity and increased its stake to close to 25%. We are also increasing the range of products that can be made in this plant to include larger-diameter bars for commercial vehicles and large tractors for the export market, as well as earth-moving equipment. We intend to make this plant extremely flexible.

Meanwhile, our team is also studying how to increase the production of this plant beyond the planned 500,000 tons. It seems we will be able to use our accumulated knowledge and target production higher than envisaged, but this will only happen once we start operations. This would also increase the capital cost of the new plant. The final details will be worked out in the next few months. As of now, we expect commissioning and stabilisation of the plant by the end of FY30 and full operational capability from 2030-31 onwards. It will, however, take a few years to utilise the plant completely.

The mother plant

After the new plant stabilises, it will become largely an automotive steel plant because of its cost competitiveness. This means a change in the product mix of the Mother plant. We will have to modify our products here commensurate with the strengths of this plant, which are accumulated knowledge, a largely depreciated plant and a smaller lot size than the new plant. We are, therefore, planning a more value-added product mix with complex production routes, including starting ingot casting within this financial year. Bright bar production will be expanded, heat treatment and cold drawing will also be expanded, and we will add a quench and tempering line.

We are thus, laying the foundation for creating a non-automotive special steels division. We will be developing products for railways, oil and gas, bearings and die steels, among others. In the future, we also plan to develop special steels for aerospace, defence and nuclear applications. We have already started looking for a JV/ technical partner for the same. This process will take its own time.

Forgings

Last year, another promising development was the announcement of our foray into forgings. This is a logical forward integration for us and will open up scope for higher value addition in the future. Our partner, Aichi Steel, is, in addition to steel; the largest forging company in Japan. They have a huge accumulated knowledge of forging know-how, and all of that will be coming

to India through your Company. We are starting this business with a specialised line for ring gears using rolling mill technology, with an investment of ₹475 Crore, as already announced. However, we feel that with a healthy mix of Indian machines in addition to Japanese machines, we would be able to reduce this cost substantially.

In the future, we look to add more lines of ring gears as well as other products. We are also looking for opportunities to tie up with German forging companies for the export market to Europe, leveraging the CBAM advantage we have as a company. Aichi Steel is planning to send a senior management person to head the forging division, which will further strengthen our relationship. I know that we are only starting this business now, but a man is allowed to dream a bit. And if I close my eyes and dream, I visualise this as a 200,000 tons business in the next 15 years. I won't be running the Company then, but it is always good to leave a challenge for my successor.

The next 3 years

I must thank the Indian government for taking the bold decision of reducing the GST for motorcycles and small cars. This has created a strong demand in the auto market that even braved the Iran war and remains strong at the point of writing this letter. This leaves me quite optimistic about the near future. We aim to reach sales of 320,000 to 350,000 tons in 3 years. In addition, we hope to increase the EBITDA range guidance too by the end of this financial year. We aim to achieve about 20,000 tons from our non-automotive steel business.

One of our main focus areas will be 'Tool and Die Steels', as this is a huge market with around ₹1000 Crore worth of imports and our partner, Aichi Steel, has the know-how for this category. The other focus will be Railways. Together, these will give us a strong base to expand once the new plant starts production. Now the focus will be on finalising the plant and equipment and ordering the same within the next 6 months. We will be raising equity money sometime next year to finance the expansions.

The next 10 years

I would like to share my thoughts for the next 10 years. I would request you to see this as directional guidance rather than any specific target. I see us reaching near 1 million tons of steel with Company sales of around \$1Billion. From 1 division, I see 4 divisions. From 1 Joint Venture, I see at least 2 Joint Ventures and from 1 factory today, we will grow to 4 factories. All this will mean that the organisation will become much more complex and we will have to graduate to a Corporate Office and SBU method of management.

Fortunately for us, this will happen gradually and we already have the experience of this transition in Vardhman Textiles Limited. The increased management complexity will also create the need to develop new leaders who are ready to handle this exciting phase of growth. I will devote a large part of my time to this area of leadership development. Another change will be that, in time, Aichi Steel may want to increase its stake further in the Company, as its confidence in VSSL grows. All in all, an exciting journey. **Picture abhi baaki hai mere dost!**



The personal front

I am happy to share that on the personal front too, we have had a fabulous year. My elder grandson has crossed 2 years and he has become a handful. Also, in April this year, my younger daughter too was blessed with a son, so now I am a proud grandfather of 2 babies. My trekking continues, and we went on a short trek in Uttarakhand in May and there will be another one in December. I am also delighted to share that on 8th July I turned 60 and I am still in a celebratory mood. At 60, I am happy to report to you that I am fit and have actually improved my muscle mass and strength from last year. On the weight front, sadly, not much progress, but my belt definitely has tightened a bit, so I am on the right track. Overall, life is great. I continue to be very excited about the opportunities ahead of us and am happy to have you join us on our journey.

Regards,
Sachit Jain, A fellow shareholder



ENVIRONMENTAL,
SOCIAL & GOVERNANCE

BUILDING A MEASURABLE RECORD

ESG at Vardhman Special Steels is structured around outcomes that can be tracked, verified and compared. The framework rests on three pillars: **e**nvironmental performance measured against national benchmarks and global standards, **s**ocial programmes with defined reach and beneficiary counts and **g**overnance practices anchored in board independence, transparency and systems integrity.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

ENVIRONMENT



1) Carbon intensity: Where the Company stands

The Company operates on the Electric Arc Furnace route, using scrap as its primary feedstock. This positions it in the lower-carbon segment of steel making from the outset.

The numbers tell the story:

Benchmark	Carbon intensity (tCO ₂ /tonne)
Government Green Steel norm	2.2
Major domestic competitors	3.0 and above
VSSL (FY26)	0.73
VSSL (Post-solar)	0.45 - 0.48

The Company holds a 5-star carbon rating. An independent authorized agency has done verification of the carbon footprint during the year, aligning the measurement with standards recognised by global automotive buyers. At 0.48, the Company operates at roughly one-fourth of the government norm and one-sixth of the competitor average.

2) The solar plant

A 40 MW AC solar plant began feeding power into operations during the year. It will generate 9 crore units of clean energy annually, supplying nearly 40% of the total energy needs. The plant is expected to bring carbon intensity from 0.73 to a range of 0.45 to 0.48. It also stabilises power costs against grid price volatility, providing a structural reduction in energy expense per tonne.

3) The circular economy

In September 2025, a closed-loop scrap model went live with Maruti Suzuki. Cold-rolled carbon scrap from Maruti plants returns to Ludhiana, where it is melted and rolled into steel supplied to Maruti’s own vendor base. The loop does three things: it secures a high-quality scrap stream, reduces logistics waste and anchors the Company within the customer’s supply chain as both buyer and supplier. Discussions with additional OEMs on similar closed-loop arrangements are in progress.

4) Cleaner fuel infrastructure

Reheating furnace in the Rolling Mill and some of the steel-making operations run on piped natural gas, having fully transitioned from furnace oil. A dedicated pipeline commissioned in partnership with GAIL eliminates truck-based fuel transport to the facility, reducing Scope 3 emissions from the logistics chain.

5) Process efficiency gains

Two capital projects commissioned during the year carry direct environmental benefits. The Kocks Block delivers tighter dimensional tolerances, reducing rework and material rejection. The walking-beam reheating furnace extends billet length from 4.2 to 5.2 metres, thereby raising metallurgical yield and reducing burning loss per tonne of output. Both reduce waste at the process level.



6) Water

Despite rising production volumes across recent years, water consumption has declined. Process improvements and the reuse of treated water have driven the reduction. Seven rainwater harvesting pits on the factory premises continue to recharge the groundwater table.

Total water consumption for the FY26 amounted to 264,529 kilolitres.

Water management initiative
Water conservation through treatment infrastructure: Our comprehensive water stewardship program prioritizes safeguarding essential water resources through proper wastewater treatment and safe disposal. The operational Sewage Treatment Plant (STP), commissioned in July 2023, has

successfully treated 29,507 cubic meters of water during 2025-26. Maintaining continuous compliance with Central & State Pollution Control Board standards through vigilant effluent monitoring. We are advancing our treatment capabilities with planned implementation of an Effluent Treatment Plant (ETP) for enhanced wastewater management.

- Groundwater recharging through rainwater harvesting:
- Consistent investment in water conservation initiatives to replenish groundwater resources.
 - Systematic approach to groundwater recharge and long-term water sustainability goals.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

7) Afforestation

The Company has transformed 24.2 acres of land into dense Miyawaki forests across multiple locations in Ludhiana and Chali Khoo, Amritsar, while also developing greenbelts and parks to enhance the urban ecosystem. Building on this success, it is expanding the Miyawaki plantation programme across an additional 15-20 acres at multiple locations.



8) The road to Net Zero

The commissioning of the solar power plant in February 2026 marked a significant milestone in the Company's decarbonisation journey, generating 98 lakh units of clean energy during February and March 2026 and meeting around 40% of its power requirements. This enabled the Company to reduce its carbon intensity to below 0.5 in FY26, while reinforcing its commitment to achieve Net Zero by 2050- two decades ahead of India's national target of 2070.

9) Market access through decarbonisation

Low-carbon performance is converting into commercial advantage along two paths. First, the Indian government is moving toward a preference for green steel in public procurement, beginning with the railways. Companies that meet the threshold will earn priority access. Second, the European Union's Carbon Border Adjustment Mechanism is repricing carbon-intensive imports. The Company's footprint positions it to supply European automotive supply chains, where competitors with higher carbon loads face border cost penalties.



SOCIAL

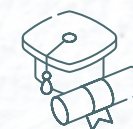


Committed towards inclusive growth

Corporate Social Responsibility (CSR) at Vardhman Special Steels Limited (VSSL) is grounded in a simple conviction; lasting corporate success is measured by the change it creates in the communities it serves. CSR programmes are managed through an internal CSR team and overseen by the Board-level CSR Committee. Every initiative is selected for a defined reach and tracked against beneficiary outcomes. The CSR strategy is centred on five core pillars that align with the United Nations Sustainable Development Goals (UN-SDG) and national development priorities.



Women
empowerment &
Livelihood generation



Education &
Child
development



Healthcare
access &
Well-being



Environmental
conservation &
Biodiversity restoration



Sports
promotion & Youth
development

ENVIRONMENTAL, SOCIAL & GOVERNANCE

FY26 at a glance



PROJECT **NARI SHAKTI**

Women empowerment & Livelihood generation

Project Nari Shakti is designed to equip women with the skills and confidence to achieve financial independence. In FY26, the programme operated across two tracks: vocational training through the Hunar Vikas Kendra network and digital literacy in partnership with the Punjab State Rural Livelihood Mission (PSRLM).

Skill development centres in Ludhiana, Kapurthala and Sangrur continued to offer vocational training in tailoring, stitching and craft work.

Each centre trains approximately 70 women per year, building a pipeline of skilled micro-entrepreneurs across Ludhiana District and beyond.

The digital literacy track, launched in collaboration with PSRLM, strengthened the capacity of rural women entrepreneurs to operate in a digitally connected economy.

Financial support was extended to the Punjab Sakhi Mela, a state-level platform that brings together women-led enterprises for exposure, trade and peer learning.

Initiatives to promote girl-child education and to assist women in establishing micro-enterprises remained integral parts of the programme.



Launch of 'Mera Bill App' - Digital Literacy Programme in Ludhiana



Vardhman Special Steels Launches 'Women Digital Literacy Project - VSSL Mera Bill App' in Ludhiana

Vardhman Special Steels Limited, under its CSR initiative Nari Shakti and in association with the District Administration, Ludhiana, launched the Women Digital Literacy Project - VSSL Mera Bill App for women micro-entrepreneurs of Ludhiana district.



PROJECT **DISHA**

Education & Child development

Project Disha addresses the learning gap in underserved communities through infrastructure, digital access and direct student support. The programme targets children from below-the-poverty-line (BPL) families, with a particular focus on girl child.

In FY26, three new e-classrooms were developed in Ludhiana, Rupnagar and Kapurthala, building on the digital infrastructure deployed in Mangat village, Ludhiana and Satoj village, Sangrur; in prior years. These classrooms bring e-learning tools and

digital libraries to government schools that previously had limited access to technology.

School kits were distributed to students from slum areas and economically weaker households. The programme supported the lifelong educational journeys of children from these communities, ensuring continuity in learning from primary school onwards.

Two new partnerships expanded the reach of Project Disha. A Promotion of English programme was launched

in government schools in association with the Government of Punjab to address the language skills gap that limits employability. Financial support was extended to the Indian Red Cross Society, Ludhiana, for the District Transformation Internship Programme and to the Samantha Foundation to promote education among students from economically disadvantaged backgrounds.



Distribution of school uniforms and school bags to children at BCM School, Ludhiana; by Mrs. Soumya Jain, Executive Director



Inauguration of e-classroom at Government Multipurpose School, Ludhiana; by Mrs. Inderjit Kaur, Mayor of Ludhiana



ENVIRONMENTAL, SOCIAL & GOVERNANCE



PROJECT **SWASTH SAMAJ**
Healthcare access & Well-being

Project Swasth Samaj strengthens grassroots health infrastructure across rural and underserved areas of Punjab. The programme operates across four tracks: mobility and rehabilitation, eye care, maternal health and community wellness.

Camps were organised across Punjab in partnership with established institutions to distribute artificial limbs to the people in need. The programme has now provided artificial limbs to over 5,128 beneficiaries, restoring mobility and independence.

Financial support was extended to the Punarjot Eye Bank to provide free cataract surgeries to patients who could not afford treatment. A new maternal health track was added in FY26: financial support to DMC Hospital, Ludhiana, enabled free deliveries for women from economically weaker sections.

Community wellness activity continued through the year. Free medical camps were conducted in rural areas. Fogging drives were carried out during the summer months to prevent vector-borne disease.

RO water filtration systems were installed in schools, colleges and parks across Ludhiana to provide clean drinking water. Sanitary napkin vending machines were installed in schools and colleges, sanitary napkins were distributed in slum areas and sessions on menstrual health were conducted for adolescent girls.



Financial support of ₹5 lakh to DMC Hospital, Ludhiana for facilitating 25 free deliveries



Financial support of ₹30 lakh to Bharat Vikas Parishad Charitable Trust for providing artificial limbs



PROJECT **PRAKRITI**
Environmental conservation & Biodiversity restoration

Project Prakriti reflects VSSL's commitment to environmental restoration and urban greening across Punjab. The programme centres on the Miyawaki dense-forest model, complemented by park restoration, greenbelt development and tree plantation drives.

In FY26, the Company continued to develop and maintain Miyawaki forests in Amritsar, Patiala and Ludhiana. These forests, established in prior years, have collectively accounted for the plantation of over 2 lakh trees. Maintenance of existing forests and parks ensured survival rates and canopy density remained on track.

A dedicated tree plantation drive was conducted in Ludhiana during the year. Environmental awareness campaigns and exposure visits continued to build ecological responsibility among students and local communities.



Developed Miyawaki forest on 1 acre of land situated at Metro Road, Ludhiana



PROJECT **KHEL PROTSAHAN**
Sports promotion & Youth development

Project Khel Protsahan uses sport as a vehicle for inclusion, discipline and youth development. The programme spans inclusive sport for children with disabilities, grassroots sports infrastructure in rural and urban schools and direct support to emerging athletes.

Financial assistance was provided to promote sports among blind children and children with autism and other disabilities, ensuring every child has the opportunity to grow through physical activity.

In FY26, the sports portfolio was broadened. Financial support was extended to India Khelo Football for grassroots football programmes and

to the Badminton Association for promotion of the sport among students in Ludhiana. The Ludhiana Cares Sports Academy received support to promote basketball among boys and girls in rural and urban schools.

ENVIRONMENTAL, SOCIAL & GOVERNANCE



Inauguration of Badminton sub-junior championship by Mr. Sachit Jain, Chairman & Managing Director and Mr. Amarjeet Singh, Assistant Deputy Commissioner



COMMUNITY WELFARE

Armed forces, Disaster relief & Heritage

Beyond the five flagship programmes, Vardhman Special Steels directs resources to community welfare needs that fall outside the mandates of its standing projects.

Armed forces welfare

Blankets were provided to the Indian Army for jawans posted in high-altitude areas. This contribution complements the e-vehicle donation programme from prior years, which assists senior-citizen Army veterans in commuting to health centres for regular medical check-ups.



Provided blankets to Indian Army Jawans posted in high altitude areas

Disaster management

Financial assistance of ₹10 lakh provided to District Administration, Ludhiana, towards flood relief operation. In addition to monetary help, VSSL employees volunteered for nearly one month to support the strengthening and restoration of the Sarsari Bundh, contributing actively to flood protection and community resilience.

Art & Culture

Financial support was provided to Art Century India to preserve the national heritage and culture. The Company also supported the Saras Mela cultural event organised at Punjab Agricultural University, Ludhiana.

Cumulative impact highlights

2.18 lakh

Trees planted

2,618

Women trained in digital literacy

75

Children supported with education

5,128

Artificial limbs distributed

300

Cataract surgeries funded

FY27 priorities

Vardhman Special Steels enters FY27 with a clear agenda: deepen the reach of programmes that have demonstrated measurable impact, expand into underserved geographies and strengthen the institutional capacity of the CSR function. The Company will continue to scale Project Prakriti's afforestation programme, extend the Hunar Vikas Kendra network to additional districts and build on the new partnerships in education and healthcare established during FY26. Inclusive sport programmes will be expanded to additional schools and sports disciplines.

ENVIRONMENTAL, SOCIAL & GOVERNANCE



GOVERNANCE



Governance at Vardhman Special Steels Limited (VSSL) is the architecture that holds the ESG agenda together. Transparent board oversight, rigorous risk management, ethical business conduct and internationally benchmarked disclosures ensure that every decision is accountable, auditable and aligned with long-term stakeholder value.

Governance philosophy

VSSL holds its governance framework to an uncompromising standard. The Company targets zero ethical or regulatory non-compliances, embedding accountability at every level of the organisation. This commitment is reinforced through mandatory acknowledgment of the Code of Conduct by all employees and Board members- a firm undertaking of transparency, integrity and the highest standards of corporate behaviour. Collectively, these governance disciplines ensure that VSSL's ESG commitments are not aspirational declarations, but institutionalised obligations with clear lines of accountability.

Board composition

The Board comprises 14 directors: 7 independent and 7 non-independent. Three of the fourteen are women. During the year, Mr. Sachit Jain assumed the role of Chairman and Managing Director. Aichi Steel Corporation holds two seats on the Board, providing direct oversight of operational standards from within the partnership. In FY26, Mr. Koichiro Hayashida joined the Company as a Non-Executive Non-Independent Director (Subscriber Director), pursuant to an increase in Aichi Steel's shareholding in VSSL. Mr. Toshio Ito has served on the Board since 2022.

Board oversight

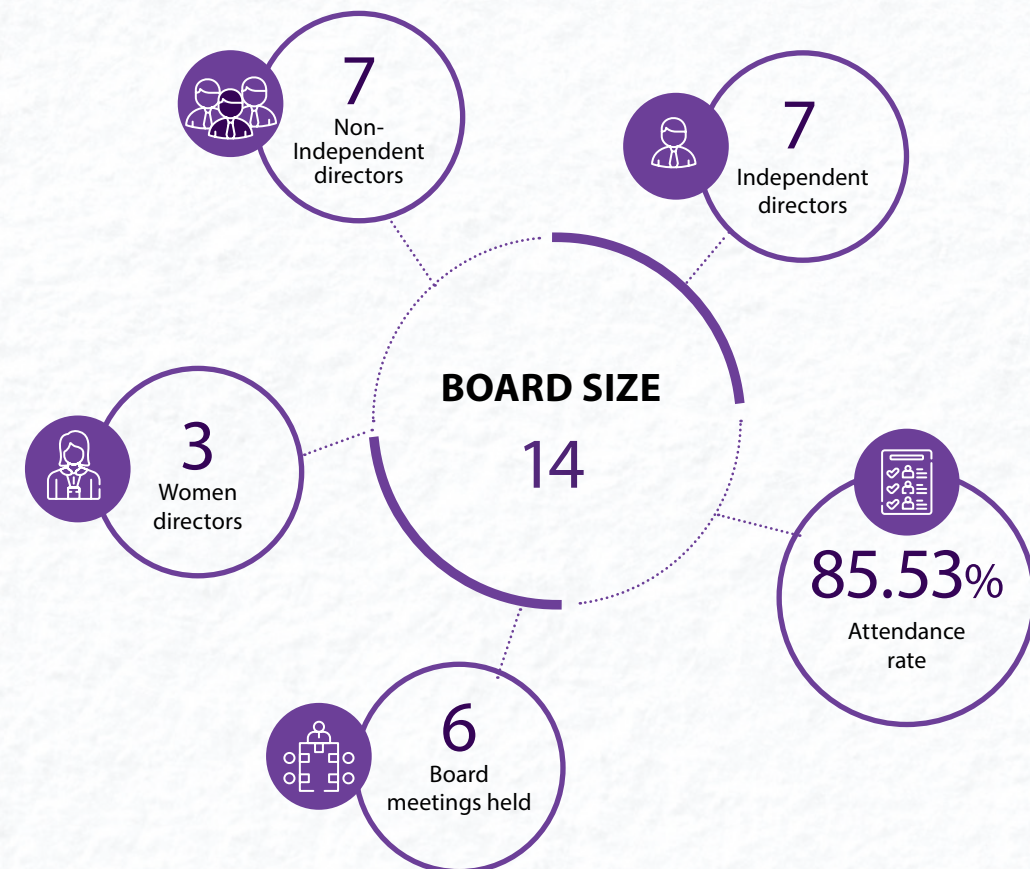
The Board provides comprehensive oversight of the VSSL integrated platform by monitoring performance across financial, operational, regulatory, sustainability and strategic dimensions. Through regular reviews, the Board evaluates growth initiatives, technology investments, quality and compliance performance, enterprise risks, ESG commitments and capital allocation decisions. Supported by experienced leadership teams, it oversees the identification and management of material economic, environmental and social impacts. It ensures that

manufacturing excellence, sustainability priorities and effective risk management remain aligned with the Company's long-term value creation strategy.

The Board and its Committees periodically review progress against material priorities, key risks and significant matters through established governance and reporting mechanisms. During FY26, the Board and its Committees were regularly apprised of significant matters affecting the Company, including regulatory developments, business continuity considerations and enterprise risks.

Board committees

The Board is supported by the following Committees: the Audit Committee, the Nomination & Remuneration Committee, the Stakeholders' Relationship Committee, the Risk Management Committee, Corporate Social Responsibility Committee and Environmental, Social & Governance Committee.

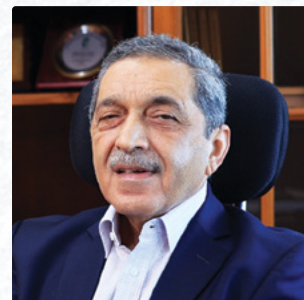


BOARD OF DIRECTORS



Mr. Sachit Jain
Chairman & Managing Director
M | C

He has done B.Tech in Electrical Engineering from IIT New Delhi, MBA (Gold Medalist) from IIM Ahmedabad, and an Owner/President Management Program from Harvard. With over 36 years of experience in the textile and steel industry, he has held several leadership positions. He is the former Chairman of the CII Northern Region and currently serves as the Chairman of the CII National Committee on Industrial Relations.



Mr. Rajendar Kumar Rewari
Executive Director
M

He has done B.Sc. from Punjabi University, Patiala, along with an LL.B. and a Postgraduate Diploma from Kurukshetra University. With over 43 years of experience in the manufacturing sector, he has held several key positions, including more than a decade as Managing Director of Morarjee Textiles Limited. His career also includes a notable tenure with the Vardhman Group, where he contributed in various leadership roles.



Mrs. Soumya Jain
Executive Director
M

She holds a B.Sc. in Economics from the University of Bristol, UK, and an MBA in Family Business from the Indian School of Business. With five years of experience at Vardhman Textiles, she has worked across key functions including production, marketing and HR. Since joining VSSL in 2021, she has continued to make significant contributions across various departments, bringing a well-rounded perspective to the business.



Mrs. Suchita Jain
Non-Executive Director
M

She holds a Master's degree in Commerce from Panjab University, Chandigarh, and brings over 33 years of extensive experience in the textile industry. Throughout her career, she has represented the Vardhman Group, leveraging her deep industry expertise and insights.



Mr. Rajinder Kumar Jain
Non-Executive Director
M

A Chartered Mechanical Engineer from the Institute of Mechanical Engineers, London, he retired after 35 years of distinguished service with Indian Railways, having served as General Manager.



Mr. Toshio Ito
Non-Executive Non-Independent Director
M

He holds a degree in Mechanical Engineering from Nagoya University, Japan, and has been serving as Managing Executive Officer at Aichi Steel Corporation since 2020. His extensive experience includes leadership roles as Plant Manager, where he oversaw steelmaking, rolling mill, and forging operations at Aichi Steel.



Mr. Koichiro Hayashida
Non-Executive Non-Independent Director
M

He holds a master's degree from Kumamoto University, Japan. Currently, he is serving as an Executive Officer of Hagane Company (Specialty Steel) and as General Manager of the Specialty Steel Business Management Division. He has an extensive expertise in steelmaking technology and quality control. Additionally, he served as the President of Aichi Forge, Thailand from 2021 to 2024.

M - Member C - Chairman/Chairperson
● Audit Committee ● Nomination & Remuneration Committee ● Stakeholders' Relationship Committee
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Mr. Rakesh Jain
Independent Director
C ● ● | M ●

He holds a Ph.D. degree in Polymers from the University of Akron and has held prominent positions in the field of advanced technology. His career includes work with the Advanced Technology Group at GE's Electro-Materials Division in Coshocton, OH, USA, and a leadership role as Managing Director of Indo Gulf Fertilisers Ltd. under the Aditya Birla Group.



Mr. Suman Chatterjee
Independent Director
M ● ● | C ● ●

With a Bachelor of Science in Economics from the prestigious Presidency College, Kolkata, and a postgraduate diploma in Business Management from the esteemed Indian Institute of Management (IIM), Ahmedabad, he brings an impressive career spanning over three decades in various leadership capacities to his role. His extensive professional journey includes significant and impactful positions in sales and marketing, during which he has successfully led and transformed businesses for prominent global brands such as Levi Strauss and SC Johnson in India.



Mrs. Vidya Shah
Independent Director
M ● | C ●

With a Master of Business Administration from the prestigious Indian Institute of Management (IIM), Ahmedabad, she has cultivated an impressive career spanning 11 years in the dynamic field of investment banking, having held significant roles at distinguished institutions such as ICICI, Peregrine, and NM Rothschild. Her current leadership contributions extend to serving as a Non-Executive Director at Edelweiss Financial Services Ltd. and concurrently as the Executive Chairperson of the impactful EdelGive Foundation. Her exceptional acumen and contributions to the financial sector were formally recognised in 2019, when she was honoured as one of India's Top 100 Women in Finance by the esteemed Association of International Wealth Management of India (AIWMI).



Mr. Hemant Bharat Ram
Independent Director
M ● ●

He holds a Master's degree in Industrial Administration (MBA) and a Bachelor's degree in Mathematics and Computer Science, both from Carnegie Mellon University, Pittsburgh, PA, USA. He began his career in 1991 with DCM Data Systems and has since held leadership roles across various businesses within the DCM Group. Prior to his current role, he headed the Textile Business of DCM Limited for over nine years. Since 2019, he has been serving as the Managing Director of DCM Nouvelle Limited.



Mr. Randhir Singh Kalsi
Independent Director
M ●

He holds a degree in Mechanical Engineering from the Delhi College of Engineering (now DTU). He is a passionate entrepreneurial innovator with over four decades at the forefront of Indian Automotive Industry. Renowned for his leadership and technical expertise, he has driven transformative initiatives that have shaped Maruti Suzuki India Limited (MSIL) into a market leader. His strategic vision, operational acumen and focus on innovation has positioned him as an inspirational business leader known for delivering impactful results. He has 40 years' service with MSIL and has also served in various leadership roles in the MSIL across functions till 2024, including Head of Marketing & Sales and Member of the Executive Board. He has spearheaded many pioneering initiatives at MSIL, such as Maruti Insurance, Maruti Finance, Commercial Vehicles, True Value and Maruti Driving Schools. One of his most notable achievements is the establishment of NEXA.



Mr. Dinkar Gupta
Independent Director

He is a Commerce graduate with a Master's degree in Police Administration. He is an Indian Police Service (IPS) Officer of the 1987 batch of the Punjab cadre and has more than 30+ year of experience in security domain. He was the Director General of the National Investigation Agency (NIA), the premier counter-terror agency of India, from June 2022 to March 2024. Earlier, he led the Punjab Police as its Director-General of Police (DGP) for over 2.5 years from 2019-2021. He is also a recipient of President's Police Medal for Meritorious Service (2003) and President's Police Medal for Distinguished Service (2011).

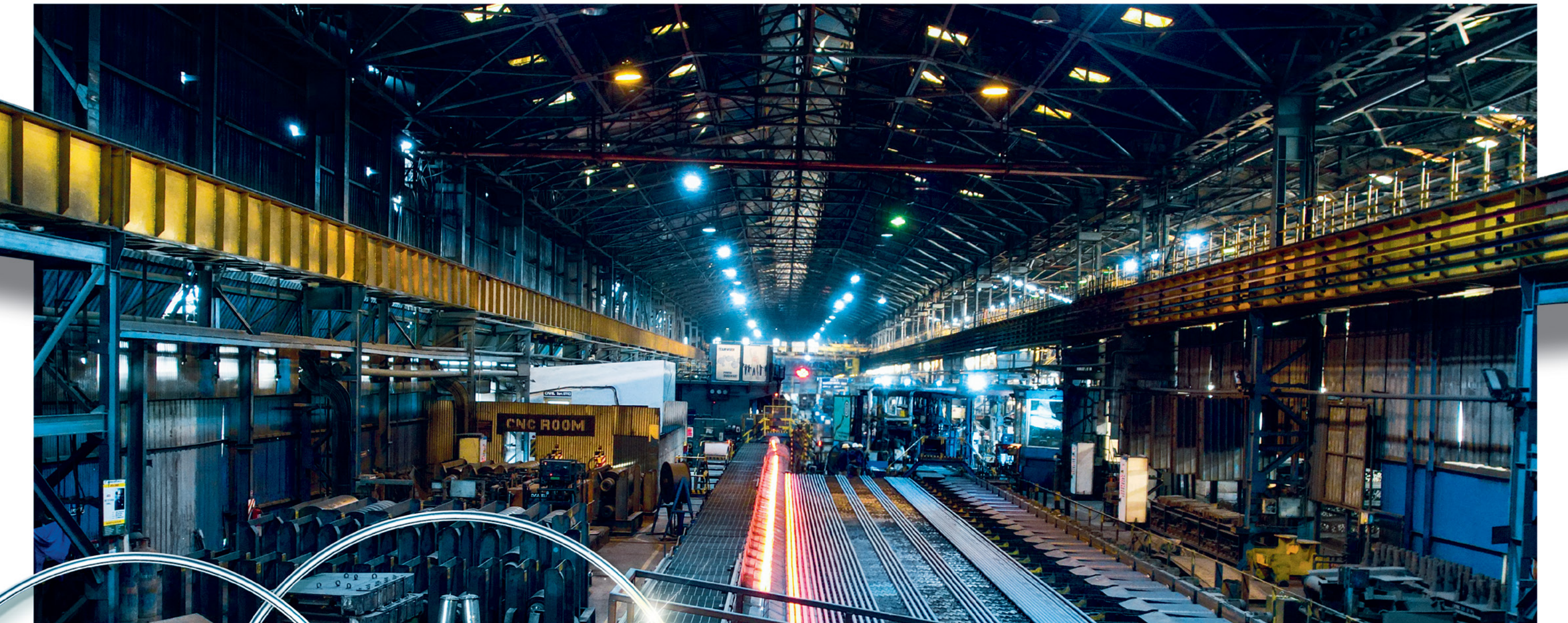


Mr. Nishant Arya
Independent Director

He has graduated in Business Administration from Bradford University, UK and has done Diploma in Business Development and Strategy from the London School of Economics, UK. He is the Vice Chairman & MD of JBM Group. He has played an instrumental role in driving JBM Auto's sustained growth and transformation. He has led the Group's expansion into international markets and advanced technology domains including his role as Chairman of Linde-Wiemann GmbH, Germany.

M - Member **C** - Chairman/Chairperson
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MANAGEMENT DISCUSSION & ANALYSIS REPORT



Economic Overview

Global Economy

The global economy grew 3.4% in calendar year 2025, marginally ahead of the 3.3% recorded in 2024. The outcome surpassed expectations that had been held throughout much of the year. Private sector adaptability, accelerating investment in artificial intelligence, supportive fiscal conditions and the gradual easing of monetary policy across major jurisdictions combined to sustain the momentum.

Trade policy was the defining variable. Elevated tariff barriers introduced by the United States in early 2025 reshaped trading patterns and triggered aggressive front-loading of imports across major economies. Subsequent bilateral negotiations tempered some of the more extreme measures. The overall environment remained volatile. Trade policy uncertainty stayed at historically elevated levels through the year.

Global headline inflation declined to an estimated 4.1%, down from 5.8% in the prior year. Inflation in advanced economies moderated to 2.5%, converging closer to central bank targets. Crude oil prices fell 14.4% year-on-year to approximately US\$67.74 per barrel, reflecting moderate demand and ample supply. Financial conditions improved steadily, supported by receding inflation expectations and an accommodative pivot by major central banks.

World trade volumes grew by an estimated 5.1%, well above the pace of output growth. The surge was driven largely by the front-loading of shipments ahead of anticipated tariffs and rising demand for AI-related goods.

Key risks & Uncertainties

The global economy delivered a steady aggregate performance in 2025. The balance of risks, however, remained tilted firmly to the downside.

The escalation of conflict in the Middle East in early 2026 has introduced the most consequential new risk to the outlook. The disruption to production facilities and the closure of the Strait of Hormuz have driven energy prices sharply higher. Commodity-importing emerging markets face a disproportionate burden through higher energy and food import bills and currency depreciation.

Additional downside risks persist. A reassessment of AI-driven productivity gains could trigger investment pullbacks

and financial market corrections. Elevated public debt and persistent fiscal deficits in the United States, China, France and Brazil exert latent upward pressure on long-term interest rates, narrowing policy space for future shocks.

On the upside, faster AI adoption, geopolitical de-escalation and renewed multilateral trade cooperation could deliver growth impulses beyond the baseline.

Outlook

The IMF's April 2026 World Economic Outlook projects global growth at 3.1% for 2026 and 3.2% for 2027, assuming a limited conflict in the Middle East. Prior to the outbreak of hostilities, projections indicated 3.4% growth in 2026.

The conflict has shaved approximately 0.3 percentage points from near-term forecasts. Global headline inflation is expected to rise to 4.4% in 2026, driven by elevated energy and food prices, before declining to 3.7% in 2027. The pressures will be most acute in commodity-importing emerging markets and low-income economies.

Sustaining moderate expansion will require disciplined fiscal management, continued progress on price stability, deeper structural reforms and stronger multilateral cooperation to contain the fragmenting pressures on the global trading system.

Key external pressures and their bearing on the Company

Trade route disruption

The closure of the Strait of Hormuz, a critical artery for global trade, has disrupted supply chains worldwide.

Impact on Vardhman Special Steel

Raw material sourcing is exposed, as in India a sizeable volume of scrap is imported. Logistics costs also rise.

Rupee depreciation

The military conflict in the Middle East has depreciated the rupee, raising the cost of imports.

Impact on Vardhman Special Steel

Raw material cost and import of machinery became costlier.

Intensifying human conflict

Near-term uncertainty across the globe will weigh on demand for products.

Impact on Vardhman Special Steel

Demand for products may soften in the near to medium term.

SOURCE:
<https://www.imf.org/en/publications/weo/issues/2026/01/19/world-economic-outlook-update-january-2026>

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Indian Economy

India's economy grew 7.7% in FY26, accelerating from 7.1% in the prior year. The fourth quarter expanded 7.8%. India remained the fastest-growing major economy.

Private final consumption expenditure grew 7%, its share of GDP rising to 61.5%, the highest since FY12. Gross fixed capital formation grew 8.2%, sustaining a 30% share of GDP for the third consecutive year. Manufacturing expanded 10.7%, reflecting deepening industrial activity. Trade, transport, hotels and communication services accelerated to 11%. Agriculture grew 3.2%, supporting rural incomes and consumption recovery.

Headline CPI inflation averaged a historic low of 1.7% during April to December FY26, the lowest in the current CPI series. The RBI cut the repo rate by a cumulative 125 basis points since February 2025, bringing it to 5.25%. Lower inflation and lower interest rates improved affordability, lifted real purchasing power and supported demand across automotive and consumer segments.

The Central Government contained the fiscal deficit at 4.4% of GDP. Capital expenditure remained elevated at approximately 4% of GDP, sustaining the infrastructure pipeline that underpins steel demand.

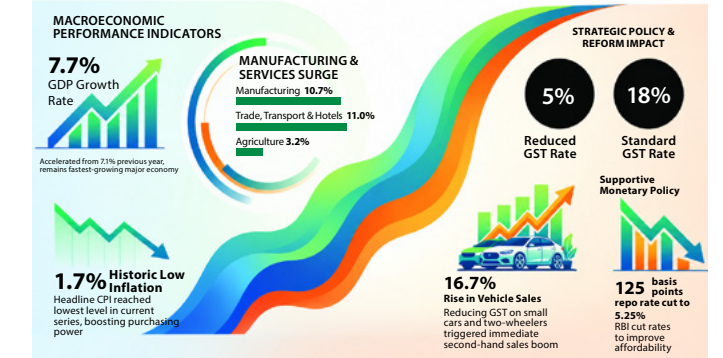


The landmark GST 2.0 rationalisation, effective September 22, 2025, simplified the tax structure to two standard rates of 5% and 18%, with a 40% demerit rate. The reform reduced GST on small cars and two-wheelers from 28% to 18%, on tractors from 12% to 5% and rationalised rates on buses, trucks and auto components. The impact on automotive demand was immediate and substantial, with H2 passenger vehicle sales rising 16.7% after a 1.4% decline in H1.

Outlook

The Economic Survey 25-26 projects growth in FY27 in the range of 6.8 to 7.2%. The RBI projects 6.6%, reflecting risks from the West Asia conflict and a potentially below-normal monsoon. The moderation is relative. Domestic consumption remains resilient. The infrastructure and manufacturing investment cycle retains momentum. Monetary policy remains supportive. India's medium-term growth potential is assessed at approximately 7%.

India's Economic Resurgence: FY25-26 at a Glance



Implications for Vardhman Special Steels Limited

The domestic backdrop is favourable for special steel. Steady GDP growth, a sustained public capital expenditure cycle and resilient consumption support demand across the automotive, infrastructure and capital goods sectors, the core end-markets for the Company's products. GST 2.0 has lifted demand for small cars and two-wheelers, the segments the Company serves most directly. Lower interest rates have improved vehicle affordability and financing conditions. Together, these forces underpin the Company's volume growth in FY26 and provide a supportive setting for its planned capacity expansion and product diversification over the medium term.

SOURCES:
<https://prsindia.org/policy/report-summaries/economic-survey-2025-26>
<https://www.imf.org/en/countries/ind>
<https://www.deloitte.com/us/en/insights/topics/economy/asia-pacific/india-economic-outlook.html>
<https://tradingeconomics.com/india/full-year-gdp-growth>

INDUSTRY OVERVIEW

GLOBAL STEEL INDUSTRY

Global crude steel production totalled 1,849.4 Mt in 2025, down 2.0% from the prior year. China drove the decline, producing 960.8 Mt, a 4.4% contraction reflecting the prolonged property correction and capacity rationalisation. India grew 10.4% to 164.9 Mt, consolidating its position as the second-largest producer. The United States rose 3.1% to 82.0 Mt, driven by infrastructure momentum.



Steel Demand

Global apparent steel use declined to approximately 1,719 Mt. China's demand contracted 7.1%, far exceeding the 2.0% decline anticipated earlier in the year, dragged down by a fourth consecutive year of weakness in the property sector. Developed economies stabilised, posting 0.2% growth after three years of contraction, though volumes remained roughly 15% below 2017-2018 levels. India sustained its position as the fastest-growing major market, driven by demand for infrastructure, automotive and capital goods.

Automotive Sector

Global vehicle production reached 92.9 million units in 2025, up 3.7%. New vehicle sales rose 3.4% to 91.7 million units. EV sales reached approximately 20.7 million units, a 20% increase. By 2026, electrified vehicles are projected to account for 30% of global sales.

The transition towards electrification, light weighting and enhanced safety standards continues to intensify demand for high-strength, precision-engineered and alloy steels. Per-vehicle intensity

of high-grade steel in power train, chassis and safety-critical components continues to rise. Specialised manufacturers positioned in niche, high-quality segments remain well-placed to capture this shift.

Key Risks & Uncertainties

Risks remained tilted to the downside. Escalating trade tensions and elevated tariff barriers squeezed manufacturing and export-oriented steel-consuming sectors. China's property weakness remained the single largest structural drag on global demand. Overcapacity concerns persisted. The Middle East conflict, erupting in early 2026, disrupted energy markets and compressed regional demand projections. Upside potential existed from easing financing conditions, sustained infrastructure spending in developing economies and stronger-than-expected fiscal stimulus.

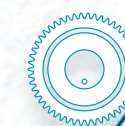
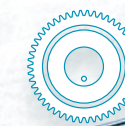
Outlook

The World Steel Association's April 2026 Short Range Outlook projects global demand at 1,724 Mt in 2026, up 0.3%, accelerating to 1,762 Mt in 2027, up 2.2%. The industry is bottoming out after structural adjustment since 2022. China's contraction is expected to narrow to 1.5% in 2026 and stabilise by 2027. India is forecast to grow 7.4% in 2026 and 9.2% in 2027. These projections assume a resolution of the Middle East conflict by mid-2026. Prolonged hostilities would require material downward revisions, particularly for energy-sensitive regions.

SOURCES:

<https://worldsteel.org/media/press-releases/2026/january-2026-crude-steel-production/>

<https://worldsteel.org/media/press-releases/2026/december-2025-crude-steel-production-2025-global-crude-steel-production/>



MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN STEEL INDUSTRY

India's steel sector delivered a standout performance in FY26 against a contracting global market. Provisional data from the Joint Plant Committee confirms that crude steel production rose 10.7% year-on-year to approximately 168.4 Mt.

Finished steel consumption reached approximately 164 Mt, an increase of 7 to 8%, driven by sustained momentum in infrastructure, construction, automotive and capital goods. India's total crude steelmaking capacity reached approximately 220 MTPA during the year, keeping the industry on track towards the National Steel Policy target of 300 MTPA by 2030.

India regained its position as a net exporter of finished steel after two consecutive years as a net importer. Exports rose 35.9% to 6.6 Mt. Imports declined 31.7% to 6.5 Mt. Italy, Vietnam, Belgium, the UAE and Spain were the principal export destinations. The 12% safeguard duty on select steel imports in December 2025, primarily targeting cheaper Chinese and East Asian shipments, supported trade re-balancing. Improved domestic capacity, competitive quality and diversified market access underpinned the shift.

The Production-Linked Incentive scheme for specialty steel continued to gain traction. Cumulative investment under the scheme reached ₹23,022 crore, generating 2.4 Mt of specialty steel

output and over 13,000 jobs. This is a significant development for the special and alloy steel segment, reinforcing the policy commitment to import substitution in high-value downstream products.

Sectoral Demand Drivers

Infrastructure and construction remained the dominant driver of demand. Government capital expenditure on roads, railways, urban infrastructure and housing sustained a strong pipeline of steel-intensive projects.

The automotive sector contributed meaningfully to the demand for high-grade and special steels. India's vehicle production sustained healthy volumes across passenger and commercial vehicle segments, supported by improved supply chain stability and rising domestic content requirements. Engineering and capital goods demand grew in line with the broader industrial capex cycle.

Together, these sectors reinforced a broad-based demand environment with increasing emphasis on quality, performance and application-specific steel grades, a structural tailwind for special and alloy steel producers.

Outlook

The World Steel Association projects India's steel demand to grow 7.4% in 2026 and 9.2% in 2027, the fastest among major economies. Infrastructure spending, rail expansion, urban housing, automotive growth and a deepening capex cycle underpin this trajectory. India remains on course towards the 300 MTPA capacity target by 2030.

Raw material volatility, energy cost pressures stemming from the Middle East conflict, tightening EU trade barriers, including CBAM and the risk of redirected Chinese overcapacity warrant vigilance. The structural direction remains firmly positive. Rising per-capita consumption, the PLI-driven push towards specialty grades and expanding downstream applications in automotive, defence and renewable energy position India as the principal engine of global steel demand growth. For special and alloy steel producers, the operating environment remains favourable.



SOURCES:
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MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN SECONDARY STEEL INDUSTRY

India's secondary steel sector reinforced its strategic importance in FY26. Secondary producers, operating through electric arc furnaces and induction furnaces, accounted for approximately 47% of India's total crude steelmaking capacity.

Production reached an estimated 63 Mt, underscoring the sector's critical role in domestic supply. India has over 1,200 induction furnace operators, predominantly MSMEs, forming the backbone of regional supply and employment. The sector's shorter production cycles, cost flexibility and lower capital intensity per tonne make it highly responsive to demand shifts across construction, automotive and engineering end-use segments.

Steel demand is projected to grow 8-9% in FY27. The secondary sector is well-placed to capture incremental volumes through its operational agility and expanding capacity base.

Key Trends Shaping the Sector, 2026 to 2028

Three structural shifts will define the sector's trajectory over the medium term.

Green steel transition: Accelerating adoption of scrap-based EAF routes to meet decarbonisation targets, green certification standards and circular economy mandates. In a landmark development, Tata Steel inaugurated India's first scrap-based EAF plant in Ludhiana in March 2026, backed by an investment of ₹3,200 crore, signalling the direction of travel for the broader sector.

Scrap ecosystem development: Rollout of the Steel Scrap Recycling Policy and the Vehicle Scrappage Policy to scale up organised domestic collection and ship recycling, reducing import dependence. A structural gap of 15 to 46 Mt in scrap supply persists through 2040, requiring continued imports and accelerated collection infrastructure.

Technology and quality upgrade:

Greater focus on advanced sorting, traceability and process efficiency among MSMEs, driven by rising quality standards, tightening environmental norms and the progressive conversion from induction furnaces to electric arc furnaces for superior output and green eligibility.

Green Steel Transition in India's Secondary Steel Sector

The secondary sector is central to India's decarbonisation pathway. Scrap-based EAF and IF steelmaking emits 60-70% less CO₂ than the traditional BF-BOF route when powered by renewable energy. This positions secondary producers as the near-term enablers of low-carbon steelmaking.

Current momentum, 2025-26

India's steel emissions intensity is approximately 2.54 t CO₂ per tonne of crude steel, above the global average of 1.91 t CO₂/t.

The Ministry of Steel's March 2025 roadmap targets a reduction to 2.2 t CO₂/t by 2029-30, aligned with the national net-zero commitment by 2070.

The policy architecture is taking definitive shape. The Green Steel Taxonomy, launched in December 2024 with a three- to five-star rating framework, establishes standardised definitions for low-emission steel. The National Mission for Sustainable Steel, with an estimated outlay of ₹5,000 crore and 75-80% of funds directed at secondary producers, will provide production-linked incentives, concessional finance and risk guarantees.

The Carbon Credit Trading Scheme, set to commence trading in October 2026, will impose emissions intensity targets across nine industrial sectors, including steel. A draft Green Public Procurement policy proposes mandating that 25-37% of the steel used in public infrastructure projects be low-carbon, thereby creating assured demand for certified green steel.

Scrap utilisation remains the most immediate lever. Raising the scrap share in DRI-EAF operations from 20% to 60% can reduce emission intensity by approximately 43%.

Prospects for 2026 to 2028

EAF shift within the secondary sector. MSMEs will accelerate the transition from induction furnaces to electric arc furnaces to achieve higher efficiency, superior product quality and eligibility for green ratings and certifications.

Renewable energy integration: Captive solar installations and green power procurement will progressively lower grid-related emissions across secondary mills.

Policy tailwinds: The Carbon Credit Trading Scheme, with trading starting in October 2026 and Green Public Procurement mandates expected from FY28, will create a tangible commercial advantage for certified low-carbon producers in infrastructure projects.

Longer-term complementarity: While hydrogen-based DRI-EAF remains the anchor for deep decarbonisation post-2030, scrap-based routes provide the essential bridge, supporting circular economy goals and enabling early compliance with global standards, including the EU's CBAM framework.

The green steel transition positions India's agile secondary sector as a source of competitive advantage through lower carbon intensity, faster cycle times and growing alignment with international sustainability requirements. For special and alloy steel producers in this segment, the convergence of policy support, demand growth and sustainability imperatives creates a structurally favourable operating environment.



India's Steel Powerhouse: Growth and the Green Roadmap

India's Steel sector is outperforming global markets and reclaiming its status as a net exporter. The industry is now pivoting toward a 'Green Steel' transition, leveraging secondary and scrap-based manufacturing too meet 2030 decarbonisation targets.

Market Performance & Growth

168.4 Mt

Crude Steel Production

Represents a 10.7% year-on-year increase despite a contracting global market.

6.6 Mt

Finished Steel Exports

India Reclaims Net Exporter Status

Finished Steel Imports

6.5 Mt

On Track for 300 MTPA by 2030

National capacity reached 220 MTPA, fueled by infrastructure and automotive demand.

The Green Transition Roadmap

60-70%

Lower CO₂ Emissions

Achieved by secondary producers using scrap-based Electric Arc Furnaces (EAF).

Carbon Credit Trading Starts Oct 2026

New scheme will impose emissions intensity targets across the industrial sector.

2.2 t CO₂/t Emission Target

Aiming to reduce intensity from 2.54 t CO₂ per tonne by 2030.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN AUTOMOTIVE MARKET

For the Indian automotive industry, FY26 was a year of two distinct halves. A subdued first half gave way to a sharp and broad-based recovery in the second half, catalysed by a landmark reform in indirect taxation.



The GST 2.0 restructuring, announced by the Prime Minister on Independence Day and effective September 22, 2025, was the defining intervention of the year. The reform reduced GST on small cars, petrol up to 1,200cc, diesel up to 1,500cc, length up to 4m and two-wheelers up to 350cc, from 28% to 18%, while consolidating the rate on larger vehicles and SUVs at a flat 40%, replacing the earlier 28% plus CESS structure. The impact was immediate. Pent-up demand was released. Festive season buying rose. Affordability improved materially across entry and mid-market segments.

According to SIAM data, total domestic vehicle wholesales reached a record 2,82,65,519 units in FY26, up 10.4% year-on-year. Every segment posted its highest annual sales, a milestone achieved after seven years.

Passenger vehicle sales reached a record 46.43 lakh units, up 7.9%. The contrast between halves was stark. H1 recorded a decline of 1.4%, while H2 rose 16.7%. The fourth quarter alone delivered 13.16 lakh units, the highest for any quarter, growing 13.2% year-on-year.

Electric vehicle adoption accelerated. Registrations of electric passenger vehicles rose over 80% year-on-year. Overall EV penetration is estimated at approximately 8% of new vehicle registrations. India's automotive sector contributes 7.1% of GDP and supports over 30 million jobs directly and indirectly.

Key growth drivers

GST 2.0 and improved affordability. The reduction in effective tax rates on small cars, two-wheelers and commercial vehicles was the single most significant catalyst for demand. Combined with successive repo rate cuts by the RBI, financing conditions improved substantially in the second half.

Infrastructure and economic growth. Sustained public capital expenditure on roads, railways, logistics and urban infrastructure supported demand across commercial and passenger segments.

Premiumisation. Rising consumer aspirations and income levels continued to drive demand for SUVs and premium vehicles. This trend carries direct implications for steel intensity per vehicle, as larger platforms require higher volumes of high-strength and alloy steels.

Government initiatives supporting the automotive sector

PM E-DRIVE Scheme: The PM Electric Drive Revolution in Innovative Vehicle Enhancement scheme, launched in October 2024 with an outlay of ₹10,900 crore, replaced the FAME-II scheme. It supports demand incentives for electric two-wheelers, three-wheelers, trucks, buses and ambulances, as well as the development of 72,300 public EV charging stations. In its first year, the scheme enabled the sale of approximately 1.13 million electric vehicles, at a lower per-unit subsidy than FAME-II.

Production Linked Incentive Scheme: The PLI scheme for automobiles and auto components continues to incentivise domestic manufacturing, localisation and the adoption of advanced technologies, including electric and hydrogen-based platforms.

Vehicle Scrappage Policy: The policy aims to phase out older, polluting vehicles, stimulating replacement demand and supporting fleet modernisation.

PM Gati Shakti National Master Plan: The master plan continues to enhance multimodal connectivity and logistics efficiency, supporting demand for commercial vehicles by improving freight economics.

Implications for special steel demand
The automotive sector is one of the largest consumers of special and alloy steels. The structural trends shaping the industry, premiumisation, electrification, light weighting and enhanced safety standards, are directionally positive for demand in this segment. Components requiring superior fatigue resistance, formability and surface finish, including bearing steels, spring steels, case-hardening grades and high-carbon wire rods, stand to benefit as vehicle complexity and per-unit steel intensity rise.

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MANAGEMENT DISCUSSION & ANALYSIS REPORT

BUSINESS OPERATIONS

Q1. How did FY26 pan out from an operational perspective?

Sales volume reached 225,000 tonnes, meeting the target and exceeding the 215,000 tonnes shipped a year earlier. The year opened under pressure. A planned shutdown for the Kocks Block installation cut first-quarter output. Output and shipments then built through the year as the new equipment stabilised. The Company tracks turnover in terms of tonnes shipped, a measure within its control, since steel prices move with raw material cycles.

quick changeovers. It stabilised faster than expected and ran reliably from day one. It also lets the Company replace imported Japanese steel with domestic steel for domestic OEMs.

The Company raised the heat size from 37 tonnes to 40 tonnes and introduced the 210x210 section. Both lifted cast productivity and improved the production of larger-diameter products. Yields rose. Energy per tonne fell. On 1 July 2025, the Company moved to SAP S/4HANA, integrating operations across functions and strengthening internal controls.

The walking-beam reheating furnace was commissioned in March 2026, with full benefits from the 2nd Quarter of FY27. It lifts rolling capacity from 200,000 tonnes to 270,000 tonnes. It extends billet length from 4.2 metres to 5.2 metres, improving yields by reducing end cuts and burning losses. It also brings along part of outside rolling job work in-house, reducing job work and freight costs.

The solar power plant was commissioned in Feb'26, generating about 9 crore units a year. It cuts power costs and reduces the carbon footprint from 0.73 to 0.48 tonnes of CO₂ per tonne of steel.

Commissioning of the 2nd NDT Line is on track and will be commissioned by the second quarter of FY27. It will ease the quality-testing bottleneck, mainly for four-wheeler applications. Together, these projects take rolling capacity to 270,000 tonnes and improve throughput, quality and cost as the Company enters FY27.

Q2. What were the key operational highlights during the year?

The Kocks Block, commissioned in the first quarter, was the centre piece. This three-roll technology holds roundness to +/- 0.2 mm, improves surface quality and rolls any size the customer needs, with

Q3. What progress was made on capital projects and capacity?

FY26 completed a debottlenecking cycle at the Ludhiana facility. The Kocks Block was the first step. Three projects followed.

Q4. How did the domestic marketing team perform?

Domestic sales led the business, with the automotive sector driving growth. Despite raw material volatility and price competition, the Company held volumes, backed by demand from all major OEs.

Four strategies anchored the year:

- Localisation deepened with Aichi Steel's support, winning fresh approvals and replacing Japanese-origin steel.
- A closed-loop circular economy project with Maruti Suzuki began in September 2025. Scrap from Maruti plants returns to Vardhman, re-entering the chain as new automotive steel.
- Higher precision from the Kocks Block, the furnace and the NDT upgrades opened the door to four-wheeler and high-grade applications.

- Green Steel set the Company apart. Its carbon footprint is much below the government norm and that of major producers, aligning with OEM sustainability goals and likely regulatory preferences.

These efforts held market share and customer loyalty as industry realisations softened.

Q5. How did the international marketing team perform and what is the outlook?

Exports are a rising share of the business. Direct exports went mainly to Thailand, over 70% of direct volumes, with smaller shipments to the Philippines, Indonesia, Malaysia and other ASEAN markets. Indirect exports, through domestic customers' components, reached the United States, Europe and Mexico.

The year brought headwinds. U.S. tariffs, a weaker Japanese Yen and trade uncertainty pressured Indian products in some markets.

The Company held export volumes by improving quality and securing approvals, with Aichi Steel's support.

The Management aims to lift the export share through three priorities:

- Using Aichi's global network and the Toyota Production System to win higher-value approvals.

- Widening the bright bar and alloy range to meet international OEM standards.
- Promoting Green Steel and circular economy credentials to buyers in Europe and other regulated markets.

With capacity expansions underway and the forging facility ahead, the Company can broaden its international presence while holding domestic growth.

Q6. What are the Company's prospects and priorities beyond FY26?

The Company is moving from an automotive supplier to a special steel provider, a direction it describes as becoming a supermarket of special steels. Three pillars support this.

First, capacity. A new Greenfield steel plant will add 500,000 tonnes per year of special and alloy steel, with production targeted for FY30. A brownfield capacity expansion at Ludhiana, through debottlenecking operations, will raise melting capacity from 300,000 tonnes to 360,000 tonnes, subject to approval from the competent authority.

Second, forward integration. A forging project with Aichi Steel moves the Company closer to the final automotive customer. It targets ring gears and similar high-value parts for passenger car makers and Tier 1 suppliers, with commissioning planned for FY28. Aichi will transfer its forging expertise and the Toyota Production System, and a senior executive from Aichi will lead the unit to secure quality from the start.

Third, diversification. Automotive accounts for almost all current output. Over the next decade, the Company aims to take non-automotive steel

to about 30% of the mix, targeting bearings, railways, defence, aerospace, oil & gas and tool & die steel. Tool & die alone is a sizeable import-substitution opportunity.

These moves rest on disciplined execution and a conservative funding stance. The aim is to become the number one special steel producer in India.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

FINANCIAL PERFORMANCE

Sales volume rose to 225,000 tonnes in FY26 from 215,000 tonnes in FY25, a gain of close to 5%. Profit Before Tax increased from ₹125 crore in FY25 to ₹164 crore in FY26 and Profit After Tax reached ₹122 crore, against ₹93 crore a year earlier, an increase of around 31%. The result reflects volume growth, firmer margins through the second half and a stronger balance sheet.

Revenue and realisations

Revenue followed volume rather than price. Steel prices eased through much of the year, tracking softer raw material costs, so turnover stayed close to the prior-year level even as tonnage grew. The Company assesses performance primarily on tonnes shipped, since selling prices move with raw material cycles. Revenue from operations stood at ₹1,754 crore, compared with ₹1,764 crore in FY25.

EBITDA and margins

The Company measures profitability through EBITDA per tonne, a metric that separates operating performance from commodity price swings. EBITDA per tonne averaged close to ₹9,250 for the year, within the guided range of ₹7,000 to ₹10,000. The first quarter opened near ₹7,100, held back by a planned shutdown for new equipment and an inventory valuation adjustment. Margins recovered through the year, crossing ₹10,000 per tonne in the second and third quarters as the new assets stabilised. EBITDA for the year stood at ₹209 crore, against ₹177 crore in FY25. The operating margin was 9.49%, compared with 8.39% in FY25 and the net margin was 6.96%, against 5.28%.

Fund infusion

Aichi Steel Corporation, the Company's long-standing partner, infused ₹385 crore of equity during the year. The investment lifted Aichi's holding to 24.9%. It strengthened net worth, funded deleveraging and created headroom for the expansion cycle ahead. Shareholders' funds rose to ₹1,277 crore as on March 31, 2026, from ₹798 crore a year earlier.

Debt and leverage

The Company applied ₹150 crore of the infusion toward prepaying Working Capital Demand Loans, lowering finance costs. As a result, the Company operated with a debt-free balance sheet during the year. The net debt-to-equity ratio stood at 0.00x, against 0.14x in FY25. Also, the finance cost for the year reduced to ₹12 crore, compared to ₹19 crore in the previous year. The Company intends to maintain conservative leverage through the coming investment phase, holding to a debt-to-equity ratio ceiling of 0.75 and a preference for operating near 0.50.

Working capital

Working capital stayed under control. The decline in raw material prices throughout the year lowered input costs, resulting in lower inventory valuations and declining realisations, which led to lower receivables. The inventory turnover ratio stood at 5.12x as against 5.11x in FY25, and the trade receivables ratio at 6.51x, down from 6.74x.

Cash flow

Cash flow from operations stood at ₹106 crore, compared with ₹127 crore in FY25. The year's cash generation, together with the equity infusion, funded the capital programme while preserving liquidity.

Capital expenditure

FY26 completed a debottlenecking cycle at the Ludhiana facility, covering the Kocks Block, the walking-beam reheating furnace, the solar power plant and the second NDT line which will be commissioned by September 2026.

Capital expenditure for the year was ₹222 crore, funded through internal accruals and equity infusion. As a result, gross block increased to ₹854 crore as on March 31, 2026. Looking ahead, the Company has lined up an investment cycle covering a greenfield steel plant, a forging facility and a brownfield melting expansion. This will draw on a mix of internal accruals, support from the Vardhman Group, participation from Aichi Steel and, if required, a capital market issue, while holding leverage within the stated ceiling.

Returns and distribution

Return on net worth was 11.76%, against 12.27% in FY25. The slight moderation reflects the expanded equity base following the ₹385 crore infusion, which lifted net worth, even as Profit After Tax rose by 31%. The Board recommended a dividend of ₹3.50 per share for the year.

Outlook

The Company carries momentum into FY27. The full-year benefit of the reheating furnace, the savings from solar power and the shift of job work rolling to in-house are expected to lift EBITDA per tonne and the guidance to the ₹8,000-₹11,000 band. One factor will temper the gain. Government incentives are expected to taper as the GST refund scheme concludes, and solar self-generation reduces electricity duty benefits. The Company expects to absorb this through operating efficiencies and product mix.

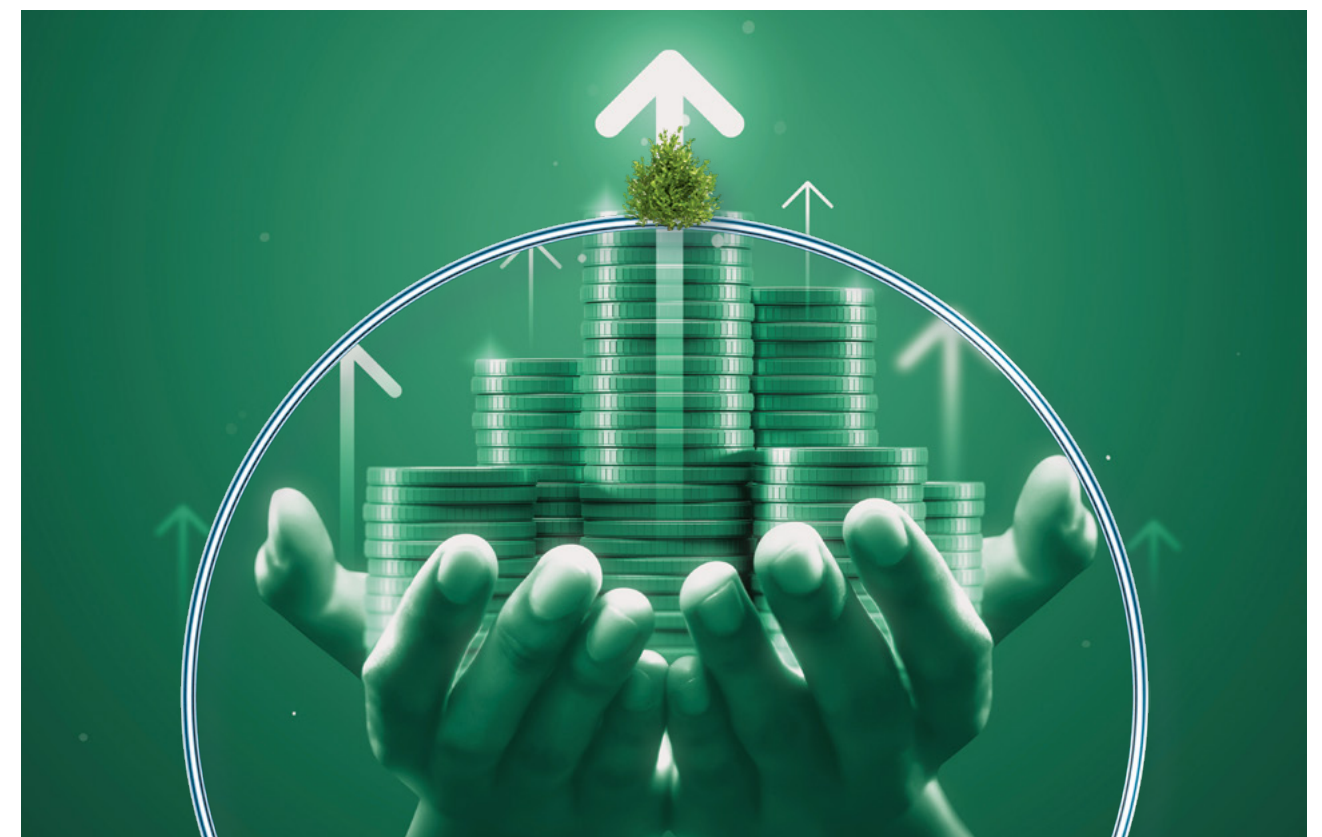
Key Financial Ratios

Particulars	UOM	FY26	FY25	Change (%)	Reason
Trade Receivables Ratio	(x)	6.51	6.74	-3.41	
Inventory Turnover Ratio	(x)	5.12	5.11	0.20	
Interest Coverage Ratio	(x)	14.23	7.81	82.20	₹385 Crore funds infused by Aichi Steel Corporation against fresh Equity issuance. Out of these funds, ₹150 Crore utilised towards repayment of working capital borrowings & some towards capex and remaining lying in current investments, leading to lower finance cost, improved current ratio and net debt-equity ratio.
Current Ratio	(x)	2.90	2.11	37.44	
Net Debt-Equity Ratio	(x)	0.00	0.14	-100.00	
Operating Margin	(%)	9.49	8.39	13.11	
Net Margin	(%)	6.96	5.28	31.82	Due to decline in raw material prices, improvement in yield and operational efficiencies.
Return on Net Worth	(%)	11.76	12.27	-4.16	Due to increase in equity on account of issuance of shares to Aichi Steel Corporation.

Internal Control Systems & Their Adequacy

The Company periodically reviews and strengthens its internal control framework by benchmarking it against prevailing industry standards. Evolving business requirements, regulatory changes and corporate governance practices are systematically integrated into existing processes to ensure alignment with compliance obligations and the expectations of key stakeholders, including customers and financial institutions.

Senior management closely monitors recommendations arising from internal audits, enabling continuous improvement of control systems. The Company also upgrades its IT infrastructure regularly to support data-driven decision-making and strengthen the effectiveness of its overall controls.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

HUMAN RESOURCE

Vardhman's people are central to its progress.

Their commitment and skill have taken the Company from a conventional special steel manufacturer to a respected player in the industry. Their work has secured approvals for select steel grades from the Company's global partner and this success has sharpened their drive to further improve efficiency and quality. A structured training calendar supports this, covering technical, operational and behavioural areas. The Company's Japanese partner leads training in safety, operational discipline and timeliness, strengthening the team's professional capability.

The Company builds cohesion through on-the-job and off-the-job engagement. These efforts improve collaboration and align the team around a shared goal of better performance.

During the year, the Company expanded its workforce to support growing operations and built its leadership pipeline. As of March 31, 2026, the Company had 1,400 permanent employees on its rolls.



MANAGEMENT DISCUSSION & ANALYSIS REPORT

RISK MANAGEMENT

In a connected and fast-moving business environment, risk is a dimension to anticipate, understand and navigate. Vardhman Special Steels runs an Enterprise Risk Management framework built into its strategic planning and daily operations.

A dedicated Risk Management Committee of the Board guides the framework. It identifies, assesses and mitigates risks across

strategic, operational, financial and environmental domains, while acting on emerging opportunities.

This approach rests on continuous monitoring, cross-functional ownership and collaboration with global partners such as Aichi Steel. It has carried the Company through raw material price swings, geopolitical shifts and changing customer demands.

STRATEGIC & MARKET RISKS

DEMAND RISK

End-user sectors, particularly the automotive sector, move through cycles. Global trade uncertainty increases exposure.

Mitigation measures

The Company's business is closely tied to the four-wheeler industry, so a slowdown in that industry affects performance. The Management is building a presence in non-automotive sectors, a plan that will unfold over the next decade. In the near term, a large customer base with confirmed orders holds performance steady through any demand contraction. A growing international presence adds a further outlet for output.

CUSTOMER CONCENTRATION & ATTRITION RISK

Reliance on a few large customers in the automotive value chain could affect stability.

Mitigation measures

Consistent product quality has built a wide customer base, including leading OEMs and Tier 1 & 2 players, for whom the time and cost of switching vendors run high. No single customer accounts for more than 15% of output. As operations expand, the customer portfolio widens further.

OPERATIONAL & CAPACITY RISKS

CAPACITY & UTILISATION RISK

A mismatch among melting, rolling and downstream capacities could constrain growth as demand rises.

Mitigation measures

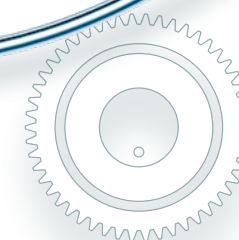
Steel-melting capacity remains adequate for the medium term, supported by process improvements that lifted output efficiency. The rolling mill expansion to 270,000 TPA aligns steel output with rolled product capacity, capturing profitability that previously went to outsourcing partners.

QUALITY & PRODUCT RISK

Special and alloy steels demand consistently high standards in a specification-driven market.

Mitigation measures

A deep quality culture, reinforced through Aichi-guided SOPs, regular deviation analysis and investment in upgraded testing laboratories, delivers zero-defect benchmarks. Marquee global approvals and IATF 16949 certification set the Company apart. The new forging line will further improve consistency and traceability.



FINANCIAL & COMMODITY RISKS

RAW MATERIAL PRICE & FOREIGN EXCHANGE VOLATILITY RISK

Ferrous Scrap, ferro alloys and currency movements in USD, EUR and JPY can affect margins.

Mitigation measures

Advance procurement, forward-contract hedging and diversified sourcing, including domestic sourcing through closed-loop initiatives, stabilise costs. A strong balance sheet with a zero net debt-to-equity ratio and healthy operating cash flows helps absorb short-term shocks while funding growth internally.

LIQUIDITY & FUNDING RISK

Ongoing expansions and working capital require steady access to capital in a higher-interest-rate environment.

Mitigation measures

Financial discipline, internal accruals and a deleveraged balance sheet fund major projects with limited external borrowing. Regular cash-flow forecasting and access to low-cost banking facilities reinforce liquidity.

ENVIRONMENTAL, PEOPLE & OTHER RISKS

ENVIRONMENTAL & SUSTAINABILITY RISK

Regulation and stakeholder expectations around carbon footprint and resource use continue to rise.

Mitigation measures

Investment in renewable power, targeting 40 to 45% of requirements, water and energy optimisation, and the closed-loop recycling programme place the Company among the leaders in green steel. Dedicated EHS teams monitor compliance with ISO 14001 and ISO 45001 through periodic audits.

PEOPLE & TALENT RISK

Attrition and skill gaps persist in a competitive manufacturing landscape.

Mitigation measures

Employee-centric policies, ESOPs for leadership, structured career progression and regular engagement initiatives support retention and motivation. Training aligned with new technologies, including forging and digital quality systems, keeps the workforce future-ready.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Mr. Sachit Jain** – Chairman & Managing Director
2. **Mr. Rakesh Jain**
3. **Mr. Suman Chatterjee**
4. **Mrs. Vidya Shah**
5. **Mr. Hemant Bharat Ram**
6. **Mr. Randhir Singh Kalsi**
7. **Mr. Dinkar Gupta**
8. **Mr. Nishant Arya**
9. **Mr. Toshio Ito**
10. **Mr. Koichiro Hayashida**
11. **Mr. Rajinder Kumar Jain**
12. **Mrs. Suchita Jain**
13. **Mr. Rajendar Kumar Rewari** – Executive Director
14. **Mrs. Soumya Jain** – Executive Director

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Singla

COMPANY SECRETARY

Mrs. Sonam Dhingra

STATUTORY AUDITORS

M/s B S R & Co. LLP,
Chartered Accountants, Chandigarh.

WORKS

Vardhman Special Steels Limited Unit-I,
C-58, Phase-III, Focal Point,
Ludhiana- 141 010

BANKERS

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

REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road,
Ludhiana – 141010.
Phones: (0161)2228943-48
E-mail: secretarial.lud@vardhman.com
Website: www.vardhmansteel.com/www.vardhman.com
CIN: L27100PB2010PLC033930

REGISTRAR & TRANSFER AGENT

Alankit Assignments Limited
205-208, Anarkali Complex, Jhandewalan Extn.,
New Delhi – 110 055.
Phone: (011) 42541234/42541956
Fax: (011) 42541201
E-mail: rta@alankit.com

BRANCHES & WAREHOUSES

- Plot Nos. 400-401, Block-C, Pioneer Industrial Park, Pathredi, Gurugram – 123 413.
- Survey No. 10/1, Bommasandra Village, Attibale Hubli, Anekal Taluka, Bangalore – 560 099.
- Bhurarani Road, Near Haryana Rice Mill, Distt. Udhm Singh Nagar, Rudrapur – 263 153, Uttarakhand.
- DP No. 17, Sidco Women's Industrial Estate, Thirumullaivoyal, Chennai- 600 062, Tamil Nadu.
- C/o M/s MPI Exports Private Limited, B-26, MIDC Chakan, Pune-410501, Maharashtra.
- Gate No. 54, Adarsh Nagar, MIDC Road, Ranjangaon (sp) Waluj, Tel. Gangapur, Aurangabad- 431136.
- Vardhman Special Steels Limited, Village Mangarh, P.O. Kohara, Chandigarh Road, Ludhiana - 141112, Punjab.
- C/o North India Oxygen Company, B-21, Focal Point, Phase II, Dhandari Kalan, Ludhiana – 141 010, Punjab.
- 1st Floor, Palm Court, Opposite Management Development Institute, MG Road, Sector-16, Gurugram - 122 001

DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 16th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2026.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2026 is as under:- (₹ in Lakhs)

PARTICULARS	2025-26	2024-25
Revenue from operations (Net)	1,75,443.31	1,76,440.83
Other Income	4,234.60	2,911.48
Profit before Depreciation, Interest & Tax (PBDIT)	20,882.20	17,715.76
Interest and Financial expenses	1,190.58	1,862.71
Profit before Depreciation and Tax (PBDT)	19,691.62	15,853.05
Depreciation	3,286.68	3,346.99
Profit/(Loss) before Tax (PBT)	16,404.94	12,506.06
Provision for Tax		
- Current Tax (including tax adjustment relating to prior years)	3,791.00	3,332.39
- Deferred Tax	411.55	(135.14)
Profit after Tax (PAT)	12,202.39	9,308.81
Other Comprehensive Income/(Expense)	44.34	(27.79)
Total Comprehensive Income	12,246.73	9,281.02
Earnings per share (₹)		
- Basic	13.15	11.40
- Diluted	13.13	11.37

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, the production of Billet decreased from 2,47,635 MT to 2,42,070 MT, showing a decrease of 2.25 % over the previous year. The Rolled production decreased from 1,76,763 MT to 1,76,676 MT, showing a decrease of 0.05% over the previous year.

Your Company has registered Revenue from Operations of ₹1,75,443.31 lakhs as compared to ₹1,76,440.83 lakhs in the previous year. The exports of the Company increased from ₹5,883.58 lakhs to ₹7,085.41 lakhs showing an increase of 20.43%.

PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹20,882.20 lakhs as against ₹17,715.76 lakhs in the previous year. After providing for depreciation of

₹3,286.68 lakhs (Previous Year ₹3,346.99 lakhs), interest of ₹1,190.58 lakhs (Previous Year ₹1,862.71 lakhs), provision for current tax including tax adjustment relating to prior years of ₹3,791.00 lakhs (Previous Year ₹3,332.39 lakhs) and Deferred Tax amounting to ₹411.55 lakhs (Previous Year ₹(135.14) lakhs), the total comprehensive income worked out to ₹12,246.73 lakhs as compared to ₹9,281.02 lakhs in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹59,016.79 lakhs. Out of this, a sum of ₹2,895.11 lakhs has been utilised towards dividend and balance of ₹56,121.68 lakhs is proposed to be carried as surplus to the Balance Sheet.

RESOURCES UTILISATION:

a) Fixed Assets:

The net block as at 31st March, 2026 was ₹58,477.87 lakhs as compared to ₹30,831.42 lakhs in the previous year.

b) Current Assets:

The current assets as on 31st March, 2026 were ₹95,538.31 lakhs as against ₹66,115.20 lakhs in the previous year. Inventory level was at ₹35,024.13 lakhs as compared to the previous year level of ₹33,497.38 lakhs.

FINANCIAL CONDITIONS & LIQUIDITY:

The Company enjoys a rating of “AA/Stable” from Credit Rating Information Services of India Limited (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	2025-26	2024-25
Cash and Cash equivalents:		
Beginning of the year	1,075.68	764.03
End of the year	626.89	1,075.68
Net cash provided (used) by:		
Operating Activities	10,587.76	12,691.13
Investing Activities	(42,723.16)	(12,682.67)
Financing Activities	31,686.61	303.19

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

4. DIVIDEND:

The Board of Directors in its meeting held on 28th April, 2026 has recommended dividend of ₹3.50/- per share on the fully paid-up Equity Shares of the Company.

5. CONSOLIDATED FINANCIAL STATEMENT:

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

6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The Company does not have any subsidiary/ material subsidiary, associate or joint venture company. Further, during the year, Sone Solar Private Limited ceased to be an associate of the Company w.e.f. 1st April, 2025.

Except Sone Solar Private Limited, no other company has become or ceased to be subsidiary, associate or joint venture of the Company.

7. DIRECTORS:

Re-appointment of Managing Director: Mr. Sachit Jain was re-appointed as the Vice-Chairman & Managing Director of the Company for a period of 5 (five) years w.e.f. from 1st April, 2025. Further, the Board of Directors of your Company has designated Mr. Sachit Jain as the Chairman & Managing Director of the Company w.e.f. 25th September, 2025.

Liable to retire by rotation: In accordance with the provisions of the Articles of Association of the Company, Mr. Rajendar Kumar Rewari and Mr. Toshio Ito, Directors of the Company, retires by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment. The Board recommends their re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Appointment of Directors: During the year under review:

- Mr. Koichiro Hayashida was appointed as a Non-Executive Director (Subscriber Director of Aichi Steel Corporation) of the Company, w.e.f. 4th July, 2025. His appointment was further approved by the Members of the Company in the Annual General Meeting held on 24th September, 2025.
- Mr. Dinkar Gupta and Mr. Nishant Arya were appointed as Independent Directors of the Company w.e.f. 25th September, 2025. Their appointments were further approved by the Members of the Company through Postal Ballot ended on 10th December, 2025.

Cessation from Directorship: During the year under review:

- Mr. Rajeev Gupta, Non-Executive Director, ceased to be a Director of the Company w.e.f. 24th September, 2025. He retired by rotation in the previous Annual General Meeting and does not seek re-appointment due to personal issues.
- Mr. Sanjoy Bhattacharyya, Independent Director, ceased to be a Director of the Company w.e.f. 24th September, 2025, on completion of his second term of appointment.

Declaration by Independent Directors:

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in section 149(6) of the

Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules thereof.

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

Familiarization Programmes for Board Members:

At the time of appointing a Director, a formal letter of appointment is given, which inter-alia includes the role, function, duties and responsibilities expected from him/her as a Director of the Company and necessary documents, reports and internal policies to enable him/her to familiarise with the Company and it’s procedures and practices. Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved etc. Updates on relevant statutory changes on important laws are periodically presented or circulated to the Board. The Directors are also explained in detail the compliances required from them under the Act, the SEBI Regulations and other relevant Laws and Regulations.

The details of the Familiarisation Programme conducted for the Independent Directors of the Company are available on the Company’s website at the link:

https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Familiarisation_Programme_for_Board_Members.pdf

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the financial year 2025-26 was held on 30th March, 2026 to evaluate the performance of Non-Independent Directors, Chairman 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, Chairman 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. NOMINATION AND REMUNERATION POLICY:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Policy of the Company has been duly approved and adopted by the Board pursuant to recommendations of the Nomination and Remuneration Committee of the Board and may be accessed on the website of the Company at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Nomination_&Remuneration_Policy.pdf

As mandated by proviso to Section 178(4) of the Companies Act, 2013, salient features of Nomination and Remuneration Policy are as under:

- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommending to the Board their appointment and removal.
- Formulating the criteria for determining qualifications, positive attributes and independence of a Director and evaluating the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.
- Recommending to the Board, policy relating to remuneration of Directors (Whole time Directors, Executive Directors etc.), Key Managerial Personnel and other employees while ensuring the following:-
 - 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.
 - That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
 - 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 of the working of the Company and its goals.
- Formulating the criteria for evaluating performance of Board and all the Directors.
- Devising a policy on diversification of Board.

- f) Determining whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.
- g) Recommending to the Board remuneration payable to the Senior Management.

9. KEY MANAGERIAL PERSONNEL (KMP):

In compliance with the provisions of section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2026:

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

10. NUMBER OF BOARD MEETINGS:

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

11. AUDITORS AND AUDITORS' REPORT:

Statutory Auditors:

M/s. BSR & Co., LLP, Chartered Accountants, (Firm Registration No.: 101248W/W-100022) were re-appointed as Statutory Auditors of the Company for a second consecutive term of 5 years at the 13th Annual General Meeting held on 27th September, 2023.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2026.

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

Secretarial Auditor:

M/s. Harsh Goyal & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors in its meeting held on 22nd April, 2025, for a consecutive term of 5 years w.e.f. financial year 2025-26. 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, 2026. This Report is self-explanatory and requires no comments and it forms part of this report as **Annexure - I**.

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 had 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 2025-26. However, as per the provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by Members at the Annual General Meeting. Accordingly, the remuneration to be paid to M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, for financial year 2026-27 is placed for ratification by the Members.

12. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

The Audit Committee comprises of Mr. Rakesh Jain, Mrs. Vidya Shah, Mr. Suman Chatterjee and Mr. Hemant Bharat Ram, Independent Directors. Mr. Rakesh Jain is the Chairman of the Committee and Mrs. Sonam Dhingra is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Apart from the Audit Committee, the Company has also constituted other Board level Committees as mandated by applicable laws. Details of the Committees, along with their composition, charters and meetings held during the year, are provided in the 'Corporate Governance Report', which forms a part of this Report. Further, during the FY 2025-26, the Board has accepted all the recommendations of its Committees.

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 the 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 code of conduct by way of direct access to the Managing Director/ Chairman of the Audit Committee.

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

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

13. CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. Corporate Governance is about maximizing shareholders' 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the report on Corporate Governance.

14. CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

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

During the year, the Company has spent ₹352.04 lakhs on CSR activities. Out of this, an amount of ₹276.42 lakhs pertains to FY 2025-26.

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

15. RISK MANAGEMENT:

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

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

16. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT:

In compliance with the Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Business Responsibility & Sustainability Report of the Company for the FY 2025-26 is available on the Company's website at the link: https://www.vardhman.com/Document/Report/Compliances/BRR/Vardhman%20Special%20Steels%20Ltd/BRSR_2025-26.pdf

17. DIVIDEND DISTRIBUTION POLICY (DDP):

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is 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 recommending 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.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Dividend_Distribution_Policy.pdf

18. 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 on the Financial Statements as **Annexure B**.

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

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

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

Your Directors draw attention of the Members to Note 43 to the financial statements which sets out related party disclosures.

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

Particulars of loans given/ taken, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statement (Please refer to Note 6, 7, 12 and 19 to the financial statements).

21. 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 - III**.

22. ANNUAL RETURN:

In terms of Section 92(3) and 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company is available on the website of the Company at the link: <https://www.vardhman.com/Investors/Compliances>

23. 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 organizational culture based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2026, the Company employed around 1,400 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.

24. 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 are annexed hereto and forms part of this report.

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

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

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

25. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE 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 the financial statements relate and the date of this report.

26. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- 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, 2026 and of the profit of the Company for the year ended on 31st March, 2026;
- 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;
- the annual accounts have been prepared on a going concern basis;
- 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

- proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

27. 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:

- Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- Change in nature of Business of the Company.
- Transfer of Unclaimed dividend to Investor Education and Protection fund.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- There was no instance of one time settlement with any Bank or Financial Institution.

Further, your Directors state that the Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there was no complaint filed under the said Act. The Company is also in regular compliance of the applicable Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and the Maternity Benefit Act, 1961.

In addition to this, all the policies as required under the Act or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been formulated by the Company and are available on the website of the Company, links whereof are provided in the 'Corporate Governance Report', which forms part of this report.

28. UTILISATION OF FUNDS THROUGH PREFERENTIAL ALLOTMENT:

In compliance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 42 & 62 of the Companies

Act, 2013 and Rules made thereunder, your Company had issued and allotted 1,47,70,100 Equity Shares of face value of ₹10/- each to Aichi Steel Corporation through Preferential Allotment, at an issue price of ₹260.60/- per Equity Share, aggregating to ₹384,90,88,060 on 4th July, 2025.

Brief summary of utilization of funds is as follows:

S. No.	Particulars	Approved Amount (In ₹)	Amount utilized as on 31.03.2026 (In ₹)
1.	Capital expenditure for setting up a green field steel manufacturing plant at Ludhiana, Punjab.	1,34,90,88,060	-
2.	Capital expenditure requirements at the existing plant.	1,00,00,00,000	33,94,60,281
3.	Repayment of working capital borrowing.	1,50,00,00,000	1,50,00,00,000

29. VARDHMAN SPECIAL STEELS LIMITED EMPLOYEE STOCK OPTION PLAN:

The Company had granted Options to its eligible employees under Vardhman Special Steels Limited Employee Stock Option Plan, 2016 (hereinafter referred as ESOP Plan 2016) and Vardhman Special Steels Limited Employee Stock Option Plan, 2020 (hereinafter referred as ESOP Plan 2020).

- As per the terms of the ESOP Plan 2016, the Company can grant a maximum of 3,71,108 Options to the 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.
- As per the terms of the ESOP Plan 2020, the Company can grant a maximum of 5,00,000 Options to the 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 2020.

During the financial year 2023-24, the Company had issued Bonus Shares to the existing shareholders of the Company in the ratio of 1:1. As per ESOP Plan 2016 and 2020, the employees who will exercise Options, shall also be entitled to receive Bonus Shares in the ratio of 1:1.

Now, during the financial year, 23,375 Options and 2,250 Options were exercised by the eligible employees under 2nd grant and 3rd grant, respectively, of ESOP Plan 2016 and consequently 51,250 shares (including Bonus Shares) were allotted to employees; and 40,250 Options and 25,250 Options were exercised by the eligible employees under 1st grant and 2nd grant, respectively, of ESOP Plan 2020 and consequently 1,31,000 shares (including Bonus Shares) were allotted to employees. Accordingly, the paid-up equity share capital of the Company after this allotment stood increased to ₹96,68,56,780.

Further, the Nomination and Remuneration Committee in its meeting held on 18th July, 2024 had made a third grant of 1,36,500 Options under ESOP Plan 2020 to its eligible employees out of 1,37,125 Options lying un-granted under the ESOP Plan 2020. These Options will vest with the eligible employees after two years from the date of grant.

The ESOP Plan 2016 and 2020 of the Company are being implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolutions passed by the shareholders approving the said Plans. A certificate from the Secretarial Auditor of the Company in this regard would be available during the Annual General Meeting for the inspection by the Members.

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/ESOP_Disclosure_-_2025-26.pdf

30. ACKNOWLEDGEMENT:

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

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

FOR AND ON BEHALF OF THE BOARD

Place : Ludhiana
Dated : 28th April, 2026

(SACHIT JAIN)
Chairman & Managing Director

INDEX OF ANNEXURES
(FORMING PART OF BOARD REPORT)

Annexure No.	Particulars
I	Secretarial Audit Report in Form no. MR-3 for FY 2025-26.
II	Annual Report on CSR activities for the Financial Year 2025-26.
III	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
IV	Particulars of employees and related disclosures.

Annexure – I
**FORM MR-3
SECRETARIAL AUDIT REPORT**
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2026

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

To,
The Members,
Vardhman Special Steels Limited
Ludhiana.

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2026 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, 2026 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) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit period)
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit period)
 - (h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021. (Not applicable to the Company during the Audit period)

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

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

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

- (a) Environment Protection Act, 1986
- (b) Water (Prevention and Control of Pollution) Act, 1974
- (c) Air (Prevention and Control of Pollution) Act, 1981

We further report that

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors 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.

For **Harsh Goyal & Associates**
Company Secretaries

Sd/-
(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802
UDIN: F003314H000217693

Place: Ludhiana
Date: 28th April, 2026

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.

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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

UDIN: F003314H000217693

Place: Ludhiana
 Date: 28th April, 2026

Annexure – II
ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2025-26
1. Brief outline on CSR Policy of the Company.

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

2. Composition of CSR Committee:

Composition of the CSR Committee and details of attendance during Financial Year 2025-26 are as under:

S. 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.	Mrs. Vidya Shah	Chairperson/ Independent, Non- Executive Director	3	3
2.	Mr. Sachit Jain	Member/ Non-Independent, Executive Director	3	3
3.	Mr. Rakesh Jain	Member/Independent, Non- Executive Director	3	3

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

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

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

Link of CSR Projects: https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/CSR_Projects_-_2025-26.pdf

4. Executive summary along with web-link(s) 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.

Not Applicable for the financial year.

5. (a) Average net profit of the Company as per sub-section (5) of Section 135: ₹12,685.13 lakhs

(b) Two percent of average net profit of the Company as per sub-section (5) of Section 135: ₹253.70 lakhs

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹253.70 lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹264.25 lakhs

(b) Amount spent in Administrative Overheads: ₹12.17 lakhs

(c) Amount spent on Impact Assessment, if applicable: N.A.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹276.42 lakhs

(e) 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 sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
2025-26	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
276.42	-	-	-	-	-

(f) Excess amount for set off, if any:

S. No.	Particulars	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	253.70
(ii)	Total amount spent for the financial year	276.42
(iii)	Excess amount spent for the financial year [(ii)-(i)]	22.72
(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)]	22.72

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

S. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (₹ in lakhs)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (₹ in lakhs)	Amount Spent in the Financial Year (₹ in lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (₹ in lakhs)	Deficiency, if any
					Amount (₹ in lakhs)	Date of Transfer		
1.	2022-23	19.51	-	-	-	-	-	-
2.	2023-24	70.60	37.30	29.37	-	-	7.93	-
3.	2024-25	46.25	46.25	46.25	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

Yes ☐ No ☒

If Yes, enter the number of Capital assets created/acquired: N.A.

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address

N.A.

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: N.A.

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

Sd/-
(Vidya Shah)
(Chairperson of CSR Committee)

Annexure – III

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 equipment which also lead 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 the Company for the year 2025-26 are as mentioned below:

S. No.	Energy Conservation	Approx. cost savings per annum (₹ in lakhs)
1	Power consumption of LRF reduced by process optimization. Power reduced at LRF by 8 kWh/ MT from previous year.	30
2	Reduced power consumption by modification in the heat exchanger at O ₂ Plant.	27
3	Power Saving at Hydraulic Power Pack of MFLT machine by converting Bar transfer operation from hydraulic to pneumatic.	6.30

STEPS TAKEN FOR UTILISING ALTERNATE SOURCES OF ENERGY

We have entered into an agreement for setting up a 40 MW AC Solar Power Plant in partnership with Sone Solar Private Limited, involving a total investment of ₹12.45 crores in Equity and Compulsorily Convertible Debentures (CCDs). The said Plant has been commissioned in Feb'2026. During the months of February and March'2026, we have received 98 lakh solar units. Going forward, it will meet our 40% of the power requirement, which will significantly contribute in reducing our carbon footprint.

CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS – ₹24.50 lakhs

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:

- Developed & delivered Case-Carburizing steel for 5th Manual Transmission gear (Import Substitute).
- Successfully developed and delivered advanced steel grades for compressor shaft applications.
- Developed high-performance steel for cam nose components, meeting stringent requirements.
- Delivered Steel for Rotor Shaft application & Steel for Differential Coupling flange.
- Successfully developed High Ni-Mo steel for Gear applications.
- Implemented advanced OES (Optical Emission Spectrometer) with fast spark technology, significantly reducing analysis cycle time by 4 seconds while increasing detectable element range.
- Strengthened metallurgical analysis capability through installation of ONH analyzer with chiller system, enabling continuous monitoring of critical gas elements.
- Developed Gear steel for transmission applications for AISIN-Toyota application.
- Eddy Current Tester for bright bar along with Mix-up sorter installed for fast and reliable quality assurance to customer.
- Online Dimension measurement at Rolling mill installed to support Kocks Block precision in dimension control.
- Introduced new cast size 210 × 210 mm to meet customer specific requirement of reduction ratio.

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

- Strengthened overall product quality and compliance with stringent global OEM standards across critical components (shafts, flanges, precision parts).
- Accelerated material validation and testing cycles through adoption of advanced analytical technologies (e.g., high-speed spectrometry), improving turnaround time and decision-making.
- Enabled precise and continuous measurement of critical gases (O, N, H), improving steel quality, process control, and reducing rejections while meeting stringent OEM requirements.
- Initiated surface quality improvement measures, leading to reduction in internal rejections and improved yield.
- Heat clearance time reduced with the help of addition of testing facilities.
- Reduction in NG (Not-Good) material due to dimension with the help of real time dimension measurement during rolling.

3. Future Course of action:

The Company is continuously strengthening its R&D capabilities through strategic investments in advanced equipment to enhance product development, testing efficiency, and alignment with evolving global standards.

4. Expenditure on R & D:

(₹ in lakhs)

Particulars	2025-26	2024-25
Capital	305.76	61.64
Recurring	1,495.18	1,405.51
Total	1,800.94	1,467.15
Total R & D expenditure as a Percentage of Turnover	1.03%	0.83%

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made:

- Liquid metal tapping weight enhanced from 37 MT to 40 MT per heat by EAF- upgradation.
- Introduced new cast size 210 × 210 mm casting size to meet customer specific requirements.
- Installation of Level-II automation for Continuous Casting Machine (CCM) for controlling process parameters and quality judgement.
- Installation of 3-Roll technique by Kocks block for precise rolling (better than DIN/4).
- Commissioned New Walking Beam Furnace by Fives for better uniformity, reducing retention time & improving productivity.
- Installed Online profile gauge for checking hot rolled shape and dimension for fast response.
- Installation of Eddy Current Testing for enhanced non-destructive testing for Bright Bar.
- Implementation of SAP for overall data integration.

Planning to install new technologies namely-

- Automatic Brinell Hardness Tester for consistent hardness evaluation.
- Installation of Digital Universal Testing Machine for comprehensive mechanical property assessment.
- Adoption of Impact Testing facility with sub-zero capability for low-temperature performance evaluation.
- Implementation of Additional Automatic Rockwell Hardness Tester for Jominy end-quench testing.
- Installation of New Optical Metallurgical Microscope with image analyzer for automatic inclusion analysis as per DIN/ JIS/IS/ASTM standards.
- Commissioning of Multi Jominy Quenching Apparatus for faster test result.
- Deployment of high-temperature muffle furnace for normalizing and heat treatment processes.

- Vacuum Induction Melting (VIM) for making new grades in small quantity for internal validation & process design.
- Installation of 2nd NDT Line with latest technology to enhance capacity & faster delivery.
- Bright Bar Shop modernization with the addition of new upgraded facilities.

2. Particulars of technology imported in last three years:

Details of Technology imported	Year of Import	Whether the technology been fully absorbed
Scanning Electron Microscope with Energy Dispersive X-Ray Spectroscopy (SEM - EDS)	2023-24	Yes
Optical Emission Spectrometer	2025-26	Yes

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the financial year 2025-26, the Company exported 8,566 MT of rolled products having FOB value of ₹7,053.05 lakhs.

Total Foreign Exchange earned and used:

(₹ in lakhs)

Particulars	2025-26	2024-25
a) Earnings (FOB value of Exports)	7,053.05	5,795.46
b) Outgo (CIF value of Imports and Expenditure in Foreign Currency)	4,745.22	9,993.17

Annexure – IV

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

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2025-26 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2025-26 are as under:

S. No.	Name of Director/ KMP and Designation	Remuneration for Directors/ KMP for Financial Year 2025-26 (Amount in ₹)	% Increase in Remuneration in the Financial Year 2025-26	Ratio of Remuneration of each Director/ KMP to Median Remuneration of Employees
1.	Sachit Jain Chairman & Managing Director	9,87,26,043	20.98	193.86
2.	Rajendar Kumar Rewari [®] Executive Director	2,89,53,392	14.82	56.85
3.	Soumya Jain Executive Director	1,33,27,216	14.05	26.17
4.	Suchita Jain Non-Executive Non-Independent Director	-	-	-
5.	Toshio Ito Non-Executive Non-Independent Director	-	-	-
6.	Koichiro Hayashida Non-Executive Non-Independent Director	-	-	-
7.	Rajinder Kumar Jain Non-Executive Non-Independent Director	3,30,000	17.86	0.65
8.	Rajeev Gupta [#] Non-Executive Non-Independent Director	1,00,000	N.A.	0.20
9.	Hemant Bharat Ram [^] Independent Director	4,15,000	N.A.	0.81
10.	Rakesh Jain Independent Director	6,10,000	10.91	1.20
11.	Dinkar Gupta Independent Director [*]	2,05,000	N.A.	0.40
12.	Nishant Arya Independent Director [*]	85,000	N.A.	0.17
13.	Randhir Singh Kalsi [^] Independent Director	4,35,000	N.A.	0.85
14.	Sanjoy Bhattacharyya [#] Independent Director	2,25,000	N.A.	0.44
15.	Suman Chatterjee Independent Director	6,85,000	48.91	1.35
16.	Vidya Shah Independent Director	3,40,000	(28.42)	0.67

S. No.	Name of Director/ KMP and Designation	Remuneration for Directors/ KMP for Financial Year 2025-26 (Amount in ₹)	% Increase in Remuneration in the Financial Year 2025-26	Ratio of Remuneration of each Director/ KMP to Median Remuneration of Employees
17.	Sanjeev Singla [®] Chief Financial Officer	87,64,318	10.67	17.21
18.	Sonam Dhingra [®] Company Secretary	21,36,707	(2.12)	4.20

[^]Mr. Hemant Bharat Ram and Mr. Randhir Singh Kalsi were appointed as Independent Directors of the Company w.e.f. 25.07.2024 and 07.11.2024, respectively.

^{*}Mr. Dinkar Gupta and Mr. Nishant Arya were appointed as Independent Directors of the Company w.e.f. 25.09.2025.

[#]Mr. Rajeev Gupta and Mr. Sanjoy Bhattacharyya ceased to be Directors of the Company w.e.f. 24.09.2025.

[®]Remuneration is inclusive of perquisite value of shares allotted under ESOP Scheme.

- The median remuneration of employees of the Company during the financial year was ₹5,09,256.
- In the financial year, there was an increase of 10.71% in the median remuneration of employees.
- There were 1,400 permanent employees on the rolls of Company as on March 31, 2026.
- Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2025-26 was 9.44% whereas the increase in the managerial remuneration for the same financial year was 18.11%.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

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

- 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:**

S. 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	Chairman & Managing Director	987.26	B. Tech. & MBA	60	36	14.05.2010	Joint Managing Director (Vardhman Textiles Limited)
2.	Mr. Rajendar Kumar Rewari	Executive Director	289.53	B.Sc. & LLB	69	44	25.07.2022	Director, MP Location, Vardhman Textiles Limited
3.	Mrs. Soumya Jain	Executive Director	133.27	B.Sc. (Eco. Hons.) & MBA	33	9	02.08.2023	Assistant Manager, Vardhman Textiles Limited

- 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:**

S. No.	Name of employee	Designation/ Nature of duties	Remuneration (₹ in lakhs)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Dinesh Singh	Vice- President (Head- Research & Development)	76.02	B. Tech.	45	22	22.03.2010	SPS Steel & Power Limited

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 March 31, 2026

1, Sachit Jain, 60, Chairman & Managing Director, 987.26, Regular, B. Tech. & MBA, 36, 14.05.2010, Vardhman Textiles Limited, 1,12,59,292. 2, Rajendar Kumar Rewari, 69, Executive Director, 289.53, Regular, B.Sc. & LLB, 44, 25.07.2022, Vardhman Textiles Limited, 30,384. 3, Soumya Jain, 33, Executive Director, 133.27, Regular, B.Sc. (Eco. Hons.) & MBA, 9, 02.08.2023, Vardhman Textiles Limited, 5,320. 4, Davinder Singh, 52, Vice-President (Head - Domestic Marketing), 90.08, Regular, M.Sc. & MDBA, 31, 04.05.2015, Modern Steels Limited, 59,179. 5, Manuj Mehta, 57, Senior Vice-President (Head – Human Resource), 88.11, Regular, MBA, 35, 25.05.2022, SEL Manufacturing Company Limited, 15,000. 6, Amit Chopra, 51, Vice-President (Head - New Project Planning & PPC), 87.95, Regular, MBA & BE, 28, 15.05.2009, Jindal Stainless Limited, 4,460. 7, Sanjeev Singla, 50, Chief Financial Officer, 87.64, Regular, B.Com & CS (Inter), 31, 25.03.2014, Vardhman Polytex Limited, 88,386. 8, Jagdish Chand Sharma, 56, General Manager (Works), 87.23, Regular, Diploma in Electrical Engineering, 36.5, 10.03.1992, Shreyans Industries Limited, 56,750. 9, Arghya Ghoshal, 52, Senior Vice-President (Head - Production), 85.12, Regular, B.Tech (Metallurgy), 28.5, 01.11.2023, JSW Steel Limited, 0. 10, Takahiro Nakagawa, 33, Senior Manager, 78.33, Regular, B.E., 10, 14.11.2023, Aichi Steel Corporation, 0.

Note: Except Mr. Sachit Jain and Mrs. Soumya 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, 2026:

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

Category	Name of Directors
Promoter Directors	# Sachit Jain - Chairman & Managing Director # Suchita Jain - Non- Executive Non- Independent Director # Soumya Jain – Executive Director
Executive Director	Rajendar Kumar Rewari
Independent Directors	Rakesh Jain Suman Chatterjee Vidya Shah Hemant Bharat Ram Randhir Singh Kalsi Dinkar Gupta Nishant Arya
Non- Executive Non- Independent Director	# Rajinder Kumar Jain Toshio Ito Koichiro Hayashida

Relationship Inter-se:

#Except Mr. Sachit Jain, Mrs. Suchita Jain, Mrs. Soumya 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 2025-26, the Board met 6 times on the following dates:

- 22nd April, 2025
- 29th May, 2025
- 25th July, 2025
- 28th October, 2025
- 22nd December, 2025
- 20th January, 2026

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
Rajeev Gupta*	2	No	-	-	-	-	-	-
Sachit Jain	6	Yes	8	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Non- Executive Director Non- Executive Director	2	-	-
Rajendar Kumar Rewari	6	Yes	-	-	-	-	-	-
Soumya Jain	6	Yes	1	Vardhman Textiles Limited	Non-Executive Director	-	-	-
Suchita Jain	5	No	7	Vardhman Textiles Limited Vardhman Holdings Limited Vardhman Acrylics Limited	Executive Director Non- Executive Director Non- Executive Director	5	-	1
Rajinder Kumar Jain	6	Yes	-	-	-	-	-	-
Toshio Ito	6	Yes	-	-	-	-	-	-
Koichiro Hayashida^	3	Yes	-	-	-	-	-	-
Sanjoy Bhattacharyya*	2	No	-	-	-	-	-	-
Rakesh Jain	5	Yes	1	Chambal Fertilisers and Chemicals Limited	Non-Executive Director	2	-	-
Suman Chatterjee	6	Yes	-	-	-	-	-	-
Vidya Shah	2	No	3	Edelweiss Financial Services Limited	Non- Executive Director	2	-	1
Hemant Bharat Ram	5	No	3	DCM Nouvelle Limited	Executive Director	1	-	-
Randhir Singh Kalsi	6	Yes	1	Uno Minda Limited	Non- Executive Director	-	-	-
Dinkar Gupta^	3	N.A.	2	Bluspring Enterprises Limited	Non- Executive Director	-	-	-
Nishant Arya#	1	N.A.	4	Jay Bharat Maruti Limited JBM Auto Limited	Non-Executive Director Executive Director	1	-	-

*Mr. Rajeev Gupta and Mr. Sanjoy Bhattacharyya ceased to be Directors of the Company w.e.f. 24.09.2025.

^Mr. Koichiro Hayashida was appointed as a Non-Executive Non-Independent Director of the Company w.e.f. 04.07.2025.

#Mr. Dinkar Gupta and Mr. Nishant Arya were appointed as Independent Directors of the Company w.e.f. 25.09.2025.

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, as on 31st March, 2026, are provided as under:

Name of Committee	Composition	Terms of Reference
Audit Committee	Rakesh Jain (Chairman) Vidya Shah Suman Chatterjee Hemant Bharat Ram	The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	Rakesh Jain (Chairman) Suman Chatterjee Randhir Singh Kalsi	- The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of the 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.
Corporate Social Responsibility Committee	Vidya Shah (Chairperson) Sachit Jain Rakesh Jain	- Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to the provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR Policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Corporate_Social_Responsibility_Policy.pdf - Recommends expenditure to be incurred for CSR activities/projects 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 - II.
Stakeholders' Relationship Committee	Suman Chatterjee (Chairman) Rajendar Kumar Rewari Soumya Jain	- The Committee reviews and ensures redressal of investor grievances. - The Committee noted that during the year the Company received 1 complaint from the investor and the same has been duly resolved by the Company.
Risk Management Committee	Suman Chatterjee (Chairman) Hemant Bharat Ram Rajendar Kumar Rewari Sanjeev Singla Davinder Singh	- The Risk Management Policy of the Company aims to maximize opportunities in all activities and to minimize adversity. - The Risk Management framework includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. - The Risk Management Policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Risk_Management_Policy.pdf

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

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

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders' Relationship	Risk Management Committee
Meetings held	5	3	3	1	2
Rajeev Gupta*	N.A.	N.A.	1	N.A.	N.A.
Sachit Jain	N.A.	3	N.A.	N.A.	N.A.
Rajendar Kumar Rewari	N.A.	N.A.	N.A.	1	2
Soumya Jain	N.A.	N.A.	N.A.	0	N.A.
Suchita Jain	N.A.	N.A.	N.A.	N.A.	N.A.
Rajinder Kumar Jain [§]	3	N.A.	N.A.	N.A.	N.A.
Toshio Ito	N.A.	N.A.	N.A.	N.A.	N.A.
Koichiro Hayashida	N.A.	N.A.	N.A.	N.A.	N.A.
Sanjoy Bhattacharyya [#]	2	N.A.	1	N.A.	N.A.
Rakesh Jain	4	3	2	N.A.	N.A.
Suman Chatterjee	5	N.A.	2^	1	2
Vidya Shah	3	3	N.A.	N.A.	N.A.
Hemant Bharat Ram	1 [@]	N.A.	N.A.	N.A.	2
Randhir Singh Kalsi	N.A.	N.A.	2^	N.A.	N.A.
Dinkar Gupta	N.A.	N.A.	N.A.	N.A.	N.A.
Nishant Arya	N.A.	N.A.	N.A.	N.A.	N.A.

*Mr. Rajeev Gupta ceased to be the Member of the Nomination & Remuneration Committee w.e.f. 25.07.2025.

§Mr. Rajinder Kumar Jain ceased to be the Member of the Audit Committee w.e.f. 25.07.2025.

[#]Mr. Sanjoy Bhattacharyya ceased to be the Member of the Audit Committee and the Nomination & Remuneration Committee w.e.f. 25.07.2025.

[^]Mr. Suman Chatterjee and Mr. Randhir Singh Kalsi were appointed as the Members of the Nomination & Remuneration Committee w.e.f. 25.07.2025.

[@]Mr. Hemant Bharat Ram was appointed as the Member of the Audit Committee w.e.f. 25.07.2025.

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 2025-26 was held on 30th March, 2026, 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, the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and as per the Nomination and Remuneration Policy, the Board of Directors/ Independent Directors/ Nomination & Remuneration Committee ("NRC") (as applicable) had undertaken an evaluation of the Board's own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees.

Familiarisation Programme for Independent Directors

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

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

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

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

Name of Director	Area of Expertise	Name of Director	Area of Expertise
Sachit Jain	- Strategic Planning - Leadership - Operational Experience - Industry Experience - Financial Expertise - Administrative Experience	Koichiro Hayashida	- Strategic Planning - Leadership - Operational Experience - Industry Experience
Rajendar Kumar Rewari	- Strategic Planning - Leadership - Operational Experience - Industry Experience - Financial Expertise - Administrative Experience	Rakesh Jain	- Strategic Planning - Leadership - Operational Experience - Industry Experience - Financial Expertise - Administrative Experience
Soumya Jain	- Strategic Planning - Leadership - Industry Experience - Administrative Experience	Suman Chatterjee	- Strategic Planning - Leadership - Operational Experience - Administrative Experience
Suchita Jain	- Strategic Planning - Leadership - Operational Experience - Industry Experience - Financial Expertise - Administrative Experience	Vidya Shah	- Strategic Planning - Leadership - Financial Expertise
Rajinder Kumar Jain	- Leadership - Operational Experience - Industry Experience - Financial Expertise	Hemant Bharat Ram	- Strategic Planning - Leadership - Financial Expertise - Administrative Experience
Toshio Ito	- Strategic Planning - Leadership - Operational Experience - Industry Experience	Randhir Singh Kalsi	- Strategic Planning - Leadership - Operational Experience - Industry Experience
		Dinkar Gupta	- Strategic Planning - Leadership - Operational Experience - Administrative Experience
		Nishant Arya	- Strategic Planning - Leadership - Industry Experience - Financial Expertise

4. DIRECTORS' REMUNERATION:

i. Chairman & Managing Director / Executive Directors:

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

A detail of remuneration paid to these Directors, during the year 2025-26, is as given below: (In ₹)

Name	Sachit Jain	Rajendar Kumar Rewari	Soumya Jain
Designation	Chairman & Managing Director	Executive Director	Executive Director
Salary	1,50,00,000	63,00,000	31,20,000
Perquisites & Allowances	1,20,39,600	64,07,981	23,07,600
Retirement Benefit	19,18,443	15,57,411	5,55,616
Commission	6,97,68,000	1,46,88,000	73,44,000
Performance Linked Incentive and criteria thereof	-	-	-

The tenure of office of the above Directors is 5 (five) years from the date of their respective appointments and can be terminated by either party by giving 3 months' notice in writing. There is no separate provision for payment of severance fees.

None of the abovementioned Directors has been granted any stock options except Mr. Rajendar Kumar Rewari, who has been granted 30,000 Options under Vardhman Special Steels Limited Employee Stock Option Plan, 2020 (ESOP Plan 2020). Further, pursuant to Bonus Issue in May 2023, he is also entitled to 30,000 bonus shares in the ratio of 1:1, upon exercise of Options. He has been allotted 30,000 shares (including 15,000 bonus shares) under ESOP Plan 2020 till date.

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 of ₹40,000/- per Board Meeting, ₹30,000 per Audit Committee Meeting and ₹20,000/- per meeting for other Committee Meetings. The Non-Executive Independent Directors were paid sitting fee of ₹60,000/- per Board Meeting, ₹40,000/- per Audit Committee Meeting and ₹25,000/- per meeting for other Committee Meetings.

The detail of sitting fees paid to the Directors during the Financial Year 2025-26 is given hereunder: -

S. No.	Name of Director	Sitting Fee (₹)
1.	Rajeev Gupta*	1,00,000
2.	Rajinder Kumar Jain	3,30,000
3.	Sanjoy Bhattacharyya*	2,25,000
4.	Rakesh Jain	6,10,000
5.	Suman Chatterjee	6,85,000
6.	Vidya Shah	3,40,000
7.	Hemant Bharat Ram	4,15,000
8.	Randhir Singh Kalsi	4,35,000
9.	Dinkar Gupta#	2,05,000
10.	Nishant Arya#	85,000

*Mr. Rajeev Gupta and Mr. Sanjoy Bhattacharyya ceased to be Directors of the Company w.e.f. 24.09.2025.

#Mr. Dinkar Gupta and Mr. Nishant Arya were appointed as Independent Directors of the Company w.e.f. 25.09.2025.

5. PARTICULARS OF SENIOR MANAGEMENT OF THE COMPANY AS ON 31ST MARCH, 2026:

The particulars of Senior Management of the Company is given as follows:-

Name of the Senior Management Personnel	Designation
Jagdish Chand Sharma	General Manager (Works)
Sanjeev Singla	Chief Financial Officer
Mukesh Gupta*	Senior Vice-President (Head – Process Control)
Manuj Mehta	Senior Vice-President (Head – Human Resource)
Arghya Ghoshal	Senior Vice-President (Head – Production)
Dinesh Singh*	Vice-President (Head - Research & Development)
Davinder Singh	Vice-President (Head - Domestic Marketing)
Amit Chopra	Vice-President (Head - New Project Planning & PPC)
Sonam Dhingra	Company Secretary & Compliance Officer

During the year, Mr. Mukesh Gupta and Mr. Dinesh Singh had resigned from the services of the Company w.e.f. closure of business hours on 11.04.2025 and 25.11.2025, respectively. As such, they ceased to be the Senior Management Personnel of the Company.

6. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31ST MARCH, 2026:

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.	Sachit Jain	1,12,59,292
2.	Suchita Jain	1,80,534
3.	Soumya Jain	5,320
4.	Rajinder Kumar Jain	36,340
5.	Rajendar Kumar Rewari	30,384

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

7. 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
15 th Annual General Meeting for the Financial Year ended 31 st March, 2025.	Wednesday, 24 th September, 2025 at 10:00 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	1
14 th Annual General Meeting for the Financial Year ended 31 st March, 2024.	Thursday, 19 th September, 2024 at 10:00 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	6
13 th Annual General Meeting for the Financial Year ended 31 st March, 2023.	Wednesday, 27 th September, 2023 at 10:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	2

ii. Extra Ordinary General Meeting:

An Extra-Ordinary General Meeting of the Company was held on 25th June, 2025 at 10:30 a.m. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) and three Special Resolutions were passed thereat.

iii. Postal Ballot

During the year, the members approved following three matters by passing Special Resolution through Postal Ballot:

- To appoint Mr. Dinkar Gupta as an Independent Director of the Company.
- To appoint Mr. Nishant Arya as an Independent Director of the Company.
- To approve Vardhman Special Steels Limited Employee Stock Option Plan 2025 under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The Board had appointed M/s. Khanna Ashwani & Associates, Practicing Company Secretaries as Scrutinizer to conduct the Postal Ballot Process by voting through electronic means only, in a fair and transparent manner. The details of the voting pattern are as follows:-

Resolution passed through postal ballot	Votes in favour of the resolution			Votes against the resolution			Invalid votes	
	Number of members voted	Number of valid votes cast (Shares)	Percentage of total number of valid votes cast	Number of members voted	Number of valid votes cast (Shares)	Percentage of total number of valid votes cast	Total number of members whose votes were declared invalid	Total number of invalid votes cast (Shares)
To appoint Mr. Dinkar Gupta as an Independent Director of the Company.	188	7,69,35,904	99.999	10	591	0.001	-	-
To appoint Mr. Nishant Arya as an Independent Director of the Company.	190	7,69,35,336	99.999	8	1,159	0.001	-	-
To approve Vardhman Special Steels Limited Employee Stock Option Plan 2025 under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.	178	7,66,99,071	99.691	21	2,37,427	0.309	-	-

Procedure for Postal Ballot: The postal ballot was carried out as per the provisions of sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the Rules framed thereunder and read with the General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 3/2022 dated May 5, 2022, 9/2023 dated September 25, 2023, 9/2024 dated September 19, 2024 read with other relevant circulars and General Circular No. 03/2025 dated September 22, 2025, issued by the Ministry of Corporate Affairs.

8. DISCLOSURES:

- There was no materially significant related party transaction. Transactions with related parties are disclosed in Note No. 43 to the Financial Statements. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Related_Party_Transaction_Policy.pdf
- There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any other Statutory Authority, on any matter related to Capital Markets, during the last three years.
- The Company promotes ethical behavior in all its business activities and has put in place a mechanism

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

- The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 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 the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- During the year, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Risk Management Policy as required under the 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.

- 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.
- As on March 31, 2026, there were no outstanding GDRs/ADRs/Warrants or any convertible instruments.
- During the year 2025-26, 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. 46 to the Financial Statements.

- The Company has no Material Subsidiary. The Policy for determining 'Material Subsidiary' is available at Company's Website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Policy_for_determining_Material_Subsiidiary.pdf
- Utilization of funds raised through Preferential

Allotment as specified under Regulation 32(7A): In compliance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 42 & 62 of the Companies Act, 2013 and Rules made thereunder, the Company had issued and allotted 1,47,70,100 Equity Shares of face value of ₹10/- each to Aichi Steel Corporation through Preferential Allotment, at an issue price of ₹260.60/- per Equity Share, aggregating to ₹384,90,88,060/- on 4th July, 2025.

Brief summary of utilization of funds is as follows:

S. No.	Particulars	Approved Amount (In ₹)	Amount utilized as on 31.03.2026 (In ₹)
1.	Capital expenditure for setting up a green field steel manufacturing plant at Ludhiana, Punjab.	134,90,88,060	-
2.	Capital expenditure requirements at the existing plant.	100,00,00,000	33,94,60,281
3.	Repayment of working capital borrowing.	150,00,00,000	150,00,00,000

- 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.
- There is no such instance where the Board has not accepted any recommendation of any Committee of the Board which is mandatorily required.
- 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 ₹49.38 lakhs.
- The Company has not given any loans and advances to firms/companies in which directors are interested.
- Pursuant to Clause 5A of para A of Part A of Schedule III, there is no agreement which impacts management or control of the Company or imposes any restriction or creates any liability upon the Company.

9. 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 <https://www.vardhman.com/> / <https://www.vardhmansteel.com/>

GENERAL INFORMATION FOR SHAREHOLDERS

i) 16th Annual General Meeting:

Date : 18th September, 2026
 Time : 10:00 a.m.
 Venue : Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

ii) Financial Calendar 2026-27 (Tentative):

First Quarter Results : July, 2026
 Second Quarter Results : October, 2026
 Third Quarter Results : January, 2027
 Annual Results : April, 2027

iii) Record Date : 28th August, 2026

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) 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) 42541234/ 42541956, Fax: (011) 42541201,
 E-mail: rta@alankit.com

vii) Share Transfer System:

The Members may note that SEBI has mandated that securities of listed companies can be transferred only in dematerialized form w.e.f. April 1, 2019. Further, in terms of Regulations 39 and 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and SEBI Circular dated January 25, 2022, it has been made mandatory for the listed entity to issue shares/ securities, within the prescribed time, in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/ sub-division/ splitting/ consolidation of securities, transmission/ transposition

of securities etc. Accordingly, shareholders are advised to open their demat account with any Depository Participant (DP) having registration with SEBI.

The Company has delegated the power of approval of transfer, transmission, transposition, dematerialization and other related matters to M/s. Alankit Assignments Limited, the Registrar and Share Transfer Agent of the Company, subject to approval by the Share Transfer Committee of the Board of Directors of the Company. Further, transfer of equity shares in electronic form is effected through the depositories with no involvement of the Company.

To streamline the investment process for investors and safeguard their rights in purchased securities, a special window for re-lodgement of transfer deeds pertaining to physical securities was introduced via SEBI Circular dated July 2, 2025. In a further effort to ensure that investors receive proper access to their securities, SEBI has resolved to open an additional special window specifically for the transfer and dematerialisation ("demat") of physical securities that were bought or sold prior to April 1, 2019. This special window will remain available for one year, commencing on February 5, 2026, and concluding on February 4, 2027. For further details, please refer SEBI Circular HO/38/13/11(2)2026-MIRSD-POD/I/3750/2026, dated January 30, 2026.

Further, SEBI vide its circular dated January 30, 2026 has streamlined the procedure for processing investor service requests by doing away with requirement of issuance of Letter of Confirmation ('LOC') and mandating direct credit of securities in demat account of the investor. Under the revised framework, RTA shall directly credit securities to the demat account of the investor, after carrying out necessary due diligence. This will reduce the timeline for credit of securities from approximately 150 days to 30 days, while also mitigating risks associated with loss or pilferage of LOC. As such, investor requests must now be accompanied by a latest Client Master List (CML) of the demat account, not older than two months and duly attested by the Depository Participant. The revised framework has come into force from April 2, 2026. Any LOC issued prior to this date will continue to be used by investors for dematerialisation within the prescribed timelines.

viii) Distribution of Shareholding as on 31st March, 2026:

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of Total Holders	% to Total Holders	Numbers of Shares Held	% to Total Shares
Upto-500	33,572	91.09	26,82,232	2.78
501-1000	1,490	4.04	11,39,292	1.18
1001-2000	792	2.15	11,81,440	1.22
2001-3000	265	0.72	6,79,567	0.70
3001-4000	142	0.39	5,12,689	0.53
4001-5000	113	0.31	5,29,128	0.55
5001-10000	228	0.62	16,84,291	1.74
10001- above	252	0.68	8,82,77,039	91.30
Total	36,854	100.00	9,66,85,678	100.00

ix) Dematerialization of shares:

As on 31st March, 2026, 99.75% of the capital comprising 9,64,46,816 shares, out of total of 9,66,85,678 shares, were dematerialized.

x) Vardhman Special Steels Limited Employee Stock Option Plan:

The Company had granted Options to its eligible employees under Vardhman Special Steels Limited Employee Stock Option Plan, 2016 (hereinafter referred as ESOP Plan 2016) and Vardhman Special Steels Limited Employee Stock Option Plan, 2020 (hereinafter referred as ESOP Plan 2020).

- As per the terms of the ESOP Plan 2016, the Company can grant a maximum of 3,71,108 Options to the 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.
- As per the terms of the ESOP Plan 2020, the Company can grant a maximum of 5,00,000 Options to the 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 2020.

During the financial year 2023-24, the Company had issued Bonus Shares to the existing shareholders of the Company in the ratio of 1:1. As per ESOP Plan 2016 and 2020, the employees who will exercise Options, shall also be entitled to receive Bonus Shares in the ratio of 1:1.

Now, during the financial year, 23,375 Options and 2,250 Options were exercised by the eligible employees under 2nd grant and 3rd grant, respectively, of ESOP Plan 2016 and consequently 51,250 shares (including Bonus Shares) were allotted to employees; and 40,250 Options and 25,250 Options were exercised by the eligible employees under 1st grant and 2nd grant, respectively, of ESOP Plan 2020 and consequently 1,31,000 shares (including Bonus Shares) were allotted to employees. Accordingly, the paid-up equity share capital of the Company after this allotment stood increased to ₹96,68,56,780.

Further, the Nomination and Remuneration Committee in its meeting held on 18th July, 2024, had made a third grant of 1,36,500 Options under ESOP Plan 2020 to its eligible employees out of 1,37,125 Options lying ungranted under the ESOP Plan 2020. These Options will vest with the eligible employees after two years from the date of grant.

xi) Equity Shares in the Suspense Account:

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of equity shares in the suspense account are as follows:

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2025	2	132
Shareholders who approached the Company for transfer of shares from suspense account during the year	-	-

Particulars	Number of Shareholders	Number of Equity Shares
Shareholders to whom shares were transferred from the suspense account during the year	-	-
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2026	2	132

The voting rights on the shares outstanding in the suspense account as on March 31, 2026, shall remain frozen till the rightful owner of such shares claims the shares.

xii) Plant Location:

Vardhman Special Steels Limited Unit-1,
C-58, Focal Point,
Ludhiana- 141 010.

xiii) Address for correspondence:

Registered office : Vardhman Premises, Chandigarh Road, Ludhiana-141010
 Tel : 0161-2228943-48
 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).

xiv) List of Credit Ratings:

The Company has obtained Credit Rating from CRISIL Limited during the financial year 2025-26. There has been no revision in the Credit Ratings during the financial year 2025-26. List of all Credit Ratings obtained by the Company during the year is as follows:

Particulars	Rating during FY 2025-26
Long Term Rating	CRISIL AA/Stable
Short Term Rating	CRISIL A1+
Commercial Papers	CRISIL A1+

CHAIRMAN & MANAGING DIRECTOR'S DECLARATION

- A. I, Sachit Jain, 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, 2026.

Place: Ludhiana

Dated: 28th April, 2026

Sachit Jain

Chairman & Managing Director

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

Place: Ludhiana

Dated: 28th April, 2026

Sachit Jain

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:

S. No.	Director Identification Number	Name of Director
1.	00746409	Mr. Sachit Jain
2.	00619240	Mr. Rajendar Kumar Rewari
3.	10254459	Mrs. Soumya Jain
4.	00746471	Mrs. Suchita Jain
5.	00046541	Mr. Rajinder Kumar Jain
6.	09654963	Mr. Toshio Ito
7.	11164707	Mr. Koichiro Hayashida
8.	00020425	Mr. Rakesh Jain
9.	00734061	Mr. Suman Chatterjee
10.	00274831	Mrs. Vidya Shah
11.	00150933	Mr. Hemant Bharat Ram
12.	01453119	Mr. Randhir Singh Kalsi
13.	07674724	Mr. Dinkar Gupta
14.	00004954	Mr. Nishant Arya

This certificate is issued pursuant to Clause 10 (i) of Part C of Schedule V of the 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: F002004H000214898

Place: Ludhiana
Date: 28th April, 2026

PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Vardhman Special Steels Limited

CIN : L27100PB2010PLC033930
Nominal Capital : ₹1,00,00,00,000

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 2026 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 the 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 2026 as stipulated in the Listing Regulations.

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

For **Harsh Goyal & Associates**
Company Secretaries

Sd/-
Harsh Kumar Goyal
Proprietor
FCS:3314
CP:2802
UDIN: F003314H000218144

Place: Ludhiana
Date: 28th April, 2026

Independent Auditor's Report

To the Members of Vardhman Special Steels Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vardhman Special Steels Limited (the Company) which comprise the balance sheet as at 31 March 2026, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material 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 2026, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act.

Revenue Recognition

See Note 2(o)(i) and 29 to the financial statements

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 Matter

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.

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods is recognized when control in goods is transferred to the customer and is measured net of discounts and returns. Standards on Auditing presume that there is fraud risk with regard to revenue recognition. We focused on this area since there is a risk that revenue may be overstated because of fraud, resulting due to the pressure from Management and Board of Directors who may strive to achieve performance targets. Also, revenue is a key performance indicator for the Company which makes it susceptible to misstatement because the timing of revenue recognition requires exercise of judgement.	In view of the significance of the matter we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence. ● We assessed the appropriateness of the revenue recognition accounting policies against the requirement of Ind AS 115 i.e. Revenue from contracts with customers; ● We evaluated the design and implementation of key internal financial controls in relation to revenue recognition and tested the operating effectiveness of such controls for a sample of transactions (using random sampling);

The key audit matter	How the matter was addressed in our audit
In view of the above, we have identified risk of fraud in revenue recognition as a key audit matter.	● We performed substantive testing by selecting samples (using statistical sampling) of revenue transactions recorded for the year. For such samples, verified the underlying documents, including invoices, good dispatch notes, customer acceptances and shipping documents (as applicable), to assess whether these are recognized in the appropriate period in which control is transferred; ● We carried out analytical procedures on revenue recognized during the year to identify unusual variances; ● We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which includes goods dispatch notes and shipping documents, to assess whether the revenue was recognized in the correct period; ● Assessed manual journals posted to revenue to identify unusual items.; ● We tested sample journal entries for revenue, selected based on specified risk-based criteria to identify unusual items; ● We assessed the adequacy of the disclosures made in the financial statements as per the requirement of Ind AS 115.

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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of

accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- Matter stated in paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 and
- We are unable to comment on whether the back-up of the books of account and other relevant books and papers in electronic mode for the period from 1 July 2025 to 31 March 2026 was kept on a daily basis due to unavailability of supporting documents related to the same.

- 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 of the Company as on 31 March 2026 and 03 April 2026 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2026 from being appointed as a director in terms of Section 164(2) of the Act.
- f. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
- g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

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

- a. The Company does not have any pending litigations which would impact its financial position.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

- d(i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 49(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 49(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 47.2 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for

maintaining its books of account which have a feature of recording audit trail (edit log) facility and same has operated throughout the year for all relevant transactions recorded in the respective softwares:

In respect of one accounting software used for maintenance of purchase, production & sales records (operated from 1 April 2025 till 30 June 2025), the edit logs for changes made to the audit trail feature was not available throughout the period and hence, we are unable to determine whether changes to the audit trail feature were made during the period of its operation.

In respect of the accounting software used for maintenance of books of accounts (operated from 1 July 2025 till 31 March 2026), the feature of recording audit trail (edit log) facility was not enabled at the application level for certain tables/fields relating to financial reporting, purchase to payables, revenue to receivables, fixed asset management, payroll, production and inventory and other allied areas of accounting software. Further, the audit trail feature was not enabled at the database level to log any direct data changes.

Further, where audit trail (edit log) facility was enabled and operated throughout the year and except for sub-paragraph (a) above, we did not come across any instance of the audit trail feature being tampered with.

Additionally, except where the audit trail was not enabled in the prior years, the audit trail has been preserved by the Company as per statutory requirements for record retention..

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

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

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

Shweta Kumar
Partner
Place: Gurugram
Date: 28 April 2026
Membership No.: 509822
ICAI UDIN: 26509822VQPRTX7751

Annexure A to the Independent Auditor's Report on the Financial Statements of Vardhman Special Steels Limited for the year ended 31 March 2026

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly adjusted in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

(All amounts are in ₹ Lakhs)

Description of property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Ludhiana C-59 Land	1,910.71	M/S Majestic Auto Limited	No	Since - 24 August 2023	Refer note below

Note - The property constituting 5 Acres amounting ₹1,910.71 lakhs, capitalized in property plant and equipment, is not held in name of Company. The Company is in process of transferring the title deed in its name pending certain approvals from Greater Ludhiana Area Development Authority (GLADA).

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence/ proof of delivery/goods of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

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

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

(Amount in ₹ Lakhs)

Particulars	Interest bearing loans to employees	Non-interest bearing loans to employees
Aggregate amount during the year to employees	68.03	271.69
Balance outstanding as at balance sheet date with employees in respect of above	63.96	177.67

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made and loans granted during the year are, not prejudicial to the interest of the Company. Further, the Company has not provided guarantees, given security or granted advances in the nature of loan during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Payment of interest was not stipulated in case of non-interest bearing loans to employees as per approved policy of the Company. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 (the Act). In respect of the investment made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2026 for a period of more than six months from the date they became payable.

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

(All Amounts are in ₹ Lakhs)

Name of the statute	Nature of the dues	Amount*	Amount Paid under protest	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax Act, 1956	Sales Tax	1,960.00	1,900.00	2011-12 2012-13 2013-14	High Court Punjab & Haryana-Chandigarh

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

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans during the year and the term loans obtained in the previous periods were fully utilised in the respective periods. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2026. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under Companies Act, 2013) during the year ended 31 March 2026. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any private placement of shares or fully or partly convertible debentures during the year. In our opinion, in respect of preferential allotment of equity shares made during the year, the Company has duly complied with the requirements of Section 42 and Section 62 of the Act. The proceeds from issue of equity shares have been utilised as per the below table.

(Amount in ₹ Lakhs)

Nature of securities	Purpose for which funds were raised	Type of issue	Total amount raised	Amount utilised for purpose other than stipulated	Unutilised balance as at balance sheet date
Equity shares	Repayment of working capital loan	Preferential allotment	15,000.00	-	-
Equity shares	Capex for existing plant	Preferential allotment	10,000.00	-	6,605.40
Equity shares	Capex for new plant	Preferential allotment	13,490.88	-	13,490.88

- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations provided by the management of the Company, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company as detailed in note 49(xi) to the financial statements. For reporting on this clause/ sub clause, while we have performed audit procedures set out in the Guidance Note on CARO 2020, we have relied on and not been able to independently validate the information provided to us by the management of the Company with respect to entities outside the consolidated Group but covered in the Core Investment Companies (Reserve Bank) Directions, 2016.

- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the relevant financial year in compliance with Section 135(6) of the said Act.

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

Shweta Kumar
 Partner
 Membership No.: 509822
 ICAI UDIN: 26509822VQPRTX7751

Place: Gurugram
 Date: 28 April 2026

Annexure B to the Independent Auditor’s Report on the financial statements of Vardhman Special Steels Limited for the year ended 31 March 2026

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 Act

(Referred to in paragraph 2(A)(g) 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 2026 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 2026, 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 and Board of Directors’ Responsibilities 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 Act.

Auditor’s 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 if 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 internal financial controls with reference to financial statements, 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’s Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership No.: 509822
ICAI UDIN: 26509822VQPRTX7751

Place: Gurugram
Date: 28 April 2026

Balance Sheet as at 31 March 2026

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

Particulars	Note	As at 31 March 2026	As at 31 March 2025
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	58,476.49	30,829.27
(b) Right-of-use assets	4	23.03	39.28
(c) Capital work-in-progress	3	2,646.86	11,703.36
(d) Intangible assets	5	1.38	2.15
(e) Financial assets			
- Investments	6	335.21	765.53
- Loans	7	230.78	292.42
- Other financial assets	8	291.50	294.04
(f) Others tax asset (net)	9	47.36	0.82
(g) Other non-current assets	10	5,720.64	3,549.48
Total non-current assets		67,773.25	47,476.35
Current assets			
(a) Inventories	11	35,024.13	33,497.38
(b) Financial assets			
- Investments	12	15,480.08	1,000.72
- Trade receivables	13	27,784.35	26,130.08
- Cash and cash equivalents	14	626.89	1,075.68
- Bank balances other than cash and cash equivalents	14(a)	5,229.19	56.15
- Loans	7	234.33	213.07
- Other financial assets	15	3,972.21	3,409.06
(c) Other current assets	16	7,187.13	733.06
Total current assets		95,538.31	66,115.20
TOTAL ASSETS		1,63,311.56	1,13,591.55
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	9,668.57	8,173.33
(b) Other equity	18	1,18,063.41	71,618.49
Total equity		1,27,731.98	79,791.82
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	19	-	329.55
- Lease liabilities	20	10.27	35.58
- Other financial liabilities	21	64.98	15.26
(b) Provisions	22	208.82	215.57
(c) Deferred tax liabilities (net)	23	2,269.43	1,842.97
(d) Other non-current liabilities	24	32.89	39.19
Total non-current liabilities		2,586.39	2,478.12
Current liabilities			
(a) Financial liabilities			
- Borrowings	19	9,264.95	11,643.29
- Lease liabilities	20	25.31	21.98
- Trade payables:	25		
(i) Total outstanding dues of micro enterprises and small enterprises; and		941.39	581.57
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		17,479.69	13,348.71
- Other financial liabilities	26	3,489.29	3,853.55
(b) Other current liabilities	27	1,660.57	1,638.61
(c) Provisions	22	131.99	195.16
(d) Current tax liabilities (net)	28	-	38.74
Total current liabilities		32,993.19	31,321.61
Total Liabilities		35,579.58	33,799.73
TOTAL EQUITY AND LIABILITIES		1,63,311.56	1,13,591.55

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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

Shweta Kumar
Partner
Membership number: 509822

Place: Ludhiana
Date: 28 April 2026

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

Sachit Jain
Chairman & Managing Director
DIN : 00746409

Sanjeev Singla
Chief Financial Officer

Place: Ludhiana
Date: 28 April 2026

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Dhingra
Company Secretary
Membership No.: A34338

Statement of Profit and Loss for year ended 31 March 2026

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

Particulars	Note	Year ended 31 March 2026	Year ended 31 March 2025
I. Revenue from operations	29	1,75,443.31	1,76,440.83
II. Other income	30	4,234.60	2,911.48
III. Total income (I + II)		1,79,677.91	1,79,352.31
IV. Expenses:			
Cost of materials consumed	31	97,439.28	1,09,368.16
Changes in inventories of finished goods and work-in-progress	32	6,166.48	(1,075.05)
Employee benefits expense	33	11,427.87	10,338.96
Finance costs	34	1,190.58	1,862.71
Depreciation and amortization expense	35	3,286.68	3,346.99
Other expenses	36	43,762.08	43,004.48
Total expenses		1,63,272.97	1,66,846.25
V. Profit before income tax (III-IV)		16,404.94	12,506.06
VI. Income tax expense:			
Current tax		3,791.00	3,332.39
Deferred tax		411.55	(135.14)
Total income tax expense	37	4,202.55	3,197.25
VII. Profit for the year (V-VI)		12,202.39	9,308.81
VIII. Other Comprehensive Income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the defined benefit liability /(asset)		59.25	(37.14)
Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit (asset) / liability		(14.91)	9.35
Other comprehensive Income/(loss) for the year (net of income tax)		44.34	(27.79)
IX. Total comprehensive income for the year (VII+VIII)		12,246.73	9,281.02
Earnings per equity share [nominal value of ₹10 (previous year ₹10)]			
Basic earnings per equity share (₹)	38	13.15	11.40
Diluted earnings per equity share (₹)	38	13.13	11.37

Material accounting policies

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Notes to financial statements

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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

Shweta Kumar
Partner
Membership number: 509822

Place: Ludhiana
Date: 28 April 2026

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

Sachit Jain
Chairman & Managing Director
DIN : 00746409

Sanjeev Singla
Chief Financial Officer

Place: Ludhiana
Date: 28 April 2026

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Dhingra
Company Secretary
Membership No.: A34338



Statement of Changes in Equity for the year ended 31 March 2026

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

a. Equity share capital

	Number of Shares	Amount
Balance as at 1 April 2024	8,14,59,828	8,145.98
Add: Bonus shares issued during the year	1,36,750	13.68
Add: Issue of equity shares under employee Stock option plan	1,36,750	13.68
Balance as at 31 March 2025	8,17,33,328	8,173.34
Add: Shares issued during the year to Aichi Steel Corporation (refer note - 17.2)	1,47,70,100	1,477.01
Add: Bonus shares issued during the year	91,125	9.11
Add: Issue of equity shares under employee Stock option plan	91,125	9.11
Balance as at 31 March 2026	9,66,85,678	9,668.57

b. Other Equity

Particulars	Reserve & Surplus				Total
	Securities Premium (refer note 18)	General Reserve (refer note 18)	Share Options Outstanding Account (refer note 18)	Retained Earnings (refer note 18)	
Balance as at 1 April 2024	10,604.16	13,890.62	175.75	39,118.95	63,789.48
Total comprehensive income for the year ended 31 March 2025					
Profit for the year	-	-	-	9,308.81	9,308.81
Other comprehensive (loss) (net of tax)	-	-	-	(27.79)	(27.79)
Total comprehensive income for the year	-	-		9,281.01	9,281.02
Transactions with owners of the Company					
Contributions and distributions					
Final equity dividend for the financial year 2023-2024 (Amount ₹2 per share)	-	-	-	(1,629.90)	(1,629.90)
Share based payment expense	-	-	106.80	-	106.80
Issue of bonus equity share (1:1 Ratio) with shares options exercised	(13.68)	-	-	-	(13.68)
Share options exercised	175.37	-	(90.60)	-	84.77
Total Contributions and distributions for the year	161.69	-	16.20	(1,629.90)	(1,452.01)
Balance as at 31 March 2025	10,765.85	13,890.62	191.95	46,770.06	71,618.49
Total comprehensive income for the Year ended 31 March 2026					
Profit for the year	-	-	-	12,202.39	12,202.39
Other comprehensive income (net of tax)	-	-	-	44.34	44.34
Total comprehensive income for the year	-	-		12,246.73	12,246.73
Transactions with owners of the Company					
Contributions and distributions					
Final equity dividend for the financial year 2024-2025 (Amount ₹3 per share)	-	-	-	(2,895.11)	(2,895.11)
Share based payment expense	-	-	87.08	-	87.08
Issue of equity shares (Net of Share issue expense of ₹55.08)	36,958.79	-	-	-	36,958.79
Issue of bonus equity shares (1:1 Ratio) with shares options exercised	(9.11)	-	-	-	(9.11)
Share options exercised	133.61	-	(77.07)	-	56.54
Total Contributions and distributions for the year	37,083.29	-	10.01	(2,895.11)	34,198.19
Balance as at 31 March 2026	47,849.14	13,890.62	201.96	56,121.69	1,18,063.41

Material accounting policies 2
Notes to financial statements 3-50

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

Shweta Kumar
Partner
Membership number: 509822

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

Sachit Jain
Chairman & Managing Director
DIN : 00746409

Sanjeev Singla
Chief Financial Officer

Place: Ludhiana
Date: 28 April 2026

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Dhingra
Company Secretary
Membership No.: A34338

Place: Ludhiana
Date: 28 April 2026

Statement of Cash Flows for the year ended 31 March 2026

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
A Cash flow from operating activities		
Profit before income tax	16,404.94	12,506.06
Adjustments for:		
Depreciation and amortization expense	3,286.68	3,346.99
Change in fair value of derivative financial instruments	(11.97)	(89.00)
Unrealized foreign exchange (gain) (net)	(13.80)	(28.82)
Loss on sale/written of property, plant and equipment (net)	258.04	16.41
Share based payments to employees	87.08	106.80
Vendor balances written off	0.92	17.62
Finance costs	1,190.58	1,862.71
Interest income	(1,041.51)	(152.10)
Gain on sale of current investments	(107.16)	(132.83)
Gain on fair value of investments	(374.69)	(0.72)
Liabilities no longer required written back	(5.32)	(23.88)
Operating profit before change in following assets and liabilities	19,673.79	17,429.24
Adjustments for:		
(Increase)/decrease in inventories	(1,526.75)	2,119.86
(Increase)/decrease in trade receivables	(1,627.56)	84.83
(Increase) in current loans	(38.76)	(47.16)
(Increase) in other financial current assets	(561.98)	(1,171.97)
(Increase)/decrease in other current assets	(6,383.28)	984.93
Decrease/(Increase) in non-current loans	61.64	(26.20)
(Increase) in other non-current assets	(22.94)	(61.44)
(Decrease)/increase in non-current provisions	(6.75)	20.56
(Decrease) in other non-current liabilities	(6.30)	(4.28)
Increase /(decrease) in trade payables	4,482.29	(3,484.19)
Increase /(decrease) in other financial current liabilities	352.88	(164.74)
Increase /(decrease) in other financial liabilities	49.72	(9.72)
Increase in other current liabilities	21.96	289.34
(Decrease)/increase in current provisions	(3.92)	14.79
Cash generated from operating activities	14,464.04	15,973.85
Income tax paid (net)	(3,876.28)	(3,282.72)
Net cash generated from operating activities (A)	10,587.76	12,691.13
B Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(24,262.02)	(11,883.17)
Proceeds from sale of property, plant and equipment and intangible assets	140.31	43.55
Realisation on sale /Cost incurred towards assets held for sale	-	693.44
Movement in other bank balances	(5,173.04)	(44.12)
Acquisition of non-current investments	(480.09)	(765.53)
Acquisition of current investments	(61,217.36)	(21,250.00)
Realisation of current investments	47,219.85	20,383.56
Interest received	1,049.19	139.60
Net cash (used in) investing activities (B)	(42,723.16)	(12,682.67)

Statement of Cash Flows for the year ended 31 March 2026
(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
C Cash flow from financing activities		
Proceeds from issue of share capital (including premium) (net of share issue expense)	38,501.45	98.46
Repayments of non-current borrowings	(1,413.19)	(2,300.95)
Payment of Lease liabilities	(26.12)	(24.88)
(Repayments) / proceeds of current borrowing (net)	(1,295.15)	5,976.91
Dividends on equity share capital paid	(2,888.22)	(1,624.42)
Interest paid	(1,192.16)	(1,821.93)
Net cash generated from financing activities (C)	31,686.61	303.19
Net (Increase)/decrease in cash and cash equivalents (A+B+C)	(448.79)	311.65
Cash and cash equivalents at the beginning of the year	1,075.68	764.03
Cash and cash equivalents at the end of the year (see below)	626.89	1,075.68
Notes:		
1. Cash and cash equivalents include:		
Balance with banks		
- in current accounts	626.77	1,075.37
Cash on hand	0.12	0.31
	626.89	1,075.68

2. The above Statement of Cash Flows 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 (v))
3. Refer note 19.5 and 20.5 for reconciliation of movements, in borrowings and lease liabilities respectively, to cash flows arising from financing activities.
4. During the current year, the Company paid ₹352.04 (31 March 2025 - ₹263.76) towards corporate social responsibility (CSR) expenditure - (refer note 44.2) including payment towards previous years shortfall.

Significant accounting policies	2
Notes to financial statements	3-50

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

Shweta Kumar
Partner
Membership number: 509822

Place: Ludhiana
Date: 28 April 2026

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

Sachit Jain
Chairman & Managing Director
DIN : 00746409

Sanjeev Singla
Chief Financial Officer
Place: Ludhiana
Date: 28 April 2026

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Dhingra
Company Secretary
Membership No.: A34338

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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. Material Accounting Policies

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

a) Basis of preparation

i) Statement of Compliance

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

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

- The Company had opted to continue with the carrying value for all of its property, plant and equipment and intangible assets 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. Accordingly, there was no adjustment in the opening balance of retained earnings as on 1 April 2019.

The financial statements of the Company for the year ended 31 March 2026 were approved by the Company's Board of Directors on 28 April 2026.

iii) Functional and presentation currency

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

iv) Basis of measurement

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

Items	Measurement basis
Derivative financial instruments	Fair value
Net defined benefits (assets)/liabilities	Fair value of the plan assets less present value of defined benefits obligations
Investments	Fair value
Employee Stock Options Plan	Fair Value

v) Measurement of fair values

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

- **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 entirety 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 - Financial instruments and Note 42.4 - Share based payment arrangements.

vii) *Current versus non-current classification*

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

vii) *Use of estimates and judgements*

The preparation of these 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.

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

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 2(o)(i) and 29 - revenue recognition: whether a contract contains distinct performance obligations; determining the transaction price

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- Note 2(h) and 20 - lease term: whether the Company is reasonably certain to exercise extension options

Assumptions and estimation uncertainties

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)(v) - Fair value measurement
- Note 2(d) and 3 - Assessment of useful life of Property, plant and equipment
- Note 2(e) and 5 - Assessment of useful life of Intangible assets
- Note 2(h) and 20 - 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 39 - Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(r), 9, 23 and 37 - 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 42 - Measurement of defined benefit obligations: key actuarial assumptions;
- Note 42.4 - Share based Payments

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.

Financial assets

Recognition and initial measurement

Trade receivables and debt securities 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 (unless it is a trade receivable without a significant financing component) or financial liability is recognized initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

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

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for the year ended 31 March 2026

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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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. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in 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.

The Company participates in a supplier finance arrangement under which its suppliers may elect to receive early payment of their invoices from TREDs Platform. Under the arrangement, A-TREDs platform agrees to pay amounts due to participating suppliers in respect of invoices owed by the Company and the Company repays A-TREDs platform at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The Company derecognises the original trade payables upon entering into the arrangement, as the obligation to

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the suppliers is settled through payment by the A-TREDS platform and a new liability is recognised in favour of A-TREDS. However, such arrangement does not alter the rights and obligations of the Company.

From the Company perspective, the arrangement does provide participating suppliers with the benefit of early payment. The Company therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remains the same as those of other trade payables.

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 contract is entered into and are subsequently re-measured at fair value, and changes therein are generally recognized in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liability when the fair value is negative.

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

Recognition and measurement

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

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

- its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- any cost directly attributable to bringing the asset to the location and the working condition for its intended use and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence

of having used the item during a particular period for purposes other than to produce inventories during that period.

- financing cost related to borrowed funds attributable to the construction or acquisition of qualifying assets upto the date of the assets are ready for use.

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Freehold land is carried at historical cost less any accumulated impairment losses.

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 as expense 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

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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 - 25	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 are 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 rebatesand include 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 less their estimated residual values 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 are derecognised on disposal or when no future economic benefits are expected from its use and disposal.

f) Technical Assistance Fees & 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.

g) Borrowing costs

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

h) Leases

As lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not. A

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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.

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 Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. 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.

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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 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.

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. Cost comprises of cost of purchase.
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 assets

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

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

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition

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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.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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).

Expected credit losses are discounted at the effective interest rate of the financial asset.

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.

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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.

When the terms of an equity-settled award are modified, the minimum expense recognised by the Company is the grant date fair value of the unmodified award, provided the vesting conditions (other than a market condition) specified on grant date of the award are met.

Further, additional expense, if any, is measured and recognised as at the date of modification, in case such modification increases the total fair value of the share-based payment plan, or is otherwise beneficial to the employee.

Post-employment benefits

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.

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 an independent qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains

and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in 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 profit or Loss.

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

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

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. 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. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise. The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

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

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for the year ended 31 March 2026

embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of the expenditure required to settle a provision will be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

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

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent asset is not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

n) Commitments

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

o) (i) 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

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability is recognized when billings are in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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 selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative selling price of each distinct product or service promised in the contract.

Revenue Recognition

The Company recognises revenue generally at the point in time when the products are delivered or dispatched to customer or when it is delivered to a carrier for export sale, which is when the control over product is transferred to the customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is due.

(ii) 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.

(iii) Insurance and Other Claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

p) Government grants

Government grants in the form of transfers of resources to the Company in return for past compliance with certain conditions relating to the operating activities of the Company are recognized as other income in profit or loss.

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.

Further, 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.

The Company has determined that interest and penalties related to income taxes, including uncertain

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

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. The Company has opted the new tax regime from 1 April 2022.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities.

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) Corporate Social Responsibility (CSR) expenditure

CSR expenditure incurred by the Company is charged to the Statement of the Profit and Loss.

u) 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.

v) 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.

w) Earnings per share

Basic earnings/ (loss) per share is 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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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.

x) Share capital

Equity shares

Incremental costs directly attributable to the issue of equity shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with Ind AS 12.

y) Recent accounting pronouncement

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 13 August 2025, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards)

Second Amendment Rules, 2025, applicable from 1 April 2026, as below:

Ind AS 1 - Presentation of Financial Statements - If a covenant breach occurs on or before the reporting date and the liability becomes payable on demand, it must be classified as current, even if the lender subsequently agrees not to demand repayment. It is classified as current because, at the reporting date, the entity does not have the right to defer settlement for at least 12 months. However, if the lender has already provided by the reporting date a grace period extending at least 12 months beyond that date, during which the breach can be rectified and repayment cannot be demanded, the liability is classified as non-current. The Company has evaluated the amendment and does not expect this amendment to have any significant impact in its financial statements.

This amendment is to be applied retrospectively for annual reporting periods beginning on or after 1 April 2026, in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026
(All amounts are in ₹ lakhs except for share data)

3 Property, plant and equipment and Capital work-in-progress

Gross carrying amount

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2025	5,493.04	5,681.81	43,167.93	197.63	646.55	605.32	55,792.28
Additions	9,582.34	2,635.07	18,894.35	10.69	25.20	167.57	31,315.22
Disposals	-	-	(1,629.47)	-	(65.70)	-	(1,695.17)
Balance as at 31 March 2026	15,075.38	8,316.88	60,432.81	208.32	606.05	772.89	85,412.33
Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2024	5,515.35	5,706.59	41,566.99	176.42	605.92	539.13	54,110.40
Additions	-	-	1,619.42	21.39	81.39	85.74	1,807.94
Disposals	(22.31)	(24.78)	(18.48)	(0.18)	(40.76)	(19.55)	(126.06)
Balance as at 31 March 2025	5,493.04	5,681.81	43,167.93	197.63	646.55	605.32	55,792.28
ACCUMULATED DEPRECIATION							
Balance as at 1 April 2025	-	2,258.83	21,981.60	104.32	207.37	410.89	24,963.01
Depreciation for the year	-	183.80	2,928.01	14.17	72.13	71.54	3,269.65
Disposals	-	-	(1,254.55)	-	(42.27)	-	(1,296.82)
Balance as at 31 March 2026	-	2,442.63	23,655.06	118.49	237.23	482.43	26,935.84
Balance as at 1 April 2024	-	2,082.90	18,988.45	88.66	167.61	372.37	21,699.99
Depreciation for the year	-	188.15	3,000.09	15.83	68.80	56.25	3,329.12
Disposals	-	(12.22)	(6.94)	(0.17)	(29.04)	(17.73)	(66.10)
Balance as at 31 March 2025	-	2,258.83	21,981.60	104.32	207.37	410.89	24,963.01
Net carrying amount							
As at 31 March 2026	15,075.38	5,874.25	36,777.75	89.83	368.82	290.46	58,476.49
As at 31 March 2025	5,493.04	3,422.98	21,186.33	93.31	439.18	194.43	30,829.27

Notes:

- A. Refer note 19 for information on property, plant and equipment pledged as security by the Company.
B. Refer note 39.2 for disclosure of contractual commitments for the acquisition of property, plant and equipment.
C. The title deeds of all immovable properties are held in the name of the company, except as mentioned below:

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Land	1,910.71	Majestic Auto Limited	No	24 August 2023	refer below*

*The property constituting 5 Acres amounting ₹1,910.71, capitalized in property plant and equipment, is not held in name of Company. The Company is in process of transferring the title deed in its name pending certain approvals from Greater Ludhiana Area Development Authority (GLADA).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

D. Capital work in progress

	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2025	145.50	11,554.02	3.84	-	-	11,703.36
Additions*	1,356.33	9,034.33	-	-	168.19	10,558.85
Capitalisations	(655.30)	(18,857.09)	(3.84)	-	(99.12)	(19,615.35)
Balance as at 31 March 2026	846.53	1,731.26	-	-	69.07	2,646.86

	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2024	-	99.28	-	-	-	99.28
Additions*	145.50	12,855.93	5.00	50.95	35.31	13,092.69
Capitalisations	-	(1,401.19)	(1.16)	(50.95)	(35.31)	(1,488.61)
Balance as at 31 March 2025	145.50	11,554.02	3.84	-	-	11,703.36

* Additions in capital work in progress includes borrowing costs related to the plant and equipment amounted to ₹274.79 (31 March 2025 : ₹ 229.64).

E. Capital work in progress (CWIP) ageing schedule

As at 31 March 2026	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress**	2,487.80	159.06	-	-	2,646.86
Projects temporarily suspended	-	-	-	-	-
Total	2,487.80	159.06	-	-	2,646.86

** Majors projects in progress includes ₹1,544.01 for Non-destructive testing line & ₹326.46 for Modernization of Continuous Casting Machine towards procurement of various items of machinery.

As at 31 March 2025	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	11,665.74	37.62	-	-	11,703.36
Projects temporarily suspended	-	-	-	-	-
Total	11,665.74	37.62	-	-	11,703.36

F. Capital work in progress (CWIP) completion schedule

-For capital-work-in progress, whose completion is overdue to its original plan:-

As at 31 March 2026

There is no such capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan.

As at 31 March 2025	To be completed in				
	<1 year	1-2 years	2-3 years	> 3 years	Total
CWIP: Whose completion is overdue					
Projects in progress					
Reducing & Sizing Block@	9,857.19	-	-	-	9,857.19
Reheating Furance (RHF)@@	1,292.06	-	-	-	1,292.06
Projects temporarily suspended	-	-	-	-	-
	11,149.25	-	-	-	11,149.25

@ ₹9,857.19 towards erection of Reducing & Sizing Block got delayed due to various reasons such as delay in civil structure, re-arrangement of technical support, delayed supply of some parts. The same has been completed and capitalised in April'2025.

@@ ₹1,292.06 towards erection of RHF got delayed due to delay in technical drawings and civil structure. The same has been completed and capitalised in FY 2025-26.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

4. Right-of-use assets

Gross carrying amount

	ROU Asset	Total
Balance as at 1 April 2025	134.97	134.97
Additions	-	-
Balance as at 31 March 2026	134.97	134.97
Balance as at 1 April 2024	134.97	134.97
Additions	-	-
Balance as at 31 March 2025	134.97	134.97
Accumulated depreciation		
Balance as at 1 April 2025	95.69	95.69
Depreciation for the year	16.25	16.25
Balance as at 31 March 2026	111.94	111.94
Balance as at 1 April 2024	79.44	79.44
Depreciation for the year	16.25	16.25
Balance as at 31 March 2025	95.69	95.69
Net carrying amount		
As at 31 March 2026	23.03	23.03
As at 31 March 2025	39.28	39.28

5. Intangible assets

Gross carrying amount

	Computer Softwares	Total
Balance as at 1 April 2025	23.09	23.09
Additions (Acquired)	-	-
Disposals	-	-
Balance as at 31 March 2026	23.09	23.09
Balance as at 1 April 2024	34.58	34.58
Additions (Acquired)	-	-
Disposals	(11.49)	(11.49)
Balance as at 31 March 2025	23.09	23.09
Accumulated amortisation		
Balance as at 1 April 2025	20.94	20.94
Amortisation for the year	0.77	0.77
Disposals	-	-
Balance as at 31 March 2026	21.71	21.71

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Gross carrying amount

	Computer Softwares	Total
Balance as at 1 April 2024	30.82	30.82
Amortisation for the year	1.61	1.61
Disposals	(11.49)	(11.49)
Balance as at 31 March 2025	20.94	20.94
Net carrying amount		
As at 31 March 2026	1.38	1.38
As at 31 March 2025	2.15	2.15

6. Investments (Non -Current)

	As at 31 March 2026	As at 31 March 2025
Investment at cost/Amortised cost*		
Unquoted		
30,13,889 (March 31, 2025: 34,429) equity shares of ₹10 each fully paid up of Sone Solar Pvt. Ltd.	81.58	3.44
94,42,295 (March 31, 2025: 76,20,899) Compulsory Convertible Debentures of ₹10 each of Sone Solar Pvt. Ltd.	253.63	762.09
	335.21	765.53
Aggregate value of un-quoted Investments	335.21	765.53
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

*The Company had entered into a Power Purchase Agreement for setting up 40 MW AC Solar Power Plant. Pursuant to the Share Subscription and Shareholders' Agreement, the Company had acquired a 26% share in Sone Solar Private Limited during the quarter ended 30 June 2024. Accordingly, Sone solar was classified as an associate.

As per an amended agreement effective 1 April 2025, the investment will be settled at the subscription value, with any excess or shortfall reimbursed by/to the solar company's promoter. The Company no longer has significant influence, and the investment is no longer classified as an associate. Since Vardhman Special Steels Limited holds no other subsidiary or associate investments, consolidated financials are not required to be prepared. Further, pursuant to the change in terms of the agreement, the investment is classified as investment at amortised cost (Previously at cost).

7. Loans

Non-Current (unsecured considered good, unless otherwise stated)	As at 31 March 2026	As at 31 March 2025
Financial assets at amortized cost		
Loans to employees	230.78	292.42
	230.78	292.42
Current (unsecured considered good, unless otherwise stated)		
Financial assets at amortized cost		
Loans to employees	234.33	213.07
	234.33	213.07

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

8 Other financial assets

(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2026	As at 31 March 2025
Non-current		
- Security deposit (Including Interest accrued)	291.50	294.04
	291.50	294.04

9 Others tax assets (net)

	As at 31 March 2026	As at 31 March 2025
Non-current		
Advance income tax and tax deducted at source (net of provision)	47.36	0.82
	47.36	0.82

10 Other non-current assets

(unsecured considered good, unless otherwise stated)

	As at 31 March 2026	As at 31 March 2025
Capital advances	2,975.99	1,679.76
Security deposits	1,801.89	1,761.30
Prepaid expenses	862.92	15.52
Amount paid under protest to government authorities	79.84	92.90
	5,720.64	3,549.48

11 Inventories

(at lower of cost and net realizable value)

	As at 31 March 2026	As at 31 March 2025
Raw materials	9,266.34	2,325.45
Raw material in transit	160.37	70.65
Stores and spares	2,950.55	2,233.32
Stores and spares in transit	-	54.61
Work-in-progress	12,036.86	7,018.52
Finished goods - manufactured [#]	10,610.01	21,794.83
	35,024.13	33,497.38

[#]includes stock lying with third party amounting to ₹1,863.43 (Previous year : ₹5,230.65) and stock in transit ₹670.73 (Previous year : ₹895.07)
 Refer to Note 19.1 and 19.2 for information on inventories pledged as security by the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

12 Investments (Current)

	As at 31 March 2026	As at 31 March 2025
Quoted debt securities		
Securities at fair value through profit and loss		
Nil (31 March 2025: 24,094.68) units of SBI overnight fund direct growth	-	1,000.72
97,464.53 (31 March 2025: Nil) units of Kotak Money Market Dir Growth	4,624.36	-
99,34,265.02 (31 March 2025: Nil) units of SBI Savings Fund - Dir Growth	4,620.10	-
91,45,839.08 (31 March 2025: Nil) units of Bandhan Money Market Fund	4,181.72	-
47,697.28 (31 March 2025: Nil) units of SBI Liquid Fund Direct Growth	2,053.90	-
	15,480.08	1,000.72
Aggregate value of un-quoted Investments	-	-
Aggregate book value of quoted investments	15,480.08	1,000.72
Aggregate market value of quoted investments	15,480.08	1,000.72
Aggregate amount of impairment in value of investments	-	-

13 Trade receivables

(Unsecured, considered good, unless otherwise stated)

	As at 31 March 2026	As at 31 March 2025
Trade receivables	28,177.16	26,522.89
Less: Loss allowance	392.81	392.81
Net Trade receivables	27,784.35	26,130.08

Break-up of trade receivables

	As at 31 March 2026	As at 31 March 2025
Trade receivable considered good - secured	-	-
Trade receivables considered good - unsecured	27,910.66	26,522.89
Trade receivables which have significant increase in credit risk	-	-
Trade Receivables – credit impaired	266.50	-
Total	28,177.16	26,522.89

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Trade receivable ageing schedule

As at 31 March 2026	Outstanding for following periods from due date							Net receivables
	Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	
Undisputed Trade Receivable - considered good	-	22,519.10	5,272.25	47.69	59.30	6.06	6.26	27,784.35
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	266.50	-
Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-
Disputed Trade Receivable -which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-	-
Total	-	22,519.10	5,272.25	47.69	59.30	6.06	272.76	27,784.35

Trade receivable ageing schedule

As at 31 March 2025	Outstanding for following periods from due date							Net receivables
	Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	
Undisputed Trade Receivable - considered good	-	19,233.85	6,811.89	174.27	16.25	18.50	268.13	26,130.08
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-
Disputed Trade Receivable -which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-	-
Total	-	19,233.85	6,811.89	174.27	16.25	18.50	268.13	26,130.08

There are no trade receivable from related parties in current year and in previous year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

14 Cash and cash equivalents

	As at 31 March 2026	As at 31 March 2025
Balance with banks		
- in current accounts	626.77	1,075.37
Cash on hand	0.12	0.31
	626.89	1,075.68

14(a) Bank balances other than cash and cash equivalents

	As at 31 March 2026	As at 31 March 2025
Other bank balance		
- Bank deposit with maturity more than 3 months and upto 12 months	5,192.83	38.64
- Earmarked balance with banks on account of unpaid dividends	24.39	17.51
- Earmarked balance with banks on account of un-spent CSR	11.97	-
	5,229.19	56.15

15 Other financial assets (Current)

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2026	As at 31 March 2025
Financial assets at amortized cost		
Recoverable on account of government grant (Refund)	3,969.44	3,399.64
Security deposits	1.35	0.40
Export benefit recoverable	0.25	9.02
Financial Assets measured at fair value through Profit and loss		
Derivative financial instruments	1.17	-
	3,972.21	3,409.06

16 Other current assets

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2026	As at 31 March 2025
Recoverable on account of government grant	47.87	24.26
Advances for supply of goods & services	6,007.94	246.82
Recoverable from / balance with government authorities	975.47	309.63
Prepaid expenses	126.99	129.55
Advance to employee	-	6.66
Security deposits	4.85	9.63
Prepaid (deferred) expenses for employee benefits	24.01	6.51
	7,187.13	733.06

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for the year ended 31 March 2026

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

17 Equity share capital

17.1 Details of share capital

	As at 31 March 2026		As at 31 March 2025	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of ₹10 each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each fully paid up	9,66,85,678	9,668.57	8,17,33,328	8,173.34
	9,66,85,678	9,668.57	8,17,33,328	8,173.34

17.2 Reconciliation of number of shares outstanding at beginning and end of the year

	As at 31 March 2026		As at 31 March 2025	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	8,17,33,328	8,173.34	8,14,59,828	8,145.98
Add: Shares issued on preferential basis*	1,47,70,100	1,477.01	-	-
Add: Issue of equity share under employee Stock option plan (Refer note 42.4)	91,125	9.11	1,36,750	13.68
Add: Issue of bonus equity share with employee stock option plan	91,125	9.11	1,36,750	13.68
Balance at the end of the year	9,66,85,678	9,668.57	8,17,33,328	8,173.34

*Pursuant to the approval of the Shareholders of the Company in their Extra-Ordinary General Meeting held on 25 June 2025, the Company received approval of allotment of 14,770,100 fully paid-up equity shares of the Company having face value of ₹10 per equity share, at a price of ₹260.60 per share to Aichi Steel Corporation (ASC), a company incorporated in Japan, on a preferential basis, in accordance with the provisions of Chapter V of the Securities and Exchange Board of India Regulations, 2018 and has received the aggregate subscription amount of ₹38,490.88 from ASC on 4 July 2025.

17.3 Rights, preferences and restrictions attached to shares

- 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.
- Pursuant to Share Subscription and Investment Agreement entered on 29 May 2025 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

17.4 Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2026.

During the five years immediately preceding 31 March 2026 ('the period'), the company had neither bought back any shares nor it had issued any shares for consideration other than cash except as stated below.

- During the year ended 31 March 2024, pursuant to approval given by its shareholders, the Company had issued 4,06,27,414 bonus equity shares of ₹10 each as fully paid up in the ratio of one equity share for every one existing equity share and Capitalization of such sum out of Securities Premium Account of Company.
- Further, the Company has issued 91,125 for year ended 31 March 2026 (Previous year: 1,36,750) bonus equity shares with employee stock option plan in the ratio of 1:1.

	Number of shares				
	For the year ended 31 March 2026	For the year ended 31 March 2025	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Bonus Shares	91,125	1,36,750	4,07,29,914	-	-

17.5 Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at 31 March 2026		As at 31 March 2025	
	Number of shares	% holding in the class	Number of shares	% holding in the class
- Vardhman Textiles Limited	1,94,16,666	20.08	1,94,16,666	23.76
- Mr. Sachit Jain	1,12,59,292	11.65	1,12,38,492	13.75
- Vardhman Holdings Limited	1,04,37,908	10.80	1,04,37,908	12.77
- Aichi Steel Corporation	2,40,29,358	24.85	92,59,258	11.33
- Devakar Investment & Trading Company (P) Ltd	44,30,032	4.58	44,30,032	5.42
Total	6,95,73,256	71.96	5,47,82,356	67.03

17.6 Promoter Shareholding

Promoter's name	As at 31 March 2026			As at 31 March 2025		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Vardhman Textiles Limited	1,94,16,666	20.08	-	1,94,16,666	23.76	-
Sachit Jain	1,12,59,292	11.65	0.19	1,12,38,492	13.75	0.11
Vardhman Holdings Limited	1,04,37,908	10.80	-	1,04,37,908	12.77	-
Devakar Investment & Trading Company Private Ltd	44,30,032	4.58	-	44,30,032	5.42	-
Mahavir Shares Trust	10,65,822	1.10	-	10,65,822	1.30	-
VTL Investments Limited	7,56,000	0.78	-	7,56,000	0.93	-
S.P. Oswal	4,41,404	0.46	-	4,41,404	0.54	-
Flamingo Finance & Investment Company Limited	3,93,672	0.41	-	3,93,672	0.48	-
Santon Finance & Investment Company Limited	3,37,066	0.35	-	3,37,066	0.41	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Promoter's name	As at 31 March 2026			As at 31 March 2025		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Ramaniya Finance & Investment Company Limited	3,13,352	0.32	-	3,13,352	0.38	-
Suchita Jain	1,80,534	0.19	-	1,80,534	0.22	-
Shakun Oswal	1,02,382	0.11	-	1,02,382	0.13	-
Paras Syndicate	61,030	0.06	-	61,030	0.08	-
Amber Syndicate	57,496	0.06	-	57,496	0.07	-
Northern Trading Company	55,040	0.06	-	55,040	0.07	-
Eastern Trading Company	39,360	0.04	-	39,360	0.05	-
Mahavir Spinning Mills Private Limited	7,096	0.01	-	7,096	0.01	-
Soumya Jain	5,320	0.01	-	5,320	0.01	-
Sagrika Jain	5,160	0.01	-	5,160	0.01	-

17.7 Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestment are as below:

	As at 31 March 2026		As at 31 March 2025	
	Number of Shares	Amount	Number of Shares	Amount
a. ESOP Plan 2016: Second (2nd) Grant: 1,35,000 equity shares at an exercise price of ₹72 per share. (refer note -42.4)	2,750	1.98	28,000	20.16
b. ESOP Plan 2016: Third (3rd) Grant: 9,000 equity shares at an exercise price of ₹72 per share. (refer note -42.4)	4,500	3.24	6,750	4.86
c. ESOP Plan 2020: First (1st) Grant: 3,63,000 equity shares at an exercise price of ₹72 per share. (refer note -42.4)	5,000	3.60	61,250	44.10
d. ESOP Plan 2020: Second (2nd) Grant: 1,25,000 equity shares at an exercise price of ₹72 per share. (refer note -42.4)	49,000	35.28	75,750	54.54
e. ESOP Plan 2020: Third (3rd) Grant: 1,36,500 equity shares at an exercise price of ₹145 per share. (refer note -42.4)	1,10,000	159.50	1,26,000	182.70
	1,71,250	203.60	2,97,750	306.36

17.8 Employee Stock option/ Share purchase plan

Terms attached to stock options granted/ share purchase plan to employees are described in note no. 42.4 regarding share based payments. (Equity Settled)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

18 Other equity

(also refer to Statement of Changes in Equity)

(a) 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.

(b) 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.

(c) 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.
(Refer note 42.4)

(d) 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.

19 Borrowings

I. Non current borrowings

	As at 31 March 2026	As at 31 March 2025
Secured		
Term loans (refer note 19.1)		
- From banks (net of unamortized processing charges)	-	1,412.74
Total non-current borrowings (including current maturities)	-	1,412.74
Less: Current maturities of non-current borrowings disclosed as part of current borrowings	-	1,083.19
	-	329.55

II. Current borrowings

	As at 31 March 2026	As at 31 March 2025
Secured		
Loan repayable on demand		
- From banks (refer note 19.2 and 19.3)	9,264.95	8,072.39
Current maturities of non-current borrowings	-	1,083.19
Unsecured		
- Working capital loan & Corporate credit card (refer note 19.3)	-	2,487.71
	9,264.95	11,643.29

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

19.1 Notes

(a) Security details:

Term loans of ₹Nil (Previous year: ₹1,412.74) 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 & part of land out of plot no. C-59, Focal Point, Ludhiana & Pioneer Industrial Park, Pathrerd, Gurugram and second parri passu charge on entire current assets of the Company.

(b) Terms & repayment schedule:

- Term loan of ₹Nil (Previous year: ₹423.18) from ICICI Bank Limited. (31 March 2025: 1 instalment)
- Term loan of ₹Nil (Previous year: ₹990.00) from HDFC Bank Limited. (31 March 2025: 6 instalments)
- During the current year, the nominal (floating) interest rate was in the range of 6.70% to 8.50% (31 March 2025: in the range of 7.79% to 9.48% per annum)

19.2 Cash credit/overdraft and working capital demand loan facilities from Consortium banks aggregating to ₹9,264.95 (Previous year: ₹8,072.39) against a sanctioned fund based and non-fund based working capital facility of ₹30,000 (Previous year: ₹30,000) and ₹20,000 (Previous year: ₹20,000) 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.

19.3 During the current year, the interest rate on working capital demand loan facilities was in the range of 5.89% to 8.11% (31 March 2025: in the range of 6.67% to 7.95% per annum)

19.4 Unsecured working capital loan & corporate credit card facilities:

- From CTBC Bank corporation limited aggregating to ₹ Nil (Previous year: ₹1,200.00) against a sanctioned limit of ₹5,000 (Previous year: ₹5,000).
- From Axis Bank Limited aggregating to ₹ Nil (Previous year: ₹950.69) against a sanctioned limit of ₹3,000 (Previous year: ₹3,000).
- From ICICI Bank Limited aggregating to ₹ Nil (Previous year: ₹337.02) against a sanctioned limit of ₹500 (Previous year: ₹500).

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

Particulars	Share Capital	Securities Premium	Shares options outstanding	Lease Liabilities	Borrowings	Total
Balance as at 1 April 2024	8,145.98	10,604.16	175.75	76.54	8,294.05	
Shared Issued	13.68	175.36	(90.58)	-	-	98.46
Proceed from borrowings	-	-	-	-	5,976.91	5,976.91
Repayment of non-current borrowings	-	-	-	-	(2,300.95)	(2,300.95)
Interest charged during the period	-	-	-	-	1,862.71	1,862.71
Interest paid during the period	-	-	-	-	(1,821.93)	(1,821.93)
Payments of lease liabilities	-	-	-	(24.88)	-	(24.88)
Non Cash Changes due to:						
- Bonus shared issued	13.68	(13.68)	-	-	-	-
- Finance cost of lease liability	-	-	-	5.90	(5.90)	-
- Change in other financial liability	-	-	-	-	(32.05)	(32.05)
- Shares based payment	-	-	106.78	-	-	106.78
Balance as at 1 April 2025	8,173.33	10,765.85	191.95	57.56	11,972.84	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Particulars	Share Capital	Securities Premium	Shares options outstanding	Lease Liabilities	Borrowings	Total
Shared Issued	1,486.12	37,092.40	(77.07)	-	-	38,501.45
Repayment of non-current borrowings	-	-	-	-	(1,413.19)	(1,413.19)
Repayment of current borrowings	-	-	-	-	(1,295.15)	(1,295.15)
Interest charged during the period	-	-	-	-	1,190.58	1,190.58
Interest paid during the period	-	-	-	-	(1,192.16)	(1,192.16)
Payments of lease liabilities	-	-	-	(26.12)	-	(26.12)
Non Cash Changes due to:						
- Bonus shared issued	9.11	(9.11)	-	-	-	-
- Finance cost of lease liability	-	-	-	4.14	(4.14)	-
- Change in other financial liability	-	-	-	-	6.17	6.17
- Shares based payment	-	-	87.08	-	-	87.08
Balance as at 31 March 2026	9,668.57	47,849.14	201.96	35.58	9,264.95	

19.6 The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts in the current year and for previous year

19.7 In the year ended 31 March 2026 and 31 March 2025, the actual utilisation of working capital remained within the bank sanction/DP limits.

19.8 There are no charges or satisfaction of charges which required registration for year ended 31 March 2026 and for 31 March 2025 and are pending as of the respective dates.

20 Lease liabilities

The Company has entered into agreement for taking office premises on lease and license basis. The one lease is running 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/Guest house 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 ₹135.11 (Previous year: ₹122.98) (Refer note 36).

Information about leases for which the Company is a lessee is presented below:

20.1 The following are the amounts recognised in statement of profit and loss:

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest on lease liabilities	4.14	5.90
Expenses relating to short-term leases	135.11	122.98
	139.25	128.88

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

20.2 The total cash outflow for leases are as follows:

	For the year ended 31 March 2026	For the year ended 31 March 2025
The total cash outflow for leases, including cash outflow for short term leases	161.23	147.86
Total	161.23	147.86

20.3 The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2026	As at 31 March 2025
Current lease liabilities	25.31	21.98
Non-current lease liabilities	10.27	35.58
	35.58	57.56

20.4 The weighted average incremental borrowing rate applied to lease liabilities is 8.87% (Previous year 8.87%).

20.5 The following is the movement in lease liabilities during the year

	For the year ended 31 March 2026	For the year ended 31 March 2025
Balance at the beginning	57.56	76.54
Finance cost accrued during the period	4.14	5.90
Payment of Lease liabilities	(26.12)	(24.88)
Balance at the end	35.58	57.56

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

	For the year ended 31 March 2026	For the year ended 31 March 2025
Less than one year	27.42	65.18
One to five years	10.47	37.90
Total	37.89	103.08

The Company does not face any 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.

21 Other financial liabilities

	As at 31 March 2026	As at 31 March 2025
Non current		
Security deposits	64.98	15.26
	64.98	15.26

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

22 Provisions

Provisions for employee benefits (refer note 42)

	As at 31 March 2026	As at 31 March 2025
Non current		
Liability for compensated absences	208.82	215.57
	208.82	215.57
Current		
Liability for gratuity	37.30	105.42
Liability for compensated absences	94.69	89.74
	131.99	195.16

23 Deferred tax (Liabilities)/ assets (net)

	As at 31 March 2026	As at 31 March 2025
Deferred tax assets on account of		
Expenses allowable on payment basis	113.20	117.48
ICDS disallowance on MTM forward contracts	0.55	0.55
Lease liabilities	8.96	14.49
Expected credit loss allowance	98.86	98.86
	221.57	231.38
Deferred tax liabilities on account of		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,390.72	2,064.28
Fair valuation gain on Investment	94.48	0.18
Right-of-use assets	5.80	9.89
	2,491.00	2,074.35
	(2,269.43)	(1,842.97)

Deferred tax (Liabilities)/assets (net)

2025-26

Deferred tax assets (net)	Balance as at 1 April 2025	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2026
Deferred tax assets on account of Expenses allowable on payment basis	117.48	10.63	(14.91)	113.20
ICDS disallowance on MTM forward contracts	0.55	-	-	0.55
Lease liabilities	14.49	(5.53)	-	8.96
Expected credit loss allowance	98.86	-	-	98.86
	231.38	5.10	(14.91)	221.57

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Deferred tax assets (net)	Balance as at 1 April 2025	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2026
Deferred tax liabilities on account of Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,064.28	326.44	-	2,390.72
Fair valuation gain on Investment	0.18	94.30	-	94.48
Right-of-use assets	9.89	(4.09)	-	5.80
	2,074.35	416.65	-	2,491.00
Deferred tax (Liabilities)/assets (net)	(1,842.97)	(411.55)	(14.91)	(2,269.43)

Deferred tax (Liabilities)/assets (net)

2024-25

Deferred tax assets (net)	Balance as at 1 April 2024	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2025
Deferred tax assets on account of				
Expenses allowable on payment basis	94.65	3.60	9.35	117.48
ICDS disallowance on MTM forward contracts	1.03	(0.48)	-	0.55
Lease liabilities	19.26	(4.78)	-	14.49
Expected credit loss allowance	98.86	-	-	98.86
	213.80	(1.65)	9.35	231.38
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,177.92	(113.64)	-	2,064.28
Fair valuation gain on Investment	-	-	-	0.18
Right-of-use assets	13.98	(13.80)	-	9.89
	2,191.90	(127.44)	-	2,074.35
Deferred tax (Liabilities)/assets (net)	(1,978.10)	125.78	9.35	(1,842.97)

24 Other non-current liabilities

	As at 31 March 2026	As at 31 March 2025
Security deposits	32.89	39.19
	32.89	39.19

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

25 Trade Payables

	As at 31 March 2026	As at 31 March 2025
- Total outstanding dues of micro enterprises and small enterprises (refer note 41)	941.39	581.57
- Total outstanding dues of creditors other than micro enterprises and small enterprises	17,479.69	13,348.71
	18,421.08	13,930.28
Of the above trade payables amounts due to related parties are as below:		
- Trade payables due to related parties (Refer Note 43)	1,028.41	555.70

Trade payable ageing schedule

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	847.07	94.32	-	-	-	941.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	480.34	5,166.56	11,755.27	72.81	4.56	0.15	17,479.69
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	480.34	6,013.63	11,849.59	72.81	4.56	0.15	18,421.08

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	3.52	578.05	-	-	-	-	581.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	186.79	12,641.89	494.47	11.15	13.41	1.00	13,348.71
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	190.31	13,219.94	494.47	11.15	13.41	1.00	13,930.28

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Supplier finance arrangements

The Company participates in a supplier finance arrangement under which its suppliers may elect to receive early payment of their invoices from TREDs Platform. Under the arrangement, A-TREDs platform agrees to pay amounts due to participating suppliers in respect of invoices owed by the Company and the Company repays A-TREDs platform at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The Company derecognises the original trade payables upon entering into the arrangement, as the obligation to the suppliers is settled through payment by the A-TREDs platform and a new liability is recognised in favour of A-TREDs. However, such arrangement does not alter the rights and obligations of the Company.

All payables under the arrangement are classified as current as at 31 March 2026 and 2025.

Carrying amount of financial liabilities subject to supplier finance arrangement

	As at 31 March 2026	As at 31 March 2025
Presented within trade payables	4,237.99	—*
- of which suppliers have received the payment from the bank	4,237.99	—*
Range of payment due dates		
Trade payables subject to supplier finance arrangement (days after invoice date)	60-90	—*
Comparable trade payables (days after invoice date)	60-75	—*

*The Company applied transitional relief available under Supplier Finance Arrangements (Amendments to Ind AS 7 and Ind AS 107) hence not provided comparative information in the first year of adoption.

Non cash changes

There were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements

26 Other financial liabilities

	As at 31 March 2026	As at 31 March 2025
Current		
Interest accrued but not due on borrowings	43.06	49.23
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises	119.21	57.36
- Total outstanding of creditors other than micro enterprises and small enterprises	990.43	1,759.34
Employee related payables	1,955.69	1,528.55
Dues to others	344.63	344.63
CSR Un-spent amount	11.73	85.43
Unpaid dividend	24.39	17.50
Liability for mark to market loss on derivative contracts	-	10.80
Other - Unapplied receipts	0.15	0.71
	3,489.29	3,853.55

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

27 Other current liabilities

	As at 31 March 2026	As at 31 March 2025
Contract liabilities	362.18	669.15
Statutory dues	1,298.39	969.46
	1,660.57	1,638.61

28 Current tax liabilities (net)

	As at 31 March 2026	As at 31 March 2025
Provision for Income tax (net of advance income tax and tax deducted at source)	-	38.74
	-	38.74

29 Revenue from operations

	For the year ended 31 March 2026	For the year ended 31 March 2025
Sale of products		
- Finished goods	1,74,648.56	1,75,403.35
Other operating revenues		
- By product & miscellaneous sale	688.96	950.66
- Export incentives	105.79	86.82
	1,75,443.31	1,76,440.83

A. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geography market, major products and timing of revenue recognition.

	For the year ended 31 March 2026	For the year ended 31 March 2025
Geographical markets		
India	1,67,563.15	1,69,519.77
Outside India	7,085.41	5,883.58
	1,74,648.56	1,75,403.35
Timing of revenue recognition		
Products transfer at a point in time	1,74,648.56	1,75,403.35
	1,74,648.56	1,75,403.35
For sale of major products refer note 40.1		
Revenue from contracts with customers	1,74,648.56	1,75,403.35

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

B. Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2026	For the year ended 31 March 2025
Revenue as per contract price	1,75,253.67	1,76,116.48
Adjustment for variable cost components		
Discount & Quality claims	(605.11)	(713.14)
Total Revenue from contracts with customers	1,74,648.56	1,75,403.35
Contract Balances	For the year ended 31 March 2026	For the year ended 31 March 2025
Trade receivables including unbilled revenue	27,784.35	26,130.08
Contract liabilities	362.18	669.15

The company does not have any unbilled revenue or contract assets as at 31 March 2026 and 31 March 2025. The contract liabilities relate to the advance received from customers against which revenue will be recognized when the performance obligation is satisfied.

Invoices are usually payable within 45-90 days.

The amount of ₹663.14 included in contract liabilities at 31 March 2025 has been recognised as revenue during the year ended 31 March 2026. (31 March 2025: ₹47.23)

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the customers on satisfaction of distinct performance obligations at the amount of transaction price (net of discounts, rebates etc.).

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 ₹19,068.37 (previous year one customer total revenue ₹19,774.03).

#No information is provided about remaining performance obligations as at 31 March 2026 or 31 March 2025 that are part of contracts that have an original expected duration of 1 year or less as allowed Ind AS 115.

30 Other income

	For the year ended 31 March 2026	For the year ended 31 March 2025
Income on account of government grants*	2,556.90	2,501.02
Interest income on financial assets measured at amortised cost		
- on banks deposits	482.67	-
- on advance to suppliers	543.79	152.10
- on employees loans	20.18	-
- on Investments	15.90	-
Liabilities no longer required written back	5.32	23.88
Net Gain on account of foreign exchange fluctuation	120.52	12.54
Gain on sale of current investments	107.16	132.83
Gain on fair value of investments	374.69	0.72
Gain on sale of property, plant and equipment (net)	-	7.29
Miscellaneous income	7.47	81.10
	4,234.60	2,911.48

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

*The Company is eligible for incentives under Industrial and Business Development Policy 2017 of the State Government for its expansion cum upgradation project of Steel Melt Shop completed in FY 2019-20. Pursuant to the necessary approvals from the competent authorities resulting in satisfaction of recognition conditions for government grants in accordance with Ind AS 20, the Company has recorded ₹2,556.90 (Previous year: 2,501.02) under the head Other Income towards exemption of Electricity Duty, Infrastructure Development Cess, Property tax and GST refund. Other incentives as due will be considered post satisfaction of recognition conditions in accordance with requirements of Ind AS 20.

31 Cost of materials consumed

	For the year ended 31 March 2026	For the year ended 31 March 2025
Inventory of raw materials at the beginning of the year (including raw material in transit)	2,396.11	5,537.83
Purchases of raw materials	1,04,469.87	1,06,226.44
Inventory of raw materials at the end of the year (including raw material in transit)	(9,426.70)	(2,396.11)
	97,439.28	1,09,368.16

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

	For the year ended 31 March 2026	For the year ended 31 March 2025
Opening inventory		
Finished goods	21,794.83	19,296.66
Work-in-progress	7,018.52	8,441.64
	28,813.35	27,738.30
Closing inventory		
Finished goods	10,610.01	21,794.83
Work-in-progress	12,036.86	7,018.52
	22,646.87	28,813.35
	6,166.48	(1,075.05)

33 Employee benefits expense

	For the year ended 31 March 2026	For the year ended 31 March 2025
Salaries, wages and bonus	10,334.16	9,291.90
Contribution to provident and other funds (refer note 42)	580.77	526.21
Gratuity and compensated absence (refer note 42)	294.31	208.15
Share based payments to employees (Equity Settled)	87.08	106.80
Staff welfare expenses	131.55	205.90
	11,427.87	10,338.96

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

34 Finance cost

	For the year ended 31 March 2026	For the year ended 31 March 2025
Interest expense on		
-Term loans	22.29	196.78
-Lease liabilities	4.14	5.90
-Financial liabilities measured at amortised cost*	1,091.82	1,577.63
Other borrowing cost (LC Charges, processing fee & bank charges)	72.33	82.40
	1,190.58	1,862.71

* Others represent interest on cash credit & working capital demand loan and discounting charges etc.

35 Depreciation and amortisation expense

	For the year ended 31 March 2026	For the year ended 31 March 2025
Depreciation on property, plant and equipment (refer note 3)	3,269.65	3,329.12
Depreciation on right of use asset (refer note 4)	16.26	16.25
Amortisation of intangible asset (refer note 5)	0.77	1.62
	3,286.68	3,346.99

36 Other expenses

	For the year ended 31 March 2026	For the year ended 31 March 2025
Stores and spare consumed	11,097.96	11,186.90
Power and fuel	19,048.03	17,737.40
Packing material	438.84	465.37
Processing Charges	3,592.35	3,982.42
Rent	135.11	122.98
Repairs and maintenance	2,357.71	3,064.35
Insurance	104.37	97.05
Rates and taxes	96.52	73.46
Loss on disposal/write-off of property, plant and equipment (net)	258.04	23.70
Vendor Balances/Advances written off	0.92	17.62
Legal and professional expenses (refer note 44.1)	250.93	203.25
Freight and handling expense	3,509.81	3,548.56
Commission on sales	370.47	523.47
Technical Assistance Fees & Royalty (refer note 43)	1,130.70	949.60
Corporate Social Responsibility expense (refer note 44.2)	276.42	276.71
Common corporate expenses (refer note 43)	342.96	99.76
Travelling Expense	281.89	270.44
Miscellaneous expenses	469.05	361.44
	43,762.08	43,004.48

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

37 Tax expense

37.1 Income tax recognised in Statement of Profit and Loss

	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax (including tax adjustment relating to prior periods)	3,768.10	3,332.39
Tax adjustment relating to prior years	22.90	-
Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	411.55	(135.14)
Total tax expense recognised in the current year	4,202.54	3,197.26

37.2 Reconciliation of effective tax rate

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Rate	Amount	Rate	Amount
Profit before tax		16,404.94		12,506.06
Tax at the Indian tax rate of 25.168%	25.17%	4,128.80	25.17%	3,147.53
Effect of expenses that are not deductible in determining taxable profit*	0.32%	53.22	0.17%	21.20
Recognition of previously unrecognised tax	0.00%	-	-0.03%	(3.60)
Effect of change in estimate related to previous year	0.14%	22.90	0.18%	22.78
Others	-0.01%	(2.37)	0.00%	-
Income tax expenses recognised in statement of profit and loss	25.62%	4,202.55	25.49%	3,187.91

*Refer Note 23

37.3 Income tax relating to items that will not be reclassified to profit or loss

	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Rate	Amount	Rate	Amount
- Remeasurement of defined benefit obligation	-0.09%	(14.91)	0.07%	9.35
Total income tax recognised in other comprehensive income/(loss)	-0.09%	(14.91)	0.07%	9.35

38 Earnings per share (EPS)

38.1 Basic earnings per share

	For the year ended 31 March 2026	For the year ended 31 March 2025
Profit for basic earning per share of ₹10 each	12,202.39	9,308.81
Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	8,17,33,328	8,14,59,828

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

	For the year ended 31 March 2026	For the year ended 31 March 2025
Effect of fresh issue of shares		
1,47,70,100 equity shares issued (31 March 2025: Nil) on preferential basis to Aichi Steel Corporation	1,09,66,293	-
91,125 equity shares issued (31 March 2025: 1,36,750)	91,125	1,36,750
Weighted average shares at fair value in employee stock option	22,861	46,058
Total weighted average number of equity shares outstanding for Basic EPS	9,28,13,607	8,16,42,636
Basic Earnings per share (face value of ₹10 each)	13.15	11.40

*Earnings per equity share has been adjusted retrospectively to give effect of the bonus shares issued during the year.

38.2 Diluted earnings per share*

	For the year ended 31 March 2026	For the year ended 31 March 2025
Profit for diluted earning per share of ₹10 each	12,202.39	9,308.81
Total weighted average number of equity shares outstanding for Basic EPS	9,28,13,607	8,16,42,636
Add: Effect of dilutive common equivalent shares - share option outstanding**	1,07,318	2,11,741
Total weighted average number of equity shares outstanding for Dilutive EPS	9,29,20,925	8,18,54,378
Diluted Earnings per share (face value of ₹10 each)**	13.13	11.37

**107,318 options (31 March 2025: 2,11,741) 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.

*The average market value of the company share for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the option were outstanding.

39 Contingent liabilities and commitments:

(to the extent not provided for)

39.1 Claim against the Company not acknowledged as debts, under dispute

	As at 31 March 2026	As at 31 March 2025
-Income-tax	-	9.92
	-	9.92

39.2 Commitments:

	As at 31 March 2026	As at 31 March 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account {(net of capital advances ₹1,740.56) (Previous year ₹1,679.76)}	5,276.69	8,568.43
Export commitments against import of capital goods under EPCG scheme	13,232.79	12,035.56
	18,509.48	20,603.99

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

39.3 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. 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.

40 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 been 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.Manufacturing of Steel products 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:

40.1 Entity wide disclosures

	For the year ended 31 March 2026	For the year ended 31 March 2025
Information about products and services		
Sale of products:		
Finished goods		
- Black bars	1,34,246.57	1,32,352.70
- Bright bars	40,401.99	40,901.84
- Others (represent items which individually account for less than 10% of the total value of sale of own manufactured products)	-	2,148.81
	1,74,648.56	1,75,403.35
Inventories:		
- Black bars	8,758.28	19,995.77
- Bright bars	1,851.73	1,799.05
- Billets	12,036.86	7,018.52
- Raw Material (Including material in transit)	9,426.71	2,396.11
- Others (represent items which individually account for less than 10% of the total value of inventory)	2,950.55	2,287.92
	35,024.13	33,497.38

40.2 Information about major customers (from external customers)

Revenue from sale of products to one customer which individually constitutes more than 10 percent of the Company's total revenue is ₹19,068.37 (previous year one customer total revenue ₹19,774.03).

40.3 Information about geographical areas

Particulars	Year ended 31 March 2026		Year ended 31 March 2025	
	Within India	Outside India	Within India	Outside India
i) Revenues from sale of products to external customers	1,67,563.15	7,085.41	1,69,519.77	5,883.58
ii) Non-Current Segment Assets : All non-current assets are located in India.				

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

41 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 2026	For the year ended 31 March 2025
a) Principal amount and Interest due thereon remaining unpaid to any supplier		
- Principal		
Trade payable	941.39	581.57
Capital creditors	119.21	57.36
- 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 had been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED act	-	-
d) The amount of interest accrued and remaining unpaid at the end of year	-	-
e) The amount of interest accrued and remaining unpaid at the end of the year		
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expense under the MSMED Act 2006	-	-
	1060.60	638.93

42 Employee benefits

42.1 Assets and liabilities relating to employee benefits

	Non - current		Current	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
Liability for gratuity	-	-	37.30	105.42
Liability for compensated absences	208.82	215.57	94.69	89.74
Provisions for employee benefits (refer note 22)	208.82	215.57	131.99	195.16

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

42.2 Defined contribution plan:-

The Company's provident fund scheme, employee's state insurance (ESI) and others funds are defined contribution plans. The Company has recorded an expense of ₹493.61 (Previous year: ₹443.27) under provident fund scheme, ₹43.78 (Previous Year: ₹51.25) Unser ESI Scheme, ₹40.08 (Previous Year: ₹28.61) under national pension scheme and ₹3.30 (Previous Year: ₹3.08) under labour welfare fund. These have been included in the note 33 Employees benefits expenses, in Statement of Profit and Loss.

42.3 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 makes 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

i) 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:

ii) Reconciliation of present value of defined benefit obligation

Particulars	As at 31 March 2026	As at 31 March 2025
Present value of obligation at the beginning of the year	1,491.95	1,301.22
Current service cost	143.17	145.59
Interest cost	104.29	93.95
Past service cost	102.99	-
Actuarial (gain)/loss recognised in other comprehensive income	(106.42)	32.60
Benefits paid	(166.59)	(81.41)
Present value of obligation at the end of the year	1,569.39	1,491.95

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

iii) Reconciliation of present value of plan assets

Particulars	As at 31 March 2026	As at 31 March 2025
Plan assets at the beginning of the year, at fair value	1,386.23	1,240.13
Expected return on plan assets	96.89	89.54
Actuarial (loss) on plan assets recognised in other comprehensive income	(47.16)	(4.53)
Contributions	0.31	(0.31)
Benefits paid	95.81	61.40
Plan assets at the end of the year, at fair value	1,532.08	1,386.23

iv) Amount recognised in the balance sheet

Particulars	As at 31 March 2026	As at 31 March 2025
Present value of defined benefit obligation at the end of the year	1,569.39	1,491.95
Fair value of plan assets at the end of the year	1,532.08	1,386.23
Net (liability) recognised in balance sheet*	(37.31)	(105.72)

*Net asset shown under the head Other current assets and net liability shown under the head Provision for employee benefits

v) Plan Assets

Particulars	As at 31 March 2026	As at 31 March 2025
Equity Instruments & Mutual Funds	24.44%	23.78%
Govt. Securities & Debt Instruments	73.13%	73.58%
Bank balances	2.10%	2.12%
Others	0.33%	0.52%

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by Indian government and are rated AAA or AA, based on CRISIL ratings.

At each reporting date, an Asset-Liability Matching study is performed by the gratuity fund's asset manager, in which the consequences of the strategic investment policies are analysed.

vi) Expenses recognised in the Statement of Profit or Loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current service cost	143.17	145.59
Interest cost	104.29	93.95
Past service cost	102.99	-
Expected return on plan assets	(96.89)	(89.54)
Expenses recognized in profit or loss	253.56	150.00

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

vii) Remeasurement recognized in other comprehensive expense

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Actuarial (gain)/loss on the defined benefit obligation	(59.25)	37.14
Amount recognized in other comprehensive expense	(59.25)	37.14

viii) 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 2026	As at 31 March 2025
Discount rate (per annum)	7.78%	6.99%
Expected rate of return on plan assets (per annum)	3.33%	6.88%
Future salary growth rate	6.00%	6.00%

(ii) Demographic assumptions:

Particulars	As at 31 March 2026	As at 31 March 2025
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%

ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2026		As at 31 March 2025	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(53.26)	57.12	(52.55)	56.56
Future salary growth (0.50% movement)	53.86	(51.54)	54.06	(51.38)

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 2026

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

x) Expected future benefit payments

Particulars	As at 31 March 2026	As at 31 March 2025
Undiscounted amount of expected benefit payments for next 10 years:		
within 1 year	252.93	247.89
1-2 years	149.46	115.21
2-3 years	129.95	112.44
3-4 years	88.02	123.13
4-5 years	82.89	77.80
5-6 years	75.84	75.51
6 year onwards	780.30	739.97

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

Particulars	As at 31 March 2026	As at 31 March 2025
Weighted average duration of the defined benefit plan (in years)	11.73	11.78
Expected employers contribution for next year	169.10	168.23

During the year ended 31 March 2026, the Central Government of India has notified the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020, collectively referred to as the 'New Labour Codes', effective from 21 November 2025 primarily impacting the wage definition to be considered for the purpose of defined benefit obligation relating to gratuity. As a result of this plan amendment, the company's defined benefit obligation increased by ₹102.99 (31 March 2025: nil) and ₹21.86 (31 March 2025: nil) on provision for compensated absences. A corresponding past service cost was recognised in profit or loss during the current year.

42.4 Share based payments to employees (Equity Settled)

i) ESOP Plan 2016: Second (2nd) Grant

The Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 135,000 options to its eligible employees against the plan under the Second grant out of 136,937 options lying un-granted at a price of ₹72 per share, other terms and conditions remaining the same.

During the year, the Company has allotted 23,375 (Previous year: 32,000) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 23,375 Bonus Shares in the ratio of 1:1 during the year (Previous year: 32,000)

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 2026

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

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2026		Year ended 31 March 2025	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	28,000	72	61,875	72
Forfeited during the year	(1,875)	72	(1,875)	72
Exercised during the year	(23,375)	72	(32,000)	72
Outstanding at end of the year*	2,750	72	28,000	72
Exercisable at end of the year	2,750	72	1,750	72

*The options outstanding as at 31 March 2026 had an exercise price of ₹72 per option (31 March 2025 - ₹72 per option) and a weighted-average remaining contractual life of 3.12 year (31 March 2025- 4.12 Year). Weighted average share price at the date of exercise for shares options is ₹287.53 (31 March 2025: ₹232.96)

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
11-Nov-22	25% of total allotment	30.21
11-Nov-23	25% of total allotment	33.59
11-Nov-24	25% of total allotment	36.16
11-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

ii) ESOP Plan 2016: Third (3rd) Grant

The Nomination and Remuneration Committee in its meeting held on 23rd July, 2022 has made a third grant of 9,000 options under ESOP Plan 2016 to its eligible employees out of 9,437 options lying ungranted under the said Plan at a price of ₹72 per share.

During the year, the Company has allotted 2,250 (Previous year: 2,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 2,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: 2,250)

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 2026

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

Reconciliation of outstanding share options (3rd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2026		Year ended 31 March 2025	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	6,750	-	9,000	72
Forfeited during the year	-	-	-	-
Exercised during the year	(2,250)	72	(2,250)	72
Outstanding at end of the year*	4,500	72	6,750	72

*The options outstanding as at 31 March 2026 had an exercise price of ₹72 per option (31 March 2025 - ₹72 per option) and a weighted-average remaining contractual life of 4.81 year (31 March 2025- 5.81 Year). Weighted average share price at the date of exercise for shares options is ₹273.83 (31 March 2025: ₹289.85)

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
23-Jul-24	25% of total allotment	188.15
23-Jul-25	25% of total allotment	191.16
23-Jul-26	25% of total allotment	194.18
23-Jul-27	25% of total allotment	196.85

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
1. Risk free interest rate	7.08%	7.08%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	16.46%	16.46%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	230.00

iii) ESOP Plan 2020: First (1st) Grant

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014) which has been approved by the Board of Directors in its meeting held on 6 August 2020 and by the shareholders in their meeting held on 25 September, 2020. The Board had delegated necessary power to the Nomination and Remuneration Committee to Implement and administer the plan. Accordingly, the Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 3,63,000 options to its eligible employees against the plan under the first grant out of total of 5,00,000 options.

During the year, the Company has allotted 40,250 (Previous year : 77,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 40,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: 77,250)

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

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

Particulars	Year ended 31 March 2026		Year ended 31 March 2025	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	61,250	-	1,44,500	72
Forfeited during the year	(16,000)	72	(6,000)	72
Exercised during the year	(40,250)	72	(77,250)	72
Outstanding at end of the year*	5,000	72	61,250	72
Exercisable at end of the year	5,000	72	-	-

*The options outstanding as at 31 March 2026 had an exercise price of ₹72 per option (31 March 2025 - ₹72 per option) and a weighted-average remaining contractual life of 3.12 year (31 March 2024- 4.12 Year). Weighted average share price at the date of exercise for shares options is ₹287.53 (31 March 2025: ₹232.96)

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
11-Nov-22	25% of total allotment	30.21
11-Nov-23	25% of total allotment	33.59
11-Nov-24	25% of total allotment	36.16
11-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

iv) ESOP Plan 2020: Second (2nd) Grant

The Nomination and Remuneration Committee in its meeting held on 23rd July, 2022 has made a second grant of 1,25,000 options under ESOP Plan 2020 to its eligible employees out of 2,20,500 options lying ungranted under the said Plan at a price of ₹72 per share.

During the year, the Company has allotted 25,250 (Previous year : 25,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 25,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: 25,250)

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 2026

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

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2026		Year ended 31 March 2025	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	75,750	-	1,04,000	72
Forfeited during the year	(1,500)	-	(3,000)	-
Exercised during the year	(25,250)	72	(25,250)	72
Outstanding at end of the year*	49,000	72	75,750	72
Exercisable at end of the year	-	-	-	-

*The options outstanding as at 31 March 2026 had an exercise price of ₹72 per option (31 March 2025 - ₹72 per option) and a weighted-average remaining contractual life of 4.81 year (31 March 2025- 5.81 Year). Weighted average share price at the date of exercise for shares options is ₹274.75 (31 March 2025: ₹289.85)

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
23-Jul-24	25% of total allotment	188.15
23-Jul-25	25% of total allotment	191.16
23-Jul-26	25% of total allotment	194.18
23-Jul-27	25% of total allotment	196.85

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
1. Risk free interest rate	7.08%	7.08%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	16.46%	16.46%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	230.00

v) ESOP Plan 2020: Third (3rd) Grant

The Nomination and Remuneration Committee in its meeting held on 18th July, 2024 has made a Third grant of 1,36,500 options under ESOP Plan 2020 to its eligible employees out of 1,37,125 options lying ungranted under the said Plan at a price of ₹145 per share. These options will vest with the eligible employees after two years from the date of grant.

During the year no allotment has been made by the company to the eligible employees under 3rd Grant of 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2026		Year ended 31 March 2025	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,26,000	145	-	-
Granted during the period	-	-	1,36,500	145
Forfeited during the year	(16,000)	145	(10,500)	145
Exercised during the year	-	-	-	-
Outstanding at end of the year*	1,10,000	145	1,26,000	145
Exercisable at end of the year	-	-	-	-

*The options outstanding as at 31 March 2026 had an exercise price of ₹145 per option (31 March 2025 - 145) and a weighted-average remaining contractual life of 8.30 year (31 March 2025 -9.30 year)

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
18-Jul-26	25% of total allotment	193.03
18-Jul-27	25% of total allotment	198.22
18-Jul-28	25% of total allotment	201.10
18-Jul-29	25% of total allotment	204.40

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
1. Risk free interest rate	9.82%	9.82%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	12.60%	12.60%
4. Exercise Price (in ₹)	145.00	145.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	296.80	296.80

vii) Movement of Share Option Outstanding Account

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Total liability as the beginning of the year	191.95	175.75
Employee option plan expense	87.08	106.80
Share options exercised	(77.07)	(90.60)
Total liability as the end of the year	201.96	191.95

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for the year ended 31 March 2026

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

43 Related party disclosures

43.1 List of related parties where significant influence 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

43.2 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
Sone Solar Pvt. Ltd.	Sone Solar Pvt. Ltd. was an associate of Vardhman Special Steels Limited up to 31 March, 2025.

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, Chairman and Managing Director (w.e.f. 25 September, 2025)
Mr. Sachit Jain, Vice - Chairman and Managing Director (up to 24 September, 2025)
Mr. Sanjeev Singla, Chief Financial Officer
Ms. Sonam Dhingra, Company Secretary
Mr. Rajendar Kumar Rewari, Executive Director
Ms. Soumya Jain, Executive Director

c) Relatives of KMP

Mr. S.P. Oswal
Ms. Shakun Oswal
Ms. Sagrika Vir
Mr. Rijul Hora

d) Non Executive directors

Mr. Rajeev Gupta (Non -Executive Chairman) (up to 24 September, 2025)
Mr. Rajinder Kumar Jain
Mr. Sanjoy Bhattacharyya (up to 25 September, 2025)
Ms. Suchita Jain
Mr. Rakesh Jain
Mr. Raghav Chandra (up to 3 May, 2024)
Mr. Toshio Ito
Mr. Suman Chatterjee
Ms. Vidya Shah
Mr. Hemant Bharat Ram (w.e.f. 25 July, 2024)
Mr. Randhir Singh Kalsi (w.e.f. 7 November, 2024)
Mr. Koichiro Hayashida (w.e.f. 4 July, 2025)
Mr. Dinkar Gupta (w.e.f. 25 September, 2025)
Mr. Nishant Arya (w.e.f. 25 September, 2025)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

e) Enterprise over which KMP's have significant influence

Vardhman Holdings Limited
Vardhman Acrylics Limited
VSSL Gratuity Fund Trust
Devakar Investment & Trading Company Private Limited
Mahavir Shares Trust
VTL Investments Limited
Flamingo Finance & Investment Company Limited
Santon Finance & Investment Company Limited
Ramaniya Finance & Investment Company Limited
Paras Syndicate
Amber Syndicate
Northern Trading Company
Eastern Trading Company
Mahavir Spinning Mills Private Limited
Adishwar Enterprises LLP
SP Oswal Trust
Mrs. Shakun Oswal Trust

43.3 Transactions with related parties during the current / previous year #:

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
(i) Purchase of store items		
Vardhman Textiles Limited	1.13	0.49
(ii) Royalty		
Aichi Steel Corporation	1,219.80	949.60
(iii) Professional Charges		
Aichi Steel Corporation	10.78	4.01
(iv) Logo charges		
Vardhman Holdings Limited	31.03	31.23
(v) Reimbursement of expenses paid		
Vardhman Textiles Limited	7.00	6.14
Aichi Steel Corporation	9.22	8.55
Vardhman Yarns and Threads Limited	0.47	0.78
(vi) Common corporate expenses		
Vardhman Textiles Limited	404.70	117.71
(vii) Dividend paid		
Vardhman Textiles Limited	582.50	388.33
Vardhman Holdings Limited	313.14	208.76
Aichi Steel Corporation	720.88	185.19
Devakar Investment & Trading Company Private Limited	132.90	88.60
Mahavir Shares Trust	31.97	21.32
VTL Investments Limited	22.68	15.12

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
S.P. Oswal	13.24	8.83
Flamingo Finance & Investment Company Limited	11.81	7.87
Santon Finance & Investment Company Limited	10.11	6.74
Ramaniya Finance & Investment Company Limited	9.40	6.27
Suchita Jain	5.42	3.61
Shakun Oswal	3.07	2.05
Paras Syndicate	1.83	1.22
Amber Syndicate	1.72	1.15
Northern Trading Company	1.65	1.10
Eastern Trading Company	1.18	0.79
Mahavir Spinning Mills Private Limited	0.21	0.14
Sagrika Vir	0.15	0.10
Rijul Hora	0.05	0.03
(viii) Contribution (from)/to post employment benefit plans		
VSSL Gratuity Fund Trust	95.81	61.09
(ix) Issue of equity shares		
Aichi Steel Corporation	38,490.88	-
(x) Compensation to KMP & their relative:		
Short-term employee benefits*		
Mr. Sachit Jain	288.18	282.02
Mr. Sanjeev Singla	71.85	68.58
Ms. Sonam Dhingra	16.98	14.64
Mr. Rajendar Kumar Rewari	118.92	120.63
Ms. Soumya Jain	57.62	57.62
Directors Sitting Fees		
Mr. Rajeev Gupta	1.00	2.20
Mr. Rajinder Kumar Jain	3.30	2.80
Mr. Sanjoy Bhattacharyya	2.25	4.60
Mr. Rakesh Jain	6.10	5.50
Mr. Raghav Chandra	-	0.85
Mr. Suman Chatterjee	6.85	4.60
Ms. Vidya Shah	3.40	4.75
Mr. Hemant Bharat Ram	4.15	1.70
Mr. Randhir Singh Kalsi	4.35	1.45
Mr. Dinkar Gupta	2.05	-
Mr. Nishant Arya	0.85	-

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for the year ended 31 March 2026

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Commission to Directors		
Mr. Sachit Jain	697.68	532.76
Mr. Rajendar Kumar Rewari	146.88	112.16
Ms. Soumya Jain	73.44	56.08
(xi) Investment made:		
Sone Solar Pvt. Ltd.	-	765.53
Dividend		
Mr. Sachit Jain	337.15	224.52
Mr. Sanjeev Singla	2.35	1.35
Ms. Sonam Dhingra	0.29	0.15
Mr. Rajinder Kumar Jain	1.09	0.73
Ms. Soumya Jain	0.16	0.11
Mr. Rajendar Kumar Rewari	0.46	0.01
Post employment benefits		
Mr. Sachit Jain	61.25	54.24
Mr. Sanjeev Singla	18.64	17.51
Ms. Sonam Dhingra	5.40	4.11
Mr. Rajendar Kumar Rewari	26.95	19.29
Ms. Soumya Jain	9.61	7.25
Options exercised during the year**		
Mr. Sanjeev Singla - 5,000 Options (31 March 2025: 5,000 options)	3.60	3.60
Ms. Sonam Dhingra - 875 Options (31 March 2025: 2,875 options)	0.63	2.07
Mr. Rajendar Kumar Rewari - 7,500 Options (31 March 2025: 7,500 options)	5.40	5.40
Outstanding options as at year end**		
Mr. Sanjeev Singla - Nil (31 March 2025: 5000 options)	-	3.60
Ms. Sonam Dhingra - 1,875 (31 March 2025: 2,750 options)	1.35	1.98
Mr. Rajendar Kumar Rewari - 15,000 (31 March 2025: 22,500 options)	10.80	16.20

*Including value of perquisites.

#Including taxes wherever applicable.

**Refer note 42.2 for vesting conditions, expected life and other conditions

NOTES TO THE FINANCIAL STATEMENTS

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

43.4 Outstanding balances with related parties as at year end:

Particulars	As at 31 March 2026	As at 31 March 2025
Trade payables		
Aichi Steel Corporation	669.05	410.40
Vardhman Holdings Limited	28.40	28.58
Vardhman Textiles Limited	293.66	10.85
Directors Sitting Fees payable	-	0.45
Liability for gratuity contribution		
VSSL Gratuity Fund Trust	37.30	105.42

43.5 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.

44 Other disclosures required by statute

44.1 Auditors Remuneration (excluding taxes as applicable)

	For the year ended 31 March 2026	For the year ended 31 March 2025
As Auditor		
- Statutory audit	28.00	25.00
- Limited review of quarterly results	12.00	12.00
- Tax audit fee	4.50	4.50
- Certifications work	1.50	0.50
For reimbursement of expenses	3.38	3.20
	49.38	45.20

44.2 Details of CSR expenditures:

S. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
i	Amount required to be spent by the company during the year	253.70	276.71
	Amount approved by board to be spent during the year	335.00	321.00
ii	Amount of expenditure incurred for the year*	276.42	230.46
iii	(Surplus) / Shortfall at the end of the year A = (i-ii)	(22.72)	46.25
iv	Amount required to be spent by the company for previous year shortfall, if any	83.55	70.60
v	Surplus at the end of year, if any	-	-
vi	Amount of expenditure incurred for previous year shortfall*	75.62	33.30
vii	Total of previous years shortfall B = (iv -v) or (v-vi)**	7.93	37.30
	Total (Surplus) / shortfall at the end of the year (A+B)**	(14.79)	83.55

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for the year ended 31 March 2026

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

S. No.	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
v	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
vi	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	-	-

*Nature of CSR activities

Current Year - On Environment Sustainability ₹151.26, On Women Empowerment - ₹43.31, On Preventive Health care ₹53.35, On Promoting Education ₹48.29, On Promoting Sports ₹19.00, on Other sectors ₹24.65 and on CSR admin expense - ₹12.17 (This includes expenditure of ₹75.61 w.r.t. previous year shortfall). No amount has been spent on construction/acquisition of any asset.

(Previous year - On Environment Sustainability ₹89.38, On Women Empowerment - ₹54.23, On Preventive Health care ₹44.46, On Promoting Education ₹30.86, On Promoting Sports ₹12.50 and on Other sectors ₹32.33. (This includes expenditure of ₹33.30 w.r.t. previous year shortfall) No amount has been spent on construction/acquisition of any asset.

**Reason for shortfall

Amount remaining unspent pertains to Ongoing/Multilayer Projects approved by CSR committee which will be spent in the coming years.

Details of Deposit in Unspent CSR Account

In accordance with the provisions of Section 135 of the Companies Act, 2013, since the Company has fully spent the entire CSR obligation during the financial year, there is no unspent CSR amount required to be transferred to a special CSR account, and accordingly, the requirement to open a separate CSR bank account does not arise.

(Previous year: ₹46.25 had been deposited in the special account named Vardhman Special Steels Limited -Unspent CSR Account FY 2024-25 on 18 April 2025 related to shortfall as on 31 March 2025, out of which ₹46.25 has been spent in current year and balance stands ₹Nil as on 31 March 2026.)

(For the year 2023-24: ₹70.60 had been deposited in the special account named Vardhman Special Steels Limited -Unspent CSR Account FY 2023-24 on 12 April 2024 related to shortfall as on 31 March 2024, out of which ₹33.30 had been spent in the financial year 2024-25 & ₹29.37 has been spent during the current year (2025-26) and balance ₹7.93 stands unspent as on 31 March 2026)

NOTES TO THE FINANCIAL STATEMENTS

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

45 Financial instruments - Fair values and risk management

45.1 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	As at 31 March 2026			As at 31 March 2025			
		Carrying value	FVTPL	FVOCI	Amortised cost	Carrying value	FVTPL	FVOCI
Financial assets								
Non-current								
- Investments	(ii)	335.21	-	-	335.21	-	-	-
- Loans	(ii)	230.78	-	-	230.78	292.42	-	292.42
- Other financial assets	(ii)	291.50	-	-	291.50	294.04	-	294.04
Current								
- Investments	(i)	15,480.08	15,480.08	-	-	1,000.72	1,000.72	-
- Investments	-	-	-	-	-	-	-	-
- Trade receivables	(i)	27,784.35	-	-	27,784.35	26,130.08	-	26,130.08
- Cash and cash equivalents	(i)	626.89	-	-	626.89	1,075.68	-	1,075.68
- Bank balances other than cash and cash equivalents	(i)	5,229.19	-	-	5,229.19	56.15	-	56.15
- Loans	(i)	234.33	-	-	234.33	213.07	-	213.07
- Other financial Assets (excluding derivative financial instruments)	(i)	3,971.04	-	-	3,971.04	3,409.06	-	3,409.06
- Derivative financial instruments	(iv)	1.17	1.17	-	-	-	-	-
Total financial assets		54,184.54	15,481.25	-	38,703.29	32,471.22	1,000.72	31,470.50
Financial Liabilities								
Non-current								
- Borrowings	(i)	-	-	-	-	329.55	-	329.55
- Lease liabilities	(i)	10.27	-	-	10.27	35.58	-	35.58
- Other financial liabilities	(i)	64.98	-	-	64.98	15.26	-	15.26
Current								
- Borrowings	(i)	9,264.95	-	-	9,264.95	11,643.29	-	11,643.29
- Lease liabilities	(i)	25.31	-	-	25.31	21.98	-	21.98
- Trade payables	(i)	18,421.08	-	-	18,421.08	13,930.28	-	13,930.28
- Current maturities of non current borrowings	(i)							
- Derivative financial instruments	(iv)	-	-	-	-	10.80	-	-
- Other financial liabilities	(i)	3,489.29	-	-	3,489.29	3,842.75	-	3,842.75
		31,275.88	-	-	31,275.88	29,829.49	10.80	29,818.69

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for the year ended 31 March 2026

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

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 2026	31 March 2025	31 March 2026	31 March 2025
Non-current borrowings (including current maturities)*	II	-	1,412.09	-	1,412.74

*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 company uses mark to market provided by bank for valuation of this derivative contracts. There are no significant unobservable inputs used for Derivative financial instruments. This is classified as at level II

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2026 and 31 March 2025.

46 Financial risk management

46.1 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 board of directors has established the risk management committee which is responsible for developing the monitoring the company risk management policies. 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))

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

46.2 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 2026	As at 31 March 2025
Trade receivables	27,784.35	26,130.08
Cash and cash equivalents	626.89	1,075.68
Bank balances other than cash and cash equivalents	5,229.19	56.15
Loans	234.33	213.07
Other financial assets	3,972.21	3,409.06

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 2026	As at 31 March 2025
Within India	27,305.28	25,525.14
Outside India	479.07	604.94
	27,784.35	26,130.08

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

	Year ended 31 March 2026	Year ended 31 March 2025
Revenue from top customer	10.92%	11.27%
Revenue from top five customers	32.90%	33.34%

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2026					
Not Due	22,519.10	22.47	22,496.63	0.10%	No
0-90 Days	5,111.71	18.65	5,093.06	0.36%	No
91-180 Days	160.54	11.92	148.62	7.42%	No
181-365 Days	47.69	15.43	32.26	32.35%	No
366 Days and above	338.12	324.34	-	95.92%	Yes
	28,177.16	392.81	27,770.57		

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2025					
Not Due	19,233.85	-	19,233.85	0.00%	No
0-90 Days	6,406.86	-	6,406.86	0.00%	No
91-180 Days	405.03	2.79	402.24	0.69%	No
181-365 Days	174.27	87.14	87.13	50.00%	No
366 Days and above	302.88	302.88	-	100.00%	Yes
	26,522.89	392.81	26,130.08		

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

	As at 31 March 2026	As at 31 March 2025
Balance as at the beginning of the year	392.81	392.81
Amounts added during the year	-	-
Withdrawal from provision towards bad debts written off	-	-
Balance as at the end of the year	392.81	392.81

The loans primarily represents 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 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.

Other financial assets mainly includes Govt. Grant i.e. incentives under Industrial and Business Development Policy 2017 of the State Government for its expansion cum upgradation project of Steel Melt Shop completed in FY 2019-20. Pursuant to the necessary approvals from the competent authorities resulting in satisfaction of recognition conditions for government grants in accordance with Ind AS 20, the Company has recorded these as financial assets.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

46.3 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 2026	Carrying Amount	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities					
Borrowings (including current maturities)	9,264.95	9,264.95	-	-	9,264.95
Trade payables	18,421.08	18,421.08	-	-	18,421.08
Lease liabilities	35.58	27.42	10.47	-	37.89
Other financial liabilities	3,554.27	3,489.29	64.98	-	3,554.27
	31,275.88	31,202.74	75.45	-	31,278.19

31 March 2025	Carrying Amount	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities					
Borrowings (including current maturities)	11,972.84	11,643.29	330.00	-	11,973.29
Trade payables	13,930.28	13,930.28	-	-	13,930.28
Lease liabilities	57.56	65.18	37.90	-	103.08
Other financial liabilities	3,842.75	3,842.75	-	-	3,842.75
	29,803.43	29,481.50	367.90	-	29,849.40

46.4 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.

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for the year ended 31 March 2026

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

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 2026	As at 31 March 2025
Fixed rate borrowings	-	-
Floating rate borrowings	9,264.95	11,972.84
	9,264.95	11,972.84

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.

Change in interest rates	Profit & Loss		Equity, Net of tax	
	Strengthening	Weakening	Strengthening	Weakening
For the year ended 31 March 2026				
Interest rate (0.5% movement)	(46.32)	46.32	(34.67)	34.67
For the year ended 31 March 2025				
Interest rate (0.5% movement)	(59.86)	59.86	(44.80)	44.80

(c) Foreign Currency Risk and sensitivity

The functional currency of the Company is Indian Rupee (₹). The Company is exposed to foreign exchange risk through its sales in international markets and purchases from overseas suppliers in various foreign currencies. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company holds derivative financial instruments such as foreign exchange contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies.

Exposure to currency risk

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

Particulars	Currency	As at 31 March 2026		As at 31 March 2025	
		Amount in Indian currency (in lakhs)	Amount in foreign currency (in lakhs)	Amount in Indian currency (in lakhs)	Amount in foreign currency (in lakhs)
Trade payable	USD	54.87	0.58	3.93	0.05
	EURO	276.51	2.54	1,446.13	15.71
	JPY	668.48	1,133.02	410.40	720.00
	SGD	62.72	0.83	-	-
Trade receivables	USD	479.13	5.05	554.59	6.49
	EURO	-	-	36.84	0.40

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

The following table summarizes the company's exposure foreign currency risk from financial instruments at the end of each reporting period

Particulars	As at 31 March 2026 (in lakhs)	As at 31 March 2025 (in lakhs)
a) Exposure on account of Financial assets		
Trade Receivable (A)		
-In USD	5.05	6.49
-In Euro	-	0.40
Amount hedged through forwards & options # (B)		
-In USD	18.97	5.27
-In Euro	-	-
Net Exposure of Foreign Currency Assets (C = A - B)		
-In USD	-	1.22
-In Euro	-	0.40
b) Exposure on account of Financial Liabilities		
Trade Payable (D)		
-In USD	0.58	0.05
-In Euro	2.54	15.71
-In JPY	1,133.02	720.00
-In SGD	0.83	-
-In CHF	-	-
Amount hedged through forwards & options # (E)		
-In USD	5.11	2.38
-In Euro	9.97	2.14
-In JPY	1,125.00	720.00
-In SGD	-	-
-In CHF	-	1.30
Net Exposure of Foreign Currency Liabilities (F = D - E)		
-In USD	-	-
-In Euro	-	13.57
-In JPY	8.02	-
-In SGD	0.83	-
-In CHF	-	-
Net Exposure to Foreign Currency Assets / (Liability) (C-F)		
-In USD	-	1.22
-In Euro	-	(13.17)
-In JPY	(8.02)	-
-In SDG	(0.83)	-
-In CHF	-	-

#Excess forwards and options against pending purchase orders.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2026

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

Particulars	2025-2026 (Average exchange rate)	2024-2025 (Average exchange rate)	2025-2026 (Year end rate)	2024-2025 (Year end rate)
USD/INR	88.33	84.56	94.85	85.46
EURO/INR	101.83	90.58	108.79	92.03
JPY/INR	0.59	0.56	0.59	0.57
SGD/INR	68.56	62.20	75.57	63.80
CHF/INR	109.32	95.40	118.75	96.75

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, EURO, JPY, SGD and CHF exchange rate (With all other variables held consent) will be as under:

Particular	Profit & Loss		Equity, Net of tax	
	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026	As at 31 March 2025
1% Strengthening/(weakening) of USD against INR	-	1.04	-	0.78
1% Strengthening/(weakening) of Euro against INR	-	(12.12)	-	(9.07)
1% Strengthening/(weakening) of JPY against INR	(0.05)	-	(0.04)	-
1% Strengthening/(weakening) of SGD against INR	(0.63)	(0.47)	-	-

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Currency fluctuations		
Net foreign exchange gain shown as (operating expenses)/other income	132.49	101.54
Derivatives		
Derivatives financial instruments (losses) / gain for the year shown as operating expenses	(11.97)	(89.00)
Total	120.52	12.54

47 Capital Management

47.1 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. The Company policy is to keep the gearing ratio at less than 100%.

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	As at 31 March 2026	As at 31 March 2025
Borrowings	9,264.95	11,972.84
Trade payables	18,421.08	13,930.28
Lease liabilities	35.58	57.56
Other payables	5,523.56	5,931.28
Less: cash and cash equivalents	(626.89)	(1,075.68)
Adjusted Net debt	32,618.28	30,816.28
Total Equity	1,27,731.98	79,791.82
Adjusted Equity	1,60,350.26	1,10,608.10
Gearing Ratio	20.34%	27.86%

47.2 Dividend

Subsequent to the year end, the Board of Directors have recommended a dividend of ₹3.50 per equity share on fully paid shares of the company. The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

The following dividend were declared & paid by the company during the year ended 31 March 2026:

- ₹3 per equity shares (Amount ₹2,895.11) (PY: ₹2 per equity shares (amount ₹1,629.90))

48 Ratios as per Schedule III requirements

The following are the analytical ratios for the year ended 31 March 2026 and 31 March 2025.

a) Current Ratio = Current Assets divided by Current Liabilities

Particulars	31 March 2026	31 March 2025
Current Assets	95,538.31	66,115.20
Current Liabilities	32,993.19	31,321.61
Current Ratio	2.90	2.11
% Change from previous year	37.18%	-

Reason for change more than 25%: Current assets increased due to Investment made by the Company in mutuals funds/FDR for the unutilised amount invested by Aichi Steel Corporation on account of issue of equity shares on preferential basis.

b) Debt Equity Ratio = Net debt divided by Total equity where total debt refers to sum of current & non current borrowings*

Particulars	31 March 2026	31 March 2025
Total Debt	9,264.95	11,972.84
Cash and Cash Equivalents (including Other Bank Balances)	5,856.08	1,131.83
Current Investments	15,480.08	1,000.72
Net Debt /(Investment)	-12,071.21	9,840.29
Total Equity	1,27,731.98	79,791.82
Debt Equity Ratio	-0.09	0.12
% Change from previous year	-176.63%	-

* The above formula has been consistently been applied by the Company in the current and earlier years

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

Reason for change more than 25%: Repayment of loans and Investment made by the Company in mutuals funds/FDR for the unutilised amount invested by Aichi Steel Corporation on account of issue of equity shares on preferential basis.

c) Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments

Particulars	31 March 2026	31 March 2025
Profit after tax	12,202.39	9,308.81
Add: Non cash operating expenses, finance cost and other adjustments	3,572.07	3,590.99
- Depreciation and amortisation	3,286.68	3,346.99
- Finance costs	26.43	202.68
- Balances Written off	0.92	17.62
- PPE Written off	258.04	23.70
Earnings available for debt services	15,774.45	12,899.79
Rent and Lease Payments	160.42	144.96
Principal repayments	-	1,083.19
Interest on Borrowings	26.43	202.68
Total Interest and principal repayments	186.85	1,430.83
Debt Service Coverage Ratio	84.42	9.02
% Change from previous year	836.41%	-

Reason for change more than 25%: Term Loan outstanding is Nil as on 31 March 2026.

d) Return on Equity Ratio = Net profit after tax divided by Equity

Particulars	31 March 2026	31 March 2025
Net profit after tax	12,202.39	9,308.81
Average Equity	1,03,761.90	75,863.64
Return on Equity Ratio	11.76%	12.27%
% Change from previous year	-4.16%	-

Reason for change more than 25%: Not applicable

e) Inventory Turnover Ratio = Revenue from operations divided by average inventory

Particulars	31 March 2026	31 March 2025
Revenue	1,75,443.31	1,76,440.83
Average Inventory	34,260.76	34,557.31
Inventory Turnover Ratio	5.12	5.11
% Change from previous year	0.30%	-

Reason for change more than 25%: Not applicable

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f) Trade Receivables Turnover Ratio = Revenue from operations divided by average trade receivables (including GST)

Particulars	31 March 2026	31 March 2025
Revenue	1,75,443.31	1,76,440.83
Average Trade Receivables	26,957.22	26,173.75
Trade Receivables Turnover Ratio	7.68	7.95
% Change from previous year	-3.46%	-

Reason for change more than 25%: Not applicable

g) Trade Payables Turnover Ratio = Total Purchases divided by average trade payables (including GST)

Particulars	31 March 2026	31 March 2025
Purchases	1,04,469.87	1,06,226.44
Other expenses*	43,130.18	42,612.99
Contractual Labour#	1,272.94	1,359.50
Total	1,48,872.99	1,50,198.93
Average Trade Payables	16,175.68	15,689.58
Trade Payables Turnover Ratio	10.86	11.30
% Change from previous year	-3.86%	-

Expenses incurred on Contractual Labour included in Employee Benefits Expense (Refer Note 33)

* Refer Note 36 for Other Expenses, below other expenses have not been considered for above ratio calculation

Particulars	31 March 2026	31 March 2025
Corporate Social Responsibility expense	276.42	276.71
Property, plant and equipment written off	258.04	23.70
Balances written off	0.92	17.62
Rates and taxes	96.52	73.46

Reason for change more than 25%: Not applicable

h) Net Capital Turnover Ratio = Revenue divided by Working capital where working capital= current assets - current liabilities

Particulars	31 March 2026	31 March 2025
Revenue	1,75,443.31	1,76,440.83
Working Capital	62,545.12	34,793.59
Net Capital Turnover Ratio	2.81	5.07
% Change from previous year	-44.68%	-

Reason for change more than 25%: Current assets increased due to Investment made by the Company in mutual funds/FDR for the unutilised amount invested by Aichi Steel Corporation on account of issue of equity shares on preferential basis.

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i) Net Profit Ratio = Net profit after tax divided by revenue from operations

Particulars	31 March 2026	31 March 2025
Net profit after tax	12,202.39	9,308.81
Revenue	1,75,443.31	1,76,440.83
Net Profit Ratio	6.96%	5.28%
% Change from previous year	31.83%	-

Reason for change more than 25%: On Account of higher net profit mainly due to increase in other income and better GP margins.

j) Return on Capital Employed = Earnings before interest and taxes (EBIT) divided by Capital Employed

Particulars	31 March 2026	31 March 2025
Profit before tax (A)	16,404.94	12,506.06
Finance costs (B)	1,190.58	1,862.71
EBIT (C) = (A) + (B)	17,595.52	14,368.78
Total Assets (D)	1,63,311.56	1,13,591.55
Total Liabilities (E)	35,579.58	33,799.73
Intangible Assets (F)	1.38	2.15
Tangible Net Worth (G)	1,27,730.61	79,789.67
Total Debt (H)	9,264.95	11,972.84
Deferred Tax Liability (I)	2,269.43	1,842.97
Capital employed (J) = (G) + (H) + (I)	1,39,264.98	93,605.48
Return on Capital Employed	12.63%	15.35%
% Change from previous year	-17.69%	-

Reason for change more than 25%: Not applicable

k) Return on Investment Ratio = Income generate from investments/total Investments

Particulars	31 March 2026	31 March 2025
Income generate from investments	481.85	133.56
Total Investments	7,213.37	1,858.49
Return on Investment	6.68%	7.19%
% Change from previous year	-7.05%	-

Reason for change more than 25%: Not applicable

49 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013:

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.
- The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

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- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (viii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (x) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (xi) The Company including the “Companies in the Group” (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company (“CIC”)
- 50** 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.

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

Shweta Kumar
Partner
Membership number: 509822

Place: Ludhiana
Date: 28 April 2026

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

Sachit Jain
Chairman & Managing Director
DIN : 00746409

Sanjeev Singla
Chief Financial Officer
Place: Ludhiana
Date: 28 April 2026

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Dhingra
Company Secretary
Membership No.: A34338

Notice

NOTICE is hereby given that the **16TH ANNUAL GENERAL MEETING** of Vardhman Special Steels Limited will be held on Friday, the 18th day of September, 2026 at 10:00 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, 2026, together with reports of Board of Directors and Auditors thereon.

Item No. 2 – To declare Dividend:

To declare a dividend of ₹3.5/- per equity share for the year ended 31st March, 2026.

Item No. 3 – To re-appoint Mr. Rajendar Kumar Rewari as a director liable to retire by rotation:

To appoint a Director in place of Mr. Rajendar Kumar Rewari, (holding DIN 00619240), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Item No. 4 – To re-appoint Mr. Toshio Ito as a director liable to retire by rotation:

To appoint a Director in place of Mr. Toshio Ito (holding DIN 09654963), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 5 – To revise the remuneration payable to Mrs. Soumya Jain, Executive Director of the Company:

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

“RESOLVED THAT in supersession of the resolution passed by the Members in their 14th Annual General Meeting dated 19th September, 2024, in respect of remuneration payable to Mrs. Soumya Jain (DIN: 10254459), Executive Director and pursuant to the provisions of Section 196, 197 & Schedule V of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of the Members be and is hereby accorded to pay following remuneration to Mrs. Soumya Jain, Executive Director, w.e.f. 1st October, 2026 upto her remaining term, i.e. upto 1st August, 2028:

S. No.	REMUNERATION	DETAILS
I.	Basic Salary	Monthly salary within the range of ₹5,25,000/- to ₹8,00,000/- as may be decided by the Nomination and Remuneration Committee from time to time.
II.	Commission	Commission equals to: - 0.50% of the Net Profit of the Company if the Return on Average Capital Employed (RoACE) for that year is more than or equals to 14% but upto 18%. - 0.75% of the Net Profit of the Company if RoACE is more than 18%. Nomination & Remuneration Committee is authorized to review on annual basis the appropriateness of excluding large un-commissioned assets and assets needed for expansion preparedness from RoACE computation, keeping in mind the competitive conditions prevailing in the industry.
III.	Perquisites*	The perquisites may include, but are not limited to, house rent allowance, other allowances, leave travel concession, club fees, personal accident insurance, medical reimbursement, use of company's car with driver (for official and personal use), telephone expenses (for official and personal use), gratuity, contribution to Provident Fund and other funds and all other benefits as are applicable to senior employees of the Company (including but not limited to leave entitlement and encashment of leave). Corresponding impact of basic salary on perquisites and allowances, in such form and to such extent that the annual CTC (other than commission) remains in the range of ₹1.23 crore to ₹1.75 crore.

*The valuation of perquisites will be as per the Income Tax Rules, 2026, in cases where the same is otherwise not possible to be valued.

“**RoACE**” means Operating Profit before Interest and Tax (Op EBIT) as a proportion of Average Capital Employed.

“**Average Capital Employed**” means average of opening and closing balance of capital employed of the relevant year.

RESOLVED FURTHER THAT if in any financial year during the tenure of Mrs. Soumya Jain as an Executive Director of the Company, the Company has no profits or its profits are inadequate, then the total remuneration payable to her shall be as per the terms and conditions enumerated above.”

Item No. 6 – To ratify the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2027:

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, 2027, be paid the remuneration of ₹75,000/- plus out of pocket expenses and applicable taxes.”

By Order of the Board

Place: Ludhiana
Dated: 22nd July, 2026

(**Sonam Dhingra**)
Company Secretary

NOTES:

- The 16th Annual General Meeting (AGM) is being convened through Video Conferencing (“VC”) /Other Audio Visual Means (“OAVM”) pursuant to General Circular No(s). 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 20/2020 dated 5th May 2020 and subsequent circulars issued in this regard, the latest being General Circular No. 03/2025 dated 22nd September 2025, issued by the Ministry of Corporate Affairs (hereinafter collectively referred to as ‘MCA Circulars’), which permit the companies to hold AGM through VC/OAVM, which does not require physical presence of members at a common venue and sending physical copies of Annual Report. The deemed venue for the 16th AGM shall be the Registered Office of the Company i.e. Vardhman Premises, Chandigarh Road, Ludhiana - 141010.
- 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (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.

- The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice (Refer Point 12). The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination & Remuneration Committee and Stakeholders’ Relationship Committee, Auditors, etc.
- 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

Item No. 7 - To approve continuation of the term of Mr. Rajendar Kumar Rewari (DIN: 00619240) as an Executive Director of the Company upon attaining the age of 70 years:

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

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, Schedule V and all other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification or re-enactment thereof, for the time being in force and subject to such other approvals, if and as may be required, approval of the Members of the Company be and is hereby given for continuation of the term of Mr. Rajendar Kumar Rewari (DIN: 00619240) as an Executive Director of the Company upon attaining the age of 70 years. The remaining terms and conditions relating to the appointment of Mr. Rewari shall remain same.”

by the Members will not be available for this AGM and hence the Proxy Form, Route Map and Attendance Slip are not annexed hereto.

- 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.
- The information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 appointment/ re-appointment.
- The Company has fixed 28th day of August, 2026, as the “Record Date” to determine the names of the Members entitled to receive payment of dividend for the financial year ended 31st March, 2026, if approved at the AGM. Further, the Register of Members and the Share Transfer Books of the Company shall remain closed from 29th August, 2026 to 5th September, 2026 (both days inclusive).

The Dividend, if approved, will be paid to those shareholders whose names appear: (a) as Beneficial Owners as at the end of the business hours on 28th August, 2026 as per the list to be furnished by NSDL and CDSL in respect of shares held in the Electronic Form; and (b) as Members in the Register of Members of the Company after giving effect to all valid share transmission or transposition request lodged with the Company on or before 28th August, 2026.

- 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:

- In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2025-26 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Further, in compliance with Regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a letter providing the web-link, including the exact path, where Annual Report for the financial year 2025-26 is available, is being sent to those members whose e-mail address is

not registered with the Company / Registrar and Transfer Agent / Depository Participants / Depositories.

Members may note that the Notice and Annual Report 2025-26 will also be available on the Company’s website www.vardhman.com / www.vardhmansteel.com, website 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 <https://www.evotingindia.com/>.

- For receiving all communications (including Annual Report) from the Company electronically:
 - 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 submitting duly filled relevant KYC forms as available on the website of the Company i.e. www.vardhman.com/ www.vardhmansteel.com, at secretarial.lud@vardhman.com or to RTA at rta@alankit.com.
 - Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

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

- The Remote e-Voting period commences on 15th September, 2026 (9:00 a.m.) and ends on 17th September, 2026 (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 11th September, 2026, may cast their vote electronically. The Remote e-Voting module shall be disabled by CDSL for voting after end of voting period on 17th September, 2026.

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.

- Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.
- As per SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December, 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: - Go to URL: https://eservices.nsdl.com - Click on the “Beneficial Owner” icon under ‘IDeAS’ section. - A new page will open. Enter the existing User ID and Password. On successful authentication, click on “Access to e-Voting”. - 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: - Go to URL: www.cdslindia.com and then go to Login and select New System Myeasi. - Login with user id and password. - Click on e-Voting. The option will be made available to reach e-Voting page without any further authentication. - Click on the Company name or e-Voting service provider name to cast your vote during the remote e-Voting period.
2. User not registered for IDeAS e-Services: - 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. - Proceed with completing the required fields.	2. User not registered for Easi/ Easiest: - Option to register is available at www.cdslindia.com. - Click on login & New System Myeasi Tab and then click on registration option.
3. Users can directly access e-Voting module of NSDL and follow the below process: - Go to URL: https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp - Enter 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. - Enter the OTP received on registered email id/mobile number and click on login. - On successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. - 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: - Go to URL: www.cdslindia.com - Click on the icon “E-Voting” - Provide Demat Account Number and PAN No. - System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat account. - After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress. - 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 1800 21 09911.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

(iv) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders:**

- The Members should log on to the e-Voting website www.evotingindia.com.
- Click on “Shareholders” module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-Voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For 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).

- After entering these details appropriately, click on “SUBMIT” tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- Click on the EVSN: 260813014 for <**Vardhman Special Steels Limited**> on which you choose to vote.
- On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(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 linked in the login will be mapped automatically & can be delinked in case of any wrong mapping.
- 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) and duly filled relevant KYC forms 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 1800 21 09911.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Senior Manager, Central Depository Services (India) Limited (CDSL), 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 1800 21 09911.

14. M/s. Khanna Ashwani & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer shall upon the conclusion of e-Voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
15. The Results of the resolutions passed at the AGM of the Company will be declared within 2 working days of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website www.vardhman.com / www.vardhmansteel.com

vardhmansteel.com and on the website of CDSL and will be communicated to the Stock Exchanges.

16. The Securities and Exchange Board of India has mandated that with effect from 1st April, 2024, dividend to shareholders holding shares in physical form shall be paid only through electronic mode. Such payment shall be made only if the folio is KYC compliant i.e. the details of PAN, choice of nomination, contact details, mobile number, complete bank details and specimen signatures are registered.

In case of non-updation of PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature in respect of physical folios, dividend / interest etc. shall be paid only upon furnishing all the aforesaid details in entirety.

Hence, the Members are requested to update their details with Company/ Alankit Assignments Limited, immediately, to avoid any delay in receipt of dividend.

17. 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, 2025. 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 ₹10,000/-. Members not falling in the said category, can go through the detailed note with regard to applicability of tax rates for various other categories of Members and the documents that need to be submitted for nil or lower tax rate, which has been provided on the Company's website at <https://www.vardhman.com/Investors/InvestorHelp>

By Order of the Board

Place: Ludhiana
Dated: 22nd July, 2026

(Sonam Dhingra)
Company Secretary

Annexure to the Notice:

Statement pursuant to Section 102 of the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Item No. 5 of the Special Business:

The Board of Directors vide its resolution dated 2nd August, 2023, had appointed Mrs. Soumya Jain as an Executive Director of the Company for a term of 5 (five) years starting from 2nd August, 2023 to 1st August, 2028. Her appointment was approved by the Members in their Annual General Meeting held on 27th September, 2023. Further, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors in its meeting held on 25th July, 2024 had revised the criteria of Commission payable to all three Whole-time Directors of the Company and the same was approved by Shareholders in the Annual General Meeting held on 19th September, 2024.

Now, considering her performance and active involvement in the Company, and based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of your Company in its meeting held on 22nd July, 2026, had proposed to revise the remuneration payable to Mrs. Soumya Jain. The revised remuneration payable to her commensurate with the size and complexity of the business and is detailed in the resolution set out at Item No.5. This revision in remuneration is subject to the approval of the Members of the Company.

The Board recommends the Special Resolution as set out at Item No. 5 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mrs. Soumya Jain herself and Mr. Sachit Jain, Mrs. Suchita Jain & Mr. Rajinder Kumar Jain, being her relatives, none of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6 of the Special Business:

Pursuant to the 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 28th April, 2026 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, 2027, at a remuneration of ₹75,000/- plus out of pocket expenses and applicable taxes.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

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 as stated above to the Cost Auditors for the Financial Year ending 31st March, 2027. The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for the approval by the Members.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Item No. 7 of the Special Business:

The Board of Directors vide its resolution dated 25th July, 2022, had appointed Mr. Rajendar Kumar Rewari as an Executive Director of the Company for a term of 5 (five) years starting from 25th July, 2022 to 24th July, 2027. His appointment was approved by the Members in their Annual General Meeting held on 30th September, 2022.

Pursuant to the provisions of Section 196 of the Companies Act, 2013, the appointment, re-appointment or continuation of employment of Managing Director or Whole time Director who has attained the age of 70 years requires the approval of the Members of the Company by way of a Special Resolution. As Mr. Rewari will attain the age of 70 years on 11th November, 2026, the continuation of his present appointment as an Executive Director of the Company is required to be approved by the Members of the Company through a Special Resolution.

Mr. Rajendar Kumar Rewari has done B. Sc. from Punjabi University, Patiala and LLB & Post Graduation diploma from Kurukshetra University. Before joining the Company, he was appointed as Director (M.P. Locations) in Vardhman Textiles Limited. He has a long track record at Vardhman Group in various key positions, including at Vardhman Special Steels Limited when it was a division of Vardhman Textiles Limited. He has a long experience of more than 43 years in the manufacturing sector, which includes his experience of more than 10 years as the Managing Director of Morarjee Textiles Limited. He has extensive expertise, knowledge and business acumen in managing the overall affairs of the Company. His continued involvement and unwavering dedication will further strengthen the existing organizational framework and support the achievement of the Company's strategic objectives and future growth.

Hence, the Board recommends the Special Resolution as set out at Item No. 7 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Rajendar Kumar Rewari himself, none of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), regarding the Directors retiring by rotation/ seeking re-appointment in the Annual General Meeting.

Name of the Director	Mr. Rajendar Kumar Rewari	Mr. Toshio Ito
Date of Birth	11.11.1956	17.10.1962
Age	69	63
Date of First Appointment	25.07.2022	25.07.2022
No. of meetings attended during the FY 2025-26	6	6
Expertise in specific functional area	Mr. Rajendar Kumar Rewari has rich experience of more than 43 years in manufacturing sector.	Mr. Toshio Ito is a Mechanical Engineer. He has rich experience as a Plant Manager at steelmaking, rolling mill and forging plants of Aichi Steel.
Qualification	B. Sc. from Punjabi University, Patiala and LLB & Post Graduation Diploma from Kurukshetra University.	Mechanical Engineer, Nagoya University, Japan.
Directorships in other Companies as on 31 st March, 2026	Nil	Nil
Chairperson/Member of Committees of other Companies as on 31 st March, 2026	Nil	Nil
Listed entity from which the Director resigned in last 3 years	Nil	Nil
Skills and capabilities required by Independent Directors for the role and manner in which such requirements are met	Not Applicable	Not Applicable
Shareholding in the Company	30,384	Nil
Relationship with other Directors/ KMP	Not related to any Director.	Not related to any Director.

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