



Ref. VSSL:SCY:SEP:2023-24

Dated: 5-Sep-2023

BSE Limited, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, MUMBAI-400001. Scrip Code: 534392	The National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 Scrip Code: VSSL
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SUB: ANNUAL REPORT (F.Y. 2022-23) OF THE COMPANY, NOTICE CONVENING 13TH ANNUAL GENERAL MEETING & E-VOTING INFORMATION

Dear Sir,

Pursuant to applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that the 13th Annual General Meeting ('AGM') of the Members of the Company will be held on Wednesday, 27th September, 2023 at 10:30 a.m. through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM'), in compliance with the relevant circulars issued by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI').

Further, the Company has fixed Wednesday, 20th September, 2023 as the cut-off date to ascertain the eligibility of Members entitled to cast their vote electronically on all the resolutions to be passed at the AGM. The Company has engaged the services of Central Depository Services (India) Limited ('CDSL') to provide the e-Voting facility. The remote e-Voting schedule is as under:

Commencement of remote e-Voting	September 24, 2023 (09:00 a.m. onwards)
End of remote e-Voting	September 26, 2023 (upto 05:00 p.m.)

Pursuant to Regulation 34(i) of the Listing Regulations, please find enclosed the Annual Report (F.Y. 2022-23) alongwith the Notice convening the 13th AGM of the Company. The said documents are also available on the website of the Company at www.vardhman.com / www.vardhmansteel.com



Vardhman

Delivering Excellence. Since 1965.

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F: +91-161-2601048, 2222616, 2601040
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Please take the same on records.

Thanking you,

Yours faithfully,

For **VARDHMAN SPECIAL STEELS LIMITED**

(SONAM TANEJA)
COMPANY SECRETARY

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | **STEELS**

PAN NO.: AADCY4812B CIN: L27100PR2016PLC033930
WWW.VARDHMANSTEEL.COM



Vardhman

Delivering Excellence. Since 1965

WE HAVE JUST STARTED

**Vardhman
Special Steels
Limited**

ANNUAL REPORT
2022-23

**WE'VE BEEN IN THE
STEEL BUSINESS FOR
50 YEARS
AND YET, WE'VE ONLY
JUST STARTED.**

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Fifty years is a big milestone for us.

Especially in the dynamic industrial landscape, where only the fittest survive.

Hence, we are pleased at crossing this landmark.

As we celebrate our history and success, we are excited to have started a more exhilarating journey.

A journey that will turn us into a global special steel company from a domestic alloy steel company.

A journey that will transform us to one of the best in the business.

Persevering for three years, we were granted approval for

FEW GRADES

of special steel which will be used to forge components for global automotive applications.

For the first time since our partnership in 2019, we started

MASS PRODUCTION

For our Japanese partners, shipping about 1,000 tonnes of special steel to Aichi Forge facility in Thailand.

**THIS IS A MILESTONE FOR US.
 WE HAVE LABOURED FOR THIS
 BREAKTHROUGH.
 FIRST, TO GAIN THEIR TRUST. THEN
 TO LIVE UP TO THEIR FAITH. WE HAVE
 LABOURED.
 FOR 12 LONG YEARS.**

2011

It started in this year. Aichi Steel executives came to India and met with Sachit Jain. Later that year, Sachit Jain traveled to Japan to meet with Aichi Steel executives for a second time.

2012

The Aichi Steel team of experts visited the Vardhman Special Steel facility to audit the infrastructure, processes, and systems. Later that year, Sachit Jain met with a senior executive of Aichi Steel at a conference.

2013

An initial discussion for a partnership between Aichi Steel and Vardhman Special Steel was held, which gained momentum in due time.

2014

The agreement terms were finalized. The deal was nearly done. But the documents remained unsigned. Vardhman was a relatively small company then. That became the stumbling block. It was heart breaking.

2015-2017

The Company's leadership was resolute in its ambition to be the best in the business. For that, this partnership was crucial. Mindful of the reality, Sachit Jain continued to stay in touch with Aichi Steel executives for the next two years with enduring determination.

2018

A high-level Indian delegation led by the Hon'ble Prime Minister, including select industrialists, visited Japan. Sachit Jain was a member of this delegation. Aichi Steel needed to know that Vardhman was a trusted partner. Aichi Steel realized that Vardhman's potential and the Management's commitment had lived up to its earlier promises. And the Company was committed to becoming better.

2019

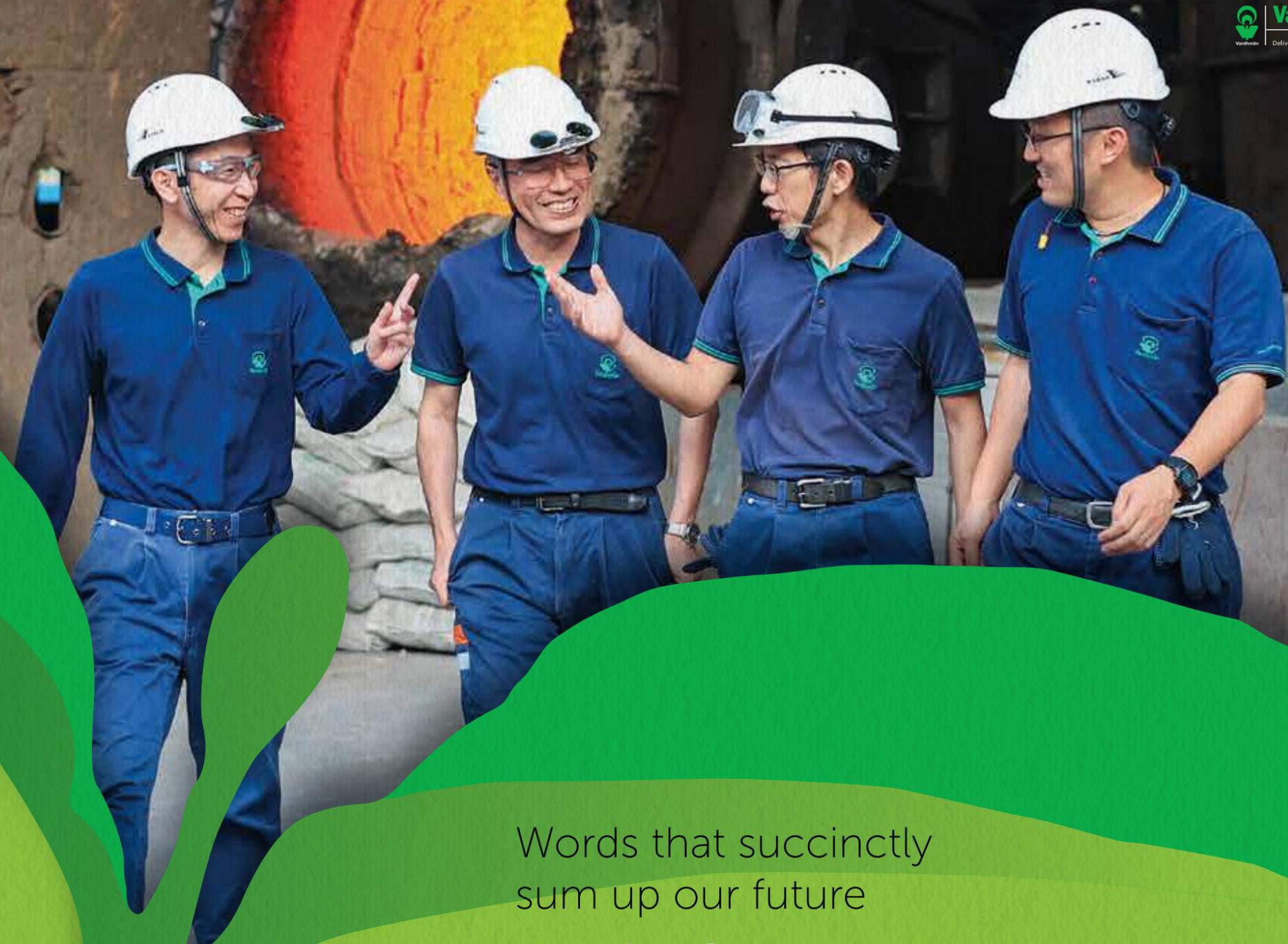
In January of this year, negotiations with Aichi Steel started with renewed vigor. This time it was an all-in effort by both corporates. It was the coming together of like-minded leaders. Talks were pivoted on synergising competencies. In eight months, the partnership was endorsed by both parties.

2020-2022

Aichi Steel seniors visited the Vardhman Special Steel facility. They upgraded every aspect of business interestingly. They started with safety. They moved across divisions. They trained across hierarchies. Our teams unlearned legacy practices and relearned new processes with speed. We worked hand-in-hand.

2023

In February, we shipped our first container loads of Aichi-grade special steel to Aichi Steel Works in South-East Asia.



WHAT'S NEXT?

We have multiple product grades with our JV partners, which are undergoing evaluation for some of the most stringent tolerances. We expect to receive approvals on some grades in the next 12-18 months. This would increase our despatches to their South-East Asian facilities.

We are working with other Japanese behemoths. We have developed samples for some steel grades specific to their applications which are awaiting analysis and approval. We hope to secure their approval on some other steel grades to shore up our export volumes.

When these aspirations become reality, we will augment our capacities and capabilities to deliver the growing volumes.

Words that succinctly
sum up our future

POSITIVITY & GROWTH

PASSION PATIENCE PERFORMANCE

These have driven a lesser-known special steel company into global prominence.

In 2019, the Company entered into a strategic alliance with the Japanese steel major Aichi Steel Corporation

Incorporated in 2010, Vardhman Special Steels Limited is part of the Vardhman group. It has its operating unit in Ludhiana, Punjab, which manufactures hot rolled bars and caters to the diverse requirements of various end-user segments such as engineering, automotive, tractor, bearing and allied industries.

In 2019, the Company entered into a strategic alliance with the Japanese steel major Aichi Steel Corporation, a Toyota Group Company. Aichi Steel provides technical assistance to establish a world-class, socially and environmentally responsible special steel manufacturing company in India. This has been a defining moment in the Company's journey.

Under the capable leadership of Mr. Sachit Jain, Vice Chairman, the Company's day-to-day operations are managed by a team of energetic and experienced individuals who excel in their areas of operations.

The Company's equity is listed on the BSE Limited and the National Stock Exchange of India.

QUALITY CERTIFICATIONS

ISO 14001:2015;
ISO 45001:2018;
ISO 9001:2015;
IATF 16949:2016 &
ISO 17025:2017

240,000 TPA
Steel-making capacity

1,125
Team

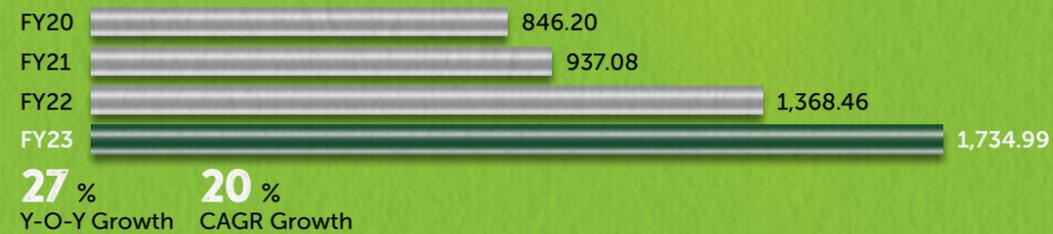
₹ 765.13 crore
Capital Employed

₹ 1,613.72 crore
Market capitalization

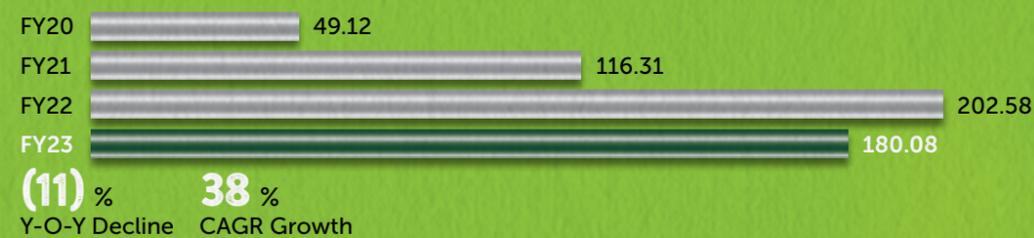
200+
Active customers

KEY PERFORMANCE INDICATORS

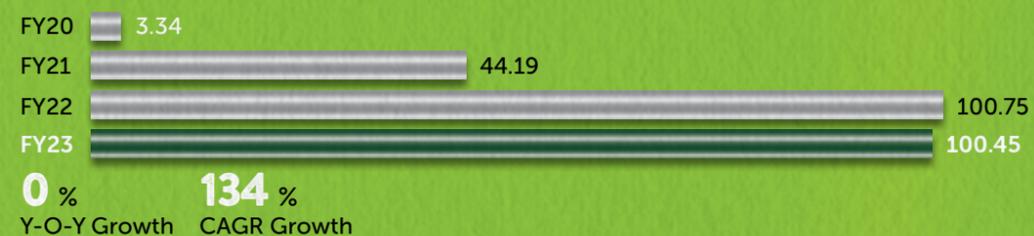
Revenue from Operations (₹ crore)



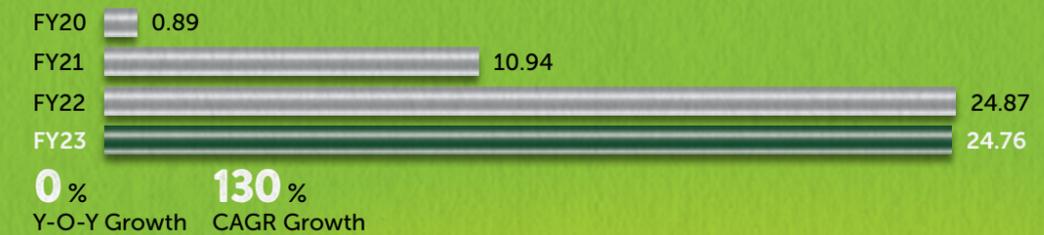
EBITDA (₹ crore)



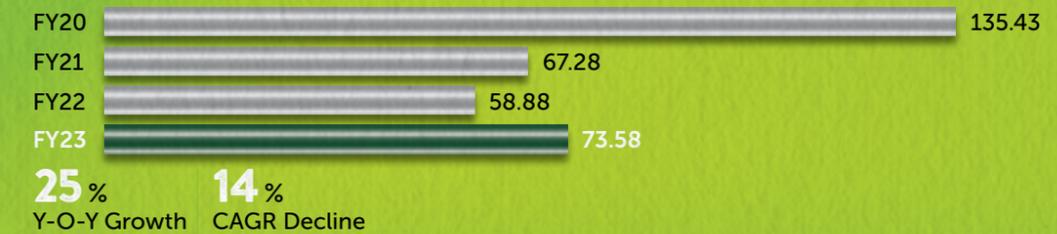
Net Profit (₹ crore)



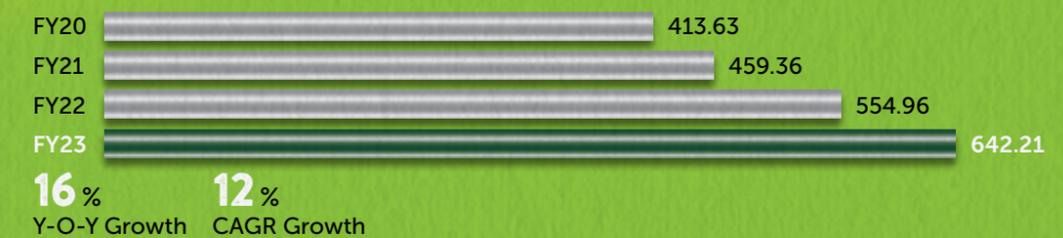
Earnings per share (₹)



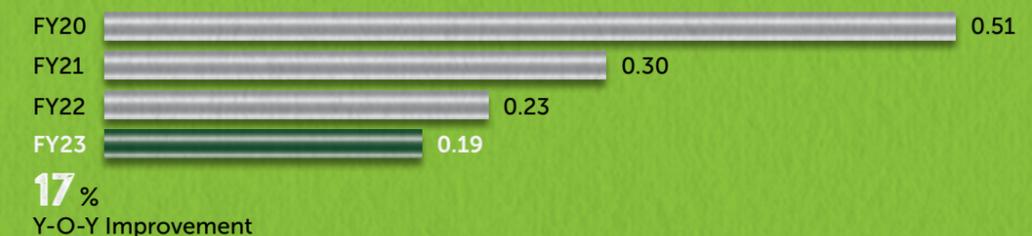
Net Cash flow from operations (₹ crore)



Net Worth as on 31st March (₹ crore)



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



FROM VICE CHAIRMAN'S DESK 2023

in Steel Business



Dear Fellow Shareholders.

I am here again on my laptop drafting out my annual letter to you. This has been a tumultuous year. We began this year where we were scaling new heights on scrap prices almost every second day on the back of the Ukraine war and then at a point the prices started retreating sharply. As a result the auto companies too were in a fix to give the required price increase given the volatility.

We had said that this year there would be no forecasts. I am happy to report that despite the extreme volatility, we were able to have record sales and we again did a century and a double century. We declared a net profit of ₹100 crore and sales crossed 200 thousand tons for the 1st time. Let me recap for you some of the major highlights of last year.

Golden Jubilee

This was the most significant event of last year. The steel business of Vardhman Group had started in March 1973 with a mini steel plant in Faridabad and over five decades, we now have the current plant in Ludhiana and a robust business model. In these 50 years, several times there have been many ups and downs before we have reached where we are. 50 years is a long time in the life of a business and specially so for a business that was for the larger part of this time frame, a secondary business, the prime business of the Group being Textiles. There have been times when an attempt was made to even sell this business, thankfully unsuccessfully and the journey of the past 12 years you all are aware of through my annual letters. The time has come now to look at the next 50 years.

The Celebration

We had a two-function celebration of the Golden Jubilee. One function was held in Ludhiana for our employees, local Punjab customers and for Ludhiana Industry and the other function was in Delhi, meant for all our Customers (including some from overseas), Government officials and was also attended by our Board. Aichi President Fujioka San and incoming President Goto San attended both the functions and participated with full energy and enthusiasm. In the Delhi function, all the customers got a ringside view of the closeness of the relations between the top Management of Aichi and of VSSL. One significant feature of the Ludhiana function was the Daruma Doll Ceremony, where I made a wish and declared that publicly. This wish is ideally a target for the next 2-3 years and I announced my wish to have a second plant.

Toyota Mass Manufacturing Begins

Another key achievement of last year has been the starting of the mass manufacturing of steel for Toyota. Thanks to the all out support from Aichi, we finally got the approval from Toyota and mass manufacturing has begun. This is indeed a huge step, though it is just a beginning. It comes with a great responsibility for meeting and sustaining the legendary quality norms of Toyota. In addition, adherence to strict delivery deadlines while meeting all safety norms on the shop floor. The next upside, of course, is that if we are able to satisfy Toyota, it will mean a far easier acceptance in other customers.

The Year of Records

This year has been the year of a lot of new records being set. We had the highest turnover figure, crossing ₹1,700 crore, the highest sales volumes, crossing 200,000 tons, the highest production volumes in each of the department and of course you the shareholders have rewarded us with the highest market capitalization, crossing ₹1,700 crore and to seal the record year and mark the Golden Jubilee, the company declared a 1:1 bonus issue of shares which has been well appreciated by you, our shareholders.

The VUCA year

The past year has truly epitomized the term VUCA standing for volatility, uncertainty, complexity and ambiguity. With the war which was expected to get over within 3 weeks, is still continuing, supply chain shortages in raw materials were expected and all our raw materials and global energy prices rapidly reached levels unseen in recent times and then with the resultant slow down the commodity prices took a massive hit downwards. There was constant uncertainty too and with talks of China Taiwan tensions added to the complexity of the environment. Further hovering on our heads is the story of EVs. The result of all this was that setting prices for our products became a very difficult task. As a result the automobile OEs gave us lower price increases than were due to the industry, one major OE (thankfully not one of our customer) even reneged on the agreed upon increase and reduced the quantum of increase. To top this when the price reductions were due, we ended up as an industry giving higher reductions than were warranted. Some of that uncertainty is continuing this year but now we are seeing a possible stabilization of prices in the next few months.

Sustainability

Our shareholders are aware of the dangers of global warming and climate change and we have seen the current devastation and havoc brought about by the monsoon rains within early July. As a result of the rising awareness on this topic, carbon footprint capturing and then reduction has become of critical importance. Our Honourable PM Shri Narendra Modi has committed that India will be net Zero in Carbon by 2070 and all industries have to do their bit to reach this goal. Steel industry being one of the highly polluting industry is one of the first to be in focus for carbon footprint reduction. As you are aware we make steel from the Electric Arc Furnace route where our carbon footprint is 0.8 tons of Carbon per ton of steel. Most of our competitors, on the other hand, make steel from the mini blast furnace route where their footprint is likely to be at the upper end of the 2.5-3.0 ton range, so close to 3.5 times of our carbon footprint. Further, we are planning to put up a solar power plant under the Group captive policy which should further reduce our footprint to 0.5-0.6 level, in addition to saving power costs. Some Auto OEs have started asking about this and I believe our strategy of being a scrap based player will pay us off handsomely in the years to come.

In the area of Environment and sustainability, I am happy to report that our Miyawaki Forest that we developed last year under one of our CSR projects has come up very well and I also received a personal letter from the Honourable PM for our forest. We hope to plant many more such forests in the years to come.

Capital Investment

To upgrade the capacity of our plant we have an ambitious expansion plan of around ₹300 Crore and in addition we also intend to buy some land in the neighbourhood. Under the above plan, I am happy to share that we have finalised some large ticket items like additional stands for the rolling mill, Kocks sizing block and new reheating furnace. Several other items are in various stages of the procurement process. All this is expected to be over in the next 3 years. Our shareholders are also aware that we have an upcoming capacity shortfall in 2026 and I want to assure the shareholders that we are working on multiple possibilities to handle the situation.

Management Changes

I want to share some important management changes that have happened. Firstly, Fujioka San the President of Aichi has retired and been appointed Chairman of Aichi Steel Corporation and his successor is Goto san. I have already met Goto san and he seems to be a very fine leader and I will spend more time with him in the subsequent years and build a similar relationship as I had with Fujioka san. In your company, the Board has appointed my daughter Soumya to the Board as an Executive Director, of course, subject to your final approval. This step will ensure continuity and stability in the company from the family side.

Personal front

On the personal front as usual life is going on fine. I have continued working on my fitness through last year doing strength training, yoga and cycling as well as table tennis. I went on a wonderful trek last year to Kashmir, the Basmal lake trek. I visited Kashmir after 37 years and absolutely loved it. Again in August 2023, I have completed another trek in Kashmir, the Warwan Trek, which is classified a difficult trek. With Soumya and Mr. Rewari taking on the lion's share of management I am getting lot more time to think of strategic issues and the future.

I honestly believe that we have just started. Come join me in the exciting journey ahead as we work together with Aichi Steel in this VUCA environment to take advantage of the Toyota approval and the other approvals which should be landing at our doorsteps soon.

Cheers

Sachit Jain

Vice Chairman and a fellow shareholder





MANAGEMENT DISCUSSION & ANALYSIS

India gleamed like a shining star in an otherwise dull economic universe.

Global economy: After a spectacular bounce-back in 2021, the world economy witnessed another healthy year of growth in 2022. The pandemic receded in CY2022, but inflation was high throughout the year. IMF data suggests that last year global economy registered a growth rate of 3.4% despite global headwinds.

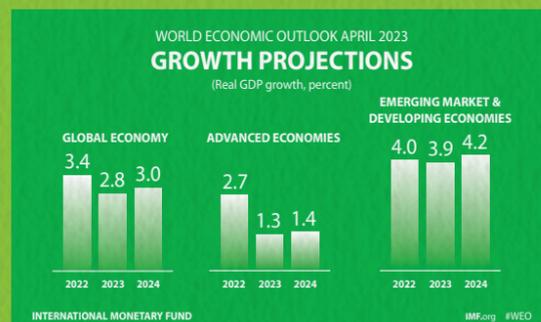
Furthermore, despite the global supply-chain crisis and the high price of commodities global trade hit a record high in CY22. Also, by the end of 2022, because of policy rate tightening, inflation came down to a moderate level. Moreover, an increase in overall trade volumes indicates resilience in customer demand.

IMF predicted the global growth rate to be at 2.8% in 2023. But with the reopening of all the major economies, gradual recovery from war and pandemic, reducing supply chain disruptions, and the effect of war on the food & energy market diminishing, this number may see further revision in the future.

Indian economy: It grew at 7.2% in FY23 despite all the global turmoil, said MoSPI (Ministry of Statistics & Programme Implementation), Govt. of India. The gross value added (GVA) in agriculture & allied activities is expected to grow by 3.5% in constant price terms in FY23. In current price terms, this is a jump of 12.50%. IIP (Index for Industrial Production) grew by 5.1% over the previous year, dragged down owing to tepid performance by the manufacturing and electricity sectors.

India's retail inflation slipped to 5.66% in March 2023, a 16-month low. Annual GST collections were encouraging (22% growth y-o-y). Moderation in international crude prices, rise in service exports, and decline in import-oriented demand helped India's current account deficit to drop in FY23 providing a cushion for the rupee. It also gave a boost to India's external sector. No wonder, RBI has predicted India's GDP growth to be at 6.4% in FY24 despite the volatility and other geopolitical challenges.

RBI has predicted India's GDP growth to be at 6.4% in FY24 despite the volatility and other geopolitical challenges.





WORLD STEEL SLID WHILE INDIA'S OUTPUT GREW.

Global crude steel production fell for the first time in seven years owing to China's zero-Covid policy and real estate sector challenges. The destruction of steel facilities in Ukraine and elevated energy prices in Europe forced steel manufacturers to curtail production. According to the World Steel Association, global crude steel output slipped in 2022 to 1,878.5 million tonnes (Mt), down 4.2% from the previous year. Worldsteel forecasts a revival in the steel sector in 2023 as demand will see a 2.3% rebound to reach 1,822.3 Mt. The improved demand estimate is owing to high infrastructure demand in major economies.

The Indian steel sector experienced significant headwinds in FY23 such as elevated input costs. The export duty imposed on steel further dampened sentiments. India's crude steel production rose by 4.18% to 125.32 Mt in FY23 against 120.29 Mt in the previous fiscal. The finished steel production was 121.29 Mt, up 6.77% from 113.60 Mt a year ago. Domestic steel consumption rose by 12.69% to 119.17 Mt against 105.75 Mt in 2021-22. This jump was owing to heightened infrastructure activities.

THE SECONDARY STEEL SECTOR IS GETTING READY TO PLAY A SEMINAL ROLE IN NATION DEVELOPMENT.

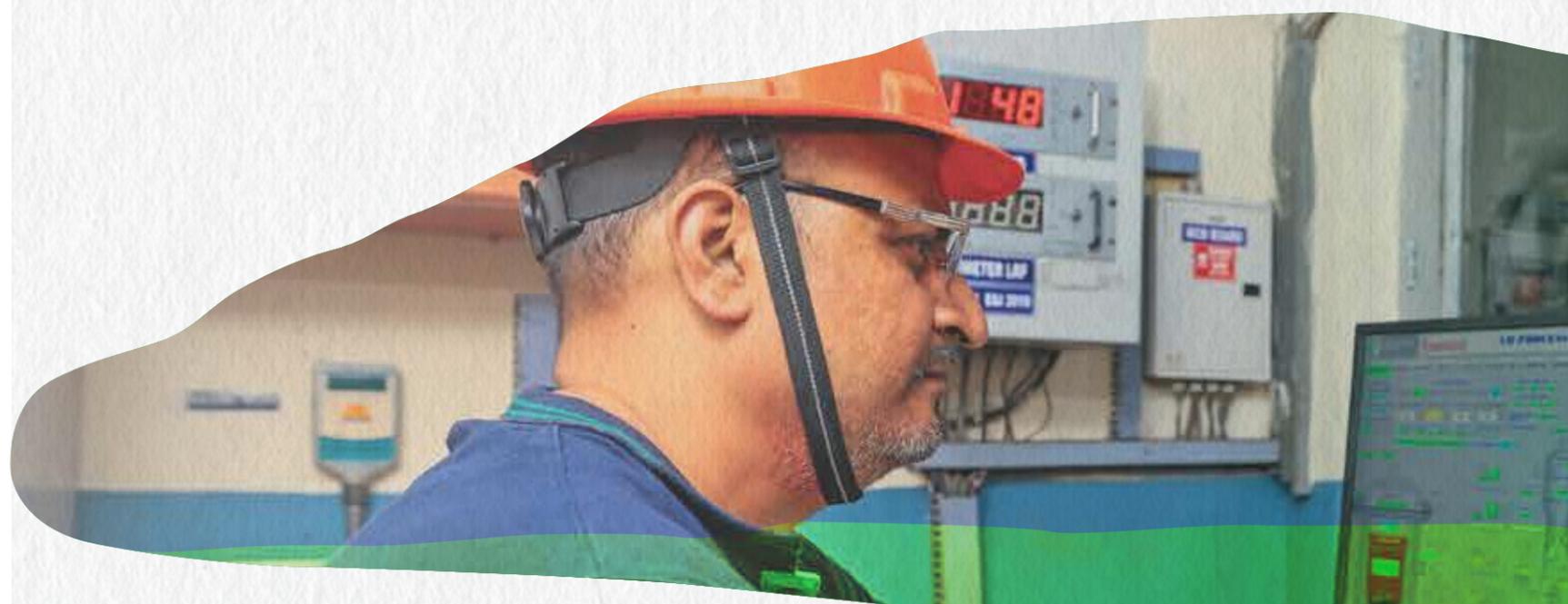
Secondary steel is very important for infrastructure development in the country. Secondary steel-producing companies, most of which are MSMEs, are a very important part of the Indian steel industry. They used to contribute 55% of the total steel output of the country in 2015 which has come down to a mere 40% at present.

With India setting an ambitious target for infrastructure development over the medium-term and planning to double its steel manufacturing capacity to 300 Mt by 2030, the role of the secondary steel sector and

more pertinently, the special steel sector has grown multifold. The Ministry of Steel has set up a high-level advisory committee to address the issues of the specialty steel sector.

The Union Cabinet approved a ₹6,322 crore PLI scheme for growing capabilities of the specialty steel. It aims to increase the specialty steel capacity by 25 Mt while attracting an investment of about ₹30,000 crores. Apart from adding immense technological power to the industry and boosting exports, the Government also expects the scheme to generate

employment for over half a million people. In the near-term, the Government's allocation towards infrastructure creation in the Union Budget 2023-24 has opened up a massive window of opportunities for the sector.



IN THE FIRST NON-COVID YEAR, THE AUTO SECTOR GAINED SIGNIFICANT MOMENTUM.

The auto industry is one of the largest and most influential sectors in India. But it went through some rough times in 2020 and 2021 primarily because of Covid pandemic.

FY23 was the first full year that saw no Covid impact in the last two years and overall auto sales grew by 21%. All segments with the exception of tractors exhibited double digit growth. Two-wheelers, passenger vehicles and commercial vehicles grew at 19%, 23% and 33% respectively, while tractors grew at 8% for FY23.

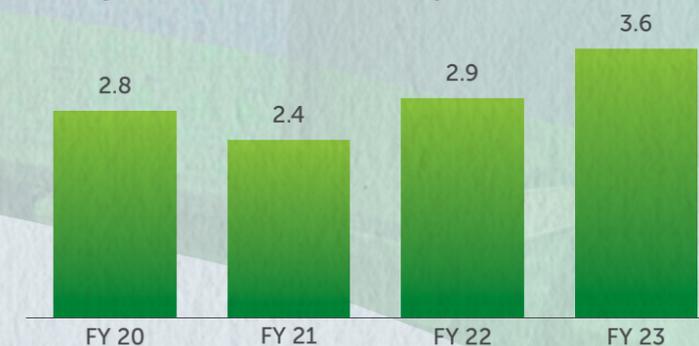
Passenger vehicles exhibited impressive growth with retail sales hitting a record high of 3.6 million in FY23, crossing the previous high seen in FY19 at 3.2 million. The segment experienced numerous new launches and better product availability due to the easing of the semiconductor shortage during the year. The demand for higher-end variants helped sustain sales. However, the entry-level variant remains under pressure as customers in this category remained impacted by the elevated inflation.

Outlook: According to a report by ICRA, the Indian automotive industry is expected to grow at high single-digit levels in 2023-24. Demand for the passenger vehicles is expected to grow at 6-9%, commercial vehicles (CV) by 7-10%, two-wheelers (2W) by 6-9% and tractors by 4-6% in FY24.

Going forward, purchasing power of the consumer would play a crucial role owing to unpredictable macro-economic conditions. Supported by enhanced government support and increasing awareness, electric vehicle (EV) would see a substantial uptick in the coming years.

Passenger vehicle sales hit a record high of 3.6 million in FY23

Passenger vehicle retail sales over the years (in million)



Source: FADA reports • [Get the data](#)

Government initiatives

- Customs duty exemption is being extended to the import of capital goods and machinery required for the manufacture of Li-ion cells for batteries used in EVs.
- Promoting the vehicle scrapping policy, the Government will allocate funds for scrapping old vehicles of Central Government. States will also be supported in replacing old vehicles.

- Union Budget 2023 increases the tax rebate limit on personal income from ₹5 lakh to ₹7 lakh. This will leave more disposable income with the salaried citizens to spend on goods like automobiles.

Over the long-term, India's automotive industry is poised to become the world's third-largest market by 2030, showcasing its dominance in the international heavy vehicles arena. As the industry contributes significantly to India's GDP and manufacturing sector, the nation is also emerging as a leader in electric vehicle (EV) adoption.

Currently, the automobile industry contributes 7.1% of India's GDP and accounts for 49% of its manufacturing GDP.



Business operations

“WE CONSIDER OUR PERFORMANCE IN FY23 AS HEALTHY BECAUSE IT CAME IN AN EXCEEDINGLY TOUGH YEAR.”

Q. Was FY23 good for you?

It was a good performance. We set new performance benchmarks from an operational viewpoint. We consider our performance in FY23 as healthy because it came in an exceedingly tough year. A period that was adversely impacted by inflation and rising input costs. We registered all-time high production, sales and revenue numbers, which lends credibility to our belief that we are doing the right things. Here, we must mention that the support and advice from our joint-venture partner has played a decisive role in registering these numbers.

Q. What did you do to scale production?

We made small but meaningful changes in all our manufacturing areas, which resulted in a sizeable volume increase in the overall scheme of things. In our Steel Melting Shop, we had started using Oxy-fuel burners with LPG as the fuel injecting additional energy for faster melting of scrap. It helped us in reducing our heating time. We improved the capacity utilization of our Caster. Thanks to our timely investment made in 2021.

We implemented numerous Kaizens at our Rolling Mill, which helped in reducing the time taken for section changes. Leveraging the expertise of our Japanese partners, we undertook a deeper analysis of

our reheating furnace for some steel grades. This helped to increase the productivity of the asset.

At the Testing unit, we conceptualized and drew up a strategy to increase the share of in-house variations. We also worked hard to strengthen our adherence to operating SOPs set as per our partners' international standards. These initiatives helped achieve double-digit growth in the output of all operating shops.

Q. What was the capital investment in FY23?

Having expanded our SMS capacity in FY22, the capex during FY23 was minuscule. We invested about ₹11 crore in replacing our steam boiler with a mechanical pump.

This investment was from an environmental standpoint as it reduced water consumption and improved the air quality. Also, we installed a fume extraction system at our Ladle Refining Furnace. This initiative significantly reduced the particulate matter in the air and improved the ambient working conditions for our team.

Q. Was there good demand for your products?

Despite the volatility prevailing in the global ecosystem, Indian markets were surprisingly buoyant. The strong resurgence in the automotive sector, especially the passenger vehicle segment, was pleasantly heartening. We maintained our sales volumes with all our customers. We also received new projects from some existing and new customers, which added to our volumes. Further, we started penetrating in the EV sector, where we received interesting projects from some EV players operating in India. We expect this segment to generate more volumes in the coming years.

Q. How did you fare in the international market?

It was a heartening year. We set a new milestone from export perspective. We exported steel to Aichi Forge, Thailand, although the quantity was small. We are hopeful of increasing volumes gradually over the years. In addition to this, there were other noteworthy achievements.

- We developed and sent samples to another Japanese automotive major. When our samples get approved, it will open a large market in India and other Asian countries.
- We cleared a factory audit by a large Indian passenger vehicle OEM. This paves the way for developing some steel samples for them and securing interesting volumes upon approval.
- We re-entered the Turkish market after a gap of 4-5 years with good volumes; we also established a toe-hold in the Australian market with an initial supply of some grades.

Q. What steps are you taking to strengthen and reduce your carbon footprint?

We realize that to become an integral part of the global supply chain, we need to reduce our carbon footprint. Because global automotive OEMs prefer to partner with steel players focused on making 'Green Steel.' With this understanding, we undertook an audit of our operating facility to understand where we are. This study has highlighted important areas which can help us achieve global standards. We have drawn a comprehensive blueprint for reducing our carbon footprint – a significant initiative is to increase our reliance on renewable energy. We hope to make some headway in that direction in the next 12-18 months.

Q. What are your capex plans for FY24?

As we mentioned earlier, FY24 will be a year of consolidation. We will sharpen our focus on strict process adherence and more stringent quality tolerance to ensure that our steel matches the requirement of global automotive majors. In view of increasing the capacity of our rolling mill, we will place the orders for the Kocks Sizing Block and replacing the existing Reheating Furnace with higher capacity.

Q. How do you plan to increase sales volumes in the domestic market in FY24?

FY24 will be essentially a consolidation phase where we will focus on improving product development, product quality and time-to-market. It does not mean that our sales volume will remain stagnant. It should increase, though marginally.

We hope to secure more business from existing clients, increase our presence in the EV automotive space and commercialize certain steel variants for Japanese OEMs operating in India, which are currently in development.

OUR FINANCIAL PERFORMANCE WAS A MIXED BAG.

Headwinds notwithstanding, we reported a healthy performance. Our revenue was at an all-time high of ₹1,734.99 crore against ₹1,368.46 crore in FY22. Our growth was fuelled by a strong uptick in sales volume – supported by strong demand from the passenger vehicle segment. The growing volumes lent a watermark to our product quality and its increasing acceptance by OEMs operating in India.

Even as volumes increased, inflationary headwinds hiked our cost sheet and impacted business profitability. EBITDA dropped by 11.10% from ₹202.58 crore in FY22 to ₹180.08 crore in FY23. And EBITDA margin slipped from 14.80% to 10.38% over the same period.

Despite a drop in EBITDA, the net profit was at the previous year level – ₹100.45 crore in FY23 against ₹100.75 crore in FY22 as we moved to the New Tax Regime under the Income Tax Act which resulted in substantial drop in our tax liability.

Our Net Cash Flow from Operations stood at ₹73.58 crore in FY23 against ₹58.88 crore in FY22. During the year, we repaid debt of ₹45.20 crore which helped optimise our debt-equity to 0.19x as on March 31, 2023. Working capital requirement increased owing to elevated input costs and increased operations.

Our Net worth increased from ₹554.96 crore as on March 31, 2022 to ₹642.21 crore as on

March 31, 2023 owing to ploughing of business surplus. As a result, book value per share upped to ₹158.07 as on March 31, 2023 against ₹136.82 as on March 31, 2022.

Cooling inflation, stable input prices and interest rates should result in improved profits and profitability as we move forward. We plan to invest ₹160 crore in increasing our rolling capacity which should see the light of day in FY25.

Key Financial Ratios	UOM	FY23	FY22	Change (%)	Reason for variance of more than 25%
Trade Receivables ratio	(x)	7.18	6.13	17.13	
Inventory Turnover ratio	(x)	5.20	5.51	-5.63	
Interest Coverage ratio	(x)	8.29	8.41	-1.43	
Current ratio	(x)	2.18	2.27	-3.96	
Net Debt-Equity ratio	(x)	0.19	0.23	-17.39	
Operating margin	(%)	8.15	12.69	-35.78	Due to decline In profitability
Net margin	(%)	5.79	7.36	-21.33	
Return on Net worth	(%)	16.78	19.87	-15.55	

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has been regularly reviewing and updating its internal controls by benchmarking against the industry standards. Dynamics of changing business requirements, statutory compliances and corporate governance are adopted in existing systems after careful review to remain in line with compliance requirements,

expectations of business partners like customers and institutions. Senior management monitors the recommendations of internal audits for continuous system updating. IT System infrastructure is updated regularly to support business decision making as well as better controls.



RING FENCING OUR BUSINESS PERFORMANCE WITH RELEVANT STRATEGIES

HUMAN RESOURCE

The strength of the Company continues to be all its highly motivated employees. Year after year, they have shown that having the common goal of increasing the competitiveness of our products and growing the company, is best achieved by all working together as a team.

FY23 was a year of people engagement, for the Company has many milestones to celebrate namely 50 years in steel, first despatch of material to Aichi Steel (its joint venture partner), visit to the Company by the Senior Management team of Aichi. These events witnessed a considerable team involvement at all levels resulting in bonding, motivation and pride.

Training continued unabated with a special emphasis on safety. The HR team ensured that everyone across the organisation was trained on safety – it included new joinees and contractual workers. Overall the orientation to safety increased appreciably – near misses were analysed in detail with comprehensive remedial actions.

Our Japanese partners inculcated the habit of eye for detail, timeliness and meticulous functioning – aspects that will go a long way in improving the organisation's commitment to quality and deliveries.

The Company has 1,125 members (permanent) on its rolls as on March 31, 2023.

Risk is an integral component of our business. We are ardently committed to manage its risk in a proactive manner. Our Risk Management Committee maintains an oversight on our risks and is responsible for reviewing the effectiveness of the risk management plan or process. Risk management is embedded within our operating framework and we have a well-defined, internal financial control structure. During the year under review, these controls were evaluated and no material weaknesses were observed in their design or operations.

Risk 1: Sustaining profitable business growth

Mitigation measures

- Widen the customer base to minimise an overdependence on a customer or customer segment.
- Increase the proportion of value-added products in our revenue basket to improve profitability.
- Focus on judicious utilisation of resources and eliminate wastages.
- Minimise in-house rejections which will reduce the cost of bad quality.

Risk 2: Maintaining product quality even as volumes expand

Mitigation measures

- Continue to upgrade operational systems and processes in line with global standards with the support of international partner
- Intensify training to the team on the importance of quality and strict adherence to SOPs
- Follow set SOPs in a disciplined and dedicated manner
- Undertake detailed analysis of and implement remedial measure for process deviations and sub-standard products

Risk 3: Retaining talent is essential for sustaining seamless business operations

Mitigation measures

- Continue with the people-friendly policies and practices
- Increase involvement of people in upgrading business operations to global standards
- Intensify people training in technical and behavioural aspects to make them grow personally and professionally.
- Ring-fenced the talent pool by extending the ESOP to a wider section of the talent pool

Risk 4: Securing funds is critical for expanding operations

Mitigation measures

- Increase cash flow into the business by increasing volumes and optimising costs
- Focus on reducing the Company's leverage position in favour of a strong Balance Sheet
- Leverage the strong financials to secure debt when required.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Rajeev Gupta – Chairman
2. Mr. Raghav Chandra
3. Mr. Rakesh Jain
4. Mr. Sanjoy Bhattacharyya
5. Mr. Suman Chatterjee
6. Mrs. Vidya Shah
7. Mr. Toshio Ito
8. Mr. Rajinder Kumar Jain
9. Mr. B.K. Choudhary
10. Mrs. Suchita Jain
11. Mr. Rajendar Kumar Rewari – Executive Director
12. Ms. Soumya Jain – Executive Director
13. Mr. Sachit Jain – Vice-Chairman & Managing Director

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Singla

COMPANY SECRETARY

Ms. Sonam Taneja

STATUTORY AUDITORS

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

WORKS

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

BANKERS

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

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

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

BRANCHES & WAREHOUSES

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

DIRECTORS' REPORT



Dear Members,

The Directors of your Company have pleasure in presenting their 13th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2023.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2023 is as under:-

PARTICULARS	2022-23	2021-22
Revenue from operations (Net)	1,73,499.11	1,36,846.01
Other Income	3,875.39	2,889.16
Profit before Depreciation, Interest & Tax (PBDIT)	18,008.08	20,257.95
Interest and Financial expenses	1,765.35	1,727.94
Profit before Depreciation and Tax (PBDT)	16,242.73	18,530.01
Depreciation	2,812.16	2,696.45
Profit/(Loss) before Tax (PBT)	13,430.57	15,833.56
Provision for Tax		
- Current Tax (including tax adjustment relating to prior years)	3,462.45	2,704.01
- Deferred Tax	(76.66)	3,054.51
Profit after tax (PAT)	10,044.78	10,075.04
Other Comprehensive Income/(Expense)	(27.91)	18.75
Total Comprehensive Income	10,016.87	10,093.79
Earnings per share (₹)		
- Basic	24.76	24.87
- Diluted	24.59	24.71

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, the production of Billet increased from 1,89,719 MT to 2,19,925 MT, showing an increase of 15.92% over the previous year. The Rolled production increased from 1,65,809 MT to 1,88,108 MT,

showing an increase of 13.45% over the previous year.

Your Company has registered Revenue from Operations of ₹1,73,499.11 lakhs as compared to ₹1,36,846.01 lakhs in the previous year. The exports of the Company increased from ₹7,594.32 lakhs to ₹8,488.23 lakhs showing an increase of 11.77%.

PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹18,008.08 lakhs as against ₹20,257.95 lakhs in the previous year. After providing for depreciation of ₹2,812.16 lakhs (Previous Year ₹2,696.45 lakhs), interest of ₹1,765.35 lakhs (Previous Year ₹1,727.94 lakhs), provision for current tax including tax adjustment relating to prior years of ₹3,462.45 lakhs (Previous Year ₹2,704.01 lakhs) and Deferred Tax amounting to ₹(76.66) lakhs (Previous Year ₹3,054.51 lakhs), the total comprehensive income worked out to ₹10,016.87 lakhs as compared to ₹10,093.79 lakhs in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹31,563.63 lakhs.

RESOURCES UTILISATION:

a) Fixed Assets:

The net block as at 31st March, 2023 was ₹29,300.63 lakhs as compared to ₹28,830.23 lakhs in the previous year.

b) Current Assets:

The current assets as on 31st March, 2023 were ₹69,862.65 lakhs as against ₹59,672.50 lakhs in the previous year. Inventory level was at ₹36,267.99 lakhs as compared to the previous year level of ₹30,432.20 lakhs.

FINANCIAL CONDITIONS & LIQUIDITY:

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

(₹in lakhs)

PARTICULARS	2022-23	2021-22
Cash and Cash equivalents:		
Beginning of the year	27.10	234.00
End of the year	953.50	27.10
Net cash provided (used) by:		
Operating Activities	7,357.55	5,887.98
Investing Activities	(1,483.48)	(911.18)
Financing Activities	(4,947.67)	(5,183.70)

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 27th April, 2023 has recommended dividend of ₹2/- per share on the fully paid-up Equity Shares of the Company.

5. CONSOLIDATED FINANCIAL STATEMENT:

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

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

7. DIRECTORS:

Liable to retire by rotation: In accordance with the provisions of the Articles of Association of the Company, Mrs. Suchita Jain and Mr. Rajendar Kumar Rewari, 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 recommended their re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

Further, in accordance with the provisions of the Articles of Association of the Company, Mr. B.K. Choudhary, Director of the Company, also retires by rotation at the ensuing Annual General Meeting of the Company. However, he has not offered himself for re-appointment as a Director. Accordingly, he would cease to be a Director of the Company at the ensuing AGM.

Appointment of Directors: During the year under review:

- Mr. Suman Chatterjee and Mrs. Vidya Shah, were appointed as Independent Directors of the Company for a term of five (5) consecutive years w.e.f. 25th July, 2022;
- Mr. Rajendar Kumar Rewari was appointed as an Executive Director of the Company for a term of five (5) years w.e.f. 25th July, 2022; and
- Mr. Toshio Ito was appointed as a Non-Executive Director (Subscriber Director of Aichi Steel Corporation) of the Company, w.e.f. 25th July, 2022.

Their appointments were further approved by the Members of the Company in the Annual General Meeting held on 30th September, 2022.

Further, during the year, designation of Mr. Rajeev Gupta was changed from Non-Executive Independent Director to Non-Executive Non-Independent Director w.e.f. 30th September, 2022.

Cessation from Directorship: During the year under review:

- Mr. Takashi Ishigami, Non-Executive Director (Subscriber Director of Aichi Steel Corporation) ceased to be Director of the Company w.e.f. 25th July, 2022, as he resigned from the Board of the Company due to his retirement from Aichi Steel Corporation;
- Mr. Sanjeev Pahwa, Independent Director, ceased to be Director of the Company w.e.f. 30th September, 2022 on completion of his second term of appointment; and
- Mrs. Shubhra Bhattacharya, Independent Director, ceased to be Director of the Company w.e.f. 2nd January, 2023, as she resigned from the Board of the Company due to personal and other professional commitments.

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:

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

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

Annual Evaluation of the Board Performance:

The meeting of Independent Directors of the Company for the financial year 2022-23 was held on 11th March, 2023 to evaluate the performance of Non-Independent Directors, Chairperson of the Company and the Board as a whole.

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

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

8. NOMINATION AND REMUNERATION POLICY:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of 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 Nomination and Remuneration Committee of the Company 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:

- a) 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.
- b) 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.
- c) 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:
 - i. That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
 - ii. That relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- iii. That remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate of the working of the Company and its goals.

- d) Formulating the criteria for evaluating performance of Board and all the Directors.
- e) 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 senior management.

9. KEY MANAGERIAL PERSONNEL (KMP):

In compliance with provisions of Section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2023:

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

10. NUMBER OF BOARD MEETINGS:

During the year under review, the Board met Four (4) times and the intervening gap between any two meetings was within the period prescribed under Companies Act, 2013. The details of Board Meetings are set out in Corporate Governance Report which forms part of this Annual Report.

11. AUDITORS AND AUDITORS' REPORT:

Statutory Auditors:

M/s. BSR & Co., LLP, Chartered Accountants, (Firm Registration No.: 101248W/W-100022) were appointed as Statutory Auditors of the Company for a term of 5 years at the 8th Annual General Meeting held on 27th September, 2018. Since, their term is expiring at the ensuing Annual General Meeting, the Board of Directors in its meeting held on 27th April, 2023, has approved and recommended to the Shareholders the re-appointment of M/s. BSR & Co., LLP, as the Statutory Auditors of the Company for a second consecutive term of 5 years starting from the conclusion of 13th Annual General Meeting.

The said re-appointment is subject to approval by the Members of the Company.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2023.

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

Secretarial Auditor:

M/s. Harsh Goyal & Associates, Company Secretary in Practice, were appointed as Secretarial Auditors of the Company by the Board of Directors of the Company in its meeting held on 29th April, 2022 for the financial year 2022-23.

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, 2023. This Report is self-explanatory and requires no comments. The Report 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 has appointed M/s Ramanath Iyer & Company, Cost Accountants, New Delhi, as the Cost Auditors of the Company to conduct Cost Audit of the Accounts for the financial year ended 2023-24. 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 2023-24 is placed for ratification by the Members.

12. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

The Audit Committee consists of Mr. Rakesh Jain, Mr. Sanjoy Bhattacharyya, Mr. Suman Chatterjee and Mrs. Vidya Shah, Independent Directors and Mr. Rajinder Kumar Jain, Non-Executive Director. Mr. Rakesh Jain is the Chairman of the Committee and Ms. Sonam Taneja is the Secretary of the

Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Vigil Mechanism:

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

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

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

13. CORPORATE GOVERNANCE:

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

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 a total of ₹122.94 lakhs on CSR activities.

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

15. RISK MANAGEMENT:

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

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

16. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR):

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

17. DIVIDEND DISTRIBUTION POLICY (DDP):

As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 1000 listed companies are required to formulate a DDP. Accordingly, a DDP was adopted to set out the parameters and circumstances that will be taken into account by the Board in 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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

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

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

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 20 to the financial statement).

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 www.vardhman.com/ www.vardhmansteel.com.

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 organization climate based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2023, the Company employed around 1,125 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 is annexed hereto and forms part of this report.

A statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in Rule 5(2) and 5(3) of the Companies (Appointment & Remuneration

of Managerial Personnel) Rules, 2014 is annexed hereto and forms part of this report.

All the above details are provided in **Annexure - 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 THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

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

26. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- 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, 2023 and of the profit of the Company for the year ended on 31st March, 2023;
- 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

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

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 Act.
- 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 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.

28. VARDHMAN SPECIAL STEELS LIMITED EMPLOYEE STOCK OPTION PLAN:

The Company has granted options to its employees under Vardhman Special Steels Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan 2016) and Vardhman Special Steels Limited Employee Stock Options 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 eligible employees from time to time. One option entitles the holder to apply

for one equity share of the Company in terms of ESOP Plan 2016. Accordingly, during the financial year, a total of 28,125 options were exercised by the eligible employees under 2nd grant of ESOP Plan 2016.

Further, 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. These options will vest with the eligible employees after two years from the date of grant.

- As per the terms of the ESOP Plan 2020, the Company can grant a maximum of 5,00,000 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan 2020. Accordingly, during the financial year, a total of 38,125 options were exercised by the eligible employees under 1st grant of ESOP Plan 2020.

Further, 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. These options will vest with the eligible employees after two years from the date of grant.

The paid-up equity share capital of the Company after this allotment stood increased to ₹40,62,74,140.

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

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/ESOP_Disclosure_-_2022-23.pdf

29. BONUS ISSUE:

The Board of Directors of your Company in its meeting held on 12th April, 2023 has approved to issue Bonus Shares to the existing Equity Shareholders of the Company in the ratio of 1:1, subject to approval of Members through Postal Ballot.

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 : 27th April, 2023

(RAJEEV GUPTA)
Chairman

INDEX OF ANNEXURES (FORMING PART OF BOARD REPORT)

Annexure No.	Particulars
I	Secretarial Audit Report in form no. MR-3 for FY 2022-23.
II	Annual Report on CSR activities for the Financial Year 2022-23.
III	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
IV	Particulars of employees and related disclosures.

ANNEXURE- I

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[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, 2023 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, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit period)

- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the Audit period)
- (h) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.(Not applicable to the Company during the Audit period)

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

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

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

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

We further report that

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. 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:F003314E000205703

Place: Ludhiana
 Date: 27.04.2023

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

'ANNEXURE A'

To
 The Members,
Vardhman Special Steels Limited
 Ludhiana

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

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

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

Place: Ludhiana
 Date: 27.04.2023

Annexure –II

ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2022-23

1. Brief outline on CSR Policy of the Company.

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

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mrs. Vidya Shah*	Chairperson, Independent, Non-Executive Director	2	1
2.	Mr. Sachit Jain	Member, Non-Independent, Executive Director	2	2
3.	Mr. Raghav Chandra*	Member, Independent, Non-Executive Director	2	1

*Mrs. Vidya Shah and Mr. Raghav Chandra were appointed as Chairperson and Member, respectively of CSR Committee w.e.f. 25th July, 2022.

Mr. Sanjeev Pahwa and Mrs. Suchita Jain ceased to be Chairman and Member, respectively of CSR Committee w.e.f. 25th July, 2022.

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

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

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

Link of CSR Projects: https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/CSR_Projects_-_2023-24.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.

- (a) Average net profit of the Company as per sub-section (5) of Section 135 : ₹ 7,467.39 lakhs
- (b) Two percent of average net profit of the Company as per sub-section (5) of Section 135 : ₹ 149.35 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: ₹ 6.90 lakhs
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 142.45 lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 122.94 lakhs

(b) Amount spent in Administrative Overheads: : Nil

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

(d) Total amount spent for the financial year [(a)+(b)+(c)] : ₹122.94 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 section 135(5)		
2022-23	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
122.94	19.51	24.04.2023	-	-	-

(f) Excess amount for set off, if any

Sr. No.	Particular	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of Section 135	149.35
(ii)	Total amount spent for the financial year	122.94
(iii)	Excess amount spent for the financial year [(ii)-(i)]	(26.41)
(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)]	-

7. Details of Unspent CSR amount for the preceding three financial years: NIL

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135	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		
NA								

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:

Sr. 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		
					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:

An amount of ₹19.51 lakhs remaining unspent pertains to "Ongoing Projects." This amount has been transferred to a separate unspent CSR Account. The said "Ongoing Projects" will be complete by FY 2023-24 & 2024-25.

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

Sd/-
(Vidya Shah)
(Chairperson 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. Our industry is highly energy- intensive among other industries, so efforts to promote energy conservation by our team can lead to reduction in cost of production and making us more competitive globally.

The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimize the operation of various equipment which also leads to energy conservation. We have installed the screw compressors in place of reciprocating compressors and have also combined compressor network for better utilization, reducing the loading time which has resulted in saving of energy.

The best way to save electricity is to turn off the lights which are not being used. We have installed automatic light controls to switch off the light and occupancy sensors are installed in various areas in the Company.

Conservation measures taken, proposed measures being implemented for reduction of consumption of energy and fuel and consequent impact thereof on the cost of production of goods in Vardhman Special Steels Limited for the year 2022-23 are as mentioned below:

Sr. No.	Energy Conservation	Approx cost Savings Per Annum (₹ in lakhs)
1	VD mechanical pump installed in place of wet VD system, resulting in saving of FO which costs approx ₹200/Ton	400
2	Reheating Furnace Charging grate power pack 1 no. 45 kW motor stopped by changing in programme and design	8
3	BBS Pump (7.5 kW) switched off permanently and BBS water line connected with EAF FES Pump.	3
4	Straightening machine power pack 1 no. 45 kW motor stopped by changing in programme and design	8
5	Installation of Screw Compressor in place of Reciprocating Compressor	11

STEPS TAKEN FOR UTILISING ALTERNATE SOURCES OF ENERGY

- Switched over to Natural Gas, a green fuel, over Furnace oil.
- Roof top solar power plant to be installed in the coming years.

CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS – ₹1,160 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:

- Improvement in steel making practices to further increase the number of heats that can be casted in continuous sequence to improve yield and productivity.
- Automatic Hardenability Tester Installed for ensuring accuracy of test results and to minimize human intervention during testing to meet stringent customer requirements.
- Digital Microscope with elemental Analyzer installed for elemental characterization of particles present in the steel.
- Optical Microscope with automatic image analysis.

- Improved capability and capacity of NDT line to meet stringent quality standards.
- Developed steel for transmission applications like Gear, connecting rod, crankshaft for ASEAN Region.

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

- Inclusion size control process development to meet Japanese OEM requirement.
- Approval from Aichi Forge making us a part of Toyota's Global Supply Chain.
- Strengthened material and defect analysis capability.
- Developed NDT capability to meet future Electric Vehicles steel requirement.

3. Future Course of action:

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

4. Expenditure on R & D:

Particulars	2022-23	2021-22
Capital	623.35	19.60
Recurring	1,213.49	1,072.69
Total	1,836.84	1,092.29
Total R & D expenditure as a Percentage of Turnover	1.06%	0.80%

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:
1. Efforts made:

Planning to install new technologies namely-

- Scanning Electron Microscopy with EDS.
- Digital and automatic Rockwell & Micro-Vickers hardness tester to ensure precision in measurement and reporting.
- Fatigue Testing machine to check material strength.
- Impact tester with temperature controller.

2. Particulars of technology imported in last three years:

Details of Technology imported	Year of Import	Whether the technology been fully absorbed
Carbon & Sulphur Analyzer	2021-22	Yes
O2, N2, & H2 Gas Analyzer	2021-22	Yes
Digital Microscope with Elemental Analyser	2022-23	Yes

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the financial year 2022-23, the Company exported 9,433 MT of rolled products having FOB value of ₹8,192.19 lakhs.

Total Foreign Exchange earned and used:

Particulars	2022-23	2021-22
a) Earnings (FOB value of Exports)	8,192.19	7,354.09
b) Outgo (CIF value of Imports and Expenditure in Foreign Currency)	21,975.68	7,761.76

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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2022-23 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 are as under:

S. No.	Name of Director/ KMP and Designation	Remuneration for Directors/ KMP for Financial Year 2022-23 (Amount in ₹)	% Increase in Remuneration in the Financial Year 2022-23	Ratio of Remuneration of each Director/ KMP to Median Remuneration of Employees
1.	Sachit Jain Vice-Chairman & Managing Director	9,05,95,725	-2.26	224.49
2.	Suchita Jain Non-Executive Director	-	-	-
3.	B.K. Choudhary Non-Executive Director	-	-	-
4.	Rajinder Kumar Jain Non-Executive Director	2,80,000	-28.20	0.69
5.	Takashi Ishigami* Non-Executive Director	-	-	-
6.	Rajeev Gupta Non-Executive Non-Independent Director	1,80,000	-40.00	0.45
7.	Rakesh Jain Independent Director	3,85,000	-14.44	0.95
8.	Raghav Chandra Independent Director	3,20,000	23.08	0.79
9.	Sanjeev Pahwa* Independent Director	1,60,000	N.A.	0.40
10.	Sanjoy Bhattacharyya Independent Director	3,45,000	-19.77	0.85
11.	Shubhra Bhattacharya* Independent Director	1,00,000	N.A.	0.25
12.	Toshio Ito# Non-Executive Director	-	-	-
13.	Rajendar Kumar Rewari# Executive Director	1,13,68,441 ⁵	N.A.	28.17
14.	Suman Chatterjee# Independent Director	2,90,000	N.A.	0.72
15.	Vidya Shah# Independent Director	2,90,000	N.A.	0.72
16.	Sanjeev Singla Chief Financial Officer	68,20,416	42.68	16.90
17.	Sonam Taneja Company Secretary	11,97,360	16.94	2.97

* Mr. Takashi Ishigami, Mr. Sanjeev Pahwa and Mrs. Shubhra Bhattacharya ceased to be Directors of the Company w.e.f. 25.07.2022, 30.09.2022 and 02.01.2023, respectively.

Mr. Toshio Ito, Mr. Rajendar Kumar Rewari, Mr. Suman Chatterjee and Mrs. Vidya Shah were appointed as Directors of the Company w.e.f. 25.07.2022.

⁵ In addition to the remuneration stated above, Mr. Rewari has also received remuneration amounting to ₹50.63 lakhs in the capacity of Chief Executive Officer (CEO) of the Company till 24th July, 2022.

- The median remuneration of employees of the Company during the financial year was ₹4,03,562.
- In the financial year, there was a decrease of 3.79% in the median remuneration of employees.
- There were 1,125 permanent employees on the rolls of Company as on March 31, 2023.
- Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2022-23 was 11.15% whereas the increase in the managerial remuneration for the same financial year was 10.37%.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014
1. PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹1,02,00,000/- PER ANNUM:

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (₹ in lakhs)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. Sachit Jain	Vice-Chairman & Managing Director	905.96	B. Tech, MBA	56	33	14.05.2010	Joint Managing Director (Vardhman Textiles Limited)
2.	Mr. Rajendar Kumar Rewari	Executive Director	113.68*	B.Sc., LLB	66	41	25.07.2022	Director, MP Location, Vardhman Textiles Limited

*In addition to the remuneration stated above, Mr. Rewari has also received remuneration amounting to ₹50.63 lakhs in the capacity of CEO of the Company till 24th July, 2022.

2. PERSONS EMPLOYED FOR A PART OF FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION FOR ANY PART OF THAT YEAR, AT A RATE WHICH IN AGGREGATE, WAS NOT LESS THAN ₹8,50,000/- PER MONTH: NIL
3. STATEMENT SHOWING DETAILS OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN:
S.No., Name, Age, Designation, Gross Remuneration (in ₹lakhs per annum), Nature of Employment, Qualifications, Experience (in years), Date of Joining, Previous Employment and No. of Equity Shares held by the employee as on 31.03.2023

1, Sachit Jain, 56, Vice-Chairman & Managing Director, 905.96, Regular, B. Tech & MBA, 33, 14.05.2010, Vardhman Textiles Limited, 56,13,119. 2, Rajendar Kumar Rewari, 66, Executive Director, 113.68 (plus ₹50.63 as CEO till 24.07.2022), Regular, B.Sc., LLB, 41, 25.07.2022, Vardhman Textiles Limited, 192. 3, Mukesh Gupta, 48, Sr. Vice-President, 92.75, Regular, BE (MET), 22.08, 12.08.2016, Mahindra Sanyo Special Steels Private Limited, 33,870. 4, Ryota Tanabe, 48, Manager, 85.88, Regular, Materials Science & Engineering, 23, 01.10.2021, Aichi Steel Corporation, 0. 5, Shunsuke Kitagawa, 30, Manager, 83.57, Regular, Metal Materials Engineering, 10, 01.10.2021, Aichi Steel Corporation, 0. 6, Tyuyoshi Sugihara, 53, Sr. Manager, 82.70, Regular, Metal Materials Engineering, 29, 01.10.2021 (Ceased to be employee w.e.f. 28.03.2023), Aichi Steel Corporation, 0. 7, Amit Chopra, 48, Vice-President, 76.45, Regular, MBA & B.E., 24.11, 15.05.2009, Jindal Stainless Limited, 1,217. 8, Dinesh Singh, 43, Vice-President, 72.17, Regular, B.E. Metallurgy, 19, 22.03.2010, SPS Steel and Power Limited, 0. 9, Davinder Singh, 49, Vice-President, 71.34, Regular, M.Sc. & MDBA, 27.11, 04.05.2015, Modern Steels Limited, 13,155. 10, Sanjeev Singla, 47, Chief Financial Officer, 68.20, Regular, B.Com & CS (Inter), 28, 25.03.2014, Vardhman Polytext Limited, 30,852.

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

CORPORATE GOVERNANCE REPORT

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

1. VARDHMAN GROUP'S PHILOSOPHY:

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

2. BOARD OF DIRECTORS/ BOARD MEETINGS:

i. Composition as on 31st March, 2023:

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

Category	Name of Directors
Promoter Directors	# Sachit Jain - Vice-Chairman & Managing Director # Suchita Jain - Non- Executive Non- Independent Director
Executive Director	Rajendar Kumar Rewari
Independent Directors	Rakesh Jain Sanjoy Bhattacharyya Raghav Chandra Suman Chatterjee Vidya Shah
Non- Executive Non- Independent Director	Rajeev Gupta B.K. Choudhary #Rajinder Kumar Jain Toshio Ito

Relationship Inter-se:

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

Resignation of Independent Director:

Mrs. Shubhra Bhattacharya, Independent Director, ceased to be Director of the Company w.e.f. 2nd January, 2023, as she resigned from the Board of the Company due to personal and other professional commitments. Further, Mrs. Shubhra Bhattacharya vide her resignation letter dated 2nd January, 2023 has confirmed that there is no material reason for resignation other than that mentioned above.

ii. Board Meetings:

During the financial year 2022-23, the Board met 4 times on the following dates:

- 29th April, 2022
- 25th July, 2022
- 1st November, 2022
- 30th January, 2023

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 member-ships in other Companies	Total No. of Board Chairmanship in other Companies	Total No. of Committee Chairmanships in other companies
Sachit Jain	4	Yes	8	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Non- Executive Director Non- Executive Director	2	-	-
Rajinder Kumar Jain	4	No	-	-	-	-	-	-
Suchita Jain	4	Yes	7	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Executive Director Non- Executive Director	5	-	1
B.K. Choudhary	4	No	2	Vardhman Acrylics Limited	Executive Director	1	-	-
Sanjeev Pahwa*	2	No	-	-	-	-	-	-
Rajeev Gupta	4	No	4	United Spirits Limited Rane Holdings Limited EIH Limited T.V. Today Network Limited	Non- Executive Director Non- Executive Director Non- Executive Director Non- Executive Director	4	-	1
Sanjoy Bhattacharyya	4	No	-	-	-	-	-	-
Shubhra Bhattacharya*	2	No	-	-	-	-	-	-
Rakesh Jain	4	No	-	-	-	-	-	-
Raghav Chandra	4	Yes	2	Welspun Enterprises Limited J. Kumar Infraprojects Limited	Non-Executive Director Non-Executive Director	4	-	1
Takashi Ishigami*	1	No	-	-	-	-	-	-
Rajendar Kumar Rewari#	3	Yes	-	-	-	-	-	-
Suman Chatterjee#	3	No	-	-	-	-	-	-
Vidya Shah#	3	No	3	Edelweiss Financial Services Limited	Non- Executive Director	1	-	-
Toshio Ito#	3	Yes	-	-	-	-	-	-

* Mr. Takashi Ishigami, Mr. Sanjeev Pahwa and Mrs. Shubra Bhattacharya ceased to be Directors of the Company w.e.f. 25.07.2022, 30.09.2022 and 02.01.2023, respectively.

Mr. Toshio Ito, Mr. Rajender Kumar Rewari, Mr. Suman Chatterjee and Mrs. Vidya Shah were appointed as Directors of the Company w.e.f. 25.07.2022.

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

3. BOARD COMMITTEES:

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

Name of Committee	Composition	Terms of Reference
Audit Committee	Rakesh Jain (Chairman) Sanjoy Bhattacharyya Rajinder Kumar Jain Suman Chatterjee Vidya Shah	<ul style="list-style-type: none"> The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	Sanjoy Bhattacharyya (Chairman) Rajeev Gupta Rakesh Jain	<ul style="list-style-type: none"> The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Formulated and recommended Nomination and Remuneration Policy. The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013.
Corporate Social Responsibility Committee	Vidya Shah (Chairperson) Sachit Jain Raghav Chandra	<ul style="list-style-type: none"> Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Corporate_Social_Responsibility_Policy.pdf Recommends expenditure to be incurred for CSR activities/project and ensures effective monitoring of CSR policy of the Company from time to time. The Annual Report on CSR activities undertaken by the Company forms part of the Board Report as Annexure - II.
Stakeholders' Relationship Committee	Raghav Chandra (Chairman) Suchita Jain B.K. Choudhary	<ul style="list-style-type: none"> The Committee reviews and ensures redressal of investor grievances. The Committee noted that during the year the Company did not receive any complaint from Investors.
Risk Management Committee	Suman Chatterjee (Chairman) B.K. Choudhary Sanjeev Singla Raghav Chandra	<ul style="list-style-type: none"> The Risk Management Policy of the Company aims to maximize opportunities in all activities and to minimize adversity. The Risk Management framework includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The Risk Management policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Risk_Management_Policy.pdf

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

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

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders' Relationship	Risk Management Committee
Meetings held	4	2	1	1	2
Sachit Jain	N.A.	2	N.A.	N.A.	N.A.
Suchita Jain	N.A.	1 [^]	N.A.	0	N.A.
Rajeev Gupta	N.A.	N.A.	1	N.A.	N.A.
Sanjeev Pahwa*	2	1	N.A.	-	-
Rajinder Kumar Jain	4	N.A.	N.A.	N.A.	N.A.
B.K. Choudhary	N.A.	N.A.	1 [†]	1	2
Sanjoy Bhattacharyya	3	N.A.	1	N.A.	N.A.
Rakesh Jain	4	N.A.	1	N.A.	N.A.
Raghav Chandra	N.A.	1 [^]	N.A.	1 [§]	2 [%]
Shubhra Bhattacharya	N.A.	N.A.	N.A.	N.A.	N.A.
Takashi Ishigami	N.A.	N.A.	N.A.	N.A.	N.A.
Rajendar Kumar Rewari	N.A.	N.A.	N.A.	N.A.	N.A.
Suman Chatterjee	2 [#]	N.A.	N.A.	N.A.	1 [%]
Vidya Shah	2 [#]	1 [^]	N.A.	N.A.	N.A.
Toshio Ito	N.A.	N.A.	N.A.	N.A.	N.A.

*Mr. Sanjeev Pahwa ceased to be Member of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee w.e.f. 25th July, 2022.

#Mr. Suman Chatterjee and Mrs. Vidya Shah were appointed as Members of Audit Committee w.e.f. 25th July, 2022.

[^]Mrs. Suchita Jain ceased to be Member of CSR Committee w.e.f. 25th July, 2022 and Mrs. Vidya Shah and Mr. Raghav Chandra were appointed as Chairperson and Member, resp., of CSR Committee w.e.f. 25th July, 2022.

[†]Mr. B.K. Choudhary ceased to be Member of Nomination & Remuneration Committee w.e.f. 25th July, 2022.

[§]Mr. Raghav Chandra was appointed as Chairman of Stakeholders' Relationship Committee w.e.f. 25th July, 2022.

[%]Mr. Suman Chatterjee and Mr. Raghav Chandra were appointed as Chairperson and Member, resp., of Risk Management Committee w.e.f. 25th July, 2022.

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 2022-23 was held on 11th March, 2023, to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

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

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

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

Familiarisation Programme for Independent Directors

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

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

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

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

Name of Director	Area of Expertise
Rajeev Gupta	Strategic Planning Financial Expertise
Sachit Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Rajinder Kumar Jain	Leadership Operational Experience Industry Experience Financial Expertise
Rajendar Kumar Rewari	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
B.K. Choudhary	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Suchita Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Sanjoy Bhattacharyya	Strategic Planning Financial Expertise

Name of Director	Area of Expertise
Rakesh Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Raghav Chandra	Strategic Planning Leadership Financial Expertise Administrative Experience
Toshio Ito	Strategic Planning Leadership Operational Experience Industry Experience
Suman Chatterjee	Strategic Planning Leadership Operational Experience Administrative Experience
Vidya Shah	Strategic Planning Leadership Financial Expertise

4. DIRECTORS' REMUNERATION:

i) Vice-Chairman & Managing Director / Executive Director:

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

A detail of remuneration paid to the Directors during the year 2022-23 is as given below:

(₹in lakhs)

Name	Sachit Jain	Rajendar Kumar Rewari*
Designation	Vice- Chairman & Managing Director	Executive Director
Salary	138.00	37.59
Perquisites & Allowances	128.33	40.79
Retirement Benefit	17.63	6.55
Commission	622.00	-
Performance Linked Incentive and criteria thereof	-	28.75
Stock Option details	-	30,000 stock options has been granted.

The tenure of office of both 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.

*In addition to the remuneration stated above, Mr. Rewari has also received remuneration amounting to ₹50.63 lakhs in the capacity of Chief Executive Officer of the Company till 24th July, 2022.

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings. The Non-Executive Directors were paid sitting fees @ ₹40,000/- per Board Meeting, ₹30,000 per Audit Committee Meeting and ₹20,000/- per meeting for other Committee Meetings. During the year, w.e.f. 1st October, 2022, sitting fees payable to the Non-Executive Independent Directors was increased to ₹60,000/- per Board Meeting, ₹40,000/- per Audit Committee Meeting and ₹25,000/- per meeting for other Committee Meetings. The fees for Non-Executive Non-Independent Directors remained the same as before.

The detail of sitting fees paid to the Directors during the Financial Year 2022-23 is given hereunder: -

S. No.	Name of Director	Sitting Fee (₹)
1.	Rakesh Jain	3,85,000
2.	Rajinder Kumar Jain	2,80,000
3.	Rajeev Gupta	1,80,000
4.	Sanjeev Pahwa*	1,60,000
5.	Sanjoy Bhattacharyya	3,45,000
6.	Shubhra Bhattacharya*	1,00,000
7.	Raghav Chandra	3,20,000
8.	Suman Chatterjee#	2,90,000
9.	Vidya Shah#	2,90,000

*Mr. Sanjeev Pahwa and Mrs. Shubhra Bhattacharya ceased to be Independent Directors of the Company w.e.f. 30th September, 2022 and 2nd January, 2023, respectively.

#Mr. Suman Chatterjee and Mrs. Vidya Shah were appointed as Independent Directors of the Company w.e.f. 25th July, 2022.

5. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31ST MARCH, 2023:

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

S. No.	Name of Director	Number of Shares Held
1.	Suchita Jain	90,267
2.	Sachit Jain	56,13,119
3.	Rajinder Kumar Jain	18,170
4.	Rajendar Kumar Rewari	192

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

6. GENERAL BODY MEETINGS:

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
12 th Annual General Meeting for the Financial Year ended 31 st March, 2022.	Friday, 30 th September, 2022 at 9:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	5
11 th Annual General Meeting for the Financial Year ended 31 st March, 2021.	Friday, 17 th September, 2021 at 10:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	2
10 th Annual General Meeting for the Financial Year ended 31 st March, 2020.	Friday, 25 th September, 2020 at 10:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	4

ii. Postal Ballot

During the year, no resolution was passed through postal ballot.

However, following resolutions are proposed to be passed through postal ballot in financial year 2023-24:

S. No.	Item	Type of resolution
1.	To increase the Authorized Share Capital of the Company and approve alteration in Capital Clause of the Memorandum of Association of the Company.	Special Resolution
2.	To approve the issuance of Bonus Shares.	Special Resolution

7. DISCLOSURES:

- There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Related_Party_Transaction_Policy.pdf
- There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.
- 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 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 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 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.
- 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_Subsiary.pdf
- As on March 31, 2023, there was no outstanding GDRs/ADRs/Warrants or any convertible instruments.
- During the year 2022-23, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts and options contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in the Note No. 47 to the Financial Statements.

- 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 ₹36.21 lakhs.

8. MEANS OF COMMUNICATION:

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

GENERAL INFORMATION FOR SHAREHOLDERS

i) 13th Annual General Meeting:

Date	: 27 th September, 2023
Time	: 10:30 a.m.
Venue	: Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

ii) Financial Calendar 2023-24 (Tentative):

First Quarter Results	: August, 2023
Second Quarter Results	: November, 2023
Third Quarter Results	: February, 2024
Annual Results	: May, 2024

iii) **Dates of Book Closure** : 16th September, 2023 to 27th September, 2023 (both days inclusive)

iv) **Dividend payment date** : Within 30 days after declaration

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

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

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

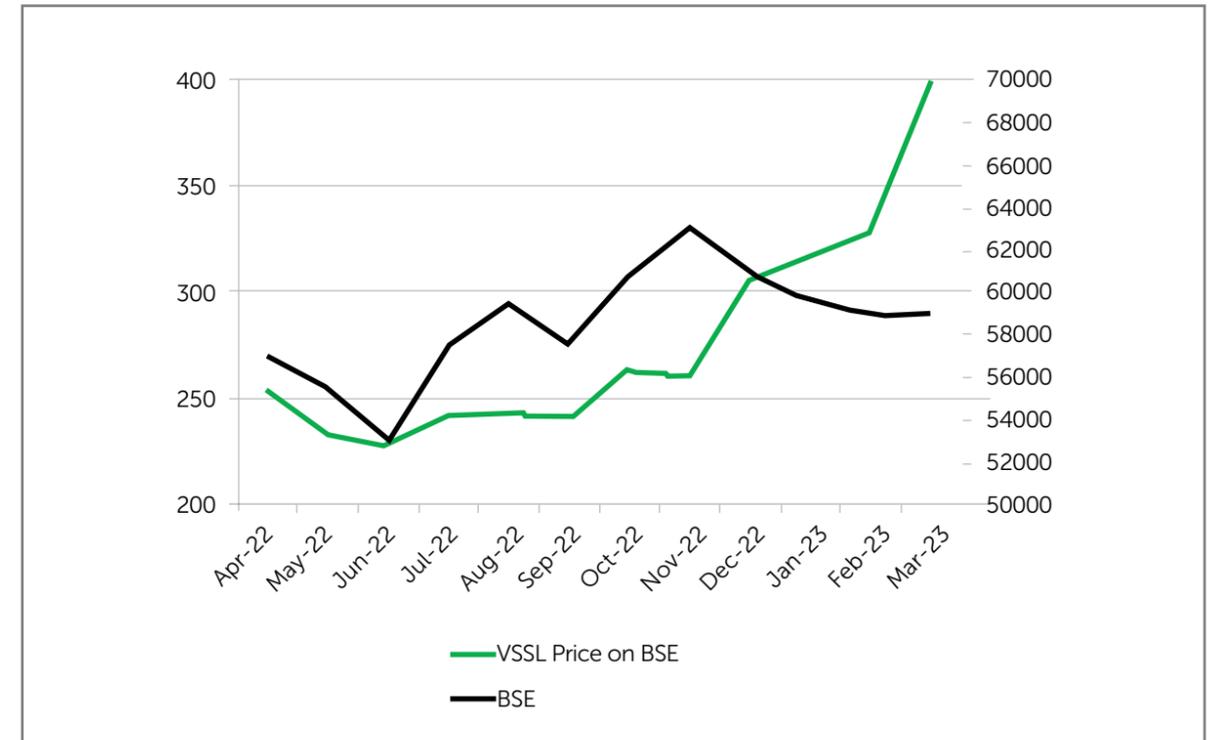
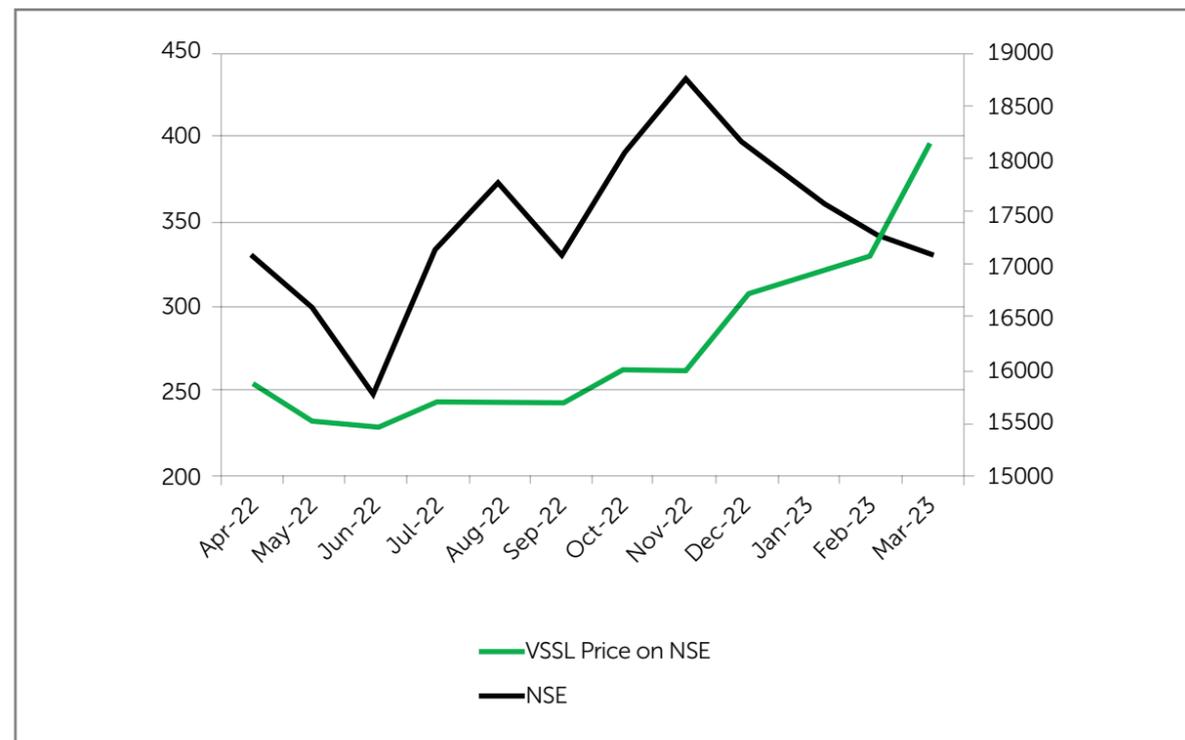
vi) **Stock Code:**

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

vii) Stock Market Data:

The month-wise highest and lowest and closing stock prices of NSE vis-a-vis BSE during the financial year 2022-23 is given below: -

Financial Year 2022-23	Share Prices of Vardhman Special Steels Limited on NSE				Share Prices of Vardhman Special Steels Limited on BSE			
	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing	Highest (₹)	Lowest (₹)	Closing (₹)	%age change over last month's closing
April	293.20	229.00	254.35	11.51	293.00	229.55	254.45	11.65
May	254.35	206.45	232.45	(8.61)	254.00	207.55	232.55	(8.61)
June	237.50	200.00	228.10	(1.87)	237.65	201.10	228.35	(1.81)
July	249.90	211.80	242.15	6.16	247.90	216.00	242.35	6.13
August	253.50	231.55	242.45	0.12	253.10	231.70	242.15	(0.08)
September	269.00	224.00	242.20	(0.10)	267.50	230.95	241.45	(0.29)
October	274.95	239.00	262.05	8.20	274.75	239.00	262.40	8.68
November	269.65	249.50	261.10	(0.36)	264.90	249.00	260.15	(0.86)
December	332.00	255.55	306.85	17.52	334.05	255.55	308.05	18.41
January	354.00	298.30	318.05	3.65	353.65	295.55	317.25	2.99
February	359.50	308.50	329.45	3.58	359.65	309.05	328.75	3.62
March	407.00	330.00	397.20	20.56	406.85	330.70	398.65	21.26


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

ix) Registrar & Transfer Agent:

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

M/s. Alankit Assignments Limited,

(Unit: Vardhman Special Steels Limited)

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

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

x) Share Transfer System:

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

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

xi) Distribution of Shareholding as on 31st March, 2023:

RANGE No. of Shares	SHAREHOLDERS		SHARES	
	Numbers of total holders	% to total holders	Numbers of shares held	% to total shares
Upto-500	28289	93.91	1691743	4.16
501-1000	787	2.61	610171	1.50
1001-2000	441	1.46	673089	1.66
2001-3000	163	0.54	417602	1.03
3001-4000	98	0.33	354242	0.87
4001-5000	70	0.23	327282	0.81
5001-10000	107	0.36	792099	1.95
10001- above	169	0.56	35761186	88.02
Total	30124	100.00	40627414	100.00

xii) Dematerialisation of shares:

As on 31st March, 2023, 99.64% of the capital comprising 4,04,81,159 shares, out of total of 4,06,27,414 shares, were dematerialized.

xiii) Vardhman Special Steels Limited Employee Stock Option Plan:

The Company has granted options to its employees under Vardhman Special Steels Limited Employee Stock Options Plan, 2016 (hereinafter referred as ESOP Plan 2016) and Vardhman Special Steels Limited Employee Stock Options 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 eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan 2016. Accordingly, during the financial year, a total of 28,125 options were exercised by the eligible employees under 2nd grant of ESOP Plan 2016.

Further, 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. These options will vest with the eligible employees after two years from the date of grant.

- As per the terms of the ESOP Plan 2020, the Company can grant a maximum of 5,00,000 options to eligible employees from time to time. One option entitles the holder to apply for one equity share of the Company in terms of ESOP Plan 2016. Accordingly, during the financial year, a total of 38,125 options were exercised by the eligible employees under 1st grant of ESOP Plan 2020.

Further, 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. These options will vest with the eligible employees after two years from the date of grant.

xiv) Plant Location:

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

xv) Address for correspondence:

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

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

xvi) List of credit ratings:

The Company has obtained rating from CRISIL Limited during the financial year 2022-23. There has been no revision in the credit ratings during the financial year 2022-23. List of all credit ratings obtained by the Company during the year are as follows:

Particulars	Rating during FY 2022-23
Long Term Bank Facilities	CRISIL AA/Stable
Short Term Bank Facilities	CRISIL A1+
Commercial Papers	CRISIL A1+

VICE-CHAIRMAN & MANAGING DIRECTOR'S DECLARATION

- A. I, Sachit Jain, Vice-Chairman & Managing Director of Vardhman Special Steels Limited declare that all Board Members and Senior Management Personnel have affirmed compliance with 'Code of Conduct for Board & Senior Management Personnel' for the year ended 31st March, 2023.

Place: Ludhiana
 Dated: 27th April, 2023

Sachit Jain
 Vice-Chairman & Managing Director

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

Place: Ludhiana
 Dated: 27th April, 2023

Sachit Jain
 Vice-Chairman & Managing Director

CERTIFICATE FROM PRACTISING COMPANY SECRETARIES

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

Sr. No.	Director Identification Number	Name of Director
1.	00746409	Mr. Sachit Jain
2.	00619240	Mr. Rajendar Kumar Rewari
3.	00746471	Mrs. Suchita Jain
4.	00046541	Mr. Rajinder Kumar Jain
5.	00307110	Mr. B.K. Choudhary
6.	00241501	Mr. Rajeev Gupta
7.	00057760	Mr. Raghav Chandra
8.	00020425	Mr. Rakesh Jain
9.	00059480	Mr. Sanjoy Bhattacharyya
10.	09654963	Mr. Toshio Ito
11.	00274831	Mrs. Vidya Shah
12.	00734061	Mr. Suman Chatterjee

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

FOR **Ashok K Singla & Associates**

Company Secretaries,

Sd/-

Ashok Singla

Proprietor

Membership No. 2004

Certificate of Practice No. 1942

UDIN: F002004 E000 202 743

Place: Ludhiana

Date: 27th April, 2023

PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Vardhman Special Steels Limited

CIN : L27100PB2010PLC033930

Nominal Capital: ₹60,00,00,000/-

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, 2023 as per the provisions of Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance for the financial year ended 31st March, 2023 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: F003314E000213667

Date: 27th April, 2023

Place: Ludhiana

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. **Corporate Identity Number (CIN) of the Listed Entity** : L27100PB2010PLC033930
2. **Name of the Listed Entity** : Vardhman Special Steels Limited
3. **Year of incorporation** : 2010
4. **Registered office address** : Vardhman Premises, Chandigarh Road, Ludhiana-141010.
5. **Corporate address** : Vardhman Premises, Chandigarh Road, Ludhiana-141010.
6. **E-mail** : secretarial.lud@vardhman.com
7. **Telephone** : 0161-2228943-48, 2670707-09, 2675243
8. **Website** : www.vardhman.com/ www.vardhmansteel.com
9. **Financial year for which reporting is being done** : FY 2022-23
10. **Name of the Stock Exchange(s) where shares are listed** : BSE Limited
National Stock Exchange of India Limited
11. **Paid-up Capital** : ₹ 40.63 crores
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report** : Mr. Sachit Jain
Vice-Chairman & Managing Director
email ID– secretarial.lud@vardhman.com
Telephone– 0161-2251245

13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).** : Standalone.

II. Products/services:

14. **Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Special & Alloy Steel	100%

15. **Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/ Service	NIC Code	% of Total Turnover Contributed
1	Steel bars, rods and bright bars of various grades and sizes.	241	100%

III. Operations

16. **Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	1	8	9
International	0	0	0

17. **Markets served by the entity:**

a. Number of locations

Locations	Number
National (No. of States)	12
International (No. of Countries)	9

Being a consistent supplier of quality special steels to leading automotive OEMs, the Company enjoys a pan-India marketing footprint. Having adopted a customer-centric business approach since inception, the Company's client base has expanded considerably. It has also helped the Company in establishing an international presence.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports play a key role in the economy, impacting the level of economic growth, employment and balance of payments.

Although, VSSL is predominantly a domestic player, it enjoys an international presence in important markets for niche products. In FY23, exports comprised 5% of the Company's turnover. This number is expected to increase over the coming years owing to its Joint Venture with Aichi Steel – it will export quality and niche steel to various global forging companies of its joint venture partner.

c. A brief on types of customers:

The Tier I & II suppliers for Auto OEs in India is the primary market for the Company's products. Indian and International component manufacturers for passenger cars, two wheelers, commercial vehicles, etc. form a significant part of Company's clientele.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	400	382	95.50	18	4.50
2.	Other than Permanent (E)	3	2	66.67	1	33.33
3.	Total employees (D + E)	403	384	95.29	19	4.71
WORKERS						
4.	Permanent (F)	725	723	99.72	2	0.28
5.	Other than Permanent (G)	655	650	99.24	5	0.76
6.	Total workers (F + G)	1380	1373	99.49	7	0.51

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	1	1	100	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	1	1	100	0	0
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	13	13	100	0	0
5.	Other than permanent (G)	5	5	100	0	0
6.	Total differently abled workers (F + G)	18	18	100	0	0

19. Participation/Inclusion/Representation of women:

(as on 31st March, 2023)

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	12	2	16.67
Key Management Personnel	3	1	33.33

20. Turnover rate for permanent employees and workers:

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.9%	9.8%	9.9%	6.8%	4.5%	6.7%	6.2%	4.3%	6.1%
Permanent Workers	3.5%	0%	3.5%	4.0%	0%	4.0%	4.9%	0%	4.9%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures:

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
	NIL	N.A.	N.A.	N.A.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (₹ in crores): 1,734.99

(iii) Net worth (₹ in crores): 642.21

VII. Transparency and Disclosure Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		Remarks
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	
Communities	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Investors (other than shareholders)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes	1	0	Nil	1	0	Nil
Customers	Yes	27	0	Nil	25	0	Nil
Value Chain Partners	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

24. Overview of the entity's material responsible business conduct issues

S No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implication)
1	Corporate Governance	Risk	Impact on the ethical fabric of the organisation	Eminent personalities on the Board for maintaining checks and balances; maker-checker approach for all processes organisation-wide	Negative
2	Economic performance	Risk	Economic slowdown will dampen demand	Enhance market, customer and geographic diversity	Negative
3	Occupational health & safety	Risk	Incidents could impact output in the short-term and trust in the Company over the long-term	Aligning with safety standards of global partner to achieve Zero-accident status	Negative
4	People management	Opportunity	Strong employee bond to drive growth		Positive
5	Quality management	Opportunity	Superior quality to enhance respect and returns		Positive
6	Waste Management	Opportunity	Strengthens the sustainability quotient		Negative
7	Customer Management	Opportunity	Superior service to enhance business opportunities		Positive
8	Energy Management	Opportunity	Cost optimisation to enhance margins		Positive
9	Local community	Opportunity	Stronger relations leading to a thriving ecosystem		Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	Various policies of the Company are available on the website of the Company at https://www.vardhman.com/Investors/CompanyInformation .								

2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, few of the enlisted policies of the Company have extended coverage to the value chain partners.								
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusted standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	N	Y	Y	Y	Y	Y	N	N	Y
		ISO 14001: 2015,	ISO 45001: 2018,	ISO 45001: 2018,	ISO 45001: 2018,	ISO 14001: 2015,			ISO 9001: 2015
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.									
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Though not set any specific commitment goals, we continue to adhere all the guiding principles.								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements:

Climate change and sustainability have become pivotal factors in a company's long-term business and it has become imperative to embed sustainability in business strategies and investment justifications. VSSL as an organization has always believed in responsible business operations and ethical corporate behaviour. We are committed to living up to the tenets of UN-SDGs and fulfilling India's promise to the global community of moving towards net-zero emissions by 2070.

Our commitment to a better Earth became significantly stronger owing to our joint venture with Aichi Steel. They opened our minds to global best-practices, hand-held us in altering our systems and processes to weave in the 3R (reuse, recycle, reduce) philosophy in our business operations. In doing so, we make cleaner steel and are stepping ahead in making a greener enterprise.

We consider this progress as only the initial steps in our long journey. We, along with our partner and other stakeholders, will remain steadfast on making a meaningful contribution to the nation in its commitment and effort to a cleaner and greener planet. We also look forward to scaling our endeavours in giving back to society and leaving behind a legacy of positive social impact.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy (ies).	Mr. Sachit Jain Designation: Vice-Chairman & Managing Director DIN number: 00746409 Telephone Number: 0161-2251245 Email ID: secretarial.lud@vardhman.com
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the Risk Management Committee and the Corporate Social Responsibility Committee constituted by the Board of Directors of the Company evaluate the sustainability related issues from time to time.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	All the policies of the Company are reviewed periodically or on a need basis. The Company complies with the regulations, extant and principles as are applicable.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances																		
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	N								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									Not Applicable
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/ principles covered under the training and its impact	%age of persons in respective category covered by the awareness programme
Board of Directors	3	Key developments, Strategic discussions with respect to Aichi Vardhman Business, Changes in economic and industrial scenario, CSR, Sustainability initiatives, Operational training by doing plant visit, etc.	100%
Key Managerial Personnel	3	Key developments, Strategic discussions with respect to Aichi Vardhman Business, Changes in economic and industrial scenario, CSR, Sustainability initiatives, Operational training by doing plant visit, etc.	100%
Employees other than BoD and KMPs	120	Health & Safety, Skills Upgradation, TPM & 5S, Communication & Presentation Skills etc.	94%
Workers	337	Health & Safety, Skills Upgradation, EHS Legal Requirements, General Safety Awareness, TPM & 5S etc.	90%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary

	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NIL	NIL	NIL	NIL	NIL
Settlement	NIL	NIL	NIL	NIL	NIL
Compounding fee	NIL	NIL	NIL	NIL	NIL

Non-Monetary

	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory /enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Uniform Listing Agreement aims to provide a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases.

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

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
		NIL

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, the Company has a Code of conduct which is applicable to all directors and senior employees of the Company. It aims at maintaining highest standards of business conduct in line with the Ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws. All senior employees are required to read and understand this code and agree to abide by it.

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

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Category	FY 2022-23	FY 2021-22	Details of Improvements in environmental and social impacts
R&D	0.73%	0.00%	-
Capex	52.05%	7.32%	Installation of Mechanical Pump will result in reduction of CO2 emissions. Secondly, installation of FES at LRF will improve ambient air quality.

2. a. Does the entity have procedures in place for sustainable sourcing? - Yes

b. If yes, what percentage of inputs were sourced sustainably?
About 73%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

We are a secondary steel producer. With the implementation of the scrappage policy, we shall be contributing more to the national objective of recycling of steel scrap which is our basic raw material.

Disposal of hazardous solid waste generated at the unit is done only through recognized recycler. A fume extraction system is installed to collect the dust going into the air.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

By virtue of its operations, EPR is not applicable to VSSL.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results -communicated in public domain (Yes/No) If yes, provide the web-link.
241	Steel bars, rods and bright bars of various grades and sizes.	100%	Manufacture & Sale of Steel bars, rods and bright bars of various categories of special and alloy steels.	No	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / Concern	Action Taken
FES Dust	Hazardous	We are disposing off the dust with the PPCB's approved agency

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY2022-23	FY2021-22
Scrap	89%	93%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	Nil	Nil	29.941	Nil	Nil	14.961
E-waste	Nil	Nil	0.210	Nil	Nil	0.430
Hazardous waste	Nil	Nil	Dust 2161.04 Spent Oil 5.780	Nil	Nil	Dust 1806.1 Spent Oil 4.480
Other waste – Bio-Medical Waste	Nil	Nil	0.016	Nil	Nil	0.022

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	NOT APPLICABLE

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	%(B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	382	382	100%	382	100%	-	-	382	100%	382	100%
Female	18	18	100%	18	100%	18	100%	-	-	18	100%
Total	400	400	100%	400	100%	18	4.5%	382	95.5%	400	100%
Other than Permanent employees											
Male	2	-	-	2	100%	-	-	-	-	2	100%
Female	1	-	-	1	100%	-	-	-	-	1	100%
Total	3	-	-	3	100%	-	-	-	-	3	100%

- b. Details of measures for the well-being of workers:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	%(B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	723	723	100%	723	100%	-	-	723	100%	723	100%
Female	2	2	100%	2	100%	2	100%	-	-	2	100%
Total	725	725	100%	725	100%	2	0.28%	723	99.72%	725	100%
Other than Permanent workers											
Male	650	-	-	650	100%	-	-	-	-	650	100%
Female	5	-	-	5	100%	-	-	-	-	5	100%
Total	655	-	-	655	100%	-	-	-	-	655	100%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	61%	78%	Y	64%	82%	Y
NPS	2%	Nil	Y	2%	Nil	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. – Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company provides equal opportunity to normal employees as well as employees with disabilities. However, there is no formal policy laid in this regard.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Yes/No (If yes, then give details of the mechanism in brief)	
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

Yes, we have in place grievance redressal mechanism and we try to ensure a harassment free work environment along with workplace health and safety. A Labour Welfare Officer is placed ensuring the basic amenities to workers. Communication meetings between workers and senior officials are regularly conducted to redress the grievance of workers and maintain harmonious relations between the management and workers.

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total						
Permanent Employees						Nil
- Male	---	---	---	---	---	---
- Female	---	---	---	---	---	---
Total						
Permanent Workers						Nil
- Male	---	---	---	---	---	---
- Female	---	---	---	---	---	---

8. Details of training given to employees and workers:

Category	FY 2022-23 (Current Financial Year)				FY 2021-22 (Previous Financial Year)					
	Total (A)	On Health And safety measures		On skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No. (F)	%(E/D)
Employees										
Male	382	349	91.36%	370	96.86%	391	368	94.12%	300	76.73%
Female	18	12	66.67%	17	94.44%	20	10	50%	15	75%
Total	400	361	90.25%	387	96.75%	411	378	91.97%	315	76.64%
Workers										
Male	723	681	94.19%	625	86.45%	618	532	86.08%	538	87.06%
Female	2	2	100%	2	100%	2	2	100%	2	100%
Total	725	683	94.21%	627	86.48%	620	534	86.13%	540	87.10%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	382	382	100%	391	391	100%
Female	18	18	100%	20	20	100%
Total	400	400	100%	411	411	100%
Workers						
Male	723	723	100%	618	618	100%
Female	2	2	100%	2	2	100%
Total	725	725	100%	620	620	100%

10. Health and safety management system:
a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, an occupational health and safety management system has been implemented. The Company is dedicated to develop an active occupational health and safety culture across all its activities. The primary goal is to achieve a zero-accident workplace. To ensure the health and safety of the employees, the Company has organized various health checkup camps at regular intervals over the past years. We have also established occupational health centers staffed by qualified healthcare professionals.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company utilizes GEMBA, HIRA Assessment, Root Cause Analysis (RCA), etc. processes to identify work-related hazards and assess risks on both routine and non-routine basis.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N):

Yes, the Company has a process in place for workers to report work-related hazards and to remove themselves from such risks. We have recorded Unsafe Activity & Unsafe Condition data. This data provide a platform for workers to report any unsafe acts or conditions they observe in the workplace.

This system encourages employees to actively participate in identifying and addressing hazards, promoting a culture of safety. By having this data, the Company enables workers to raise concerns and take necessary actions to remove themselves from potential risks, ensuring their well-being and minimizing accidents or incidents.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No):

Yes.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.68	1.36
Total recordable work-related injuries	Employees	0	0
	Workers	3	5
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

VSSL is committed to provide a safe, progressive and sustainable work environment to all its employees. It has grievance redressal mechanism and strives to provide a work environment that is harassment free, healthy and safe. The Company is highly focused on improvement in health and safety of its workers. All hazards and its associated risks are identified across its facilities and any risk that deems to be high in the Hazard Identification and Risk Analysis (HIRA) is prioritized in the management plan. Various control measures are adopted to oversee safe functioning of business activities.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	NA	Nil	Nil	NA
Health & Safety	Nil	Nil	NA	Nil	Nil	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Our Safety team performs detailed Root Cause Analysis (RCA) for every issue. It is discussed and debated in the Board rooms and shop-floor Control Rooms. Accidents and their analysis are circulated across the organization for increased awareness and horizontal deployment in other work areas. We recognize that 'Near Misses' are as good as accidents. So, we define everything that come under the Near Miss umbrella. We strictly track and record 'Near Misses'.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B): Workers (Y/N)?

Yes, the Company extends life insurance and compensatory packages in the event of the death of employees and workers. The company offers benefits under various schemes such as Employee State Insurance (ESI), Group Personal Accident (GPA) insurance, Medclaim and Group Term Insurance. Additionally, the Company offers the Employees' Deposit Linked Insurance (EDLI) scheme, which provides life insurance coverage in case of natural death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The contract agreement with the value chain partners incorporates strict adherence to all applicable statutory provisions, including the timely payment and deduction of statutory dues. The Company ensures that all relevant clauses pertaining to statutory compliance are thoroughly validated and upheld by both parties involved.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	Nil	Nil	Nil	Nil
Workers	Nil	Nil	Nil	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	Nil

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Not Applicable

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

We have various stakeholder groups with different priorities and diverse interests. Therefore, we created a method for structured identification of stakeholder groups, understanding their issues and including their views in our sustainability strategy.

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

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders & Investors	No	Annual General Meeting, Shareholder Meets, Email, Stock Exchange intimations, Investor Meet, Annual Report, Quarterly Results, Media Releases, Company Website	As and when required	Profitability & Stability, Growth Prospects, Major Events
Media	No	Press Releases, Quarterly Results, Annual Reports.	As & when required	Performance Reporting, Award & Achievements, Initiatives etc. are reported.
Customers	No	Email, SMS, Advertisement, Website, Social Media, Customer Surveys, Customer Meets, Business Interactions, Audits by customers	Regular	Product Launches, Brand Promotion & Communication, Technical & Commercial approvals, Customer Satisfaction & Feedback, New Technology or Process adopted.
Employees	No	Email, SMS, In House Magazines, Engagement Activities, Employee Satisfaction Surveys.	Regular	Career Growth, Training & Development, Improvement Plans, Long-Term Strategy, Awareness Campaigns, Health & Safety Initiatives.
Communities	Yes	Community & Local Authority Meets, Direct Engagement, Community Visits, Partnership with NGO's.	Regular	Need Assessment, Expectation and Feedback on impact/ success of CSR Projects.

Value Chain Partners	No	Email, SMS, Vendor Visits & Meets	As & when required	Quality, Timely Payments, ESG Consideration (Sustainability, Safety Checks, Compliances, Ethical Behavior), ISO & OHSAS Standards, Supply Chain Issues, Technical Training Sessions, New Technology Launches by Vendors
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Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company has established several committees dedicated to economic and ESG (Environmental, Social, and Governance) domains to effectively monitor performance in these areas. These include the committees on Audit, Risk Management & CSR.

These Committees meet regularly to appraise performance in the respective domains, evaluating the company's achievements, challenges and opportunities. These evaluations are crucial for identifying areas of improvement and implementing strategies to drive positive change.

These reports are then presented to the Board. The Board, comprised of key stakeholders and decision-makers, actively analyzes reports to gain a holistic understanding of the company's economic and ESG performance.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder consultation is indeed utilized to support the identification and management of environmental and social topics within our entity. We recognize the importance of engaging with stakeholders to gather diverse perspectives and incorporate their inputs into our decision-making processes.

- Environmental Policy Development:** While formulating our environmental policy, we conducted consultations with various stakeholders, including local communities, environmental organizations and industry experts. Through these consultations, we received valuable insights on environmental concerns, such as resource depletion and pollution. Stakeholders shared their suggestions and expectations regarding sustainable practices and we incorporated their inputs into our policy framework. This led to the inclusion of specific targets for reducing greenhouse gas emissions, adopting renewable energy sources, and implementing waste management strategies.
- Social Impact Assessment:** Before undertaking major projects or expansions, we conduct social impact assessments to understand the potential effects on local communities. As part of this process, we engage with stakeholders, including community representatives, non-governmental organizations and indigenous groups. Their input helps us identify and mitigate any adverse social impacts.
- Supply Chain Management:** To address social and environmental concerns in our supply chain, we actively involve stakeholders such as suppliers, workers' organizations and human rights advocates. Through ongoing dialogues and consultation sessions, we gather feedback and suggestions on responsible sourcing, labor practices, and community well-being.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company actively contributes to the socio-economic development of the community through various participatory and need-based initiatives in the field of Education, Healthcare, Rural Development & Disaster Relief.

Vulnerable Group	Concerns	Action Taken
Underprivileged Community from Rural, Urban and Peri-Urban Areas	Needy People not having access to Healthcare Facilities	1. Support for Medical Checkup Program for industrial workers by DMC Hospital. 2. Distribution of Free Sanitary Napkins to girls in slum areas and installation of Sanitary Napkin Vending Machines in various Government Schools.
	Disadvantaged Sections of Society	1. Provided artificial limbs to handicaps through Bharat Vikas Parishad 2. Financed neuro surgery for needy patient on recommendation of Local Administration. 3. Financial support for promotion of Karate Paralympic Sports for deserving children and sportsman in rural areas/ villages.
	Women Empowerment	1. Provided Sewing machine complete set (motor and stand), industrial button hole sewing machine, industrial button attaching sewing machine to Hunar Vikas Kendra/Skill Development Center for enhancing vocational skills of children and women and enhance their livelihood.
	Promoting Education	1. Development of E-Classroom in Bal Bhawan Hisar. 2. Education Sponsorship for BDS/MDS for Meritorious student. 3. Financial support to Hunar Vikas Kendra/Skill Development Center for enhancing vocational skills of children and women and improving their livelihood opportunities.
	Promoting Sports	1. Financial support to deserving players to prepare for Table Tennis competition.

PRINCIPLE 5 Businesses should respect and promote human rights.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers in covered or Union (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent						
Other than permanent						
Total Employees						Nil

Workers		
Permanent		
Other than permanent		Nil
Total Workers		

2. Details of minimum wages paid to employees and workers, in the following format:

Category Total (A)	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	382	40	10.47	342	89.53	391	8	2.05	383	97.95
Female	18	1	5.56	17	94.44	20	1	5.00	19	95.00
Other than Permanent										
Male	2	0	0	2	100	2	0	0	2	100
Female	1	0	0	1	100	1	0	0	1	100
Workers										
Permanent										
Male	723	89	12.31	634	87.69	618	32	5.18	586	94.82
Female	2	0	0	2	100	2	0	0	2	100
Other than Permanent										
Male	650	629	96.77	21	3.23	433	401	92.61	32	7.39
Female	5	5	100	0	0	5	5	100	0	0

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	10	332500	2	290000
Key Managerial Personnel	1	6820416	1	1197360
Employees other than BoD and KMP	379	342039	17	233720
Workers	723	208125	2	165443

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, all employees can reach out to the management to address their concerns and the Company also have grievance redressal mechanism.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

We have formulated a grievance redressal mechanism to ensure a healthy work atmosphere for all employees. A labour welfare officer is assigned in our unit who ensures basic amenities to all employees.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						Nil
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

We have formulated a grievance redressal mechanism to ensure a healthy work atmosphere for all employees. A labour welfare officer is assigned in our unit who ensures basic amenities to all employees.

8. Do human rights requirements form part of your business agreements and contracts?

Yes

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	100%
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No such incident of non-compliance has been observed during assessment.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints

The Company recognizes its responsibility of treating all employees equal in dignity, respect and rights. We have a Human Rights Policy. The objective of this policy is to respect and protect human rights and to provide a safe and healthy working environment for all the employees.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company is committed to a value-based culture which is embodied in our code of conduct and ethics. We have a Code of Conduct Policy to outline the standards and behaviors that company upholds as a company and that it expects from its employees. This code provides a guide to the values, behaviors and ways of working. We have a learning portal for our employees which includes topics on human rights also.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	No assessment conducted during the year 2022-23.
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in GJ) and energy intensity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	655592	600322
Total fuel consumption (B)		
Natural Gas	285954	37481
Furnace Oil	59385	267236
Diesel	11766	16210
LPG	27783	12359
Energy consumption through other sources (C)	Nil	Nil
Total energy consumption (A+B+C)	1040480	933608
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.0001	0.0001
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kiloliters)		
(i) Surface water	0	0
(ii) Groundwater	243503	222818
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (In kiloliters) (i + ii + iii + iv + v)	243503	222818
Total volume of water consumption (In kiloliters)	243503	222818
Water intensity per rupee of turnover (Water consumed / turnover)	0.01403	0.01628
Water intensity per ton of liquid metal steel (Water consumed/ Liquid Steel Production)	1043	1140

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, Implementation started in FY 22-23 & shall be operational in FY 23-24.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	Mg/Nm ³	Ambient – 22.4	Ambient – 24.2
SOx	Mg/Nm ³	Ambient – 13.7	Ambient – 23.6
Particulate matter (PM)	Mg/Nm ³	EMF – 17.9 RHF – 20.6	EMF – 31 RHF – 25
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others—please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	CO ₂ in Ton	39335	39449
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	CO ₂ in Ton	143544	131854
Total Scope 1 and Scope 2 emissions per rupee of turnover	CO ₂ in Ton per rupee of turnover	0.00001	0.00001
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	CO ₂ in Ton Against production of one Ton of steel	0.83	0.90

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Scope 1 & Scope 2 emissions assessment has been done by Sohrabji Godrej Green Business Centre, Hyderabad (A division of CII).

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

- The Company is actively engaged in sustainability efforts and has implemented various initiatives to reduce its emission intensity year on year.
- We have switched over to Greener Fuel i.e. Natural Gas in place of Furnace oil being used in our Reheating Furnace.
- We have replaced Furnace oil fueled Boiler with Mechanical Pump.
- Fume extraction system installed at LRF to collect the dust going into the air.
- Miyawaki Forest: The Company has taken a new initiative of developing a forest on 5 acres of land situated at centre of the Focal Point, Ludhiana. We have planted about 53,500 trees on this land with Miyawaki technique. It will become a dense self-sustainable forest in 2 to 3 years. This will be a unique facility benefitting the environment and society at large.
- Water being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the effluent quantities and started treating to keep it well-within the standards set by Central and State Pollution Control Boards.
- To contribute towards replenishment of ground water, we have been continuously investing in water conservation initiatives. Till March 2023, we have constructed 10 Rain Water Harvesting Systems (RWH) within our premises.
- When it comes to managing waste, our first priority is to reduce and reuse, wherever possible and responsibly dispose whatever little is left. We have dedicated hazardous waste, e-waste and scrap management facilities, complying with all the legal requirements associated with these wastes. All type of hazardous waste is handed over to the respective State Pollution Control Board Authorized Treatment, Storage and Disposal Facility.

- i) Overall, the Company's efforts in energy mix diversification, energy conservation, water conservation, and plastic waste management demonstrate a proactive approach to sustainability and environmental responsibility.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	29.941	14.962
E-waste (B)	0.210	0.430
Bio-medical waste (C)	0.016	0.022
Construction and demolition waste (D)	14682	1764
Battery waste (E)	2.910	0.580
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	Dust 2161.04 Spent Oil 5.780	Dust 1806.1 Spent Oil 4.480
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Slag - 35173	Slag - 34939
Total (A+B + C + D + E + F + G + H)	52054.897	38529.574
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA

9. Briefly describe the waste management practices adopted in your establishment. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has established dedicated facilities for handling hazardous waste, e-waste and scrap, ensuring compliance with all legal requirements associated with these types of waste. Our primary focus is on waste reduction and reuse and we responsibly dispose of whatever remains.

To effectively manage waste, we undertake the following key steps:

- A) Waste reduction: We identify areas within our operations where waste can be reduced. This involves optimizing processes and finding alternatives to wasteful practices, ultimately minimizing the amount of waste generated.
- B) Recycling & Reuse: We actively explore opportunities to reuse materials within our operations.
- C) Responsible disposal: For waste that cannot be reduced, recycled or reused, we ensure that it is disposed-off properly. Hazardous waste and biomedical waste is handed over to Treatment, Storage and Disposal Facilities (TSDFs) authorized by the State Pollution Control Board. Similarly, non-hazardous

waste and e-waste is given to vendors authorized by the State Pollution Control Board. This ensures that the disposal of such waste follows all necessary regulations and guidelines.

By following these waste management practices, we prioritize waste reduction, maximize recycling and reuse opportunities and ensure responsible disposal of any remaining waste. Our commitment to proper waste management aligns with our goal of minimizing our environmental impact and promoting sustainable practices.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If not, the reasons thereof and corrective action taken, if any.
			Not Applicable

The above-mentioned requirement is not applicable to the Company as the Company does not have any of its operations/offices in/around ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

Yes, the Company is compliant with the applicable environmental law/ regulations/ guidelines in India.

If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

Leadership Indicators

1. Provide break-up of the total energy consumed (In GJ) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From renewable sources (Solar Rooftop)		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	Nil	Nil
From non-renewable sources		
Total electricity consumption (D)	655592	600322
Total fuel consumption (E)		
Natural Gas	285954	37481
Furnace Oil	59385	267236
Diesel	11766	16210
LPG	27783	12359
Energy consumption through other sources (F)	Nil	Nil
Total energy consumed from non-renewable sources (D+E+F)	1040480	933608

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
-No treatment		Not Applicable
-With treatment – please specify level of Treatment		
(ii) To Groundwater		
-No treatment		Not Applicable
-With treatment – please specify level of treatment		
(iii) To Seawater		
-No treatment		Not Applicable
-With treatment – please specify level of treatment		
(iv) Sent to third-parties (CETP)		
-No treatment		Not Applicable
-With treatment – please specify level of treatment		
(v) Others (Municipal Sewer) (Industrial)		
-No treatment		Not Applicable
-With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area- Focal Point, Ludhiana
- Nature of operations- Manufacturing of Steel bars, rods and bright bars of various grades and sizes
- Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water		
(ii) Groundwater	243503	222818
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres)	243503	222818
Total volume of water consumption (in kilolitres)	243503	222818
Water intensity per rupee of turnover (Water consumed / turnover) – in litres	0.01403	0.01628
Water intensity per ton of liquid metal steel (Water consumed/ Liquid Steel Production)	1043	1140
(i) Into Surface water		
-No treatment	NA	NA
-With treatment–please specify level of treatment	NA	NA
(ii) Into Groundwater		
-No treatment	NA	NA
-With treatment–please specify level of treatment	NA	NA
(iii) Into Seawater		
-No treatment	NA	NA
-With treatment–please specify level of treatment	NA	NA
(iv) Sent to third-parties		
-No treatment	NA	NA
-With treatment–please specify level of treatment	NA	NA
(v) Others (Municipal Sewer) (Industrial)		
-No treatment		
-With treatment–please specify level of treatment	NA	NA
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)			
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Water conservation	Water being a resource without which life cannot survive on Earth, remains our major priority in terms of sustainability measures undertaken by us. To ensure proper treatment of waste water and its safe discharge, we monitor the effluent quantities and started treating to keep it well-within the standards set by Central and State Pollution Control Boards.	Utilization of treated wastewater in process activities results in a reduction in the amount of usage of fresh water.
2.	Ground water recharging initiatives	To contribute towards replenishment of ground water we have been continuously investing in water conservation initiatives. Till March 2023, we have constructed 10 Rain Water Harvesting Systems (RWH) within our premises.	A step towards Replenishment of ground water.
3.	Waste Management	When it comes to managing waste, our first priority is to reduce and reuse, wherever possible and responsibly dispose whatever little is left. We have dedicated hazardous waste, e-waste and scrap management facilities, complying with all the legal requirements associated with these wastes. All type of hazardous waste is handed over to the State Pollution Control Board Authorized Treatment, Storage and Disposal Facility	Regularly monitor the waste generated from operations and identify areas for waste reduction, recycling and reuse.
4.	Solar Plant	Solar Power Plant planned to be installed in coming years.	Helps to reduce emissions.

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
5.	Energy Conservation	We keep investing in energy-efficient technologies to save energy. We have invested in Statcom System which has resulted in improvement in power factor from 0.94 to 0.99. LED lights installed by replacing conventional lights.	Saving in consumption of energy.
6.	Air Emissions	Switch over to Greener Fuel i.e. Natural Gas from Furnace oil. Fume extraction system installed to collect the dust going into the air. Miyawaki Forest: The Company has taken a new initiative of developing a forest on 5 acres of land situated at centre of the Focal Point, Ludhiana. We have planted about 53,500 trees on this land with Miyawaki technique. It will become a dense self-sustainable forest in 2 to 3 years. This will be a unique facility benefitting the environment and society at large	A collective effort that addresses environmental challenges more effectively and promotes a greener and more sustainable future.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the Company acknowledges the unpredictable nature of emergencies and disasters, which can strike without warning. To ensure the safety of our employees, surrounding communities and the environment, we have established an effective emergency preparedness and response program. This plan serves as a guide to facilitate the planning and execution of appropriate actions in response to local emergencies. To maintain the effectiveness of our emergency preparedness plan, we conduct testing and evaluation. This includes management reviews, third-party audits and mock drills. Through these measures, we assess the readiness of our systems, identify areas for improvement and make necessary adjustments to enhance our emergency response capabilities.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Based on the available information, the Company's value chain has not resulted in any significant adverse impacts on the environment. We are committed to conducting our business operations in an environmentally responsible manner and strive to minimize any potential negative effects on the environment throughout our value chain.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

No, Value Chain partner evaluation is being done at present. We look forward to formalise the process in coming years.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations. 06
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/ National)
1	Confederation of Indian Industries, CII	National
2	Engineering Export Promotion Council of India (EEPC)	National
3	Society of Indian Automobile Manufacturers	National
4	Chamber of Industrial & Commercial Undertaking (CICU)	State
5	Steel Furnace Association of India	National
6	Alloy Steel Producers Association (ASPA)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
	Nil	

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Web Review by Link, if Board available (Annually/ Half yearly/ Quarterly/ Others – please specify)
				Nil

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether Results conducted by independent in external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
					N.A.

VSSL internally performs an impact assessment for CSR programs at the end of each financial year. This assessment helps in evaluating the efficacy of the programs in terms of delivering the intended benefits to the target beneficiary and in gaining insights for improving the design and impact of future initiatives

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
						N.A.

3. Describe the mechanisms to receive and redress grievances of the community.

The stakeholders can send their grievances to the Compliance Officer at secretarial.lud@vardhman.com

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	5.78%	5.67%
Sourced directly from within the district and neighboring districts	52.58%	65.44%

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
	Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1	Punjab/Haryana	Ludhiana/Hisar	₹ 1.23 crores

3. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?

No

(a) From which marginalized /vulnerable groups do you procure?

Not Applicable

(b) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
				NIL

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
		Not Applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Development of Green Forest with Miyawaki technique in Focal Point, Ludhiana.	Community at large living in critical polluted Focal Point area, Ludhiana	100%
2.	Medical Checkup Program for industrial workers by DMC Hospital	2500	
3.	Artificial limbs to handicaps through Bharat Vikas Parishad	300	
4.	Anti-Smog Gun and Road sweeping machine to the local District Administration	Community at large living in critical polluted Focal Point area, Ludhiana	
5.	Support to Hunar Vikas Kendra/Skill Development Center for enhancing vocational skills of children and women and improve their livelihood.	100	
6.	Support for promotion of Karate Paralympic Sports for deserving children and sportsman in rural areas/ villages	80	
7.	Support to deserving players to prepare for Table Tennis competition	2	

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner.
Essential Indicators
1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company and its management engage with customers at multiple forums to gauge customer satisfaction levels so that necessary steps may be taken accordingly. The inputs are forwarded to the respective business teams for undertaking new developments besides corrective actions, as required. In 2022-23, the Company received 27 customer complaints. All these complaints were amicably resolved.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage Recycling and/or safe disposal	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	NA	Nil	Nil	NA
Advertising	Nil	Nil	NA	Nil	Nil	NA
Cyber-security	Nil	Nil	NA	Nil	Nil	NA
Delivery of essential services	Nil	Nil	NA	Nil	Nil	NA
Restrictive Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Unfair Trade Practices	Nil	Nil	NA	Nil	Nil	NA
Other	Nil	Nil	NA	Nil	Nil	NA

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	NA
Forced recalls	Nil	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy?

Yes. The company has an IT Policy.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

Leadership Indicators
1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

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

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

We have a dedicated sales team to ensure pre to post sale services to our customer. Post-sale service ensures smooth usage of our products and problem solving through a partnership approach that helps us forge long-lasting relationships with our customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

We maintain active communication channels with our customers, including instant email support and SMS messaging. These channels serve as an effective means to proactively inform customers about any potential disruptions or discontinuations of essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?

Yes, we disclose the relevant information required by the customer. The company engages with its customers and conducts periodical surveys to assess the satisfaction levels related to service, delivery, quality of product, complaint handling etc.

5. Provide the following information relating to data breaches:

a) Number of instances of data breaches along-with impact.:

Nil

b) Percentage of data breaches involving personally identifiable information of customers:

Nil

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 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Key Audit Matters

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

Revenue Recognition

See Note 2(o) and 29 to the Financial Statements

The key audit matter	How the matter was addressed in our audit
<p>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.</p> <p>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.</p> <p>In view of the above, we have identified risk of fraud in revenue recognition as a key audit matter.</p>	<p>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.</p> <ul style="list-style-type: none"> ● We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards; ● We evaluated the design and implementation of key internal financial controls in relation to revenue recognition and tested the operating effectiveness of such controls for a sample of transactions (using random sampling); ● We performed testing by selecting samples (using statistical sampling) of revenue transactions recorded for the year. For such samples, verified the underlying documents, including invoices, good dispatch notes, customer acceptances and shipping documents (as applicable), to assess whether these are recognized in the appropriate period in which control is transferred; ● We carried out analytical procedures on revenue recognized during the year to identify unusual variances; ● We tested, on a sample basis (selected based on specified risk-based criteria), specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; ● We tested, on a sample basis (selected based on specified risk-based criteria), specific revenue transactions with respect to discounts, returns and unbilled revenue to assess whether these have been appropriately accounted and disclosed in the financial statements; ● We tested sample journal entries for revenue, selected based on specified risk-based criteria to identify unusual items; ● Assessed the adequacy of the disclosures made in accordance with the relevant accounting standard.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's 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 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.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best

of our knowledge and belief were necessary for the purposes of our audit.

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Company as on 31 March 2023 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 40 to the financial statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 50 (v) & 50 (vi) 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 50 (v) & 50 (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 performed 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 48.2 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. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- 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 **B S R & Co. LLP**
 Chartered Accountants
 Firm's Registration No.:101248W/W-100022
Gaurav Mahajan
 Partner
 Membership No.: 507857
 ICAI UDIN:23507857BGYNVT8815

ANNEXURE A to the Independent Auditor's Report on the Financial Statements of Vardhman Special Steels Limited for the year ended 31 March 2023

(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.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to 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 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 Companies, 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 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	20.00	245.87
Balance outstanding as at balance sheet date with employees	251.29	201.61

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made during the year and loans granted during the year are, prima facie, not prejudicial to the interest of the Company. 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 made investments nor has it given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). Accordingly, clause 3(iv) of the Order is not applicable.
- (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 amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax (GST), Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of income tax and Goods and Service Tax.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Duty

of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable, except for ₹43.30 lakhs relating to Goods & Service tax now considered payable under reverse charge mechanism for the twelve months period ended 30 September 2022 pursuant to Supreme Court judgement. The amount was due on various dates till October 2022 and has been subsequently deposited on 20 April 2023.

- (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:

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	1,900	2011-12 2012-13 2013-14	High Court Punjab & Haryana- Chandigarh
CGST Act 2017	GST	18.45	18.45	2020-21	Additional/ Joint Commissioner (Appeals), State Goods & service Tax Haryana
		6.9	6.9	2017-18	Pending for hearing before Assistant /Deputy Commissioner of Goods & Service Tax Range I Division East Ludhiana

*amount as per demand orders 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) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet 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 2023. 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 2023. Accordingly, clause 3(ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the 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) We have taken into consideration the whistle blower complaint received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the 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) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (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 50 (xii) 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 financial year in compliance with Section 135(6) of the said Act.

(Amount in ₹ Lakh)

Financial Year	Amount unspent on corporate social responsibility activities for On-going Projects	Amount transferred to Special Account within 30 days from the end of the Financial Year	Amount transferred after the due date (specify the date of transfer)
2022-23	19.51	19.51	-

Place: Chandigarh
Date: 27 April 2023

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

Gaurav Mahajan
Partner

Membership No.: 507857
ICAI UDIN:23507857BGYNVT8815

ANNEXURE B to the Independent Auditor's Report on the financial statements of Vardhman Special Steels Limited for the year ended 31 March 2023

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)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Vardhman Special Steels Limited ("the Company") as of 31 March 2023 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 2023, 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.

Place: Chandigarh
Date: 27 April 2023

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

Gaurav Mahajan

Partner

Membership No.: 507857
ICAI UDIN:23507857BGYNVT8815

BALANCE SHEET

as at 31 March, 2023

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

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	29,296.32	28,821.76
(b) Right-of-use assets	4	71.79	86.24
(c) Capital work-in-progress	3	1,191.04	1,287.83
(d) Other intangible assets	5	4.31	8.47
(e) Financial assets			
- Loans	6	281.99	291.92
- Other financial assets	7	269.04	256.54
(f) Income tax assets (net)	8	48.44	31.90
(g) Other non-current assets	9	2,026.30	1,630.62
Total non-current assets		33,189.23	32,415.28
Current assets			
(a) Inventories	10	36,267.99	30,432.20
(b) Financial assets			
- Investments	11	2,000.31	1,540.00
- Trade receivables	12	26,154.59	22,186.29
- Cash and cash equivalents	13	953.50	27.10
- Bank balances other than cash and cash equivalents	14	7.65	1,570.52
- Loans	6	150.96	151.71
- Other financial assets	15	1,993.19	206.69
(c) Other current assets	16	2,334.46	3,557.99
Total current assets		69,862.65	59,672.50
TOTAL ASSETS		1,03,051.88	92,087.78
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	4,062.74	4,056.12
(b) Other equity	18	60,158.66	51,439.92
Total equity		64,221.40	55,496.04
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	19	4,402.53	7,889.21
- Lease liabilities	20	76.53	91.27
- Other financial liabilities	21	15.36	10.95
(b) Provisions	22	194.41	180.97
(c) Deferred tax Liabilities (net)	23	2,008.66	2,085.32
(d) Other non-current liabilities	24	47.50	46.20
Total non-current liabilities		6,744.99	10,303.92
Current liabilities			
(a) Financial liabilities			
- Borrowings	19	9,889.59	8,203.13
- Lease liabilities	20	16.28	13.59
- Trade payables:	25		
(i) Total outstanding dues of micro enterprises and small enterprises;		463.73	206.91
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		18,092.42	14,540.80
- Other financial liabilities	26	2,245.19	1,976.55
(b) Other current liabilities	27	1,223.39	898.82
(c) Provisions	22	103.83	27.06
(d) Current tax liabilities (net)	28	51.06	420.96
Total current liabilities		32,085.49	26,287.82
TOTAL EQUITY AND LIABILITIES		1,03,051.88	92,087.78
Significant accounting policies	2		
Notes to financial statements	3-51		

The accompanying notes form an integral part of the financial statements

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

Gaurav Mahajan
 Partner
 Membership number: 507857

 Place: Chandigarh
 Date: 27 April 2023

 For and on behalf of Board of Directors of
Vardhman Special Steels Limited
Sachit Jain
 Vice Chairman & Managing Director
 DIN : 00746409

Sanjeev Singla
 Chief Financial Officer

 Place: Ludhiana
 Date: 27 April 2023

R. K. Rewari
 Executive Director
 DIN : 00619240

Sonam Taneja
 Company Secretary

STATEMENT OF PROFIT AND LOSS

for year ended 31 March 2023

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

Particulars	Note	As at 31 March 2023	As at 31 March 2022
I. Revenue from operations	29	1,73,499.11	1,36,846.01
II. Other income	30	3,875.39	2,889.16
III. Total income (I + II)		1,77,374.50	1,39,735.17
IV. Expenses:			
Cost of materials consumed	31	1,14,646.94	89,652.50
Purchases of stock-in-trade	32	-	61.54
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(3,732.79)	(10,032.38)
Employee benefits expense	34	8,994.89	8,099.28
Finance costs	35	1,765.35	1,727.94
Depreciation and amortization expense	36	2,812.16	2,696.45
Other expenses	37	39,457.38	31,696.28
Total expenses		1,63,943.93	1,23,901.61
V. Profit before income tax (III-IV)		13,430.57	15,833.56
VI. Income tax expense:			
Current tax (including tax adjustment relating to prior periods)	38	3,462.45	2,704.01
Deferred tax		(76.66)	3,054.51
Total income tax expense		3,385.79	5,758.52
VII. Profit for the year (V-VI)		10,044.78	10,075.04
VIII. Other Comprehensive Income/(expense)			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the net defined benefit liability / (asset)		(27.91)	18.75
Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of the net defined benefit liability / (asset)		-	-
Other comprehensive Income/(expense) for the year (net of income tax)		(27.91)	18.75
IX. Total comprehensive income for the year (VII+VIII)		10,016.87	10,093.79
Earnings per equity share [nominal value of ₹10 (previous year ₹10)]			
Basic (₹)	39	24.76	24.87
Diluted (₹)	39	24.59	24.71
Significant accounting policies	2		
Notes to financial statements	3-51		

The accompanying notes form an integral part of the financial statements

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

Gaurav Mahajan
 Partner
 Membership number: 507857

 Place: Chandigarh
 Date: 27 April 2023

 For and on behalf of Board of Directors of
Vardhman Special Steels Limited
Sachit Jain
 Vice Chairman & Managing Director
 DIN : 00746409

Sanjeev Singla
 Chief Financial Officer

 Place: Ludhiana
 Date: 27 April 2023

R. K. Rewari
 Executive Director
 DIN : 00619240

Sonam Taneja
 Company Secretary

STATEMENT OF CASH FLOW

for year ended 31 March 2023

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash flow from operating activities		
Profit before income tax	13,430.57	15,833.56
Adjustments for:		
Depreciation and amortization expense	2,812.16	2,696.45
Change in fair value of derivative contracts	(104.64)	13.34
Unrealized foreign exchange (gain) (net)	(89.72)	(11.07)
Gain on sale of property, plant and equipment (net)	(4.92)	(3.73)
Share based payments to employees	80.45	41.56
Balances written off	3.11	-
Expected credit loss on trade receivables	18.83	-
Finance costs	1,765.35	1,727.94
Interest income	(127.84)	(690.97)
Profit on sale of current investments	(14.19)	(12.25)
Property, plant and equipment written off	6.19	24.07
Liabilities no longer required written back	(2.25)	(17.60)
Operating profit before change in following assets and liabilities	17,773.10	19,601.30
Adjustments for:		
(Increase) in inventories	(5,835.79)	(11,206.30)
(Increase)/ decrease in trade receivables	(3,981.27)	242.45
Decrease/(increase) in current loans	0.75	(52.22)
(Increase) in other financial current assets	(1,889.42)	(47.90)
Decrease/(increase) in other current assets	1,272.49	(2,449.99)
Decrease/(increase) in non-current loans	9.93	(114.05)
(Increase) in other financial assets	(12.50)	(256.54)
(Increase) in other non-current assets	(451.99)	(42.00)
Increase in non-current provisions	13.44	4.79
Increase in other non-current liabilities	1.30	26.91
Increase in trade payables	3,884.47	1,757.39
Increase in other financial current liabilities	44.08	708.55
Increase/(decrease) in other financial liabilities	4.41	(20.79)
Increase/(decrease) in other current liabilities	324.57	(47.32)
Increase in current provisions	48.86	22.11
Cash generated from operating activities	11,206.43	8,126.39
Income tax paid (net)	(3,848.88)	(2,238.41)
Net cash generated from operating activities (A)	7,357.55	5,887.98

STATEMENT OF CASH FLOW (CONTD.)

for year ended 31 March 2023

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
B Cash flow from investing activities		
(Acquisition of) property, plant and equipment and other intangible assets	(2,878.86)	(3,529.98)
Proceeds from sale of property, plant and equipment and other intangible assets	56.02	60.69
Movement in current deposit accounts	1,562.88	3,429.48
(Acquisition of) current investments	(446.12)	(1,527.75)
Interest received	222.60	656.38
Net cash (used in) investing activities (B)	(1,483.48)	(911.18)
C Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	47.69	31.97
Repayments of non-current borrowings	(4,520.45)	(1,995.80)
Payment of Lease liabilities	(22.57)	(20.54)
Proceeds/(repayments) of current borrowing (net)	2,713.16	(869.22)
Dividends on equity share capital paid	(1,414.52)	(605.10)
Interest paid	(1,750.98)	(1,725.01)
Net cash (used in) financing activities (C)	(4,947.67)	(5,183.70)
Net increase in cash and cash equivalents (A+B+C)	926.40	(206.90)
Cash and cash equivalents at the beginning of the year (see below)	27.10	234.00
Cash and cash equivalents at the end of the year (see below)	953.50	27.10
Notes:		
1. Cash and cash equivalents include:		
Balance with banks		
- in current accounts	952.60	26.13
Cash on hand	0.90	0.97
	953.50	27.10

- The above cash flow statement has been prepared in accordance with Indirect Method as set out in the applicable Indian Accounting Standard - 7 on Statement of Cash Flow. (refer to note 2 (w))
- Refer note 19.5 for reconciliation of movements of liabilities to cash flows arising from financing activities.
- During the current year, the Company paid in cash ₹122.94 (31 March 2022 - ₹66.66) towards corporate social responsibility (CSR) expenditure, included in corporate social responsibility expenditure - (refer note 45.2)

The accompanying notes form an integral part of the financial statements

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

Gaurav Mahajan
 Partner
 Membership number: 507857

 For and on behalf of Board of Directors of
Vardhman Special Steels Limited
Sachit Jain
 Vice Chairman & Managing Director
 DIN : 00746409

Sanjeev Singla
 Chief Financial Officer

 Place: Ludhiana
 Date: 27 April 2023

R. K. Rewari
 Executive Director
 DIN : 00619240

Sonam Taneja
 Company Secretary

STATEMENT OF CHANGES IN EQUITY

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

for year ended 31 March 2023

a. Equity share capital	Note 17	
Balance as at 1 April 2021		4,050.70
Changes in the equity share capital during the year		5.42
Balance as at 31 March 2022		4,056.12
Changes in the equity share capital during the year		6.62
Balance as at 31 March 2023		4,062.74

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 2021	14,468.74	13,890.62	46.04	13,480.23	41,885.63
Total comprehensive income for the year ended 31 March 2022					
Profit for the year	-	-	-	10,075.04	10,075.04
Other comprehensive income / (expense) (net of tax)	-	-	-	18.75	18.75
Total comprehensive income/(expense) for the year	-	-	-	10,093.79	10,093.79
Final equity dividend for the financial year 2020-2021 (Amount ₹1.50 per share)	-	-	-	(607.61)	(607.61)
Share based payment expense	-	-	41.56	-	41.56
Share option exercised	50.25	-	(23.70)	-	26.55
Total for the year	50.25	-	17.86	9,486.18	9,554.29
Balance as at 31 March 2022	14,518.99	13,890.62	63.90	22,966.41	51,439.92
Total comprehensive income for the year ended 31 March 2023					
Profit for the year	-	-	-	10,044.78	10,044.78
Other comprehensive income / (expense) (net of tax)	-	-	-	(27.91)	(27.91)
Total comprehensive income/(expense) for the year	-	-	-	10,016.87	10,016.87
Final equity dividend for the financial year 2021-2022 (Amount ₹3.50 per share)	-	-	-	(1,419.65)	(1,419.65)
Share based payment expense	-	-	80.45	-	80.45
Share option exercised	61.08	-	(20.01)	-	41.07
Total for the year	61.08	-	60.44	8,597.21	8,718.74
Balance as at 31 March 2023	14,580.07	13,890.62	124.34	31,563.63	60,158.66
Significant accounting policies		2			
Notes to financial statements		3-51			

The accompanying notes form an integral part of the financial statements

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

Gaurav Mahajan
Partner
Membership number: 507857

Place: Chandigarh
Date: 27 April 2023

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

Sachit Jain
Vice Chairman & Managing Director
DIN : 00746409

Sanjeev Singla
Chief Financial Officer

Place: Ludhiana
Date: 27 April 2023

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Taneja
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

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

1. Reporting entity

Vardhman Special Steels Limited ('the Company'), is a public limited company incorporated under the provisions of the Companies Act, 1956 on 14 May 2010 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana - 141010. The equity shares of the Company are listed on BSE Limited and The National Stock Exchange of India Limited. In addition, the Company also lists secured commercial papers (CP's) on BSE Limited in accordance with the circular no. SEBI/HO/DDHS/P/CIR/2021/613. The Company's business primarily consists of manufacturing of Billets, Steel bars and Bright bars of various categories of special and alloy steels.

2. Significant Accounting Policies

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

a) Basis of preparation

i) Statement of Compliance

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

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

- The Company had opted to continue with the carrying value for all of its property, plant and equipment, intangible assets and investment property as recognized in the financial statements prepared under previous GAAP

and use the same as deemed cost in the financial statement as at the transition date.

- The Company had opted to carry the assessment whether a contract or arrangement contains a lease on the basis of facts and circumstances existing at the date of transition, except where the effect is not expected to be material. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement.

The financial statements of the Company for the year ended 31 March 2023 were approved by the Company's Board of Directors on 27 April 2023.

iii) Functional and presentation currency

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

iv) Basis of measurement

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

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

v) Measurement of fair values

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

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

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

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

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its 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 and 46- Financial instruments.

vi) Current versus non-current classification

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

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

vii) Use of estimates and judgements

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

Financial reporting results rely on the estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

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

- Note 2(a)(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 40 – Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(r), 8, 23, and 38 – Recognition of tax expense including deferred tax
- Note 2(j) – Impairment of financial assets
- Note 2(j) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts and

- Note 2(k) and 43 – Measurement of defined benefit obligations: key actuarial assumptions; Share based Payments
- Note 2(o) – Revenue from contract with customers and related accruals

b) Foreign currency transactions

Initial recognition

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

Measurement at the reporting date

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

c) Financial Instruments

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

Recognition and initial measurement

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

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

Classification and subsequent measurement Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

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

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be

measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for-

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts

and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

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

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

Recognition and measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Subsequent expenditure

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

Depreciation

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

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

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

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

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

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

Derecognition

A property, plant and equipment 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 rebates, any directly attributable cost of bringing the item to its working condition for its intended use. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

Amortisation

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

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

Derecognition

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

f) Non-current assets held for sale

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

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

g) Borrowing costs

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

h) Leases

As lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company, at

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

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

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

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

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value

guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

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

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

j) Impairment

Impairment of financial asset

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

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

Write-off

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

Impairment of non-financial assets

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

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

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

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

In regard to assets for which impairment loss has been recognised in prior period, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no

longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Employee benefits

Short-term employee benefits

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

Share-based payment transactions

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

Post-employment benefits

Defined benefit plans

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the net defined benefit liability i.e. Gratuity, which

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

comprise actuarial gains and losses are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

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

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

Defined contribution plans

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

Compensated absences

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future

benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. Such obligation such as those related to compensate absences is measured on the basis of an annual independent actuarial valuation using the projected unit cost credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

l) Provisions (other than for employee benefits)

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

Onerous contracts

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

m) Contingent liabilities and contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

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

n) Commitments

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

o) Revenue from contract with customers

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

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

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

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

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

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

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

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and

identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as cash discount, trade discount, and rebate. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

and rewards to the customer, acceptance of delivery by the customer, etc.

- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Contract fulfilment costs are generally expensed as incurred except for certain expenses which meet the criteria for capitalisation. Such costs are amortised over the contractual period. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Export Incentives

Export incentives under various schemes notified by the government are recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

Insurance and Other Claims

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

p) Government grant

Government grants related to capital assets are recognized initially as deferred income at fair value or deducted from the carrying value of the asset when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis or depreciated over the remaining useful life of the asset, respectively.

Grants that compensate the Company for expenses incurred are recognised in profit or loss

on a systematic basis in the periods in which such expenses are recognised.

q) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

r) Income taxes

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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.

s) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to

be allocated to the segments and assess their performance.

t) Royalty

Payment of technical know-how in the form of royalty for providing technical assistance is being accounted for on accrual basis as per the agreement between the parties.

u) Corporate Social Responsibility (CSR) expenditure

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

v) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

w) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

x) Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

during the year are adjusted for the effects of all dilutive potential equity shares.

y) Recent Indian Accounting Standards (Ind AS)

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 March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

– Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

– Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

– Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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for year ended 31 March 2023

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

Gross carrying amounts

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2021	3,402.33	5,390.64	31,865.25	122.58	378.94	362.19	41,521.93
Additions	-	45.95	3,212.01	9.89	110.16	50.12	3,428.13
Disposals	-	(24.81)	(4.08)	(0.25)	(87.68)	(23.57)	(140.39)
Balance as at 31 March 2022	3,402.33	5,411.78	35,073.18	132.22	401.42	388.74	44,809.67
Additions	180.00	135.80	2,778.89	3.87	162.82	62.21	3,323.59
Disposals	-	-	(44.81)	-	(24.07)	-	(68.88)
Balance as at 31 March 2023	3,582.33	5,547.58	37,807.26	136.09	540.17	450.95	48,064.38
Accumulated depreciation							
Balance as at 1 April 2021	-	1,491.41	11,410.13	53.41	153.24	264.65	13,372.84
Depreciation for the year	-	200.49	2,372.22	11.00	48.46	42.27	2,674.44
Disposals	-	(5.15)	(1.25)	(0.20)	(33.62)	(19.14)	(59.36)
Balance as at 31 March 2022	-	1,686.75	13,781.10	64.21	168.08	287.78	15,987.92
Depreciation for the year	-	200.19	2,485.54	11.76	52.51	41.74	2,791.74
Disposals	-	-	(3.20)	-	(8.40)	-	(11.60)
Balance as at 31 March 2023	-	1,886.94	16,263.44	75.97	212.19	329.52	18,768.06

Net carrying amounts

As at 31 March 2022	3,402.33	3,725.03	21,292.08	68.01	233.34	100.96	28,821.76
As at 31 March 2023	3,582.33	3,660.64	21,543.82	60.12	327.98	121.43	29,296.32

Notes:

- A. Refer note 19 for information on property, plant and equipment pledged as security by the Company.
B. Refer note 40.2 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

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

for year ended 31 March 2023

C. Capital work in progress

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2021	-	11.25	1,262.40	-	-	-	1,273.65
Additions	-	106.78	3,005.45	-	-	25.77	3,138.00
Capitalisations	-	(45.95)	(3,063.97)	-	-	(13.90)	(3,123.82)
Balance as at 31 March 2022	-	72.08	1,203.88	-	-	11.87	1,287.83
Additions	-	150.36	2,592.16	6.02	-	37.48	2,786.02
Capitalisations	-	(135.80)	(2,703.86)	(3.10)	-	(40.05)	(2,882.81)
Balance as at 31 March 2023	-	86.64	1,092.18	2.92	-	9.30	1,191.04

D. Capital work in progress (CWIP) ageing schedule

As at 31 March 2022	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	1,287.83	-	-	-	1,287.83
Projects temporarily suspended	-	-	-	-	-
Total	1,287.83	-	-	-	1,287.83

As at 31 March 2023	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	1,139.49	51.55	-	-	1,191.04
Projects temporarily suspended	-	-	-	-	-
Total	1,139.49	51.55	-	-	1,191.04

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

E. Capital work in progress (CWIP) completion schedule

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

As at 31 March 2022

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 2023	To be completed in				
CWIP: Whose completion is overdue	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress					
Natural Gas Supply Project *	44.52	-	-	-	44.52
Series reactors for 66 KVA**	7.03	-	-	-	7.03
Projects temporarily suspended	-	-	-	-	-
	51.55	-	-	-	51.55

* ₹44.52 towards laying of internal pipeline for supply of gas shall be operational with the start of piped supply of natural gas from GAIL. This project got delayed as result of delay in getting certain statutory permissions.
 ** ₹7.03 towards purchase of series reactors, to be commissioned by December 2023.

4 Right-of-use assets

Following are the changes in the carrying value of right of use assets

Particulars	Category of ROU asset- Building	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance as at beginning of the year	86.24	91.49
Impact of lease modification	1.81	10.67
Depreciation for the year	(16.26)	(15.92)
Balance as at end of the year	71.79	86.24

Notes:

- The Company incurred ₹110.34 (Previous year: ₹72.60) during the current year towards expenses relating to short-term leases for which the recognition exemption has been applied (refer note 37).
- The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

5 Other intangible assets

Gross carrying amount	Computer Softwares	Total
Balance as at 1 April 2021	67.56	67.56
Additions	1.36	1.36
Disposals	(36.84)	(36.84)
Balance as at 31 March 2022	32.08	32.08
Additions	-	-
Disposals	-	-
Balance as at 31 March 2023	32.08	32.08
Accumulated amortisation		
Balance as at 1 April 2021	54.36	54.36
Amortisation for the year	6.09	6.09
Disposals	(36.84)	(36.84)
Balance as at 31 March 2022	23.61	23.61
Amortisation for the year	4.16	4.16
Disposals	-	-
Balance as at 31 March 2023	27.77	27.77
Net carrying amount		
As at 31 March 2022	8.47	8.47
As at 31 March 2023	4.31	4.31

6 Loans

Non-Current (unsecured considered good, unless otherwise stated)	As at 31 March 2023	As at 31 March 2022
Financial assets at amortized cost		
Loans to employees	281.99	291.92
	28,1.99	291.92
Current (unsecured considered good, unless otherwise stated)		
Financial assets at amortized cost		
Loans to employees	150.96	151.71
	150.96	151.71

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

7 Other financial assets

	As at 31 March 2023	As at 31 March 2022
Non-current		
Security deposit	250.00	250.00
Interest accrued		
- interest accrued on non-current security deposit	19.04	6.54
	269.04	256.54

8 Income tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Non-current		
Advance income tax and tax deducted at source {net of provision of ₹5,813.76 (31 March 2022: ₹3,109.75)}	48.44	31.90
	48.44	31.90

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

	As at 31 March 2023	As at 31 March 2022
Capital advances		
- to others	435.33	491.64
Advances other than capital advances:		
-Security deposits	1,438.81	983.79
-Prepaid expenses	16.03	9.53
-Amount paid under protest to government authorities	136.13	145.66
	2,026.30	1,630.62

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

	As at 31 March 2023	As at 31 March 2022
Raw materials	7,578.70	3,636.98
Raw material in transit	351.59	555.33
Stores and spares *	2,385.86	4,109.98
Stores and spares in transit	254.56	165.41
Work-in-progress	7,036.87	6,241.33
Finished goods - manufactured #	18,660.41	15,723.17
	36,267.99	30,432.20

*During the current year, an amount of ₹Nil (Previous year : ₹36.39) was charged to the Statement of Profit and loss on account of slow moving inventory.

includes stock lying with third party amounting to ₹3,283.27 (Previous year : ₹1,173.97) and stock in transit ₹961.29 (Previous year : ₹143.97)

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

11 Investments (Current)

	As at 31 March 2023	As at 31 March 2022
Quoted debt securities		
Securities at fair value through profit and loss		
55,814.253 (31 March 2022: Nil) units of SBI overnight fund direct growth	2,000.31	-
Unquoted investment at amortised cost		
Deposits with financial institutions		
Nil (31 March 2022: 5.45% Fixed deposits with Housing Development Finance Corporation Limited*)	-	1,540.00
	2,000.31	1,540.00
Aggregate amount of un-quoted Investments	-	1,540.00
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	2,000.31	-

*amount reflected as on 31 March 2022 represents unutilised amount of ₹1,540 which is in addition to ₹1,568 reflected as Bank Balances other than cash and cash Equivalents as on 31 March 2022 (refer note 14), was relating to proceeds from Aichi Steel Corporation on account of preferential allotment. This amount has been utilised in current year towards capital expenditure (refer note 17.3). As on 31 March 2023 there is no unutilised amount which is relating to proceeds from Aichi Steel Corporation.

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

	As at 31 March 2023	As at 31 March 2022
Trade receivables	26,557.39	22,586.29
Less: Loss allowance	402.80	400.00
	26,154.59	22,186.29

	As at 31 March 2023	As at 31 March 2022
Break-up of security details		
Trade receivable considered good - secured	-	-
Trade receivables considered good - unsecured	26,557.39	22,504.34
Trade receivables which have significant increase in Credit risk	-	81.95
Trade Receivables – credit impaired	-	-
Total	26,557.39	22,586.29
Less: Expected credit loss allowance		
-Trade receivable considered good - secured	-	-
-Trade receivables considered good - unsecured	(402.80)	(318.05)
-Trade receivables which have significant increase in Credit risk	-	(81.95)
-Trade Receivables – credit impaired	-	-
Total trade receivables	26,154.59	22,186.29

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023

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

Trade receivable ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment							Total gross receivables	Expected credit loss	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	-	21,917.66	4,133.99	205.90	111.40	149.61	38.83	26,557.39	402.80	26,154.59
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	-	21,917.66	4,133.99	205.90	111.40	149.61	38.83	26,557.39	402.80	26,154.59

As at 31 March 2022	Outstanding for following periods from due date of payment						Total gross receivables	Expected credit loss	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	206.30	17,925.12	4,050.40	86.95	197.21	3.26	35.10	22,504.34	318.05	22,186.29
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	3.35	78.60	-	-	-	81.95	81.95	-
Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-
Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total	206.30	17,925.12	4,053.75	165.55	197.21	3.26	35.10	22,586.29	400.00	22,186.29

NOTES TO THE FINANCIAL STATEMENTS

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

13 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balance with banks		
- in current accounts	952.60	26.13
- deposit accounts with original maturities upto three months	-	-
Cash on hand	0.90	0.97
	953.50	27.10

14 Bank Balances other than cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Other bank balance		
- Bank deposit with original maturity more than 3 months and upto 12 months*	-	1,568.00
- Earmarked balance with banks on account of unpaid dividends	7.65	2.52
	7.65	1,570.52

*amount reflected as on 31 March 2022 represents unutilised amount of ₹1,568 which is in addition to ₹1,540 reflected as Investments (Current), as at 31 March 2022 (refer note 11) relating to proceeds from Aichi Steel Corporation on account of preferential allotment. This amount has been utilised in current year towards expenditure (refer note 17.3). As on 31 March 2023 there is no unutilised amount which is relating to proceeds from Aichi Steel Corporation.

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

	As at 31 March 2023	As at 31 March 2022
Financial assets at amortized cost		
Recoverable on account of government grant (Refund)	1,897.35	-
Interest recoverable on account of fixed deposit in bank	-	143.43
Claims recoverable	-	33.12
Security deposits	27.11	14.71
Other recoverable	28.22	15.43
Financial Assets measured at fair value through Profit and loss		
Derivative financial instruments	40.51	-
	1,993.19	206.69

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

16 Other current assets (Unsecured considered good, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
Recoverable on account of government grant	56.04	1,865.51
Advances for supply of goods & services	1,161.01	1,036.23
Recoverable from / balance with government authorities	911.87	437.20
Prepaid expenses	192.26	197.55
Asset for gratuity (refer note 43)	-	8.51
Security deposits	8.63	8.63
Prepaid (deferred) expenses for employee benefits	3.92	3.63
Others	0.73	0.73
	2,334.46	3,557.99

17 Equity share capital

17.1 Details of share capital

	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity shares of ₹10 each	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Issued, subscribed and fully paid up	6,00,00,000	6,000.00	6,00,00,000	6,000.00
Equity shares of ₹10 each fully paid up	4,06,27,414	4,062.74	4,05,61,164	4,056.12
	4,06,27,414	4,062.74	4,05,61,164	4,056.12

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

	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	4,05,61,164	4,056.12	4,05,07,000	4,050.70
Add: Shares issued under employee stock option	66,250	6.62	54,164	5.42
Balance at the end of the year	4,06,27,414	4,062.74	4,05,61,164	4,056.12

17.3 Rights, preferences and restrictions attached to shares

- i) The Company has only one class of equity shares having par value of ₹10 per share. Accordingly all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their Individual shareholding in the paid up equity capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
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- ii) Pursuant to Share Subscription and Investment Agreement entered on 10 August 2019 with Aichi Steel Corporation (ASC) a Japanese Corporation incorporated under the laws of Japan having its registered office at 1, Wanowari, Aro-machi, Tokai-shi, Aichi-ken, 476-8666, Japan and the Company, ASC as minority protection, has rights in the Company such as right to nominate on the Board, affirmative vote rights, participatory rights, etc.

17.4 Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2023.

- i) During the five years immediately preceding 31 March 2023 ('the period'), neither any bonus shares have been issued nor any shares have been bought back. Further, no shares have been issued for consideration other than cash.
- ii) The Board of Directors of the Company at its meeting held on 12th April, 2023, has considered and recommended to issue Bonus Shares in the ratio of 1:1, i.e. 1 (One) Equity Share of ₹10/- each for every 1 (One) Equity Share of ₹10/- each, held by the shareholders of the Company as on the record date (to be fixed by Board/ Committee of Directors), subject to the approval of shareholders to be obtained by Postal Ballot.

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

Name of shareholder	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% holding in the class	Number of shares	% holding in the class
- Vardhman Textiles Limited	97,08,333	23.90	97,08,333	23.94
- Mr. Sachit Jain	56,13,119	13.82	56,02,119	13.81
- Vardhman Holdings Limited	52,18,954	12.85	52,18,954	12.87
- Aichi Steel Corporation	46,29,629	11.40	46,29,629	11.41
- Devakar Investment & Trading company (P) Ltd	22,15,016	5.45	22,15,016	5.46
Total	2,73,85,051	67.42	2,73,74,051	67.49

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

17.6 Promoter Shareholding

Promoter's name	As at 31 March 2023			As at 31 March 2022		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Vardhman Textiles Limited	97,08,333	23.90	(0.04)	97,08,333	23.94	(0.03)
Sachit Jain	56,13,119	13.82	0.01	56,02,119	13.81	0.12
Vardhman Holdings Limited	52,18,954	12.85	(0.02)	52,18,954	12.87	(0.01)
Devakar Investment & Trading Company Private Ltd	22,15,016	5.45	(0.01)	22,15,016	5.46	(0.01)
Mahavir Shares Trust	5,32,911	1.31	-	5,32,911	1.31	(0.01)
VTL Investments Limited	3,78,000	0.93	-	3,78,000	0.93	-
S.P. Oswal	2,20,702	0.54	-	2,20,702	0.54	-
Flamingo Finance & Investment Company Limited	1,96,836	0.48	(0.01)	1,96,836	0.49	-
Santon Finance & Investment Company Limited	1,68,533	0.41	(0.01)	1,68,533	0.42	-
Ramaniya Finance & Investment Company Limited	1,56,676	0.39	-	1,56,676	0.39	-
Suchita Jain	90,267	0.22	-	90,267	0.22	-
Shakun Oswal	51,191	0.13	-	51,191	0.13	-
Paras Syndicate	30,515	0.08	-	30,515	0.08	-
Amber Syndicate	28,748	0.07	-	28,748	0.07	-
Northern Trading Company	27,520	0.07	-	27,520	0.07	-
Eastern Trading Company	19,680	0.05	-	19,680	0.05	-
Mahavir Spinning Mills Private Limited	3,548	0.01	-	3,548	0.01	-
Soumya Jain	2,660	0.01	-	2,660	0.01	-
Sagrika Jain	2,580	0.01	-	2,580	0.01	-
Adishwar Enterprises LLP	-	-	-	-	-	-

17.7 Utilization of proceeds from equity shares issued on preferential basis to ASC

Proceeds from issue of equity shares amounting to ₹5,000 were received during the year ended 31 March 2020. Out of these proceeds ₹3,108 remain unutilised as on 31 March 2022 (₹1,540 reflected as Investments (Current) and ₹, 1,568, Bank Balances other than cash and cash Equivalents). This amount of ₹3.108. has been utilised in current year towards capital expenditure. As on 31 March 2023 there is no unutilised amount, out of proceeds from Aichi Steel Corporation.

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.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
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(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.

(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

	As at 31 March 2023	As at 31 March 2022
I. Non current borrowings		
Secured		
Term loans (refer note 19.1)		
- From banks (net of unamortized processing charges)	6,462.53	10,975.91
Total non-current borrowings (including current maturities)	6,462.53	10,975.91
Less: Current maturities of non-current borrowings disclosed as part of current borrowings	2,060.00	3,086.70
	4,402.53	7,889.21
II. Current borrowings		
Secured		
Loan repayable on demand		
- From banks (refer note 19.2 and 19.3)	6,295.10	3,281.55
Current maturities of non-current borrowings	2,060.00	3,086.70
Unsecured		
- Working capital loan- Corporate credit card (refer note 19.4)	1,534.49	1,834.88
	9,889.59	8,203.13

19.1 Notes

(a) Security details:

Term loans of ₹6,462.53 (Previous year: ₹10,975.91) are secured by a first parri passu charge on entire movable & immoveable property, plant and equipments of the Company (both present & future) including land and Building situated at C-58 & C-59, Focal Point Ludhiana & Pioneer Industrial park Pathrardi and second parri passu charge on entire current assets of the Company.

(b) Terms & repayment schedule:

- Term loan of ₹2,096.65 (Previous year: ₹3,295.63) from State Bank of India is repayable in 6 quarterly instalments from June 2023 till Q2 of FY 2024-25 (31 March 2022:10 quarterly instalments)

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- Term loan of ₹2,057.70 (Previous year: ₹4,712.50) from ICICI Bank Limited repayable in 5 quarterly instalments from June 2024 till Q1 of FY 2025-26 (31 March 2022: 13 instalments)
- Term loan of ₹2,308.18 (Previous year: ₹2,967.78) from HDFC Bank Limited repayable in 14 quarterly instalments from April 2023 till Q2 of FY 2026-27 (31 March 2022: 18 instalments)

19.2 Cash credit/overdraft, commercial papers and working capital demand loan facilities from Consortium banks aggregating to ₹6,295.10 (Previous year: ₹3,281.55) against a sanctioned fund based and non-fund based working capital facility of ₹30,000 (Previous year: ₹20,000) and ₹15,000 (Previous year: ₹10,000) respectively. These limits are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future property, plant and equipments of the Company.

19.3 The Company has listed secured commercial papers (CP's) on BSE limited (BSE) during the current & previous year, but no CP is outstanding as on 31 March 2023 & 31 March 2022.

19.4 Unsecured corporate credit card facilities taken from Axis Bank Limited aggregating to ₹1,534.49 (Previous year: ₹1,834.88) against a sanctioned limit of ₹2,000.

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning of the year		
- Non current borrowings	7,889.21	10,965.16
- Current borrowings	8,203.13	7,981.45
Total Opening Balance	16,092.34	18,946.61
a) Cash flow movements		
- Proceeds from non-current borrowings	-	-
- Proceeds/(repayments) of current borrowing (net)	2,713.16	(869.22)
- Repayment of non-current borrowings	(4,520.45)	(1,995.80)
- Repayment of current borrowings	-	-
b) Non-cash movements		
- Effect of amortisation of loan origination costs	8.61	10.75
- Foreign exchange translation	(1.54)	-
Balance at the end of the year		
- Non current borrowings	4,402.53	7,889.21
- Current borrowings	9,889.59	8,203.13
Total Closing Balance	14,292.12	16,092.34

20 Lease liabilities

The Company has entered into agreements for leasing office premises/guest house on leave and license basis. The leases typically run for a period of up to 10 years with no restriction placed upon the Company for entering into said lease.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
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The Company also leases certain office premises with contract terms up to one year. These leases are short-term in nature and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Rental expense recorded for short-term leases was ₹110.34 (Previous year: ₹72.60) (Refer note 37).

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 2023	For the year ended 31 March 2022
Interest on lease liabilities	8.71	9.63
Expenses relating to short-term leases	110.34	72.60
Total	119.05	82.23

20.2 The total cash outflow for leases are as follows:

	For the year ended 31 March 2023	For the year ended 31 March 2022
The total cash outflow for leases, including cash outflow for short term leases	132.91	93.14
Total	132.91	93.14

20.3 The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2023	As at 31 March 2022
Current lease liabilities	16.28	13.59
Non-current lease liabilities	76.53	91.27
Total	92.81	104.86

20.4 The weighted average incremental borrowing rate applied to lease liabilities is 8.87%.

20.5 The following is the movement in lease liabilities during the year

	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance at the beginning	104.86	105.10
Finance cost accrued during the period	8.71	9.63
Payment of lease liabilities	(22.57)	(20.54)
Impact of lease modification	1.81	10.67
Balance at the end	92.81	104.86

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

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

	As at 31 March 2023	As at 31 March 2022
Less than one year	64.73	50.11
One to five years	88.89	81.00
More than five years	-	10.27
Total	153.62	141.38

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

21 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Non current		
Security deposits	15.36	10.95
	15.36	10.95

22 Provisions

	As at 31 March 2023	As at 31 March 2022
Provisions for employee benefits (refer note 43)		
Non current		
Liability for compensated absences	194.41	180.97
	194.41	180.97
Current		
Liability for gratuity	63.54	-
Liability for compensated absences	40.29	27.06
	103.83	27.06

23 Deferred tax (Liabilities)/ assets (net)

	As at 31 March 2023	As at 31 March 2022
Deferred tax assets on account of		
Expenses allowable on payment basis	95.07	85.89
ICDS disallowance on MTM forward contracts	21.42	16.72
Lease liabilities	23.36	26.39
Expected credit loss allowance	101.38	100.67
Minimum alternate tax credit entitlement	-	-
Provision for slow moving inventory	13.78	13.78
	255.01	243.45
Deferred tax liabilities on account of		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,245.60	2,307.04
Right-of-use assets	18.07	21.73
	2,263.67	2,328.77
	(2,008.66)	(2,085.32)

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Deferred tax (Liabilities)/assets (net)

2021-22

Deferred tax assets (net)	Balance as at 1 April 2021	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2022
Deferred tax assets on account of				
Tax losses carried forward	331.27	(331.27)	-	-
Expenses allowable on payment basis	99.43	(13.54)	-	85.89
ICDS disallowance on MTM forward contracts	21.89	(5.17)	-	16.72
Lease liabilities	36.73	(10.34)	-	26.39
Expected credit loss allowance	304.91	(204.24)	-	100.67
Minimum alternate tax credit entitlement	2,696.34	(2,696.34)	-	-
Provision for slow moving inventory	6.42	7.36	-	13.78
	3,496.99	(3,253.54)	-	243.45
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,495.83	(188.79)	-	2,307.04
Right-of-use assets	31.97	(10.24)	-	21.73
	2,527.80	(199.03)	-	2,328.77
Deferred tax assets (net)	969.19	(3,054.51)	-	(2,085.32)

Deferred tax (Liabilities)/assets (net)

2022-23

Deferred tax assets (net)	Balance as at 1 April 2022	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2023
Deferred tax assets on account of				
Tax losses carried forward	-	-	-	-
Expenses allowable on payment basis	85.89	9.18	-	95.07
ICDS disallowance on MTM forward contracts	16.72	4.70	-	21.42
Lease liabilities	26.39	(3.03)	-	23.36
Expected credit loss allowance	100.67	0.71	-	101.38
Provision for slow moving inventory	13.78	-	-	13.78
	243.45	11.56	-	255.01
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,307.04	(61.44)	-	2,245.60
Right-of-use assets	21.73	(3.66)	-	18.07
	2,328.77	(65.10)	-	2,263.67
Deferred tax assets (net)	(2,085.32)	76.66	-	(2,008.66)

Note: The Company has opted the new tax regime effective 1 April 2022. Accordingly deferred tax assets / liabilities have been recognised at the tax rate of 25.168% for current and previous year.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

24 Other non-current liabilities

	As at 31 March 2023	As at 31 March 2022
Security deposits	47.50	46.20
	47.50	46.20

25 Trade Payables

	As at 31 March 2023	As at 31 March 2022
Current		
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	463.73	206.91
- Total outstanding dues of creditors other than micro enterprises and small enterprises	18,092.42	14,540.80
	18,556.15	14,747.71

Trade payable ageing schedule

As at 31 March 2023	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	463.73	-	-	-	-	463.73
Total outstanding dues of creditors other than micro enterprises and small enterprises	29.27	17,573.85	444.71	15.84	8.14	20.61	18,092.42
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	29.27	18,037.58	444.71	15.84	8.14	20.61	18,556.15

As at 31 March 2022	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	206.91	-	-	-	-	206.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	14,226.38	247.62	10.42	11.25	8.85	14,540.80
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	36.28	14,433.29	247.62	10.42	11.25	8.85	14,747.71

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for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

26 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Current		
Interest accrued but not due on borrowings	28.01	30.96
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises	37.36	11.23
- Total outstanding of creditors other than micro enterprises and small enterprises	545.95	280.45
Employee related payables	1,374.38	1,366.40
Dues to government authorities, other payables etc.	251.84	220.87
Unpaid dividend	7.65	2.51
Liability for mark to market loss on derivative contracts	-	64.13
	2,245.19	1,976.55

27 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Contract liabilities	84.09	152.45
Statutory dues	1,139.30	746.37
	1,223.39	898.82

28 Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for Income tax (net of advance income tax and tax deducted at source of ₹3,411.38 (31 March 2022: ₹2,283.05))	51.06	420.96
	51.06	420.96

NOTES TO THE FINANCIAL STATEMENTS

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

29 Revenue from operations

	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of products		
- Finished goods	1,72,080.56	1,35,414.75
- Traded Goods	-	62.95
Other operating revenues		
- By product & miscellaneous sale	1,287.77	1,248.68
- Export incentives	130.78	119.63
	1,73,499.11	1,36,846.01

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

	For the year ended 31 March 2023	For the year ended 31 March 2022
Geography		
India	1,63,592.33	1,27,883.38
Outside India	8,488.23	7,594.32
Total	1,72,080.56	1,35,477.70

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 ₹19,416.00 (previous year revenue from sale of products to two customers constituted more than 10 percent of the Company's total revenue ₹30,130.85).

Changes in unbilled revenue is as follows:	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening Balance	206.30	589.92
Less: Bills raised during the year	206.30	589.92
Addition during the year	-	206.30
Closing Balance	-	206.30

Reconciliation of revenue recognized with the contracted price is as follows:	For the year ended 31 March 2023	For the year ended 31 March 2022
Contracted price	1,72,821.79	1,36,015.34
Reductions towards variable consideration components	741.23	537.64
Revenue recognized	1,72,080.56	1,35,477.70

Contract Balances	For the year ended 31 March 2023	For the year ended 31 March 2022
Trade receivables including unbilled revenue	26,154.59	22,186.29
Contract liabilities	84.09	152.45

The unbilled revenue included in trade receivables primarily relate to the Company's rights to consideration for revenue accrued but not billed at the reporting date. The contract liabilities relate to the advance received from customers against which revenue will be recognized when the performance obligation is satisfied.

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

30 Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Income on account of government grants*	3,199.99	2,114.03
Interest income		
- fixed deposits with banks	39.12	239.38
- others (Punjab State Power Corporation Limited, employee loans etc.)	88.72	451.59
Liabilities no longer required written back	2.25	17.60
Net Gain on account of foreign exchange fluctuation	414.56	-
Gain on sale of investments	14.19	12.25
Gain on sale of property, plant and equipment (net)	4.92	3.73
Miscellaneous income	111.64	50.58
	3,875.39	2,889.16

*The Company is eligible for fiscal incentives under the Punjab State Government's Fiscal Incentives for Industrial Promotion Policy (R) 2013 for its expansions completed up to 31 March 2016 and also 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 ₹3,199.99 (Previous year: 2,114.03) under the head Other Income towards exemption of Electricity Duty, Infrastructure Development Cess, Stamp Duty, 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 2023	For the year ended 31 March 2022
Inventory of raw materials at the beginning of the year (including raw material in transit)	4,192.31	4,546.30
Purchases of raw materials*	1,18,384.92	89,298.51
Inventory of raw materials at the end of the year (including raw material in transit)#	(7,930.29)	(4,192.31)
	1,14,646.94	89,652.50

* includes inventory of semi-finished goods ₹4,661.29 (previous year: ₹3,753.67) purchased during the year.
includes inventory of semi-finished goods purchased of ₹647.84 (previous year: ₹13.28)

32 Purchases of stock-in-trade

	For the year ended 31 March 2023	For the year ended 31 March 2022
Steel bars	-	61.54
	-	61.54

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

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

	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening inventory		
Finished goods	15,723.16	7,454.31
Work-in-progress	6,241.33	4,477.80
	21,964.49	11,932.11
Closing inventory		
Finished goods	18,660.41	15,723.16
Work-in-progress	7,036.87	6,241.33
	25,697.28	21,964.49
	(3,732.79)	(10,032.38)

34 Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	8,194.56	7,449.04
Contribution to provident and other funds (refer note 43)	566.26	471.63
Share based payments to employees	80.45	41.56
Staff welfare expenses	153.62	137.05
	8,994.89	8,099.28

35 Finance cost

	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense on		
Term loans	566.42	714.30
Lease liabilities	8.71	9.63
Others*	1,077.69	925.73
Other borrowing cost	112.53	78.28
	1,765.35	1,727.94

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

36 Depreciation and amortisation expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on property, plant and equipment (refer note 3)	2,791.74	2,674.44
Depreciation on right of use asset (refer note 4)	16.26	15.92
Amortisation of intangible asset (refer note 5)	4.16	6.09
	2,812.16	2,696.45

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

37 Other expenses

		For the year ended 31 March 2023	For the year ended 31 March 2022
Stores and spare consumed		11,770.23	8,421.53
Power and fuel		17,859.62	14,177.32
Packing material		508.20	436.15
Processing Charges		1,574.62	1,541.38
Rent		110.34	72.60
Repairs and maintenance		1,913.47	2,114.07
Insurance		79.56	69.35
Rates and taxes		83.70	97.34
Net loss on account of foreign exchange fluctuation		-	100.43
Property, plant and equipment written off		6.19	24.07
Balances written off		3.11	
Bad debts	16.03		472.56
Less: Withdrawal from provision for expected credit loss allowances	16.03	-	472.56
Legal and professional expenses (refer note 45.1)		161.55	254.82
Director sitting fees		23.50	25.80
Expected credit loss allowances for doubtful trade receivables		18.83	-
Custom Duty on export sales		44.12	-
Freight and handling expense		3,411.41	2,763.50
Commission on sales		354.19	442.88
Royalty (refer note 44)		789.20	678.34
Corporate Social Responsibility expense (refer note 45.2)		142.45	66.66
Common corporate expenses (refer note 44)		99.76	99.76
Travelling Expense		155.73	31.27
Miscellaneous expenses		347.60	279.01
		39,457.38	31,696.28

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

38 Tax expense

	For the year ended 31 March 2023	For the year ended 31 March 2022
38.1 Income tax recognised in Statement of Profit and Loss		
Current tax (including tax adjustment relating to prior periods)	3,462.45	2,704.01
Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	(76.66)	3,054.51
Total tax expense recognised in the current year	3,385.79	5,758.52
38.2 Reconciliation of effective tax rate		
Profit before tax	13,430.57	15,833.56
Tax at the Indian tax rate of 25.168 % (previous year 34.94%)	3,380.21	5,532.88
Effect of expenses that are not deductible in determining taxable profit	33.64	42.26
Reversal of unutilised MAT credit lying as on 31 March 2022	-	211.49
Recognition of previously unrecognised tax	(28.06)	136.75
Effect of change in tax rate due to section 115 BAA of Income Tax Act, 1961*	-	(164.86)
Income tax expenses recognised in statement of profit and loss	3,385.79	5,758.52
*Refer Note 23		
38.3 Income tax expense recognised in other comprehensive (expense)		
Deferred tax assets/(liabilities)		
Arising on income and expenses recognised in other comprehensive income		
- Remeasurement of defined benefit obligation	(27.91)	18.75
Total income tax recognised in other comprehensive (expense)	(27.91)	18.75
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

39 Earning per share (EPS)

	For the year ended 31 March 2023	For the year ended 31 March 2022
39.1 Basic earnings per share		
Profit for basic earning per share of ₹10 each	10,044.78	10,075.04
Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	4,05,61,164	4,05,07,000
Effect of fresh issue of shares		
Weighted average shares at fair value in employee stock option	12,342	9,942
Total weighted average number of equity shares outstanding for Basic EPS	4,05,73,506	4,05,16,942
Add: Effect of dilutive common equivalent shares - share option outstanding**	2,80,017	2,57,321
Total weighted average number of equity shares outstanding for Diluted EPS	4,08,53,523	4,07,74,263
Basic Earnings per share (face value of ₹ 10 each)	24.76	24.87
39.2 Diluted earnings per share		
Profit for diluted earning per share of ₹10 each	10,044.78	10,075.04
Total weighted average number of equity shares outstanding for Dilutive EPS	4,08,53,523	4,07,74,263
Diluted Earnings per share (face value of ₹10 each) **	24.59	24.71

**227,483 options (31 March 2022: 161,679) were excluded from calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive in reference with Paragraph 46/47/47A of Ind AS 33.

40 Contingent liabilities and commitments: (to the extent not provided for)

	As at 31 March 2023	As at 31 March 2022
40.1 Claim against the Company not acknowledged as debts, under dispute		
-Sales tax, Value added tax, Goods and services tax etc.	25.35	32.67
40.2 Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account {(net of capital advances ₹435.33 (Previous year ₹491.64)}	1,784.33	1,929.10
Export commitments against import of capital goods under EPCG scheme	2,637.48	664.95

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

40.3 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.

40.4 The Company has initiated legal proceedings which have arisen in the ordinary course of business. The management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material effect on the Company's results of operations or financial condition.

41 Segment information

Board of Directors of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. Operating Segments have 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. 'Steel' and operations are mainly within India. Hence, it is the only reportable segment under Ind AS 108 'Operating Segments'. Entity wide disclosure required by Ind AS 108 are made as follows:

41.1 Entity wide disclosures	For the year ended 31 March 2023	For the year ended 31 March 2022
Information about products and services		
Sale of products:		
Finished goods		
- Black bars	1,26,657.94	1,00,842.48
- Bright bars	45,422.62	34,572.17
- Others (represent items which individually account for less than 10% of the total value of sale of own manufactured products)	-	0.10
	1,72,080.56	1,35,414.75
Traded goods:		
- Black bars	-	62.95
- Bright bars	-	-
	-	62.95
Inventories:		
- Black bars	16,199.44	13,183.82
- Bright bars	2,652.50	2,781.88
- Billets	6,845.34	5,998.80
- Raw Material (Including material in transit)	7,930.29	4,192.31
- Others (represent items which individually account for less than 10% of the total value of inventory)	2,640.42	4,275.39
	36,267.99	30,432.20

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

41.2 Information about major customers (from external customers)

Revenue from sale of products to one Customer of the Company amounting to ₹19,416.00 during the year 2022-23 (Previous year two customers amounting to ₹30,130.85) constitutes more than 10% of the total revenue from sale of products of Company.

41.3 Information about geographical areas

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Within India	Outside India	Within India	Outside India
i) Revenues from sale of products to external customers	1,63,592.33	8,488.23	1,27,883.38	7,594.32

ii) Non-Current Segment Assets : The Company has common non-current assets for procuring goods to domestic and overseas markets. Hence, separate figures for non-current assets have not been furnished

42 The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondences with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of amounts payable to such enterprises as at the year end has been made in the financial statements based on information available with the Company as under :

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Principal amount and Interest due thereon remaining unpaid to any supplier		
- Principal		
Trade payable	463.73	206.91
Capital creditors	37.36	11.23
- 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	-	-
	501.09	218.14

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for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

43 Employee benefits

43.1 Assets and liabilities relating to employee benefits	Non - current		Current	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Asset for gratuity	-	-	-	8.51
Asset for gratuity shown under other current assets (refer note 16)	0.00	0.00	0.00	8.51
Liability for gratuity	-	-	63.54	-
Liability for compensated absences	194.41	180.97	40.29	27.06
Provisions for employee benefits (refer note 22)	194.41	180.97	103.83	27.06

For details about the related employee benefit expenses, refer to note 34.

43.2 Defined contribution plan:-

The Company's provident fund scheme and employee's state insurance (ESI) fund scheme are defined contribution plans. The Company has recorded an expense of ₹320.43 (Previous year: ₹ 281.94) under provident fund scheme and ₹47.75 (Previous year: ₹46.73) under ESI scheme. These have been included in the note 34 Employees benefits expenses, in Statement of Profit and Loss.

43.3 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 made annual contributions to the VSSL Gratuity fund trust.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increase in salary will increase the defined benefit obligation

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. The funds are managed by specialised team of VSSL Gratuity Fund Trust

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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 2023	As at 31 March 2022
Present value of obligation at the beginning of the year	980.63	892.88
Current service cost	109.43	93.84
Interest cost	70.41	60.62
Actuarial loss recognised in other comprehensive income	19.98	13.86
Benefits paid	(71.81)	(80.57)
Present value of obligation at the end of the year	1108.64	980.63

iii) Reconciliation of present value of plan assets

Particulars	As at 31 March 2023	As at 31 March 2022
Plan assets at the beginning of the year, at fair value	989.14	921.59
Expected return on plan assets	71.02	62.56
Actuarial gain/(loss) on plan assets recognised in other comprehensive income	(7.92)	32.61
Contributions	(7.14)	(27.51)
Benefits paid	0.00	(0.11)
Plan assets at the end of the year, at fair value	1045.10	989.14

iv) Amount recognised in the balance sheet

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation at the end of the year	1,108.64	980.63
Fair value of plan assets at the end of the year	1,045.10	989.14
Net asset / (liability) recognised in balance sheet*	(63.54)	8.51

*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 2023	As at 31 March 2022
Equity Instruments	21.65%	22.27%
Govt. Securities & Debt Instruments	75.88%	75.06%
Bank balances	2.19%	2.38%
Others	0.28%	0.29%

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vi) Expenses recognised in the Statement of Profit or Loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	109.43	93.84
Interest cost	70.41	60.62
Expected return on plan assets	(71.02)	(62.56)
Expenses recognized in profit or loss	108.82	91.90

vii) Remeasurement recognized in other comprehensive expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial (gain)/loss on the defined benefit obligation	27.91	18.75
Amount recognized in other comprehensive expense	27.91	18.75

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 2023	As at 31 March 2022
Discount rate (per annum)	7.18%	7.18%
Expected rate of return on plan assets (per annum)	6.37%	6.33%
Future salary growth rate	6.00%	6.00%

(ii) Demographic assumptions:

Particulars	As at 31 March 2023	As at 31 March 2022
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 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(38.75)	41.62	(34.85)	37.45
Future salary growth (0.50 % movement)	40.73	(38.40)	36.62	(34.56)

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)

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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.

x) Expected future benefit payments

Particulars	As at 31 March 2023	As at 31 March 2022
Undiscounted amount of expected benefit payments for next 10 years:		
within 1 year	183.30	120.53
1-2 years	89.17	121.30
2-3 years	86.57	73.25
3-4 years	59.02	71.30
4-5 years	73.06	45.21
5-6 years	77.98	54.27
6 year onwards	539.54	494.77

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Weighted average duration of the defined benefit plan (in years)	11.67	11.59
Expected employers contribution for next year	127.19	103.90

43.4 Share based payments to employees

i) ESOP Plan 2016: 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 24 August 2016 and by the shareholders in their meeting held on 28 September 2016. The Board had delegated necessary power to the Nomination and Remuneration Committee to Implement and administer the plan. Accordingly, the Nomination and Remuneration Committee of the company in its meeting held on 12 November 2016 has granted 210,000 options to its eligible employees against the plan under the first grant out of total of 371,108 options.

Further, on the recommendation of Nomination and Remuneration Committee, the Board of Directors in its meeting held on 6 August 2020 have approved to increase the exercise period from existing 2 years to 5 years and recommended the same to the Members for their approval. The Members of the Company in the Annual General Meeting held on 25 September 2020 have approved the same by the way of Special Resolution.

All the options granted under the First grant of ESOP Plan 2016 were fully exercised by the eligible employees in the previous year. As such, no option was pending to be exercised during the current financial year under the First grant of ESOP Plan 2016.

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

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underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	-	-	54,176	59
Increase on account of modification (Rights issue)	-	-	-	-
Forfeited during the year	-	-	(12)	59
Exercised during the year	-	-	(54,164)	59
Outstanding at end of the year*	-	-	-	-

*The options outstanding as at 31 March 2022 & 31 March 2023 is Nil

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
12-Nov-18	25% of total allotment	57.10
12-Nov-19	25% of total allotment	61.20
12-Nov-20	25% of total allotment	64.50
12-Nov-21	25% of total allotment	68.40

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
1. Risk free interest rate	-	5.78%
2. Expected life (In years)	-	3.00
3. Expected Volatility	-	9.05%
4. Exercise Price (in ₹)	-	65.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	-	99.00

ii) ESOP Plan 2016: Second (2nd) Grant

The Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 1,35,000 options to its eligible employees against the plan under the Second grant out of 1,36,937 options lying un-granted at a price of ₹72 per share, other terms and conditions remaining the same.

During the year, the Company has allotted 28,125 (Previous year : Nil) equity shares to the eligible employees at a price of ₹72 per share.

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,27,500	72	1,35,000	72
Granted during the period	-	-	-	-
Forfeited during the year	(7,500)	72	(7,500)	72
Exercised during the year	(28,125)	72	-	-
Outstanding at end of the year*	91,875	72	1,27,500	72

*The options outstanding as at 31 March 2023 & 31 March 2022 have an exercise price of ₹72 per option.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
12-Nov-22	25% of total allotment	30.21
12-Nov-23	25% of total allotment	33.59
12-Nov-24	25% of total allotment	36.16
12-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

iii) ESOP Plan 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. 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 2016, as vesting period is 2 years.

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The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Reconciliation of outstanding share options (3rd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	-	-	-	-
Granted during the period	9,000	72	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year*	9,000	72	-	-

*The options outstanding as at 31 March 2023 have an exercise price of ₹72 per option.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
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 2023	Year ended 31 March 2022
1. Risk free interest rate	7.08%	-
2. Expected life (In years)	10.00	-
3. Expected Volatility	16.46%	-
4. Exercise Price (in ₹)	72.00	-
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	-

iv) 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 38,125 (Previous year : Nil) equity shares to the eligible employees at a price of ₹72 per share.

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The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	2,91,500	72	3,63,000	72
Granted during the period	-	-	-	-
Forfeited during the year	(27,000)	72	(71,500)	72
Exercised during the year	(38,125)	72	-	-
Outstanding at end of the year*	2,26,375	72	2,91,500	72

*The options outstanding as at 31 March 2023 & 31 March 2022 have an exercise price of ₹72 per option.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
12-Nov-22	25% of total allotment	30.21
12-Nov-23	25% of total allotment	33.59
12-Nov-24	25% of total allotment	36.16
12-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
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

v) 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. These options will vest with the eligible employees after two years from the date of grant.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	-	-	-	-
Granted during the period	1,25,000	72	-	-
Forfeited during the year	(11,000)	72	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year*	1,14,000	72	-	-

*The options outstanding as at 31 March 2023 have an exercise price of ₹72 per option.

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
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 2023	Year ended 31 March 2022
1. Risk free interest rate	7.08%	-
2. Expected life (In years)	7.00	-
3. Expected Volatility	16.46%	-
4. Exercise Price (in ₹)	72.00	-
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	-

vi) Movement of Share Option Outstanding Account

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Total liability as the beginning of the year	63.90	46.04
Employee option plan expense	80.45	41.56
Transfer to securities premium account	(20.01)	(23.70)
Total liability as the end of the year	124.34	63.90

NOTES TO THE FINANCIAL STATEMENTS

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44 Related party disclosures

44.1 List of related parties and nature of relationship where control exists:

Name of party	Description of relationship
Vardhman Textiles Limited	VSSL* is an associate of Vardhman Textiles Limited
Aichi Steel Corporation	VSSL* is an associate of Aichi Steel Corporation
* VSSL refers to Vardhman Special Steels Limited	

44.2 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

b) Key management personnel and individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise

Mr. Sachit Jain, Vice Chairman and Managing Director
 Mr. Sanjeev Singla, Chief Financial Officer
 Ms. Sonam Taneja, Company Secretary
 Mr. Mukesh Kumar Srivastava, Chief Operating Officer (up to 31 January 2022)
 Mr. Rajendar Kumar Rewari, Chief Executive Officer (w.e.f. 1 February 2022 to 24 July 2022)
 Mr. Rajendar Kumar Rewari, Executive Director (w.e.f. 25 July 2022)

c) Relatives of KMP

Mr. S.P. Oswal
 Ms. Shakun Oswal
 Ms. Soumya Jain
 Ms. Sagrika Jain

d) Non Executive directors

Mr. Rajeev Gupta (Non -Executive Chairman)
 Mr. Sanjeev Pahwa (Up to 30 September 2022)
 Mr. Rajinder Kumar Jain
 Mr. Sanjoy Bhattacharyya
 Mr. Bal Krishan Choudhary
 Ms. Suchita Jain
 Mr. Rakesh Jain
 Ms. Shubhra Bhattacharya (Up to 2 January 2023)
 Mr. Raghav Chandra
 Mr. Takashi Ishigami (up to 25 July 2022)
 Mr. Toshio Ito (w.e.f. 25 July 2022)
 Mr. Suman Chatterjee (w.e.f. 25 July 2022)
 Ms. Vidya Shah (w.e.f. 25 July 2022)

NOTES TO THE FINANCIAL STATEMENTS

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

for year ended 31 March 2023

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

44.3 Transactions with related parties during the current / previous year # :

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Purchase of raw material		
Vardhman Yarns and Threads Limited	4.49	8.18
Vardhman Textiles Limited	65.64	116.79
(ii) Purchase of MEIS/RODTEP License		
Vardhman Textiles Limited	225.05	21.87
(iii) Royalty		
Aichi Steel Corporation	789.20	678.34
(iv) Professional Charges		
Aichi Steel Corporation	21.55	121.68
(v) Sale of goods and services		
Vardhman Textiles Limited	-	0.39
(vi) Logo charges		
Vardhman Holdings Limited	30.71	24.20
(vii) Reimbursement of expenses paid		
Vardhman Textiles Limited	4.72	4.46
Aichi Steel Corporation	19.75	4.23
(viii) Reimbursement of expenses received		
Vardhman Textiles Limited	0.25	-
(ix) Common corporate expenses		
Vardhman Textiles Limited	117.71	117.71

NOTES TO THE FINANCIAL STATEMENTS

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

for year ended 31 March 2023

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(x) Dividend paid		
Vardhman Textiles Limited	339.79	145.62
Vardhman Holdings Limited	182.66	78.28
Aichi Steel Corporation	162.04	69.44
Devakar Investment & Trading Company Private Limited	77.53	33.23
Mahavir Shares Trust	18.65	7.99
VTL Investments Limited	13.23	5.67
S.P. Oswal	7.72	3.31
Flamingo Finance & Investment Company Limited	6.89	2.95
Santon Finance & Investment Company Limited	5.90	2.53
Ramaniya Finance & Investment Company Limited	5.48	2.35
Suchita Jain	3.16	1.35
Shakun Oswal	1.79	0.77
Paras Syndicate	1.07	0.46
Amber Syndicate	1.01	0.43
Northern Trading Company	0.96	0.41
Eastern Trading Company	0.69	0.30
Mahavir Spinning Mills Private Limited	0.12	0.05
Sagrika Jain	0.09	0.04
(xi) Contribution (from)/to post employment benefit plans		
VSSL Gratuity Fund Trust	(7.14)	(27.51)
(xii) Compensation to KMP & their relative:		
Short-term employee benefits*		
Mr. Sachit Jain	282.49	282.00
Mr. Sanjeev Singla	66.48	40.42
Ms. Sonam Taneja	11.57	10.21
Mr. Mukesh Kumar Srivastava	-	69.13
Mr. Rajendar Kumar Rewari	119.17	17.04
Directors Sitting Fees		
Mr. Rajeev Gupta	1.80	3.00
Mr. Sanjeev Pahwa	1.60	5.30
Mr. Rajinder Kumar Jain	2.80	3.90
Mr. Sanjoy Bhattacharyya	3.45	4.30
Mr. Rakesh Jain	3.85	4.50
Ms. Shubhra Bhattacharya	1.00	2.20
Mr. Raghav Chandra	3.20	2.60
Mr. Suman Chatterjee	2.90	-
Ms. Vidya Shah	2.90	-
Commission to Directors		
Mr. Sachit Jain (Vice Chairman and Managing Director)	622.00	643.14
Mr. Rajendar Kumar Rewari (Executive Director)	28.75	-

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Compensation to Relative of KMP		
Ms. Soumya Jain	26.03	7.91
Dividend		
Mr. Sachit Jain	196.46	84.03
Mr. Sanjeev Singla	1.11	0.38
Ms. Sonam Taneja	-	0.01
Mr. Mukesh Kumar Srivastava	-	0.41
Mr. Rajinder Kumar Jain	0.64	0.27
Ms. Soumya Jain	0.09	0.04
Mr. Rajendar Kumar Rewari	0.01	-
Post employment benefits		
Mr. Sachit Jain	41.51	49.07
Mr. Sanjeev Singla	11.10	9.00
Ms. Sonam Taneja	2.34	1.71
Mr. Rajendar Kumar Rewari	6.79	1.92
Ms. Soumya Jain	1.69	0.21
(xiii) Termination Benefit:		
Mr. Mukesh Kumar Srivastava	-	68.16

* Including value of perquisites.

Including taxes wherever applicable.

44.4 Outstanding balances with related parties as at year end:

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Aichi Steel Corporation	459.78	279.00
Vardhman Holdings Limited	28.11	22.15
Vardhman Textiles Limited	16.76	-
(Asset) / liability for gratuity contribution		
VSSL Gratuity Fund Trust	63.54	(8.51)

44.5 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.

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

45 Other disclosures required by statute

	For the year ended 31 March 2023	For the year ended 31 March 2022
45.1 Auditors Remuneration (excluding taxes as applicable)		
As Auditor		
- Statutory audit and limited review of quarterly results	30.00	27.00
- in other capacity		
Tax audit fee	4.25	3.75
Certification work	0.25	0.75
For reimbursement of expenses	1.71	1.54
	36.21	33.04

45.2 Where the company covered under section 135 of the Companies Act, the following shall be disclosed with regard to CSR activities:-

S. No.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i	Amount required to be spent by the company during the year	149.35	59.76
ii	Amount of expenditure incurred*	122.94	66.66
iii	Shortfall/(Surplus) at the end of the year	26.41	(6.90)
iv	Total of previous years shortfall/(Surplus)	(6.90)	-
	Total shortfall/(Surplus) at the end of the year **	19.51	(6.90)

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 Preventive Health care ₹65.62, On Environment Sustainability ₹37.83, On Promoting Education ₹13.44, On Promoting Sports ₹4.05 and on Other sectors ₹2.00.

(Previous year -On Preventive Health care ₹10.07, On Promoting Education ₹2.82, On Environment Sustainability ₹47.48, On Promoting Sports ₹3.00, On Protection / Conservation of Natural Heritage ₹2.00 and on Infrastructure and Rural Development ₹1.29)

** 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

As per the requirements of Section 135(5) of The Companies Act, 2023, ₹19.51 has been deposited in the special account (Vardhman Special Steels Limited -Unspent CSR Account FY 2022-23) on 24 April 2023 related to shortfall as on 31 March 2023, which will be spent in the coming years.

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

46 Financial instruments - Fair values and risk management

46.1 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	Level of hierarchy	As at 31 March 2023			As at 31 March 2022		
			FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets								
Non-current								
- Loans	(ii)	Level-3	-	-	281.99	-	-	291.92
- Other financial assets	(ii)	Level-3	-	-	269.04	-	-	256.54
Current								
- Investments		Level-1	-	-	2,000.31	-	-	1,540.00
- Investments		Level-2	-	-	-	-	-	-
- Trade receivables	(i)	Level-3	-	-	26,154.59	-	-	22,186.29
- Cash and cash equivalents	(i)	Level-3	-	-	953.50	-	-	27.10
- Bank balances other than cash and cash equivalents	(i)	Level-3	-	-	7.65	-	-	1,570.52
- Loans	(i)	Level-3	-	-	150.96	-	-	151.71
- Other financial Assets (excluding derivative contracts)	(i)	Level-3	-	-	1,952.68	-	-	206.69
- Derivative financial instruments	(iv)	Level-2	40.51	-	-	-	-	-
Total financial assets			40.51	-	31,770.72	-	-	26,230.77
Financial Liabilities								
Non-current								
- Borrowings		Level-3	-	-	4,402.53	-	-	7,889.21
- Lease liabilities		Level-3	-	-	76.53	-	-	91.27
- Other financial liabilities		Level-3	-	-	15.36	-	-	10.95
Current								
- Borrowings	(i)	Level-3	-	-	9,889.59	-	-	8,203.13
- Lease liabilities	(i)	Level-3	-	-	16.28	-	-	13.59
- Trade payables	(i)	Level-3	-	-	18,556.15	-	-	14,747.71
- Derivative financial instruments	(iv)	Level-2	-	-	-	64.13	-	-
- Other financial liabilities	(i)	Level-3	-	-	2,245.19	-	-	1,912.42
			-	-	35,201.63	64.13	-	32,868.28

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.

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

(iii) Fair value of borrowings is as follows :

	Level	Fair value		Amortised cost	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
Non-current borrowings (including current maturities)*	3	6,543.07	11,173.76	6,462.53	10,975.91

*The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

(iv) Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporates various inputs including credit quality of counter-parties and foreign exchange forward rates.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2023 and 31 March 2022.

47 Financial risk management

47.1 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 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))

47.2 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 2023	As at 31 March 2022
Trade receivables	26,154.59	22,186.29
Cash and cash equivalents	953.50	27.10
Loans	150.96	151.71
Other financial assets	1,993.19	206.69

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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 2023	As at 31 March 2022
Within India	25,306.84	21,911.12
Outside India	847.75	275.17

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

	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from top customer	11.28%	11.21%
Revenue from top five customers	35.76%	37.06%

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2023					
Not Due	21,917.66	-	21,917.66	0.00%	No
0-90 Days	3,987.38	-	3,987.38	0.00%	No
91-180 Days	146.61	-	146.61	0.00%	No
181-365 Days	205.90	102.96	102.94	50.00%	No
366 Days and above	299.84	299.84	-	100.00%	No
	26,557.39	402.80	26,154.59		

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for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2022					
Not Due	18,131.42	16.32	18,115.10	0.09%	No
0-90 Days	3,782.21	15.86	3,766.35	0.42%	No
91-180 Days	271.54	25.97	245.57	9.56%	No
181-365 Days	165.55	106.28	59.27	64.20%	No
366 Days and above	235.57	235.57	-	100.00%	No
	22,586.29	400.00	22,186.29		

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

	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	400.00	872.56
Amounts added during the year	18.83	-
Withdrawal from provision towards bad debts written off	(16.03)	(472.56)
Balance as at the end of the year	402.80	400.00

The loans primarily represents security deposits and loans given to employees. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no allowance for expected credit loss has been provided on these financial assets.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

47.3 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 its 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 2023	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	9,889.59	4412.57	-	14,302.16
Trade payables	18,556.15	-	-	18,556.15
Other financial liabilities	2,245.19	-	-	2,245.19
	30,690.93	4,412.57	-	35,103.50

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

31 March 2022	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	8,203.13	7,907.86	-	16,110.99
Trade payables	14,747.71	-	-	14,747.71
Other financial liabilities	1,912.42	-	-	1,912.42
	24,863.26	7,907.86	-	32,771.12

47.4 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.

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 2023	As at 31 March 2022
Fixed rate borrowings	-	-
Floating rate borrowings	14,292.12	16,092.34
	14,292.12	16,092.34

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have impacted the Statement of Profit and Loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Strengthening	Weakening
For the year ended 31 March 2023		
Interest rate (0.5% movement)	(71.46)	71.46
For the year ended 31 March 2022		
Interest rate (0.5% movement)	(80.46)	80.46

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

(c) Foreign Currency Risk and sensitivity

The functional currency of the Company is Indian Rupee (INR). The Company is exposed to foreign exchange risk through its sales in international markets and purchases from overseas suppliers in various foreign currencies. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company holds derivative financial instruments such as foreign exchange contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies.

Exposure to currency risk

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

	Currency	As at 31 March 2023		As at 31 March 2022	
		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	4,046.05	49.24	454.03	5.99
	JPY	459.78	741.58	289.54	467.00
Trade receivables	USD	554.65	6.75	268.32	3.54
	EURO	293.10	3.28	-	-

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 2023 (in lakhs)	As at 31 March 2022 (in lakhs)
a) Exposure on account of Financial assets		
Trade Receivable (A)		
-In USD	6.75	3.54
-In Euro	3.28	-
Amount hedged through forwards & options # (B)		
-In USD	10.01	19.00
-In Euro	5.91	-
Net Exposure of Foreign Currency Assets (C = A - B)		
-In USD	-	-
b) Exposure on account of Financial Liabilities		
Trade Payable (D)		
-In USD	49.24	5.99
-In Euro	-	-
-In JPY	741.58	467.00
Amount hedged through forwards & options # (E)		
-In USD	72.63	29.35
-In Euro	13.76	5.11
-In JPY	720.00	900.00

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

Particulars	As at 31 March 2023 (in lakhs)	As at 31 March 2022 (in lakhs)
Net Exposure of Foreign Currency Liabilities (F = D - E)		
-In USD	-	-
-In Euro	-	-
-In JPY	21.58	-
Net Exposure to Foreign Currency Assets / (Liability) (C-F)		
-In USD	-	-
-In Euro	-	-
-In JPY	(21.58)	-

Excess forwards and options against pending purchase orders.

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

Particulars	2022-2023 (Average exchange rate)	2021-2022 (Average exchange rate)	2022-2023 (Year end rate)	2021-2022 (Year end rate)
INR/USD	80.37	74.51	82.17	75.80
INR/EURO	83.61	86.61	89.36	84.12
INR/JPY	0.59	0.66	0.62	0.62

Foreign currency sensitivity

The Impact on the Company profit before tax due to changes in the fair value of monetary assets and liability including foreign currency derivatives on account of 1% change in USD, SEK and JPY exchange rate (With all other variables held consent) will be as under:

Particular	As at 31 March 2023	As at 31 March 2022
1 % Strengthening/(weakening) of USD against INR	-	-
1 % Strengthening/(weakening) of Euro against INR	-	-
1 % Strengthening/(weakening) of JPY against INR	(0.13)	-

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Currency fluctuations		
Net foreign exchange (gain)/ losses shown as operating expenses	(309.92)	87.09
Derivatives		
Derivatives (gain) / losses shown as operating expenses	(104.64)	13.34
Total	(414.56)	100.43

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

48 Capital Risk Management

48.1 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.

	As at 31 March 2023	As at 31 March 2022
Borrowings	14,292.12	16,092.34
Trade payables	18,556.15	14,747.71
Lease liabilities	92.81	104.86
Other payables	3,814.32	3,065.47
Less: cash and cash equivalents	953.50	27.10
Net debt	35,801.90	33,983.28
Equity	64,221.40	55,496.04
Capital and net debt	1,00,023.30	89,479.32
Gearing Ratio	35.79%	37.98%

48.2 Dividend not recognised at the end of the year

Subsequent to the year end, the Board of Directors have recommended a dividend of ₹2 (31 March 2022: ₹3.50) per 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.

48.3 Recommendation of Issue of Bonus Shares in FY 2023-24

The Board of Directors of the Company at its meeting held on 12th April, 2023, have inter-alia considered and approved the following:-

- Recommended Issue of Bonus Shares in the ratio of 1:1, i.e. 1 (One) Equity Share of ₹10/- each for every 1 (One) Equity Share of ₹10/- each, held by the shareholders of the Company as on the record date, subject to the approval of shareholders to be obtained by Postal Ballot. The Record Date will be intimated in due course.
- Increase in the Authorized Share Capital of the Company from existing ₹60 crore to ₹100 crore and consequent alteration in the Capital Clause of the Memorandum of Association of the Company, on account of issue of Bonus Shares of the Company, subject to the approval of shareholders to be obtained by Postal Ballot.

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

49 Ratios as per Schedule III requirements

The following are the analytical ratios for the year ended 31 March 2023 and 31 March 2022.

Particulars	31 March 2023	31 March 2022
a) Current Ratio = Current Assets divided by Current Liabilities		
Current Assets	69,862.65	59,672.50
Current Liabilities	32,085.49	26,287.82
Current Ratio	2.18	2.27
% Change from previous year	-4.08%	
Reason for change more than 25%: Not Applicable		
b) Debt Equity Ratio = Net debt divided by Total equity where total debt refers to sum of current & non current borrowings *		
Total Debt	14,292.12	16,092.34
Cash and Cash Equivalents (including Other Bank Balances)	961.15	1,597.62
Current Investments	2,000.31	1,540.00
Net Debt	11,330.66	12,954.72
Total Equity	64,221.40	55,496.04
Debt Equity Ratio	0.18	0.23
% Change from previous year	-24.42%	
* The above formula has been consistently been applied by the Company in the current and earlier years		
Reason for change more than 25%: Not applicable		
c) Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments		
Profit after tax	10,044.78	10,075.04
Add: Non cash operating expenses, finance cost and other adjustments	3,415.42	3,444.45
-Depreciation and amortisation	2,812.16	2,696.45
-Finance costs	575.13	723.93
-Balances Written off	3.11	-
-Expected credit Loss	18.83	-
-PPE Written off	6.19	24.07
Earnings available for debt services	13,460.20	13,519.49
Interest and Lease Payments	126.62	86.19
Principal repayments	2,060.00	3,086.70
Interest on Borrowings	575.13	723.93
Total Interest and principal repayments	2,761.76	3,896.82
Debt Service Coverage Ratio	4.87	3.47
% Change from previous year	40.48%	

NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 March 2023
 (All amounts are in ₹ lakhs except for share data)

Particulars	31 March 2023	31 March 2022
Reason for change more than 25%: Debt service coverage ratio has improved on account of pre-payment of 4 instalments of term loan with ICICI bank aggregating amounting to ₹1,433.76, resulting better debt servicing.		
d) Return on Equity Ratio = Net profit after tax divided by Equity		
Net profit after tax	10,044.78	10,075.04
Average Equity	59,858.72	50,716.18
Return on Equity Ratio	16.78%	19.87%
% Change from previous year	-15.53%	
Reason for change more than 25%: Not applicable		
e) Inventory Turnover Ratio = Revenue from operations divided by average inventory		
Revenue	1,73,499.11	1,36,846.01
Average Inventory	33,350.10	24,829.10
Inventory Turnover Ratio	5.20	5.51
% Change from previous year	-5.61%	
Reason for change more than 25%: Not applicable		
f) Trade Receivables Turnover Ratio = Revenue from operations (including GST) divided by average trade receivables (including GST)		
Revenue	1,73,499.11	1,36,846.01
Average Trade Receivables	24,170.44	24,829.10
Trade Receivables Turnover Ratio	8.47	-5.51
% Change from previous year	17.02%	
Reason for change more than 25%: Not Applicable		
g) Trade Payables Turnover Ratio = Total Purchases (including GST) divided by average trade payables (including GST)		
Purchases	1,18,384.92	89,360.05
Other expenses*	39,179.60	31,381.99
Contractual Labour#	1,763.48	1,523.78
Total	1,59,327.99	1,22,265.82
Average Trade Payables	16,651.93	13,882.90
Trade Payables Turnover Ratio	11.29	10.39
% Change from previous year	-8.64%	
# Expenses incurred on Contractual Labour included in Employee Benefits Expense (Refer Note 34)		
* Refer Note 37 for Other Expenses, below other expenses have not been considered for above ratio calculation		

NOTES TO THE FINANCIAL STATEMENTS

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

for year ended 31 March 2023

Particulars	31 March 2023	31 March 2022
Corporate Social Responsibility expense	142.45	66.66
Expected credit loss allowances for doubtful trade receivables	18.83	-
Net loss on account of foreign exchange fluctuation	-	100.43
Property, plant and equipment written off	6.19	24.07
Balances written off	3.11	-
Rates and taxes	83.70	97.34
Director sitting fees	23.50	25.80
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		
Revenue	1,73,499.11	1,36,846.01
Working Capital	37,777.16	33,384.68
Net Capital Turnover Ratio	4.59	4.10
% Change from previous year	12.04%	
Reason for change more than 25%: Not Applicable		
i) Net Profit Ratio = Net profit after tax divided by revenue from operations		
Net profit after tax	10,044.78	10,075.04
Revenue	1,73,499.11	1,36,846.01
Net Profit Ratio	5.79%	7.36%
% Change from previous year	-21.36%	
Reason for change more than 25%: Not Applicable		
j) Return on Capital Employed = Earnings before interest and taxes (EBIT) divided by Capital Employed		
Profit before tax (A)	13,430.57	15,833.56
Finance costs (B)	1,765.35	1,727.94
EBIT (C) = (A)+ (B)	15,195.9	17,561.5
Total Assets (D)	1,03,051.88	92,087.78
Total Liabilities (E)	38,830.48	36,591.74
Intangible Assets (F)	4.31	8.47
Tangible Net Worth (G)	64,217.09	55,487.57
Total Debt (H)	14,292.12	16,092.34
Deferred Tax Liability (I)	2,008.66	2,085.32
Capital employed (J) = (G) + (H) + (I)	80,517.87	73,665.23
Return on Capital Employed	18.87%	23.84%
% Change from previous year	-20.83%	

NOTES TO THE FINANCIAL STATEMENTS

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

for year ended 31 March 2023

Particulars	31 March 2023	31 March 2022
Reason for change more than 25%: Not Applicable		
k) Return on Investment Ratio = Income generate from investments/ Total Investments		
Income generate from investments	53.31	251.64
Total Investments	1,005.01	4,082.10
Return on Investment	5.30%	6.16%
% Change from previous year	-13.95%	

Reason for change more than 25%: Not Applicable

50 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.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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
- 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
- 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
- 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.
- None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has complied with the number of layers prescribed under the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2023

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

- (xi) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (xii) 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)

51 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of income tax expense and that of provision for taxation.

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

Gaurav Mahajan
 Partner
 Membership number: 507857

Place: Chandigarh
 Date: 27 April 2023

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

Sachit Jain
 Vice Chairman & Managing Director
 DIN : 00746409

Sanjeev Singla
 Chief Financial Officer

Place: Ludhiana
 Date: 27 April 2023

R. K. Rewari
 Executive Director
 DIN : 00619240

Sonam Taneja
 Company Secretary

NOTICE

NOTICE is hereby given that the **13TH ANNUAL GENERAL MEETING** of Vardhman Special Steels Limited will be held on Wednesday, the 27th day of September, 2023 at 10:30 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – To adopt financial statements:

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2023, together with Report of Board of Directors and Auditors thereon.

Item No. 2 – To declare Dividend:

To declare a dividend of ₹2/- per equity share for the year ended 31st March, 2023.

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

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

Item No. 4 – 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. 5 - To resolve not to fill the vacancy caused due to retirement by rotation of Mr. B.K. Choudhary, Non-Executive Director of the Company:

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

"RESOLVED THAT Mr. B.K. Choudhary (holding DIN 00307110), who was appointed as a Director of the Company liable to retire by rotation, does not seek re-appointment upon expiry of his term at this Annual General Meeting, as such the vacancy, so created on the Board of Directors of the Company, be not filled."

Item No. 6 – To re-appoint M/s BSR & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company:

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

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s BSR & Co. LLP, Chartered Accountants (Registration No. 101248W/ W-100022), be and is hereby re-appointed as the Statutory Auditors of the Company for a second term of five (5) consecutive years starting from the conclusion of 13th Annual General Meeting of the Company, at such remuneration and reimbursement of out-of-pocket expenses and applicable taxes, as may be determined and recommended by the Audit Committee and duly approved by the Board of Directors of the Company."

SPECIAL BUSINESS:

Item No. 7 – To ratify remuneration payable to Cost Auditors for the financial year ending 31st March, 2024:

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, 2024, be paid the remuneration of ₹51,000/- plus out of pocket expenses and applicable taxes.

RESOLVED FURTHER THAT Mr. Sachit Jain, Vice-Chairman & Managing Director and Ms. Sonam Taneja, Company Secretary, be and are hereby severally authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

Item No. 8 – To approve revision in the remuneration of Mr. Rajendar Kumar Rewari, 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 furtherance to the resolution passed by Members in their 12th Annual General Meeting dated 30th September, 2022, in respect of appointment and remuneration payable to Mr. Rajendar Kumar Rewari (DIN: 00619240), Executive Director and pursuant to the provisions of Section 196, 197 & Schedule V of Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, approval of Members be and is hereby accorded to pay the following remuneration to Mr. Rajendar Kumar Rewari w.e.f. 1st August, 2023 to 24th July, 2027:

S. NO.	REMUNERATION	DETAILS
I.	Basic Salary	₹5,25,000/- per month.
II.	Performance Linked Incentive (PLI)	PLI equals to: - 0.50% of the Net Profit of the Company if Return on Capital Employed (RoCE) for that year is more than or equals to 14% but upto 18%. - 0.67% of the Net Profit of the Company if Return on Capital Employed (RoCE) for that year is more than 18%
III	Perquisites	The perquisites shall be allowed in addition to basic salary. However, such perquisites shall be restricted to an amount equal to one year’s salary during each year as per details given below:-
a)	Housing	House Rent Allowance equal to 40% of basic salary.
b)	Other Allowance	₹1,92,200/- per month.
c)	Medical reimbursement*	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to ceiling of one month’s basic salary in a year or five month’s basic salary over a period of five years.
d)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and his family shall be reimbursed by the Company subject to a maximum of ₹1,00,000/- per annum.
e)	Personal Accident Insurance	Premium not to exceed ₹5,000/- per annum.
f)	Provident Fund & other funds	Contribution to provident fund and other funds will be subject to the rules framed by the Company in this respect.
g)	Gratuity	Gratuity payable shall not exceed half a month’s salary for each completed year of service. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
h)	Car and Telephone	Free use of Company’s car for official work as well as for personal purposes along with Driver and telephone at Company’s cost.

* In case of re-appointment, the appointee will be eligible for carry forward of unutilized amount of medical expenses entitlement of the current term to the next term subject to a maximum ceiling of six month’s basic salary.

Explanation: “Family” means the spouse, the dependent children and dependent parents of the appointee.

“ROCE” means Operating Profit before Interest & Tax (PBIT) as a proportion of Total Capital Employed.

RESOLVED FURTHER THAT if in any financial year during the tenure of Mr. Rajendar Kumar Rewari as an Executive Director of the Company, the Company has no profits or its profits are inadequate, then the total remuneration payable to him shall be as per the terms and conditions enumerated above.”

Item No. 9 – To appoint Ms. Soumya Jain as an Executive Director of the Company:

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

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197 & Schedule V of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of Members be and is hereby accorded to appoint Ms. Soumya Jain (DIN: 10254459) as an Executive Director of the Company for a term of five (5) consecutive years starting from 2nd August, 2023 to 1st August, 2028.

RESOLVED FURTHER THAT Ms. Soumya Jain shall be paid remuneration and other perquisites as per terms and conditions detailed below:-

S. NO.	REMUNERATION	DETAILS
I.	Basic Salary	₹2,60,000/- per month.
II.	Performance Linked Incentive (PLI)	PLI equals to: - 0.33% of the Net Profit of the Company if Return on Capital Employed (RoCE) for that year is more than or equals to 14% but upto 18%. - 0.50% of the Net Profit of the Company if Return on Capital Employed (RoCE) for that year is more than 18%.
III	Perquisites	The perquisites shall be allowed in addition to basic salary. However, such perquisites shall be restricted to an amount equal to one year’s salary during each year as per details given below:-
a)	Housing	House Rent Allowance equal to 40% of basic salary.
b)	Other Allowance	₹45,000/- per month.
c)	Medical reimbursement*	Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and her family, subject to ceiling of one month’s basic salary in a year or five month’s basic salary over a period of five years.
d)	Leave Travel Concession	The expenses incurred on leave travel by the appointee on self and her family shall be reimbursed by the Company subject to a maximum of ₹1,00,000/- per annum.
e)	Club Fees, Gas, Electricity, Water and Telephone	Fees of clubs subject to a maximum of two clubs (excluding admission and life membership fee), gas, electricity, water and telephone subject to maximum of ₹20,000/- per month.
f)	Personal Accident Insurance	Premium not to exceed ₹5,000/- per annum.
g)	Provident Fund & other funds	Contribution to provident fund and other funds will be subject to the rules framed by the Company in this respect.
h)	Gratuity	Gratuity payable shall not exceed half a month’s salary for each completed year of service. This will, however, be subject to the ceiling prescribed by the Central Government from time to time.
i)	Car	Free use of Company’s car for official work as well as for personal purposes along with Driver at Company’s cost.

*In case of re-appointment, the appointee will be eligible for carry forward of unutilized amount of medical expenses entitlement of the current term to the next term subject to a maximum ceiling of six month’s basic salary.

Explanation: “Family” means the spouse, the dependent children and dependent parents of the appointee.

“ROCE” means Operating Profit before Interest & Tax (PBIT) as a proportion of Total Capital Employed.

RESOLVED FURTHER THAT if in any financial year during the tenure of Ms. 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.

RESOLVED FURTHER THAT Mr. Rajendar Kumar Rewari, Executive Director, be and is hereby authorized to enter into an agreement with Ms. Soumya Jain in respect of her appointment as an Executive Director of the Company, for and on behalf of the Company. "

Place: Ludhiana
 Dated: 2nd August, 2023

By Order of the Board
(Sonam Taneja)
 Company Secretary

NOTES:

1. Considering the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its circular dated December 28, 2022, read together with circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021 and May 5, 2022 (collectively referred to as "**MCA Circulars**"), permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations (as amended) and MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the agency to provide e- Voting facility.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by

following the procedure mentioned in the Notice (Refer Point 12). The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc.

4. Generally, a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Route Map and Attendance Slip are not annexed hereto.
5. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
6. The information pursuant to Regulation 36 of the SEBI Listing Regulations, regarding the Director retiring by rotation/ seeking appointment or re-appointment in the Annual General Meeting is also being annexed hereto separately and forms part of the Notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.

7. The Register of Members and the Share Transfer Books of the Company shall remain closed from 16th September, 2023 to 27th September, 2023 (both days inclusive).
8. The relevant statutory registers/documents will be available electronically for inspection by the Members during the AGM. Further, the documents referred to in the Notice, if any, will also be available electronically for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email at secretarial.lud@vardhman.com.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. In compliance with the MCA Circulars and SEBI Circular dated January 5, 2023 read with circular dated May 13, 2022, January 15, 2021 and May 12, 2020, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2022-23 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>.
10. For receiving all communications (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode and who have not registered/ updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested

copy of PAN card at secretarial.lud@vardhman.com or to RTA at rta@alankit.com

- b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

11. INSTRUCTIONS FOR REMOTE E-VOTING AND JOINING VIRTUAL MEETING AS UNDER:

- (i) The Remote e-Voting period commences on 24th September, 2023 (9:00 a.m.) and ends on 26th September, 2023 (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 20th September, 2023, may cast their vote electronically. The Remote e-Voting module shall be disabled by CDSL for voting after end of voting period on 26th September, 2023.

Further, the facility for voting through electronic voting system will also be made available at the Meeting and Members attending the Meeting will be able to vote at the Meeting.

- (ii) Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.
- (iii) As per SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, on e-Voting Facility provided by Listed Entities, "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The procedure to login and access remote e-Voting and join virtual meeting, as devised by the Depositories / Depository Participant(s), is given below:

Option 1 – Login through Depositories

NSDL	CDSL
<p>1. Members who have already registered for IDeAS facility to follow below steps:</p> <ul style="list-style-type: none"> (i) Go to URL: https://eservices.nsd.com (ii) Click on the "Beneficial Owner" icon under 'IDeAS' section. (iii) A new page will open. Enter the existing User ID and Password. On successful authentication, click on "Access to e-Voting". (iv) Click on the Company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. 	<p>1. Members who have already registered for Easi / Easiest to follow below steps:</p> <ul style="list-style-type: none"> (i) Go to URL: www.cdslindia.com and then go to Login and select New System Myeasi. (ii) Login with user id and password. (iii) Click on e-Voting. The option will be made available to reach e-Voting page without any further authentication. (iv) Click on the Company name or e-Voting service provider name to cast your vote during the remote e-Voting period.
<p>2. User not registered for IDeAS e-Services:</p> <ul style="list-style-type: none"> (i) To register click on link: https://eservices.nsd.com. Select option "Register Online for IDeAS" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp. (ii) Proceed with completing the required fields. 	<p>2. User not registered for Easi/Easiest:</p> <ul style="list-style-type: none"> (i) Option to register is available at www.cdslindia.com (ii) Click on login & New System Myeasi Tab and then click on registration option.
<p>3. Users can directly access e-Voting module of NSDL and follow the below process:</p> <ul style="list-style-type: none"> (i) Go to URL: https://www.evoting.nsd.com/ (ii) Click on the icon "Login" which is available under 'Shareholder/Member' section. (iii) Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. (iv) On successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. (v) Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period. 	<p>3. Users can directly access e-Voting module of CDSL and follow the below process:</p> <ul style="list-style-type: none"> (i) Go to URL: www.cdslindia.com (ii) Click on the icon "E-Voting" (iii) Provide demat Account Number and PAN No. (iv) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. (v) After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress. (vi) Click on the Company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Option 2 - Login through Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(iv) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders:**

- (i) The Members should log on to the e-Voting website www.evotingindia.com.
- (ii) Click on "Shareholders" module.
- (iii) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-Voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details Or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (ix) For members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- (x) Click on the EVSN: 230901050 for <**Vardhman Special Steels Limited**> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) **Additional facility for Non-Individual Shareholders and Custodians – for Remote e-Voting only**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote.

- The list of accounts linked in the login will be mapped automatically & can be delink 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) 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 22 55 33.

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 22 55 33.

14. M/s. Harsh Goyal & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer shall upon the conclusion of e-Voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
15. The Results of the resolutions passed at the AGM of the Company will be declared within 2 working days of the conclusion of AGM. The results declared along with the Scrutinizer's report shall be simultaneously placed on the Company's website www.vardhman.com / www.vardhmansteel.com and on the website of CDSL and will be communicated to the Stock Exchanges.
16. Dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961. In general, no tax will be deducted on payment of dividend to category of Members who are resident individuals (with valid PAN details updated in their folio/client ID records) and the total dividend amount payable to them does not exceed ₹5,000/-. Members not falling in the said category, can go through the detailed note with regard to applicability of tax rates for various other categories of members and the documents that need to be submitted for nil or lower tax rate, which has been provided on the Company's website at <https://www.vardhman.com/Investors/InvestorHelp>

By Order of the Board

Place: Ludhiana
 Dated: 2nd August, 2023

(Sonam Taneja)
 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 Ordinary Business:

Mr. B.K. Choudhary (DIN: 00307110) has been serving as a Non-Executive (Non-Independent) Director on the Board of your Company since 15th March, 2011. Pursuant of Section 152(6) of the Companies Act, 2013 ("the Act"), Mr. Choudhary is liable to retire by rotation at 13th AGM of the Company. Although being eligible for re-appointment, he has not offered himself for re-appointment at the 13th AGM. Accordingly, Mr. Choudhary would cease to hold office as a Director of the Company at the 13th AGM of the Company. The Board of Directors ("Board") places on record its earnest appreciation to the invaluable contribution extended by Mr. B.K. Choudhary to the Board and the Management of the Company during his association. As the composition of the Board would continue to remain statutorily compliant, the vacancy caused by retirement of Mr. Choudhary will not be filled.

Accordingly, the consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 5 of the notice. The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the Members.

Memorandum of Interest:

Except Mr. B.K. Choudhary, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6 of the Ordinary Business:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and rules thereof, the Board of Directors in its meeting held on 27th April, 2018, had appointed M/s BSR & Co., LLP, Chartered Accountant, as Statutory Auditors of the Company for a term of five (5) years starting from the conclusion of 8th Annual General Meeting till the conclusion of 13th Annual General Meeting of the Company. Their tenure of five years is going to complete at the conclusion of the forthcoming Annual General Meeting.

After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company ("Board"), based on

the recommendation of Audit Committee, in its meeting held on 27th April, 2023 had re-appointed M/s BSR & Co., LLP, Chartered Accountant, as the Statutory Auditors of the Company for a second consecutive term of five (5) years at a proposed remuneration of ₹34 lakhs plus 5% admin fee, reimbursement of out of pocket expenses and applicable taxes. Their remuneration is subject to revision over a period of 5 years and as such can be revised by the Board of Directors of the Company on recommendation of the Audit Committee.

M/s BSR & Co. ('the firm') was constituted on 27th March, 1990 as a partnership firm having firm registration no. as 101248W. It was converted into limited liability partnership i.e. M/s BSR & Co., LLP on 14th October, 2013 thereby having a new firm registration no. 101248W/W-1 00022. The registered office of the firm is at 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai- 400063. M/s BSR & Co., LLP is a member entity of M/s BSR & Affiliates, a network registered with the Institute of Chartered Accountants of India. M/s BSR & Co., LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur, Gandhinagar and Kochi.

M/s BSR & Co., LLP has over 4000 staff, 140+ Partners and audits various companies listed on stock exchanges in India including companies in the Industrial manufacturing sector.

M/s BSR & Co., LLP have consented to their appointment as the Statutory Auditors and have confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as the Statutory Auditors in terms of the provisions of Section 139 and 141 of the Act and the Rules framed thereunder.

The Board of Directors recommends the ordinary resolution as set out at Item No. 6 of the Notice for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Item No. 7 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 27th April, 2023, 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, 2024, at a remuneration of ₹51,000/- 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. 7 of the Notice for ratification of payment of remuneration as stated above to the Cost Auditors for the Financial Year ending 31st March, 2024. The Board recommends the Ordinary Resolution as set out at Item No. 7 of the Notice for approval by the Members.

Memorandum of Interest:

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

Item No. 8 of the Special Business:

The Members of the Company, vide their resolution dated 30th September, 2022 passed in the 12th Annual General Meeting had appointed Mr. Rajendar Kumar Rewari as an Executive Director of the Company and fixed the remuneration payable to him for a period of 5 years starting from 25th July, 2022 to 24th July, 2027.

The Nomination & Remuneration Committee in its meeting held on 27th July, 2023 has revised the criteria for payment of Performance Linked Incentive (PLI) to Mr. Rewari from existing PLI of upto 0.5% of the Net Profit of the Company to the one stated in the resolution given in the Notice. The Committee has also restructured basic salary and other allowances & perquisites payable to him, with overall cost to company (CTC) remaining the same. The same has been approved by the Board of Directors in its meeting held on 2nd August, 2023.

The Board recommends the Special Resolution as set out at Item No. 8 for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Rajendar Kumar Rewari, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Item No. 9 of the Special Business:

Ms. Soumya Jain has graduated in B.Sc. (Economic Hons.) from University of Bristol in the year 2014. After completing her graduation, she worked in Vardhman Textiles Limited (Flagship Company of Vardhman Group) for 5 years and was involved in yarn spinning, woven fabric, processing division and fabric printing, etc. Thereafter, she pursued MBA in family business from Indian School of Business in 2019. In the year 2021, she joined Vardhman Special Steels Limited and since then she is involved in various departments of the Company viz. HR, marketing, strategic alliance, production, raw material, exports, safety, quality, etc.

Considering her performance, skills and qualification, the Board of Directors of your Company, on the basis of the recommendation of the Nomination & Remuneration Committee and pursuant to the provisions of the Companies Act, 2013, in its meeting held on 2nd August, 2023, had appointed Ms. Soumya Jain (DIN: 10254459), as an Executive Director on the Board of the Company for a term of five (5) consecutive years starting from 2nd August, 2023 to 1st August, 2028, on the terms and conditions of the remuneration as detailed in the resolution.

The Company has received requisite notice in writing from a Member proposing the appointment of Ms. Soumya Jain as a candidate for the office of Director of the Company.

The Company has received consent from Ms. Soumya Jain and also a declaration confirming that she is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

A brief profile of Ms. Soumya Jain is provided at the end of this statement.

The Board recommends the Special Resolution as set out at Item No. 9 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Ms. Soumya Jain, being appointee, Mr. Sachit Jain, Mrs. Suchita Jain and Mr. Rajinder Kumar Jain, being appointee's relative, none of the Directors and Key

Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 9.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), regarding the Directors retiring by rotation/ seeking appointment in the Annual General Meeting.

Name of the Director	Mrs. Suchita Jain	Mr. Rajendar Kumar Rewari	Ms. Soumya Jain
Date of Birth	20.03.1968	11.11.1956	07.07.1993
Age	55	66	30
Date of First Appointment	15.03.2011	25.07.2022	02.08.2023
No. of meetings attended during the FY 2022-23	4	4	N.A.
Expertise in specific functional area	Mrs. Suchita Jain has rich experience of more than 30 years in Textiles Industry.	Mr. Rajendar Kumar Rewari has rich experience of more than 40 years in manufacturing sector.	Business Executive having knowledge of HR, marketing and strategic planning.
Qualification	M.Com	B. Sc. from Punjabi University, Patiala and LLB & Post Graduation Diploma from Kurukshetra University	B.Sc. Economic Hons., MBA
Directorships in other Listed Companies as on 31 st March, 2023	1. Vardhman Textiles Limited 2. Vardhman Holdings Limited 3. Vardhman Acrylics Limited	Nil	Nil
Chairperson/Member of Committees of other Listed Companies as on 31 st March, 2023	Stakeholders' Relationship Committee: Vardhman Textiles Limited	Nil	Nil
Listed entity from which the Director resigned in last 3 years	Nil	1. Morarjee Textiles Limited 2. Integra Essentia Limited	Nil
Skills and capabilities required by Independent Directors for the role and manner in which such requirements are met	N.A.	N.A.	N.A.
Shareholding in the Company	90,267	192	5,320
Relationship with other Directors/ KMP	Mr. Sachit Jain is husband, Ms. Soumya Jain is daughter and Mr. Rajinder Kumar Jain is father-in-law of Mrs. Suchita Jain.	Not related to any Directors.	Mr. Sachit Jain is the father, Mrs. Suchita Jain is the mother and Mr. Rajinder Kumar Jain is the grandfather of Ms. Soumya Jain.



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