



Vardhman

Delivering Excellence. Since 1965.

Green Steel | Enduring Partnership



Vardhman Special Steels Limited

■ ANNUAL REPORT 2024-25 ■

Some partnerships
spark progress.
Ours is about building
a greener future.

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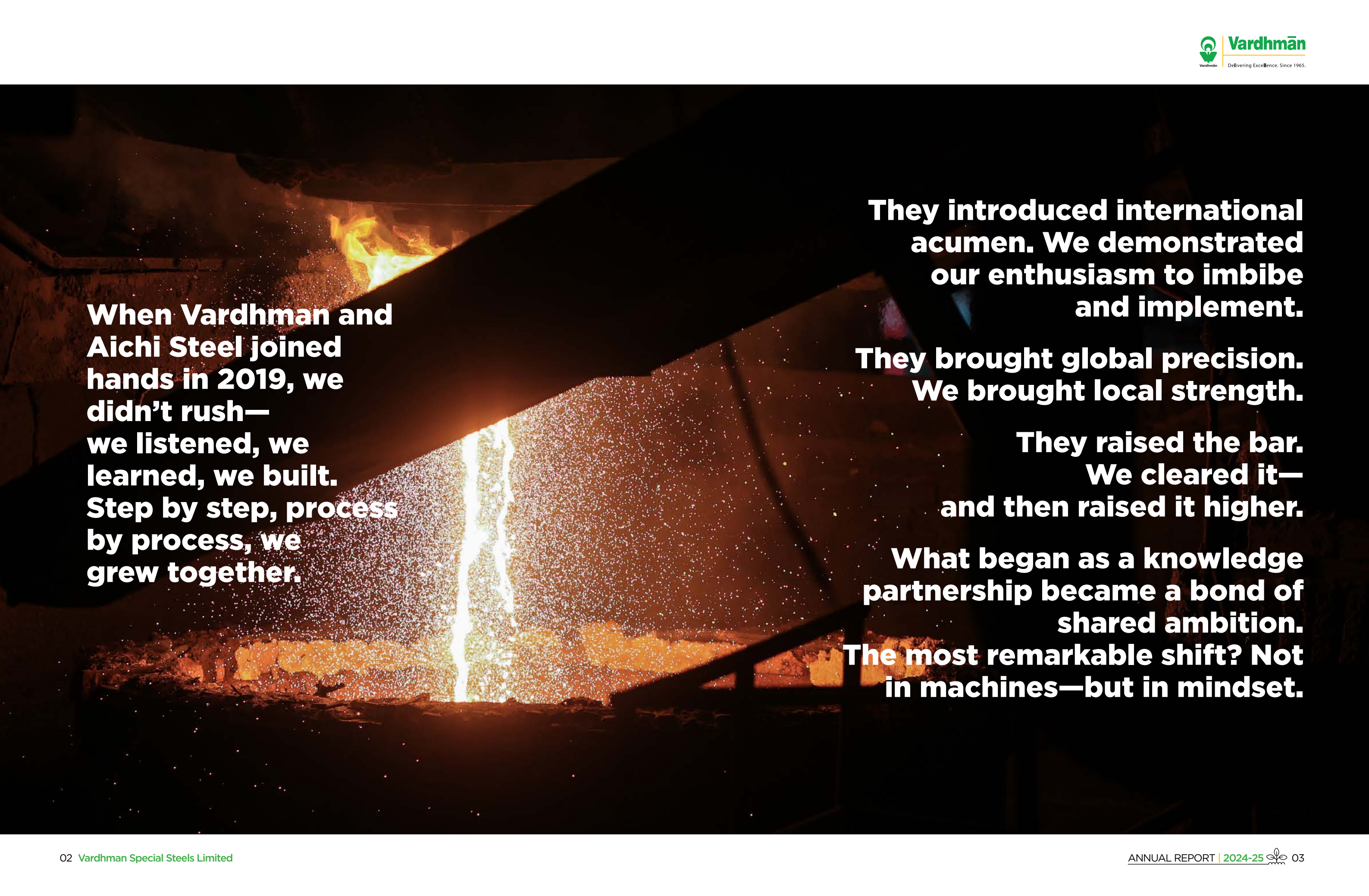
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At Vardhman, our
yesterday
and tomorrow are
A Story of Shared Vision,
Steady Progress and
Global Aspiration.



**When Vardhman and
Aichi Steel joined
hands in 2019, we
didn't rush—
we listened, we
learned, we built.
Step by step, process
by process, we
grew together.**

**They introduced international
acumen. We demonstrated
our enthusiasm to imbibe
and implement.**

**They brought global precision.
We brought local strength.**

**They raised the bar.
We cleared it—
and then raised it higher.**

**What began as a knowledge
partnership became a bond of
shared ambition.
The most remarkable shift? Not
in machines—but in mindset.**



Having completed the first two phases of our journey and tested our preparedness to achieve Phase 3, we have set our sights significantly higher.

Together, we’re laying the foundation for something bold:

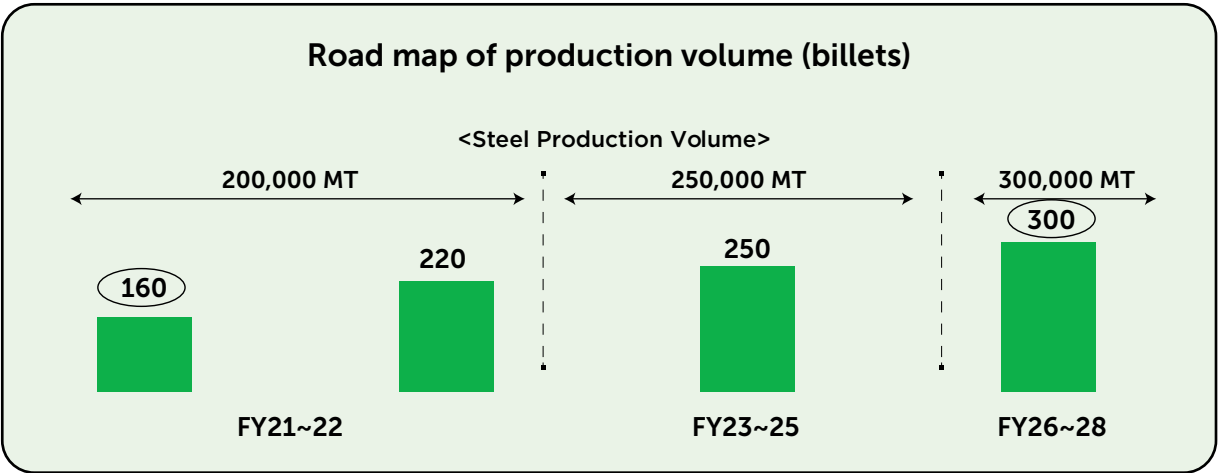
A 1 million-tonne vision.

For we believe the future of steel isn’t forged in isolation.

It’s crafted through an enduring partnership and shaped by a shared vision.

It was a period when they supported us in progressively raising our standards closer to global benchmarks. As that transpired, we developed new products while improving existing ones. We added new customers as we strengthened relations with existing ones. Most importantly, we dismantled the barriers in our minds – our production increased substantially with a marginal investment in capability building.

Phase 1	Phase 2	Phase 3
Continuous improvement in quality and productivity by strengthening existing procedures	Initiate CAPEX to increase production capacity to 250,000 MT in the first phase	Production 300,000 MT / year Export 25,000 MT / year
Focus on improving safety levels	FY23: Year of manufacturing of Trial orders for Aichi	Vardhman and AICHI lay the foundation for progressing VSSL as the #1 Special Steel manufacturer in India.
Start marketing to customers in India, Thailand, Philippines and Indonesia	Anticipate to receive orders from Aichi for Southeast Asia as well as import substitutions	
FY22 – Year of Sampling for Aichi	Joins hands with ASC to start mass production in Mar'23	
	FY24: Start supply of products against firm orders for Aichi	



We deepened our Enduring Partnership...

Aichi Steel has more than doubled its equity stake in VSSL from 11.33% to 24.90%. Going beyond the fund inflow, their investment represents a further deepening of the long-standing relationship between the two companies, underscoring Aichi Steel's growing confidence in our capabilities and the Indian steel market, considering that this is Aichi's only investment in India's steel sector.

The strengthened partnership aligns with the shared vision of both organisations to develop a world-class green steel manufacturing facility in India, aiming to produce high-quality special steels for the global automotive and engineering industries.

These funds will be deployed to scale our capabilities for our growth beyond 2028.



“

Aichi Steel's enhanced investment affirms our shared vision for long-term, sustainable growth. This partnership will establish a global benchmark in green steel production and reinforces our alignment with the Government's 'Make in India' initiative.

Sachit Jain

”

...to Scale Our Green Steel Capabilities.

We are committed to establishing a 0.8-1 million-ton capacity for special steel production, positioning Vardhman Special Steel as India's leading manufacturer in this segment. This shared vision, in collaboration with our esteemed partner Aichi Steel, reflects our strategic growth ambitions.

As part of this endeavour, we are developing a state-of-the-art Greenfield steel facility in Punjab dedicated to the production of special and alloy steels. The plant will have an annual billet production capacity of 500,000 MT, supported by an integrated Rolling Mill and advanced testing infrastructure.

With strong technical backing from Aichi Steel, the upcoming facility will incorporate

sophisticated Japanese technology and manufacturing practices, enhancing our ability to cater to both domestic and ASEAN markets.

The project, estimated to have an investment of ₹2,000 crore, will be financed through a balanced mix of internal accruals, equity infusion, and debt. Both partners are committed to infuse funds to finance this plant.

This initiative is aligned with emerging trends in sustainable manufacturing, including Green Steel and Circular Economy principles. The adoption of Electric Arc Furnace (EAF) technology is expected to drive demand and operational efficiency. The plant is slated for commissioning by FY30 and is

designed to address anticipated capacity constraints post-2028, particularly across our existing product portfolio.

Equipped with advanced machinery and technology, the new facility will broaden our product capabilities and open up new growth avenues, reinforcing our commitment to innovation and excellence.

We are laying the foundation for progressing VSSL as the #1 Special Steel manufacturer in India.





About us

Vardhman Special Steels Limited

A Prominent Name Among the Leading Manufacturers of Special Steel in India.

Vardhman Special Steels Limited, a prominent member of the Vardhman Group, operates from its advanced manufacturing facility in Ludhiana, adjacent to its corporate headquarters. Since its establishment in 2010 as an independent entity, the Company has grown into one of India's leading producers of premium special steels, serving automotive OEMs nationwide.

3 Lac TPA
Billet
Capacity

Its robust reputation is strengthened by a strategic technical alliance with Aichi Steel Corporation—a key member of the Toyota Group—which enables Vardhman to pursue global excellence in specialised steel manufacturing.

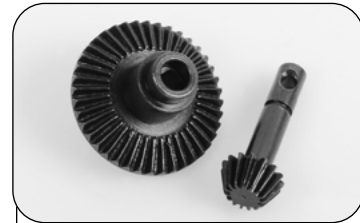
2 Lac TPA
Rolling Mill
Capacity

Under the leadership of Mr. Sachit Jain, the Company's dedicated team champions operational excellence through discipline, innovation, and efficiency. With a strong focus on safety, quality and performance, Vardhman Special Steels continues to expand its market presence and elevate industry standards.

₹ 908 Cr
Capital
Employed in the
Business
(March 31, 2025)

The Company is listed on both BSE Limited and the National Stock Exchange of India Limited (NSE), reinforcing its position as a trusted and transparent player in the Indian steel sector.

Diverse Applications of Our Steel



↳ Axle Gears



↳ Center Velocity Joint



↳ Bearings



↳ Stabiliser Bar



↳ Crankshaft



↳ Companion-flange



↳ Knuckle Spindle



↳ Differential Gears



↳ Axle Shaft



↳ Piston



↳ Transmission Gear



↳ Piston-Pin



↳ Connecting Rod



↳ Drive-Shaft



↳ Steering-Yoke



↳ Camshaft



↳ Tie-Rod



↳ Steering Shaft

Our Quality Certifications



Our Reputed and Long-term Customers

Cars



Two Wheelers



HCL/LCVs



Auto Components



Tractors



Off Highway Vehicles



Our Story So Far

1973-2011

- 1973** – Started as Oswal Steels - 50,000 TPA capacity of special & alloy steels
- 1986** - Acquired Mohta Alloys with a capacity of 1,00,000 TPA
- 1995** – Installed modern Steel Melting Shop with Electromagnetic Stirrer
- 2000** -Commissioned Vacuum Degassing System
- 2001** - Strengthened product portfolio – added Bright Bar Facility
- 2010** - Independent identity under Vardhman Group

2012-2015

- 2012** - Listed on BSE & NSE
- 2013** – Installed a fully automatic rolling mill with capacity of 1,50,000 TPA & Magnaflux leakage testing system (Dr. Foerster Germany), and Ultrasonic Testing from Olympus, Canada
- July 2015** – Installed Fume Extraction system
- Aug 2015** – Increased Bright bars capacity to 36,000 TPA & 1,80,000 TPA for Hot Rolled

2016-2018

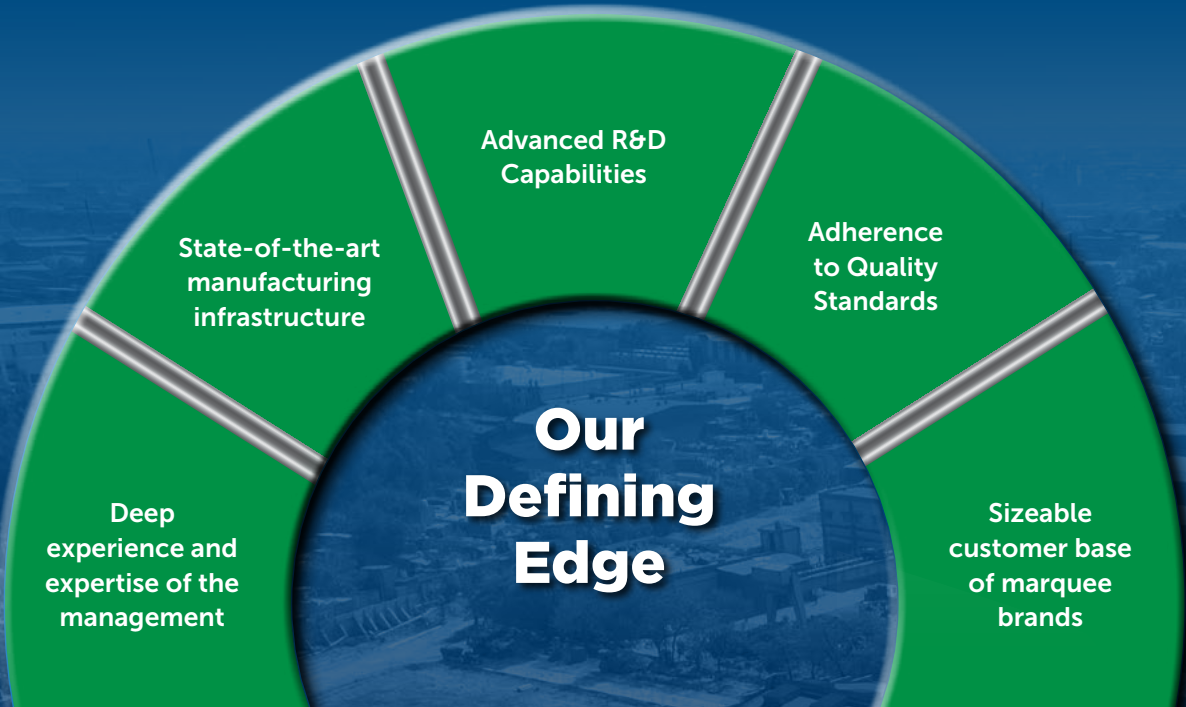
- Dec 2016** – Upgraded transformer & allied equipment to reduce melting time & resulting in increase in SMS capacity to 1,65,000 TPA
- April 2017** – Rights Issue of ₹67.85 Cr.
- Oct 2017** – Purchased 8 acres of adjoining land.
- Feb. 2018** – QIP of ₹50 Cr.
- June 2018** – CRISIL upgraded the credit rating
- Aug 2018** – Change in Statutory Auditors to M/s B S R & Co. LLP

2019-Till Date

- Sept 2019** – Replacement of electric arc furnace and other related activities
- Nov 2019** – Signed Technical Assistance Agreement with Aichi Steel Corporation (ASC) - Issuance of equity shares on a preferential basis worth ₹50 Cr.

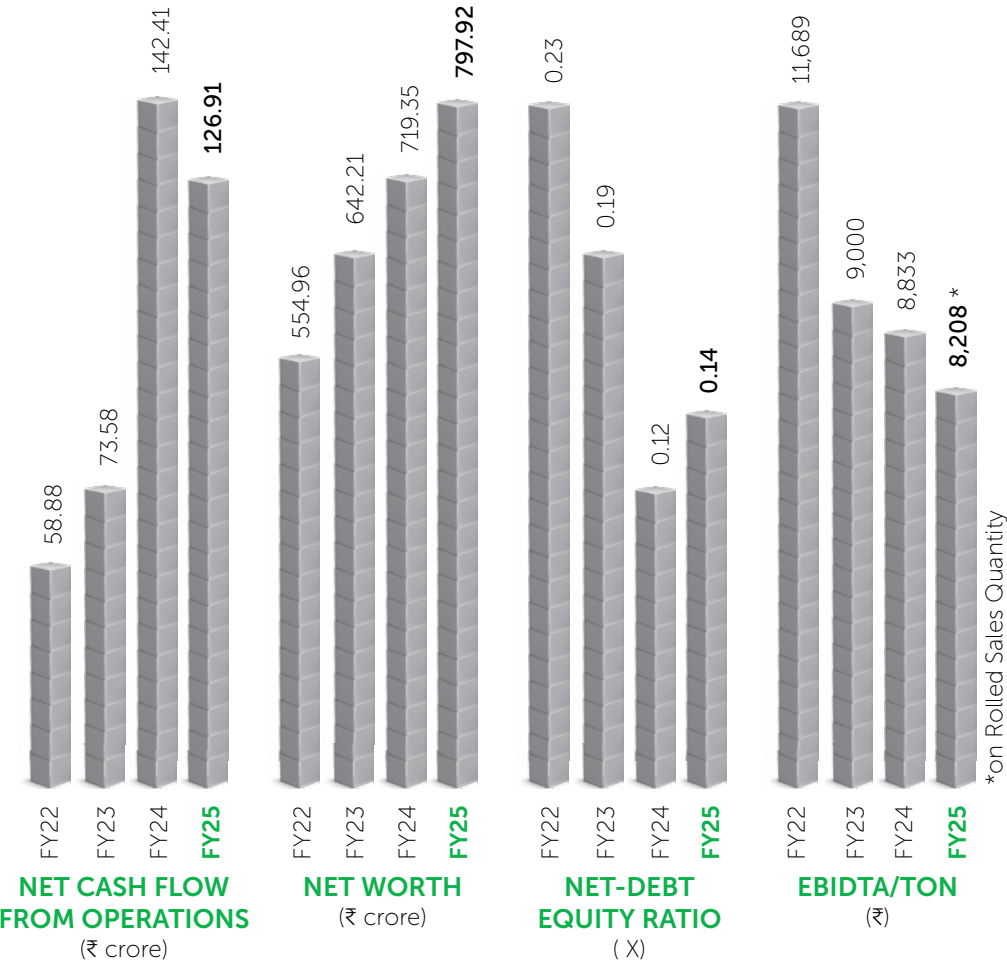
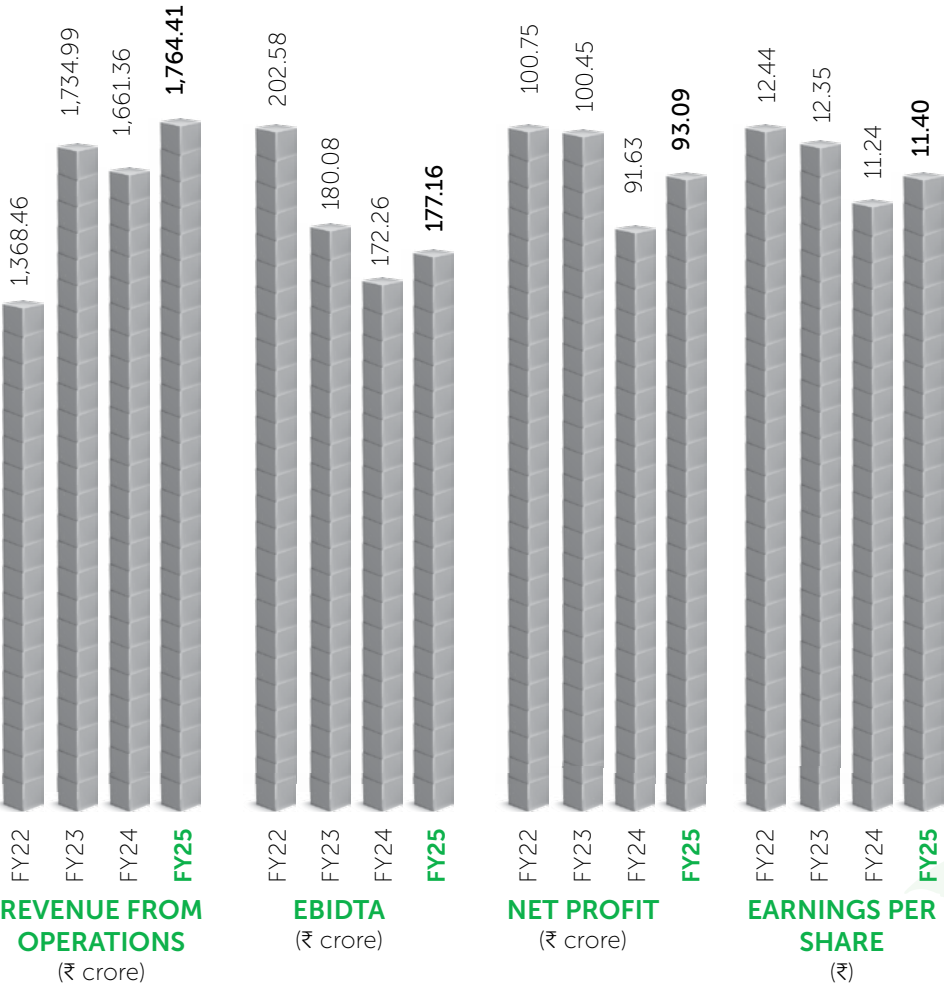
Appointed one Subscriber Director on the Board of the Company as representative of Aichi Steel Corporation
- July 2021** – Received environmental clearance for capacity expansion
- Mar 2023** – Joined hands with ASC to start mass production
- May 2023** – Issued Bonus Share in ratio of 1:1
- Dec 2024** – Tested our billet making capacity by producing 25000 MT in a month, showing our capability to produce 3 lac TPA (after stablisation of processes)
- Jul 2025** – Aichi Steel Corporation raises its equity stake to 24.90%

Appointed one more Subscriber Director on the Board of the Company as representative of Aichi Steel Corporation



Key Performance Indicators

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



FROM THE VICE CHAIRMAN'S DESK

"The key message here is that Aichi has increased its stake in VSSL, which shows their commitment to India and to Vardhman, and this gives us wings to start dreaming again. With the tailwinds of green steel behind us and this stake increase, we are all set for a stronger, enduring partnership."



Dear Shareholders.

Here I am again with pen and paper, writing to you. As I look back on this year of change, achievements and new beginnings, I feel both a sense of satisfaction as well as excitement.

This year too remains a year of huge uncertainty. The old wars, Russia-Ukraine and Israel-Hamas are still continuing. Added to that was Operation Sindoor, India's strong and emphatic response to Pakistan for the terror attack in Pahalgam and then the brief Israel-Iran war, which culminated in the US bombing of Iran and, thankfully, a ceasefire. As if this weren't enough, we are also facing the tariff tantrums by the US, which put all export transactions into jeopardy because exporters don't know what tariffs their goods will be subjected to by the time the goods land in the US. All this uncertainty affects business sentiment and trade flows, leading to caution. However, all this occurred in May and June, and it will impact the performance of the 2025-26.



A GOOD YEAR

Last year was overall a good year, with a record billet production of 2,47,635 MT and a record rolled product sales of 2,15,843 MT. This performance is not showing up in profitability figures as the external environment has not been benign with Chinese dumping and poor export markets for the overall steel business, which led to an overall downward pressure on prices and hence margins.

Then, why do I still call it a good year? It's because of the all-round progress with operational performance being good with higher productivity, highest yields, reduced power on time, lower power consumption and so on. In addition, the long-awaited Kocks block was commissioned in record time and with relatively no flaws. This was endorsed by German engineers, who considered it one of the fastest installations worldwide. A lot of lessons have also been learnt in this process, which the team will utilise in future projects. The initial results are as expected, but the full benefits of the Kocks block will be realised by March 2026, following the commissioning of the reheating furnace in January.

Furthermore, good progress has been made on the solar plant, which is expected to be commissioned in the third quarter. This has been delayed because many new government procedures had to be made, as this was the first such plant in Punjab. On the marketing side, I am happy that we have reached an agreement with another OE on a formula-based pricing. This will protect our raw material spreads for the business done with this auto major. Overall, I would say a good performance in a challenging year.

GREEN AND CIRCULAR ECONOMY

In my last Annual letter, I had mentioned about this big trend. The momentum continues, still mostly in talks, but now we have started seeing some action too. There is likely to be an increase in the share of business from one of the large Auto majors because of a lower carbon footprint. Further, there is this trend of the Circular economy where scrap from the auto major's scrapping plant, as well as scrap generated during the manufacturing process, will come to us and get converted to steel and will go back to vendors of the same OE. This process is underway and will start in the next few months with

one OE. This will ensure a steady growth in business with this OE. With the commissioning of the solar plant in the third quarter of this year, our carbon footprint (Scope 1 & 2) is expected to decrease from 0.73 tons to approximately 0.48 tons. The next steps will be to explore how this can be reduced further without increasing our costs, thereby giving us a competitive edge.

BIG DEVELOPMENTS

Something I have been very hopeful of for a long time is now coming to fruition. Finally, we have announced the new plant of 500,000 tons with a capex of around ₹2,000 Crore in Punjab. The plant will have the latest technologies available and will be significantly superior to the mother plant in terms of better quality and lower costs. Further, we will also be able to expand our product range to bigger dia rolled products of upto 125 mm. For part funding of the project, Aichi has increased their stake in the company to 24.90% by investing ₹385 Crore (approx.) with a commitment to invest more when required. Vardhman Group, too, has indicated that it will support the project by participating in the next stage of the equity raise when funds are required. The targeted commissioning of the project as of now is July 2029; however, a better estimate will be available only after the land purchase is completed.

VISION

We are here planning this second steel plant and this gives me great satisfaction as it was all part of the Vision and plan, I had made in 2010. At that time, the idea of approaching a million tons seemed crazy, as we were producing only 50,000 tons. With this new steel plant, we will reach around 0.8 million tons. The time has come to start thinking of the agenda for

the next 15 years. I think that as we become larger, we need to diversify into further categories of automotive steels, such as wire rods, and also explore diversification into other non-automotive steels, including bearings, tool and die steels, windmill shafts, defence, and possibly aerospace. So, I see us becoming a supermarket of special steels. Additionally, we need to get closer to our automotive customers by entering the forgings market. Our partners Aichi are, anyway, one of the world's leading forging companies, so the knowledge is available in-house. After we reach these capacities, we will have the scale and the profits to move into the next stage, where we start investing heavily in R&D and may set up an R&D center like Aichi has in Japan to develop new materials. Anyway, these are just musings as I sit in my office after my birthday on 8th July, when I turned 59. A more concrete shape will come up in the next couple of years. The key message here is that Aichi's increasing their stake in VSSL is more than about the money, it shows their commitment to India and to Vardhman, and this gives us wings to again start dreaming. With the tailwinds of green steel behind us and this stake increase, we are all set for a stronger enduring partnership.

PERSONAL FRONT

This has been another fabulous year on the personal front. I have been thoroughly enjoying myself with my grandson, Suveer, who has just turned 15 months old. I watched him crawl and then learn to stand up and then walk. He and I have already formed a special bond, which is often found between a grandparent and their grandchild. The other big event in the family has been my younger daughter Sagrika who found her soulmate in a wonderful young



man Aryaman and they got married in February. With both daughters married, Suchita and I have become empty nesters again, though the girls keep visiting regularly as both of them work in the group. My trekking continues, we did a beautiful trek in April end in the Supi valley in Uttarakhand and will probably plan the next one in November, if possible. I am also happy to report that at 59, I am in good health and have kept a strong exercise regimen. The gym weighing machine gives out a body analysis too and reported my metabolic age at 55. My target for my next 60th birthday is to reduce my weight and hence my metabolic age on the same machine to 52. Let's see how things shape up. All in all, I am super excited about both the near and medium-term future, and I am very optimistic about India and our Company's positioning. We look forward to your partnership as we work to bring these dreams to reality.

Cheers
Sachit Jain

Vice Chairman and a Fellow Shareholder



ESG

Our Commitment to Responsible Growth

We believe businesses have a vital role in driving positive societal change, and our well-governed ESG framework reflects our deep commitment to sustainability, environmental responsibility, and community engagement. With sustainability as a core priority, our ESG roadmap aligns with principles of long-term growth by safeguarding stakeholder interests, advancing community initiatives, and minimising environmental impact, anchored by three strategic pillars: Environmental Stewardship, Social Responsibility, and Responsible Governance.



ENVIRONMENT

► Eco-Friendly Steelmaking Process

Our manufacturing process leverages the Electric Arc Furnace (EAF) route, widely regarded as one of the most sustainable methods of steel production. Grounded in the 3R principle—Reduce, Reuse, Recycle—it enables a substantial reduction in carbon emissions. Compared to traditional blast furnace technology, our EAF approach decreases the carbon footprint by over 50% per tonne of steel output, reinforcing our commitment to cleaner, more responsible industrial practices.

► Energy Optimisation

We have systematically reduced energy intensity across operations by implementing targeted process improvements, optimising batch sizes, and investing in advanced equipment. These initiatives have delivered appreciable gains in energy efficiency.

► Renewable Energy Integration

In line with our commitment to adopting clean energy, we have contracted for a 55 MW DC solar power plant. Upon completion, it will supply nearly 40% of our total energy needs, advancing our transition to renewable sources. It is expected to be commissioned in the third quarter of FY 2026.

► Transition to Cleaner Fuels

We have successfully transitioned all steelmaking operations from furnace oil to Piped Natural Gas (PNG), achieving a significant reduction in emissions and mitigating operational risks. This shift underscores our commitment to cleaner energy solutions.

► Water Conservation

We have adopted multiple strategies to optimise water use, including process improvements and the reuse and recycling of processed water. Hence, despite a 30.5% increase in production (FY22-25), we achieved a 20% reduction in water consumption, highlighting the effectiveness of our conservation efforts. Additionally, we continue to recharge the groundwater table through our seven rainwater harvesting pits located on our factory premises.

► Afforestation via the Miyawaki Technique

Over the past two years, we have transformed five acres of land into a dense green cover using the Miyawaki plantation technique. Encouraged by the results, we are expanding this initiative across an additional 15–20 acres at multiple locations.

► Greener Supply Chain

As part of our ongoing efforts to minimise environmental impact, we have partnered with GAIL to commission a dedicated natural gas pipeline to our facility. This infrastructure eliminates reliance on truck-based fuel transportation, resulting in a marked reduction in Scope 3 emissions and advancing a more sustainable and efficient logistics ecosystem.

Sustainability is embedded across every layer of our operations, guiding both decision-making and execution. We aim not only to comply with environmental standards but to exceed them, setting a benchmark for responsible manufacturing and driving leadership in sustainable steel production.

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Vardhman Special Steels aims to reduce its carbon footprint to below 0.5 tons in this financial year, 0.25 by 2030 and to net zero by 2050, well ahead of India’s target of net zero by 2070.

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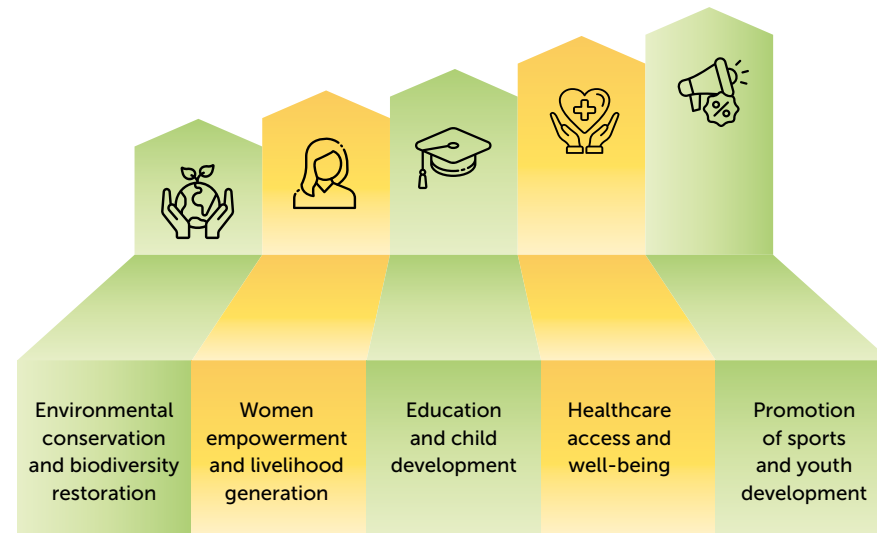
SOCIAL

Committed towards Inclusive Growth

At Vardhman Special Steels Limited (VSSL), we believe that true corporate success is measured not only by financial growth but also by the positive change we create in society. Guided by the principles of sustainability, inclusivity, and ethical responsibility, our CSR initiatives focus on driving long-term, measurable impact in the communities we serve. Our actions are aligned with national development goals and the UN Sustainable Development Goals (SDGs), reinforcing our belief that inclusive growth is the most sustainable path forward.

CSR Objectives

Our CSR strategy is centred on five core pillars:



CSR Focus Areas and Flagship Projects

Project Nari Shakti: Women Empowerment

Recognising the vital role of women in societal progress, Project Nari Shakti focused on equipping women with essential skills and entrepreneurial capabilities. Skill development centres were established in Ludhiana, Kapurthala, and Sangrur, offering vocational training in tailoring, stitching, and craftwork under "Hunar Vikas Kendras." In collaboration with Punjab State Rural Livelihood Mission (PSRLM), we launched digital literacy programmes to empower rural women entrepreneurs. Initiatives to promote girl child education and assist women in establishing micro-enterprises were also actively supported.



Mr. Sachit Jain, VC-MD, along with Mata Harpal Kaur, Mother of CM Punjab, launches Project Digital Literacy for women in Punjab



Vardhman Skill Development Centre opened by VSSL in Kapurthala in Association with District Admn., Kapurthala

Project Disha: Education for All

Under Project Disha, we enabled digital access to quality education by setting up e-classrooms and e-libraries in schools located in Mangat Village, Ludhiana and Satoj Village, Sangrur. We supported the lifelong educational journeys of children from slum areas, ensuring continuity in learning. School kits were distributed to underprivileged students, and infrastructural upgrades were undertaken to strengthen the learning environment in rural government schools.



Ms. Soumya Jain, Executive Director, provided lifelong educational support to needy students



Mr. Sachit Jain, VC-MD, inaugurates 2.5 Acre Miyawaki forest at Amritsar along with Mr. Jasbir Singh Sandhu, MLA Amritsar and Ms. Sakshi Sawhney, DC Amritsar

Project Prakriti: Environmental Sustainability

Through Project Prakriti, VSSL has taken a proactive stance on environmental restoration and green development. We developed dense Miyawaki forests in three major cities across Punjab—Amritsar, Patiala and Ludhiana — leading to the plantation of over 1.15 lakh trees with a target of 35,000 more in the next few months. Complementing this afforestation drive were park restoration efforts and greenbelt development projects that enhanced urban greenery. Furthermore, environmental awareness campaigns and exposure visits were organised to instil ecological responsibility among students and local communities.



VSSL 5 Acre Miyawaki forest with 52300 Plants

Project Swasth Samaj: Healthcare & Hygiene

VSSL's Project Swasth Samaj is a comprehensive initiative aimed at improving health access, promoting hygiene, and supporting community well-being, especially in rural and under-served areas.

During the year, we facilitated the distribution of over 3,500 artificial limbs, enabling differently-abled individuals to regain mobility and independence. The project also supported critical eye care, funding cataract surgeries for those who could not afford them. To ensure continued health awareness and preventive care, we conducted free medical camps and rural health awareness drives. Addressing menstrual hygiene for adolescent girls, sanitary napkin vending machines were installed in multiple schools. In alignment with the Swachh Bharat Mission, VSSL donated e-vehicles specifically designed to assist senior citizen Army veterans in commuting to health centres for regular medical check-ups—a gesture of gratitude and respect towards those who served the nation. Further, our community wellness efforts included regular fogging drives to prevent vector-borne diseases and yoga sessions to promote physical and mental well-being. Through Project Swasth Samaj, VSSL continues to strengthen the health infrastructure at the grassroots level and build healthier, more resilient communities.



Financial support provided for Cataract surgeries in Punjab in association with Punarjot Eye bank



Distributed artificial limbs to differently-abled individuals to regain mobility and independence



Project Khel Protsahan: Sports Promotion

Vardhman Special Steels recognises sports as a vital catalyst for holistic personality development, fostering discipline, teamwork, resilience, and confidence. The company believes that athletic engagement not only builds character but also empowers individuals to thrive in diverse personal and professional settings.

In alignment with this philosophy, Vardhman Special Steels actively supports inclusive and community-driven sports initiatives. It provides financial assistance to promote sports among blind children, as well as children with autism and other disabilities—ensuring that every child has the opportunity to grow through physical activity.

The Company also extends support to Para Olympic Karate Champion Mr. Tarun Sharma, enabling him to

teach karate to girls studying in government schools. This initiative promotes self-defence, confidence, and empowerment among young women.

Furthering its commitment to sports development, Vardhman Special Steels provides financial backing for the promotion of lawn tennis and actively encourages participation in basketball across rural and urban schools. These efforts aim to nurture talent and foster a culture of teamwork and healthy competition.

Through these initiatives, Vardhman Special Steels continues to champion the transformative power of sports in building inclusive, resilient, and vibrant communities.



Mr. Sachit Jain, VC-MD, provided financial support to Blind Football Association, Punjab.



Media Recognition & Community Feedback

Amplified Visibility Through Media

VSSL's CSR interventions have been widely acknowledged in local and regional media, reflecting the scale and sincerity of our community development work. Coverage across print and digital platforms has highlighted our initiatives in education, healthcare, environmental sustainability, women's empowerment, and sports promotion.

From the transformation of school infrastructure and the establishment of digital classrooms to the development of urban green spaces through Miyawaki forests, our projects have found a place in news headlines, feature articles, and community bulletins. This media visibility has not only enhanced awareness but also inspired dialogue and participation among wider audiences.

A Two-Way Trust Loop

The combined impact of public recognition and community feedback has strengthened VSSL's position as a trusted and responsible corporate citizen. It affirms the relevance of our initiatives and helps us continuously align our efforts with on-ground realities.

This cycle of trust—where transparent action is matched by community participation and third-party recognition—forms the cornerstone of our inclusive growth journey.

Impact Highlights (Cumulative)

1.15+ lakh trees planted

1,600 women trained in digital literacy and vocational skills

450 children provided with education support

17,500 individuals provided with artificial limbs

200 individuals benefited with cataract surgery

Multiple schools **empowered with e-learning tools and hygiene resources**

Looking Ahead

VSSL is dedicated to expanding the scope and scale of its CSR initiatives through continuous engagement, needs-based interventions, and strategic alignment with the Sustainable Development Goals. As we move ahead, we reaffirm our commitment to inclusive development and shared prosperity.

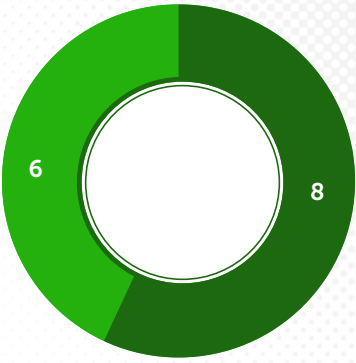
Together, we build stronger communities and a more sustainable future.

GOVERNANCE

Our commitment to the highest standards of corporate governance has been instrumental in driving sustainable value creation. Anchored in the core values of the Vardhman Group, our governance framework is built on the pillars of integrity, transparency, and accountability.

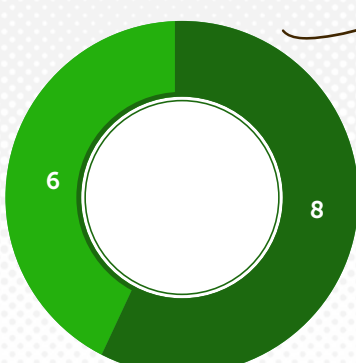
At VSSL, we promote transparency, accountability, safety, and sustainability across all levels of our operations. These principles shape our culture of openness, mutual respect, continuous learning, and ethical conduct.

Our Corporate Governance and Enterprise Risk Management frameworks foster responsible fiscal stewardship and fairness to all stakeholders. Central to this structure is our Board of Directors, comprised of accomplished professionals from diverse domains, whose collective expertise aligns with the Company's long-term strategic vision. Independent-led Board Committees provide oversight on key business functions, ensuring sound governance and reinforcing a resilient leadership model.



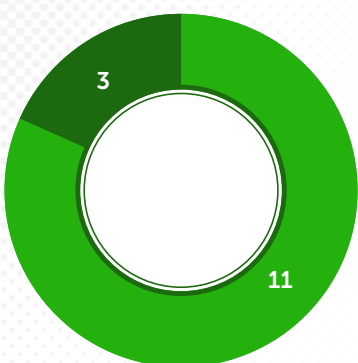
OUR BOARD COMPOSITION

Non-Independent Directors - **8**
Independent Directors - **6**



TENURE ON BOARD

More than 5 years - **6**
Up to 5 years - **8**



GENDER DIVERSITY

Male - **11**
Female - **3**

Board of Directors

MR. RAJEEV GUPTA

Chairman & Non-Executive Non-Independent Director

He is a B.Tech from BHU/ IIT Varanasi and an MBA from IIM Ahmedabad. He brings over 43 years of extensive experience in manufacturing, investment banking and private equity. Over the course of his career, he has established himself as one of the country's leading investment bankers.



MR. SACHIT JAIN

Vice-Chairman & Managing Director

He has done B.Tech in Electrical Engineering from IIT New Delhi, MBA (Gold Medalist) from IIM Ahmedabad, and an Owner/President Management Program from Harvard. With over 35 years of experience in the textile and steel industry, he has held several leadership positions. He is the former Chairman of the CII Northern Region and currently serves as the Chairman of the CII National Committee on Industrial Relations.

MR. RAJENDAR KUMAR REWARI

Executive Director

He has done B.Sc. from Punjabi University, Patiala, along with an LL.B. and a Postgraduate Diploma from Kurukshetra University. With over 42 years of experience in the manufacturing sector, he has held several key positions, including more than a decade as Managing Director of Morarjee Textiles Limited. His career also includes a notable tenure with the Vardhman Group, where he contributed in various leadership roles.

MRS. SOUMYA JAIN

Executive Director

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

MR. RAKESH JAIN

Independent Director

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

MR. SUMAN CHATTERJEE

Independent Director

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

MRS. VIDYA SHAH

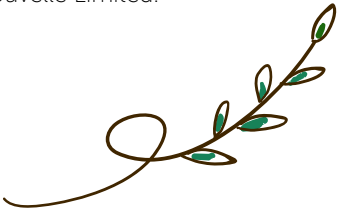
Independent Director

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

MR. HEMANT BHARAT RAM

Independent Director

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



MRS. SUCHITA JAIN

Non-Executive Director

She holds a Master's degree in Commerce from Panjab University, Chandigarh, and brings over 32 years of extensive experience in the textile industry. Throughout her career, she has represented the Vardhman Group, leveraging her deep industry expertise and insights.

MR. RAJINDER KUMAR JAIN

Non-Executive Director

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

MR. TOSHIO ITO

Non-Executive Director

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

MR. SANJOY BHATTACHARYYA

Independent Director

He holds a B.Sc. in Statistics (Honours) and an MBA from IIM Ahmedabad. With extensive experience in equities and investment management, he is widely regarded as one of the leading experts in the stock market domain.

MR. RANDHIR SINGH KALSI

Independent Director

He holds a degree in Mechanical Engineering from the Delhi College of Engineering (now DTU). He is a passionate entrepreneurial innovator with over four decades at the forefront of Indian Automotive Industry. Renowned for his leadership and technical expertise, he has driven transformative initiatives that have shaped Maruti Suzuki India Limited (MSIL) into a market leader. His strategic vision, operational acumen and focus on innovation has positioned him as an

inspirational business leader known for delivering impactful results. He has 40 years' service with MSIL and has also served in various leadership roles in the MSIL across functions till 2024, including Head of Marketing & Sales and Member of the Executive Board. He has spearheaded many pioneering initiatives at MSIL, such as Maruti Insurance, Maruti Finance, Commercial Vehicles, True Value and Maruti Driving Schools. One of his most notable achievements is the establishment of NEXA.

MR. KOICHIRO HAYASHIDA

Additional Director (Non-Executive)

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT





GLOBAL ECONOMY

ECONOMIC STABILITY AMIDST GEOPOLITICAL VOLATILITY

Global growth stabilised in 2024 as inflation returned closer to targets. The resulting monetary easing supported activity in advanced, emerging and developing economies (EMDES).

Major economies adjusted well to changing trade trends and policies, opening doors for sustainable and inclusive growth opportunities. While the recovery path remained dynamic, these transformations paved the way for a more balanced and adaptive global economy.

Financial markets remained dynamic, with the US equities benefiting from business-friendly policies while emerging markets adapted to shifting capital flows. The strengthening of the dollar continued to influence global trade and investment patterns. Although geopolitical and trade shifts present challenges, they also create avenues for innovation and resilience, reinforcing the need for forward-thinking strategies in a rapidly evolving global landscape.

The global economic outlook demonstrates resilience and opportunity. Global output is anticipated to grow steadily by 3.3% in 2025 and 2026, with the US maintaining strong momentum and emerging economies exhibiting significant growth potential. Advanced economies, particularly in Europe, are expected to experience moderate growth.

(Sources: IMF)

INDIAN ECONOMY

SOLID. STABLE. STEADY

The Indian economy made progress despite persistent challenges. India's GDP grew by an estimated 6.5% in FY25 on top of a 9.2% growth in the previous year, which was primarily driven by positive consumption trends and a rebound in rural demand, growth in services, an increasing share of high-value manufacturing in exports, among other factors.

The agricultural sector experienced a 3.8% increase, the industry sector grew by 6.2%, the service sector expanded by 7.2% and the core

sector increased by 4.6% as of January 2025. India's manufacturing sector demonstrated healthy growth, as the Purchasing Managers' Index (PMI) climbed to 58.1 in March 2025, surpassing the flash estimate of 57.6 and representing the highest level since July 2024. Furthermore, new orders and output exhibited their most significant increase in eight months, while purchasing levels attained a seven-month peak.

The Indian economy is expected to demonstrate moderate growth compared to the previous financial

year, with a projected real GDP growth estimated at 6.3-6.8% in FY26, albeit from a high base. With that, India is poised to strengthen its position as one of the fastest-growing major economies, making a significant contribution to global GDP growth.

(Sources: Reuters, The Hindu, The economic times, Times of India, IBEF, Statista, live mint, Fortune India)

GLOBAL STEEL INDUSTRY

ADAPTING TO A DYNAMIC WORLD

The global steel sector navigated a complex landscape of regional disparities, evolving demand and geopolitical uncertainties. While some regions faced headwinds, others witnessed growth, underscoring the industry's resilience and adaptability in a dynamic global environment.

In 2024, global crude steel production declined by 0.9% compared to 2023, with total steel production reaching approximately 1.839 billion tonnes. China maintained its position as the dominant steel producer, with production levels stabilising, supported by government-led measures aimed at boosting infrastructure and manufacturing activity. India emerged as a key player, with rising domestic demand

from construction and infrastructure projects fuelling a steady increase in production.

In contrast, the European Union experienced a slowdown, largely due to reduced demand from key user sectors, resulting in a 2.7% drop in 2024. Meanwhile, the United States prioritised revitalising its steel production capacity through significant investments in modernisation.

While the global steel industry is expected to show signs of recovery in 2025, it continues to face challenges from overcapacity, regional disparities and geopolitical uncertainties. Furthermore, China's surplus steel production is prompting several nations to implement protectionist measures

to counter a potential influx of low-cost imports. Additionally, with escalating trade tensions and the United States imposing tariffs on steel imports, concerns are growing about potential disruptions to the global supply chain. Additionally, the urgent call for the decarbonisation of steel on a global scale is encouraging countries to prioritise environmentally friendly technologies. To navigate this dynamic landscape effectively, the global steel industry will need to reinvent itself to achieve resilience and sustainability.

(Sources: World Steel, Globenewswire, Eurofer)

INDIAN STEEL INDUSTRY

RECALIBRATING TO ALIGN WITH A DYNAMIC ECOSYSTEM

In 2024–25, the Indian steel sector witnessed strong momentum, largely supported by continued investments in infrastructure, rapid urbanisation and expanding industrial activity. Crude steel output saw a 6% rise, reaching 149 million tonnes, due to the rollout of expanded steelmaking facilities.

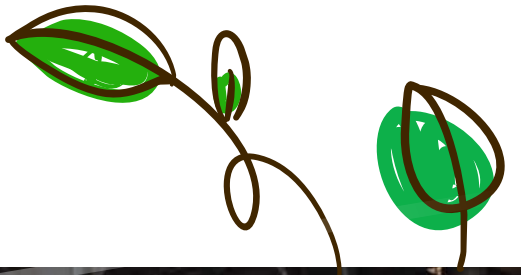
India experienced a significant shift in its steel trade landscape, primarily influenced by increased low-cost steel imports, especially flat products from China, further intensifying market competition.

India's steel sector is poised for continued growth in steel consumption, with an expected rise of 8–9% in 2025, primarily driven by domestic demand and government measures aimed at reducing cheap imports. Despite this positive trajectory, the industry remains cautious due to

evolving global trade conditions.

Moreover, the Indian steel industry is actively focused on reducing carbon emissions and adopting cleaner steelmaking technologies. This shift aligns with global trends toward decarbonisation and environmentally responsible production practices, demonstrating the industry's commitment to long-term viability.

(Source: GMK centre)



SECONDARY STEEL SECTOR

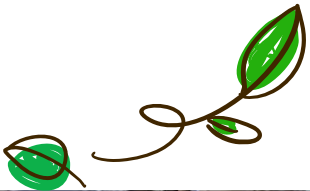
CREATING A REMARKABLE IMPACT ON STEEL CONSUMPTION

The secondary steel sector in India makes a significant contribution to overall steel production, particularly in rural and semi-urban markets. It plays a pivotal role in fulfilling domestic demand in a cost-effective manner.

The secondary steel sector in India is witnessing remarkable growth, propelled by robust domestic demand, government investment in infrastructure and housing and an increasing emphasis on the principles of the circular economy. Secondary steel manufacturers are projected to experience a 7% revenue increase in

the fiscal year 2025. This sector is vital for providing affordable housing, developing infrastructure and fostering a more sustainable steel industry. With this momentum, the secondary steel segment plays a crucial role in addressing the demand gap through environmentally friendly and energy-efficient production methods.

(Source: Steelorbis)



INDIAN AUTOMOTIVE MARKET

GAINING SIGNIFICANT MOMENTUM

India's automotive industry serves as a crucial component of the economy, contributing 7.1% to the national Gross Domestic Product (GDP) and approximately 49% to the manufacturing GDP. The Indian automobile sector experienced a 7.3% increase in domestic sales and witnessed a substantial 19.2% rise in exports. This growth is attributed to strong customer demand, government assistance, infrastructure investments and an increasing emphasis on sustainable mobility. Favourable economic policies and positive market sentiment have also contributed to sustaining this growth. The Indian automotive sector is anticipated to maintain its growth momentum through 2026, supported by ongoing economic expansion, supportive policies and a growing

consumer base with evolving mobility preferences.

4-wheeler segment: Passenger vehicle sales in India reached an all-time high of 4.3 million units in the financial year 2024-25. This marks a 2% increase compared to the previous year. Utility Vehicles (UVs) remained the key growth driver in the passenger vehicle segment. Their share in overall sales rose to 65% in FY 2024-25, up from around 60% in the previous year. The new model launches with modern designs and advanced features, attracting a wider range of buyers. Additionally, attractive discounts and promotional offers helped sustain demand.

(Sources: Economic Times, Hindustan Times, IBEF)

GOVERNMENT INITIATIVES FOR SUPPORTING GROWTH

- PLI for Automobile and Auto Components:** Aims to boost domestic manufacturing, attract investments and promote advanced automotive technologies (EVs, hydrogen fuel, etc.).
- Green Mobility and Sustainability Goals:** Policies aligned with India's COP26 commitments and net-zero targets promote research and development (R&D) in clean mobility solutions, such as hydrogen fuel cells and biofuels.
- Infrastructure Development:** Massive investments in road networks, smart cities and urban mobility have directly supported auto demand, especially in the passenger and commercial vehicle segments.
- FAME India Scheme:** Promotes EV adoption through subsidies for electric 2-wheelers, 3-wheelers, e-buses and charging infrastructure.

(Source: IBEF)





BUSINESS OPERATIONS

WE CONTINUE TO SURPRISE OURSELVES AS WE SCALE NEW PEAKS EVERY YEAR.



FY25 WAS A YEAR OF DECENT PROGRESS

Given the landscape of the steel and automotive sectors, more particularly the passenger vehicle space, we reported a stable performance. Our production volume of billet products stood at 247,635 tonnes, largely driven by operational efficiencies. Our sales volumes have crossed the 215,000 tonne mark, despite the volatility in the global landscape.

OUR OPERATIONS SCALED NEW HEIGHTS

We reported our highest billet production of 25,000 tonnes in December 2024, affirming our capability to produce 3 lac tonnes in a year. This milestone was achieved through enhancements to the number of heats per day.

INCREASING PRODUCTIVITY WAS NOT EASY

Easier said than done. The productivity improvement resulted from several changes that are expected to have a lasting impact on our plant operations.

- We altered our raw material mix to use a higher proportion of stamping scrap from OEMs in our feed to the Furnace. This helped improve the production yield in every heat. We did this to facilitate the concept of a Circular Economy, despite the higher cost, which is mitigated by the increased productivity.
- We extended the usable life of our refractories through targeted measures and a disciplined focus on preventive maintenance, which reduced the frequency of shutdowns and improved equipment availability.

WE WORKED ON INSTALLING ADDITIONAL EQUIPMENT

We installed the Re-Sizing Block from Kocks in April 2025. This unit will enable the production of a wide range of sizes, offering precision in size while increasing our in-house production capacity for rolled products, thereby enhancing product quality and operating margins. Concurrently, we have focused on implementing the Reheating Furnace project, which is currently underway. This unit is projected to be operational in the second half of the current year, further augmenting the capacity of our Rolling Mill. More significantly, it will ensure the alignment of the capacities between the SMS and the Rolling Mill. Additionally, we plan to expand our testing capacity by installing a second Non-Destructive Testing (NDT) line. This project is also expected to be realised by Q1 of FY27.

THERE WERE OTHER INFRASTRUCTURAL IMPROVEMENTS TOO.

We recently installed a new transformer at our SMS unit, which has improved operational efficiency by reducing heat cycle times. This advancement leads to measurable time savings per heat, resulting in a significant increase in overall output.

WE SECURED INTERESTING BUSINESS OPPORTUNITIES

In fiscal year 2025, two notable achievements were recorded. Firstly, in the domestic market, we initiated mass production of gear steel for Maruti Suzuki, a product that was previously imported. This initiative represents our modest contribution to India's Atmanirbharta. Secondly, in the international arena, we obtained product approval from a European auto major, a significant endorsement of our commitment to quality. We anticipate beginning mass production to fulfil their requirements within 18 to 24 months. This approval further reinforces our standing in the global special steel sector. In addition to these, we have received approval from several other global customers. For some of the approvals, we anticipate commencing mass production within the next 12 to 18 months. Setting a firm base to more than double our export volumes over the next 3-4 years.

WE STRENGTHENED OUR R&D CAPABILITIES

This was a good year for the R&D team, as several special steel variants received approvals from domestic and international customers. To strengthen our capabilities, we installed a gas analyser and an eddy current tester, which will enable us to develop special steel that meets

the exacting standards of automotive OEMs in India and worldwide.

WE ARE MAKING THE ORGANISATION MORE DIGITAL

As our operational scale expands and our customer profile becomes increasingly demanding, upgrading our IT systems to align with global standards has become necessary. We are implementing the most contemporary version of an ERP solution, specifically SAP S/4HANA, on 1st July 2025. At the plant operations level, we are upgrading our automation to Level 2 and will go live in a phased manner between 2026 and 2027.

WE HAVE OUR HANDS FULL FOR THE CURRENT YEAR

In FY26, our efforts will be directed towards operationalising and seamlessly integrating our new assets with the existing operations. Furthermore, our new IT solution will have a significant impact on our everyday operations, which will require some time to adapt to. Our team will also focus on increasing production and sales volume to drive business growth.

KEY FINANCIAL RATIOS

	UOM	FY25	FY24	Change (%)
Trade Receivables ratio	(x)	6.74	6.34	6.31
Inventory Turnover ratio	(x)	5.11	4.62	10.61
Interest Coverage ratio	(x)	7.81	7.67	1.83
Current ratio	(x)	2.11	2.38	-11.34
Net Debt-Equity ratio	(x)	0.14	0.12	16.67
Operating margin	(%)	8.39	8.57	-2.10
Net margin	(%)	5.28	5.52	-4.35
Return on Net worth	(%)	12.27	13.46	-8.84

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has regularly reviewed and updated its internal controls by benchmarking against industry standards. Dynamics of changing business requirements, statutory compliances and corporate governance are incorporated into existing systems following a careful review to ensure alignment with compliance requirements and the expectations of key business partners, including customers and institutions. Senior management reviews the recommendations of internal audits to ensure continuous system updates and improvements. The IT system infrastructure is regularly updated to support informed business decision-making and enhanced controls.

FINANCIAL PERFORMANCE

We registered a stable performance in an uncertain external business environment. Our revenue from operations stood at ₹1,764 crore in FY25, up from ₹1,661 crore in the previous year, driven by an increase in sales volume. The EBITDA at ₹177 crore in FY25 was marginally above the previous year’s level. The Net Profit for the year stood at ₹93 crore, compared to ₹92 crore in FY24.

Shareholders’ Fund increased from ₹719 crore as on March 31, 2024, to ₹798 crore as on March 31, 2025, owing to the addition of business surplus. The Cash Flow from operations decreased from ₹142 crore in FY24 to ₹127 crore in FY25, owing to an increase in financial resources for working capital. The total debt (borrowing plus other financial liabilities) also increased from ₹108 crore as of March 31, 2024, to ₹158 crore as of March 31, 2025, due to capital investments made during the year and increased working capital requirements in keeping with the growing scale of business operations. The Net Debt-to-Equity ratio stood at 0.14x against 0.12x in the previous fiscal year.

HUMAN RESOURCE

OUR PEOPLE ARE THE PRIMARY REASON VARDHMAN HAS EARNED GLOBAL RESPECT.

Vardhman understands the power of its people. These individuals have elevated the Company from just another special steel manufacturer into a globally respected player in the special steel industry. Their passion has helped the company obtain approval for some of its steel variants from its global partner. This achievement has further stoked their desire to raise their efficiency and quality a few notches higher.

This urge has been supported by an intensive training calendar that comprises knowledge sharing on technical, operational and behavioural topics. The Company’s Japanese partner focuses their training on safety, operational discipline and timeliness. The combination of the training intensity has only strengthened the team’s professional fabric.

Additionally, the Company fostered team bonding through various on- and off-the-job engagement initiatives. This bonding helped them function better as a cohesive team with a singular objective: improving the company’s performance.

During the year, the Company recruited new staff to train them to manage its growing operations. The HR team also focused on developing the leadership pipeline.

The Company has 1,363 members (permanent) on its rolls as of March 31, 2025.





RISK MANAGEMENT

BUSINESS IS PRIMARILY ABOUT DEFTLY NAVIGATING PAST PROBABLE RISKS. GROWTH IS A NATURAL OUTCOME.

Vardhman prioritises the effective and proactive management of enterprise-wide risks to drive its strategic business objectives forward. The Company has crafted a resilient Enterprise Risk Management (ERM) Framework, drawing on the foundational principles of leading risk management. The risk management framework emphasises the importance of a synchronised and integrated approach to mitigating risks and capitalising on opportunities throughout our organisation, fostering a culture of independent, proactive and systematic risk management.



DEMAND RISK

A decline in the automotive sector's performance could negatively impact the Company's performance.

Mitigation measures

- Increasing per capita income, growing aspiration and better roads continue to drive the demand for passenger vehicles, resulting in higher offtake of special steel.
- Increased part approvals from existing customers, along with the addition of new customers, will drive up demand for the Company's products.



CAPACITY RISK

The capacity shortfall could stunt business growth.

Mitigation measures

- The steel melting capacity is sufficient for the next few years and process improvements have significantly increased steel output.
- The rolling mill capacity is being increased to align with the steel melting capacity, which will also enhance value addition.
- The Board has approved the Greenfield expansion with an installed capacity of 5 lakh TPA for billet making, along with commensurate capacity for the Rolling Mill and testing lines.



QUALITY RISK

Maintaining a consistently high quality could be a challenge.

Mitigation measures

- Collaboration with Aichi has embedded the quality culture in Vardhman's foundation.
- SOPs have been created for every process; teams are trained to follow their SOPs and deviations are thoroughly analysed to ensure errors are not repeated.
- Significant investments have been made in upgrading the quality control labs and testing equipment to ensure quality standards are maintained.
- Approvals from marquee global brands underscore the Company's unwavering commitment to quality.



CUSTOMER ATTRITION RISK

Losing customers could impact the Company's growth ambitions.

Mitigation measures

- Special steel is a complex business where switching

vendors is not frequent, due to the lengthy product development and approval process.

- Collaboration with Aichi Steel and the continuous improvement programme with their guidance has opened doors to large global and Indian automobile OEMs, derisking the business from dependence on a few customers.



PEOPLE RISK

People engagement is critical for sustaining business growth.

Mitigation measures

- Expansion in the authority-responsibility equation of the Leadership team, supported by ESOPs, keeps them motivated to drive business strategies.
- Policies that prioritise the welfare of individuals, coupled with continuous efforts to enhance their knowledge capital and career progress, guarantee that individuals remain committed to the Company's vision and objectives.
- Regular team engagement initiatives ensure team bonding at periodic intervals, which is essential to building a cohesive team.



FINANCE RISK

The ability to secure adequate financial resources will be key to sustaining growth.

Mitigation measures

- Growing business volumes are expected to steadily increase cash flow from operations.
- A strong cash flow from operations of ₹126.91 crore provides resources to partly fund capex programs through internal accruals.
- A significantly deleveraged Balance Sheet, with a debt-equity ratio of 0.14x and a debt-EBITDA ratio of 0.74x (as of March 31, 2025), provides the runway to secure funds.



ENVIRONMENT RISK

A focus on environmental management is critical for business continuity.

Mitigation measures

- Continue monitoring energy and water consumption closely; work with our Japanese partners on strategies and initiatives to optimise their consumption.
- Strictly focus on eliminating wastage from the system.
- Made investments to source 40-45% of our power requirement from renewable sources.

Corporate Information

BOARD OF DIRECTORS

1.

Mr. Rajeev Gupta – Chairman
2.

Mr. Rakesh Jain
3.

Mr. Sanjoy Bhattacharyya
4.

Mr. Suman Chatterjee
5.

Mrs. Vidya Shah
6.

Mr. Hemant Bharat Ram
7.

Mr. Randhir Singh Kalsi
8.

Mr. Toshio Ito
9.

Mr. Koichiro Hayashida
10.

Mr. Rajinder Kumar Jain
11.

Mrs. Suchita Jain
12.

Mr. Rajendar Kumar Rewari – Executive Director
13.

Ms. Soumya Jain – Executive Director
14.

Mr. Sachit Jain – Vice-Chairman & Managing Director

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Singla

COMPANY SECRETARY

Mrs. Sonam Dhingra

STATUTORY AUDITORS

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

WORKS

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

BANKERS

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

REGISTERED & CORPORATE OFFICE

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

REGISTRAR & TRANSFER AGENT

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

BRANCHES & WAREHOUSES

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

Directors’ Report

Dear Members,

The Directors of your Company have pleasure in presenting their 15th Annual Report of the business and operations of the Company along with the Audited Financial Statements for the year ended 31st March, 2025.

1. FINANCIAL RESULTS:

The financial performance of your Company for the year ended 31st March, 2025 is as under:-

(₹ in Lakhs)

PARTICULARS	Standalone		Consolidated	
	2024-25	2023-24	2024-25	2023-24
Revenue from operations (Net)	1,76,440.83	1,66,135.93	1,76,440.83	1,66,135.93
Other Income	2,911.48	2,982.35	2,911.48	2,982.35
Profit before Depreciation, Interest & Tax (PBDIT)	17,715.76	17,226.24	17,715.76	17,226.24
Interest and Financial expenses	1,862.71	1,842.09	1,862.71	1,842.09
Profit before Depreciation and Tax (PBDT)	15,853.05	15,384.15	15,853.05	15,384.15
Depreciation	3,346.99	3,098.37	3,346.99	3,098.37
Profit/(Loss) before Tax (PBT)	12,506.06	12,285.78	12,506.06	12,285.78
Provision for Tax				
- Current Tax (including tax adjustment relating to prior years)	3,332.39	3,153.54	3,332.39	3,153.54
- Deferred Tax	(135.14)	(30.56)	(135.14)	(30.56)
Profit after tax (PAT)	9,308.81	9,162.80	9,308.81	9,162.80
Other Comprehensive Income/(Expense)	(27.79)	17.62	(27.79)	17.62
Total Comprehensive Income	9,281.02	9,180.42	9,281.02	9,180.42
Earnings per share (₹)				
- Basic	11.40	11.24	11.40	11.24
- Diluted	11.37	11.18	11.37	11.18

2. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

PRODUCTION & SALES REVIEW:

During the year under review, the production of Billet increased from 2,26,321 MT to 2,47,635 MT, showing an increase of 9.42% over the previous year. The Rolled production increased from 1,71,042 MT to 1,76,763 MT, showing an increase of 3.34% over the previous year.

Your Company has registered Revenue from Operations of ₹1,76,440.83 lakhs as compared to ₹166,135.93 lakhs in the previous year. The exports

of the Company decreased from ₹ 6,303.01 lakhs to ₹ 5,883.58 showing a decrease of 6.65%.

STANDALONE AND CONSOLIDATED:

PROFITABILITY:

The Company earned profit before depreciation, interest and tax of ₹17,715.76 lakhs as against ₹17,226.24 lakhs in the previous year. After providing for depreciation of ₹3,346.99 lakhs (Previous Year ₹3,098.37 lakhs), interest of ₹1,862.71 lakhs (Previous Year ₹1,842.09 lakhs), provision for current tax including tax adjustment relating to prior years of

₹ 3,332.39 lakhs (Previous Year ₹ 3,153.54 lakhs) and Deferred Tax amounting to ₹ (135.14) lakhs (Previous Year ₹ (30.56) lakhs), the total comprehensive income worked out to ₹ 9,281.02 lakhs as compared to ₹ 9,180.42 lakhs in the previous year.

The balance available for appropriation after adding balance in surplus account is ₹ 48,399.97 lakhs. Out of this, a sum of ₹ 1,629.90 lakhs has been utilised towards dividend and balance of ₹ 46,770.07 lakhs is proposed to be carried as surplus to the Balance sheet.

RESOURCES UTILISATION:

a) Fixed Assets:

The net block as at 31st March, 2025 was ₹ 30,831.42 lakhs as compared to ₹ 32,414.17 lakhs in the previous year.

b) Current Assets:

The current assets as on 31st March, 2025 were ₹ 66,115.20 lakhs as against ₹ 67,428.19 lakhs in the previous year. Inventory level was at ₹ 33,497.38 lakhs as compared to the previous year level of ₹ 35,617.24 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	2024-25	2023-24
Cash and Cash equivalents:		
Beginning of the year	764.03	953.50
End of the year	1,075.68	764.03
Net cash provided (used) by:		
Operating Activities	12,691.13	14,240.61
Investing Activities	(12,682.67)	(5,014.33)
Financing Activities	303.19	(9,415.75)

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 22nd April, 2025 has recommended dividend of ₹ 3/- per share on the fully paid-up Equity Shares of the Company.

5. CONSOLIDATED FINANCIAL STATEMENT:

In accordance with the Companies Act, 2013 & applicable Indian Accounting Standards, the Audited Consolidated Financial Statements are provided in the Annual Report.

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any subsidiary and joint venture. However, during the year, your Company had acquired 26% shares in Sone Solar Private Limited, pursuant to terms and conditions of ‘Share Subscription and Shareholder’s Agreement’ entered into by the Company with ASG HOLDCO BETA PTE. LTD. (Promoter) & Sone Solar Private Limited (“Sone”) (Power Producer) and ‘Power Supply and Offtake Agreement’ entered into by the Company with Sone. According to Ind AS 109 and terms of Agreements, this investment in Sone is required to be classified as investment in an Associate using equity method. As per the terms of the investment, the Company is not entitled to any dividend or profit distribution. The Company holds a put option which is exercisable at the end of 18th year from the date of investment with an Option Price at Fair Market Value at least equal to the original investment amount. Therefore, the Company shall not be recording any downside on account of losses to its associate. As the Option Price will be determined at the end of 18th year, there shall be no recognition of upside also till the date of exercise of the option, since Company’s return on this investment is uncertain until then. Therefore, there is no difference between the consolidation and standalone figures as provided in point no.1 of this Report.

Except as stated above, no company have become or ceased to be subsidiary, joint venture or associate of the Company during the year.

7. DIRECTORS:

Liable to retire by rotation: In accordance with the provisions of the Articles of Association of the Company, Mrs. Soumya Jain and Mrs. Suchita Jain,

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. Rajeev Gupta, 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 Director: During the year under review, Mr. Hemant Bharat Ram and Mr. Randhir Singh Kalsi were appointed as Independent Directors of the Company w.e.f. 25th July, 2024 and 7th November, 2024, respectively. Their appointments were further approved by the Members of the Company in the Annual General Meeting held on 19th September, 2024 and through Postal Ballot dated 13th December, 2024, respectively.

Cessation from Directorship: During the year under review, Mr. Raghav Chandra, Independent Director, ceased to be a Director of the Company w.e.f. 4th May, 2024, on completion of his term of appointment.

Declaration by Independent Directors:

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

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

Familiarization programmes for Board Members:

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 2024-25 was held on 24th March, 2025 to evaluate the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

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

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

8. NOMINATION AND REMUNERATION POLICY:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Policy of the Company has been duly approved and adopted by the Board pursuant to recommendations of the Nomination and Remuneration Committee of the 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 evaluation of 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 the Senior Management.

9. KEY MANAGERIAL PERSONNEL (KMP):

In compliance with the provisions of section 203 of the Companies Act, 2013, following are the KMPs of the Company as on 31st March, 2025:

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

10. NUMBER OF BOARD MEETINGS:

During the year under review, the Board met 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 second consecutive term of 5 years at the 13th Annual General Meeting held on 27th September, 2023.

Further, the Statutory Auditors of the Company have submitted Auditors' Report on the accounts of the Company for the accounting year ended 31st March, 2025.

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 1st May, 2024 for the financial year 2024-25. 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, 2025. This Report is self-explanatory and requires no comments. The Report forms part of this report as **Annexure - I**.

Further, pursuant to the amended provisions of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) ("LODR") Regulations, 2015 and Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company, on the recommendation of the Audit Committee, have approved and recommended the appointment of M/s. Harsh Goyal & Associates, Peer Reviewed Company Secretary in Practice (CP No. 2802) as Secretarial Auditors of the Company for a term of 5 (Five) consecutive years from the FY 2025-26 to 2029-30, for approval of the Members at ensuing AGM of the Company. Brief resume and other details of M/s. Harsh Goyal & Associates, Company Secretaries in Practice, are separately disclosed in the Notice of ensuing AGM.

M/s. Harsh Goyal & Associates have given their consent to act as Secretarial Auditors of the Company and confirmed that their aforesaid appointment (if made) would be within the prescribed limits under the Act & Rules made thereunder and SEBI (LODR) Regulations. They have also confirmed that they are not disqualified to be appointed as Secretarial Auditors in terms of provisions of the Act & Rules made thereunder and SEBI (LODR) Regulations.

Cost Auditor:

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

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

12. AUDIT COMMITTEE & VIGIL MECHANISM:

Composition of Audit Committee:

The Audit Committee comprises of Mrs. Vidya Shah, Mr. Rakesh Jain, Mr. Sanjoy Bhattacharyya and Mr. Suman Chatterjee, Independent Directors and Mr. Rajinder Kumar Jain, Non-Executive Director. Mrs. Vidya Shah is the Chairperson of the Committee and Mrs. Sonam Dhingra is the Secretary of the Committee. All the recommendations made by the Audit Committee were accepted by the Board.

Apart from the Audit Committee, the Company has also constituted other Board level Committees as mandated by applicable laws. Details of the Committees, along with their composition, charters and meetings held during the year, are provided in the 'Corporate Governance Report', which forms a part of this Report. Further, during the FY 2024-25, the Board has accepted all the recommendations of its Committees.

Vigil Mechanism:

Pursuant to the provisions of section 177(9) of the Companies Act, 2013, the Company has established a "Vigil Mechanism" incorporating Whistle Blower Policy in terms of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, for employees and Directors of the Company, for expressing the genuine concerns of unethical behavior, actual or suspected fraud or violation of the code of conduct by way of direct access to the Managing Director/ Chairman of the Audit Committee.

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

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

13. CORPORATE GOVERNANCE:

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

14. CORPORATE SOCIAL RESPONSIBILITY (CSR):

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

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

During the year, the Company has spent ₹263.76 lakhs on CSR activities. Out of this, an amount of ₹230.46 lakhs pertains to FY 2024-25 and ₹33.30 lakhs pertains to FY 2023-24.

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

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

16. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR):

The 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, BRSR is available on the Company's website at the link : https://www.vardhman.com/Document/Report/Compliances/BRR/Vardhman%20Special%20Steels%20Ltd/BRSR_2024-25.pdf

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 on Standalone Financial Statements and Consolidated Financial Statements as **Annexure B**.

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

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

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

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

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

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

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

Energy conservation continues to be an area of major emphasis in our Company. Efforts are made to optimize the energy cost while carrying out the manufacturing operations. Particulars with respect to conservation of energy and other areas as per Section 134(3)(m) of the Companies Act, 2013 read with the

Companies (Accounts) Rules, 2014, are annexed hereto and forms part of this report as **Annexure - III**.

22. ANNUAL RETURN:

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

23. HUMAN RESOURCES /INDUSTRIAL RELATIONS:

Human resource is considered as the most valuable of all resources available to the Company. The Company continues to lay emphasis on building and sustaining an excellent organization culture based on human performance. The Management has been continuously endeavoring to build high performance culture on one hand and amiable work environment on the other hand. As on 31st March, 2025, the Company employed around 1,363 employees on permanent rolls.

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

24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

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

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

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

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

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

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

26. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2025 and of the profit of the Company for the year ended on 31st March, 2025;
- 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
- 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 the Company.
- Transfer of Unclaimed dividend to Investor Education and Protection fund.

- f. No fraud has been reported by the Auditors to the Audit Committee or the Board.
- g. There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- h. There was no instance of one time settlement with any Bank or Financial Institution.

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

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

28. VARDHMAN SPECIAL STEELS LIMITED EMPLOYEE STOCK OPTION PLAN:

The Company had granted Options to its eligible 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.
- 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.

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

Now, during the financial year, 32,000 Options and 2,250 Options were exercised by the eligible employees under 2nd grant and 3rd grant, respectively, of ESOP Plan 2016 and consequently 68,500 shares (including Bonus Shares) were allotted to employees; and 77,250 Options and 25,250 Options were exercised by the eligible employees under 1st grant and 2nd grant, respectively, of ESOP Plan 2020 and consequently 2,05,000 shares (including Bonus Shares) were allotted to employees. Accordingly, the paid-up equity share capital of the Company after this allotment stood increased to ₹ 81,73,33,280.

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

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

The details as required to be disclosed are put on the Company's website and may be accessed at https://www.vardhman.com/Document/Report/Compliances/Miscellaneous/Vardhman%20Special%20Steels%20Ltd/ESOP_DISCLOSURE_-_2024-25.pdf

29. ACKNOWLEDGEMENT:

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

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

FOR AND ON BEHALF OF THE BOARD

Place : Ludhiana
Dated : 22nd April, 2025

(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 2024-25.
II	Annual Report on CSR activities for the Financial Year 2024-25.
III	Conservation of energy, technology absorption, foreign exchange earnings and outgo.
IV	Particulars of employees and related disclosures.

ANNEXURE – I

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025

[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, 2025 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, 2025 according to the provisions of:

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

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

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

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

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

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

We further report that

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

Place: Ludhiana
Date: 22.04.2025

For **Harsh Goyal & Associates**
Company Secretaries
Sd/-
(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802
UDIN: F003314G000169172

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’

ANNEXURE – II

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
UDIN: F003314G000169172

Place: Ludhiana
Date: 22.04.2025

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2024-25

1. **Brief outline on CSR Policy of the Company.**

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

2. **Composition of CSR Committee:**

Composition of the CSR Committee and details of attendance during Financial Year 2024-25 are as under:

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	3	3
2.	Mr. Sachit Jain	Member/ Non-Independent Executive Director	3	3
3.	Mr. Raghav Chandra*	Member/Independent, Non- Executive Director	3	1
4.	Mr. Rakesh Jain#	Member/Independent, Non- Executive Director	3	2

*Mr. Raghav Chandra ceased to be Member of the Committee w.e.f. 01.05.2024.

#Mr. Rakesh Jain was appointed as Member of the Committee w.e.f. 01.05.2024.

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

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

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

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

4. **Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.**

Not Applicable for the financial year.

5. (a) **Average net profit of the Company as per sub-section (5) of Section 135:-** ₹ 1,38,35.62 lakhs
(b) **Two percent of average net profit of the Company as per sub-section (5) of Section 135:** ₹ 276.71 lakhs
(c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil
(d) **Amount required to be set off for the financial year, if any:** Nil
(e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** ₹ 276.71 lakhs
6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 230.46 lakhs
(b) **Amount spent in Administrative Overheads:** NIL
(c) **Amount spent on Impact Assessment, if applicable:** N.A.
(d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 230.46 lakhs
(e) **CSR amount spent or unspent for the financial year:**

ANNEXURE – III

Total Amount Spent for the Financial Year (₹ In lakhs)	Amount Unspent (₹ In lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
2024-25	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
230.46	46.25	18.04.2025	-	-	-

(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	276.71
(ii)	Total amount spent for the financial year	230.46
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(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 Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (₹ In lakhs)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (₹ In lakhs)	Amount Spent in the Financial Year (₹ In lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (₹ In lakhs)	Deficiency, if any
					Amount (In lakhs)	Date of Transfer		
1.	2022-23	19.51	-	-	-	-	-	-
2.	2023-24	70.60	70.60	33.30	-	-	37.30	-

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		
					CSR Registration Number, if applicable	Name	Registered address
N.A.							

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

An amount of ₹ 46.25 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 2027-28.

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

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

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

CONSERVATION OF ENERGY:

STEPS TAKEN FOR CONSERVATION OF ENERGY:

The Company has taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimize the operation of various equipment which also lead to energy conservation.

Conservation measures taken, proposed measures being implemented for reduction of consumption of energy and consequent impact thereof on the cost of production of goods in the Company for the year 2024-25 are as mentioned below:

Sr. No.	Energy Conservation	Approx. cost Savings Per Annum (₹ in lakhs)
1	Power consumption of EAF is reduced by process optimization and uses of good quality scrap. Power reduced at EAF by 25 kWH/MT from previous year.	425
2	Power saving of 6.41 lacs kWH by modification in O2 plant no. 1	43.5

STEPS TAKEN FOR UTILISING ALTERNATE SOURCES OF ENERGY

- Entered into an agreement for setting up of 55 MW DC Solar Power Plant. It will replace about 40% of our total power consumption. It is expected to be commissioned by Q3 of FY26.

CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS – ₹39.37 lakhs

TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished as under:

A) RESEARCH AND DEVELOPMENT (R&D):

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

- Developed steel for transmission applications like gear shaft for High-end EV (Gen5 & Gen6) for a European OE.
- Developed steel for transmission applications like gears, connecting rod, crankshaft for Toyota application.
- Developed and approved steel for transmission from Suzuki, Japan.
- Utilization of Scanning Electron Microscope with Energy Dispersive X-Ray Spectroscopy (SEM-EDS) for enabling defect characterization and failure analysis.

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

- Developed NDT capability to meet future Electric Vehicles steel requirement.
- Developed NDT capability of 0.15 mm Flaw detection.
- Inspection process optimized based on the customer application.
- Surface quality improvement initiated to reduce the internal rejection.

3. **Future Course of action:**

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

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

(₹ in lakhs)

Particulars	2024-25	2023-24
Capital	61.64	381.40
Recurring	1,405.51	1,220.01
Total	1,467.15	1,601.41
Total R & D expenditure as a Percentage of Turnover	0.83%	0.96%

B) **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

1. **Efforts made:**

Planning to install new technologies namely-

- Precision cutter for cutting of metallurgical samples.
- Automatic Mounting Machine for preparation of metallurgical samples.
- Automatic Metallurgical Sample Polisher required for preparation of inspection surfaces for various metallurgical tests.
- O2, N2, H2 Gas Analyzer for testing residual gases in steel.
- Optical Emission Spectrometer for testing of steel chemistry.
- Specially designed furnace for heating of Jominy test samples.
- Specially designed quenching apparatus for Jominy test samples.
- Impact tester with temperature controller.
- Digital Universal Testing Machine of 100 MT capacity to check mechanical properties of steel.

2. **Particulars of technology imported in last three years:**

Details of Technology imported	Year of Import	Whether the technology been fully absorbed
Digital Microscope with elemental Analyzer	2022-23	Yes
Scanning Electron Microscope with Energy Dispersive X-Ray Spectroscopy (SEM - EDS)	2023-24	Yes

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the financial year 2024-25, the Company exported 6,692 MT of rolled products having FOB value of ₹ 5,795.46 lakhs.

Total Foreign Exchange earned and used:

(₹ In lakhs)

Particulars	2024-25	2023-24
a) Earnings (FOB value of Exports)	5,795.46	6,230.00
b) Outgo (CIF value of Imports and Expenditure in Foreign Currency)	9,993.17	9,587.68

ANNEXURE – IV

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

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

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2024-25 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2024-25 are as under:

S. No.	Name of Director/ KMP and Designation	Remuneration for Directors/ KMP for Financial Year 2024-25 (Amount In ₹)	% Increase in Remuneration in the Financial Year 2024-25	Ratio of Remuneration of each Director/ KMP to Median Remuneration of Employees
1.	Sachit Jain Vice-Chairman & Managing Director	8,16,07,083	-6.25	177.40
2.	Rajendar Kumar Rewari [@] Executive Director	2,52,15,684	29.41	54.82
3.	Soumya Jain* Executive Director	1,16,85,729	59.43	25.40
4.	Suchita Jain Non-Executive Director	-	-	-
5.	Toshio Ito Non-Executive Director	-	-	-
6.	Rajinder Kumar Jain Non-Executive Director	2,80,000	-12.5	0.61
7.	Rajeev Gupta Non-Executive Non-Independent Director	2,20,000	-8.33	0.48
8.	Hemant Bharat Ram^ Independent Director	1,70,000	N.A.	0.37
9.	Rakesh Jain Independent Director	5,50,000	34.15	1.20
10.	Raghav Chandra# Independent Director	85,000	N.A.	0.18
11.	Randhir Singh Kalsi [@] Independent Director	1,45,000	N.A.	0.32
12.	Sanjoy Bhattacharyya Independent Director	4,60,000	-14.02	1.00
13.	Suman Chatterjee Independent Director	4,60,000	37.31	1.00
14.	Vidya Shah Independent Director	4,75,000	72.73	1.03
15.	Sanjeev Singla [@] Chief Financial Officer	79,19,186	-1.72	17.22
16.	Sonam Dhingra [@] Company Secretary	21,83,043	45.03	4.75

*Ms. Soumya Jain was appointed as an Executive Director of the Company w.e.f. 02.08.2023.

^Mr. Hemant Bharat Ram was appointed as an Independent Director of the Company w.e.f. 25.07.2024.

#Mr. Raghav Chandra ceased to be a Director of the Company w.e.f. 04.05.2024.

& Mr. Randhir Singh Kalsi was appointed as an Independent Director of the Company w.e.f. 07.11.2024.

@ Remuneration is inclusive of perquisite value of shares allotted under ESOP Scheme.

2. The median remuneration of employees of the Company during the financial year was ₹ 4,60,007.
3. In the financial year, there was an increase of 9.72% in the median remuneration of employees.
4. There were 1,363 permanent employees on the rolls of Company as on March 31, 2025.
5. Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year 2024-25 was 8.27% whereas the increase in the managerial remuneration for the same financial year was 4.20%.
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

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

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

Sr. No.	Name of employee	Designation/ Nature of duties	Remuneration (₹ in lakhs)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last employment
1.	Mr. Sachit Jain	Vice-Chairman & Managing Director	816.07	B.Tech & MBA	59	35	14.05.2010	Joint Managing Director (Vardhman Textiles Limited)
2.	Mr. Rajendar Kumar Rewari	Executive Director	252.16	B.Sc. & LLB	68	43	25.07.2022	Director, MP Location, Vardhman Textiles Limited
3.	Ms. Soumya Jain	Executive Director	116.86	B.Sc. (Eco. Hons.) & MBA	32	8	02.08.2023	Assistant Manager, Vardhman Textiles Limited

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

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

S.No., Name, Age, Designation, Gross Remuneration (in ₹ lakhs per annum), Nature of Employment, Qualifications, Experience (in years), Date of Joining, Previous Employment and No. of Equity Shares held by the employee as on 31.03.2025

1, Sachit Jain, 59, Vice-Chairman & Managing Director, 816.07, Regular, B.Tech & MBA, 35, 14.05.2010, Vardhman Textiles Limited, 1,12,38,492. 2, Rajendar Kumar Rewari, 68, Executive Director, 252.16, Regular, B.Sc. & LLB, 43, 25.07.2022, Vardhman Textiles Limited, 15,384. 3, Soumya Jain, 32, Executive Director, 116.86, Regular, B.Sc. (Eco. Hons.) & MBA, 8, 02.08.2023, Vardhman Textiles Limited, 5,320. 4, Amit Chopra, 50, Vice-President (Head - New Project Planning & PPC), 101.31, Regular, MBA & BE, 26.11, 15.05.2009, Jindal Stainless Limited, 4,346. 5, Mukesh Gupta, 50, Sr. Vice- President (Head – Process Control), 95.17, Regular, BE (MET), 24.08, 12.08.2016, Mahindra Sanyo Special Steels Private Limited, 95,740. 6, Jagdish Chand Sharma, 55, General Manager (Works), 94.89, Regular, Diploma in Electrical Engineering, 35.5, 10.03.1992, Shreyans Industries Limited, 48,200. 7, Manuj Mehta, 56, Senior Vice-President (Head – Human Resource), 86.19, Regular, MBA, 34, 25.05.2022, SEL Manufacturing Company Limited, 7,500. 8, Davinder Singh, 51, Vice-President (Head - Domestic Marketing), 84.48, Regular, M.Sc. & MDBA, 29.11, 04.05.2015, Modern Steels Limited, 59,073. 9, Sanjeev Singla, 49, Chief Financial Officer, 79.19, Regular, B.Com & CS (Inter), 30, 25.03.2014, Vardhman Polytex Limited, 78,386. 10, Dinesh Singh, 44, Vice-President (Head - Research & Development), 77.49, Regular, B.Tech, 21, 22.03.2010, SPS Steel & Power Limited, 30,000.

Notes:

- Except Mr. Sachit Jain and Ms. Soumya Jain, none of the above employee is related to any Director of the Company.
- Remuneration is inclusive of perquisite value of shares allotted under ESOP Scheme, except in case of Mr. Sachit Jain and Ms. Soumya Jain.

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, 2025:

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 # Soumya Jain – Executive Director
Executive Director	Rajendar Kumar Rewari
Independent Director	Rakesh Jain Sanjoy Bhattacharyya Suman Chatterjee Vidya Shah Hemant Bharat Ram Randhir Singh Kalsi
Non- Executive Non- Independent Director	Rajeev Gupta #Rajinder Kumar Jain Toshio Ito

Relationship Inter-se:

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

ii. Board Meetings:

During the financial year 2024-25, the Board met 4 times on the following dates:

- 1st May, 2024
- 25th July, 2024
- 7th November, 2024
- 29th January, 2025

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 Chair-manship in oth-er Companies	Total No. of Committee Chairmanships in other companies
Rajeev Gupta	4	No	5	Pililite Industries Limited Rane Holdings Limited Indian Energy Exchange Limited T.V. Today Network Limited	Non- Executive Director Non- Executive Director Non- Executive Director Non- Executive Director	3	-	1
Sachit Jain	4	Yes	8	Vardhman Holdings Limited Vardhman Textiles Limited Vardhman Acrylics Limited	Non- Executive Director Non- Executive Director Non- Executive Director	2	-	-
Rajendar Kumar Rewari	4	Yes	-	-	-	-	-	-
Soumya Jain	3	No	-	-	-	-	-	-
Suchita Jain	2	No	7	Vardhman Textiles Limited Vardhman Holdings Limited Vardhman Acrylics Limited	Executive Director Non- Executive Director Non- Executive Director	5	-	1
Rajinder Kumar Jain	4	Yes	-	-	-	-	-	-
Toshio Ito	3	Yes	-	-	-	-	-	-
Sanjoy Bhattacharyya	4	No	-	-	-	-	-	-
Rakesh Jain	4	No	-	-	-	-	-	-
Raghav Chandra*	1	-	-	-	-	-	-	-
Suman Chatterjee	4	No	-	-	-	-	-	-
Vidya Shah	4	No	3	Edelweiss Financial Services Limited	Non- Executive Director	1	-	-
Mr. Hemant Bharat Ram#	2	No	3	DCM Nouvelle Limited	Executive Director	1	-	-
Mr. Randhir Singh Kalsi:#	2	-	-	-	-	-	-	-

*Mr. Raghav Chandra ceased to be a Director of the Company w.e.f. 04.05.2024.

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

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	Vidya Shah (Chairperson) Rakesh Jain Sanjoy Bhattacharyya Suman Chatterjee Rajinder Kumar Jain	The role of the Audit Committee is as per Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Nomination and Remuneration Committee	Sanjoy Bhattacharyya (Chairman) Rajeev Gupta Rakesh Jain	- The role of the Nomination and Remuneration Committee is as per Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Formulated and recommended Nomination and Remuneration Policy. - The Nomination & Remuneration Policy includes policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a Director and other matters as provided under Section 178(3) of the Companies Act, 2013.
Corporate Social Responsibility Committee	Vidya Shah (Chairperson) Sachit Jain Rakesh Jain	- Formulated and recommended CSR Policy of the Company indicating CSR activities proposed to be undertaken by the Company pursuant to the provisions of Schedule VII of the Companies Act, 2013 read with CSR Rules, 2014. The CSR Policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Corporate_Social_Responsibility_Policy.pdf - Recommends expenditure to be incurred for CSR activities/ 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	Suman Chatterjee (Chairman) Rajendar Kumar Rewari Soumya Jain	- The Committee reviews and ensures redressal of investor grievances. - The Committee noted that during the year the Company received 1 complaint from the investor and the same has been duly resolved by the Company.
Risk Management Committee	Suman Chatterjee (Chairman) Hemant Bharat Ram Rajendar Kumar Rewari Sanjeev Singla Davinder Singh	- The Risk Management Policy of the Company aims to maximize opportunities in all activities and to minimize adversity. - The Risk Management framework includes identifying types of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. - The Risk Management Policy may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Risk_Management_Policy.pdf

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

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

Board Committees	Audit	CSR	Nomination & Remuneration	Stakeholders' Relationship	Risk Management Committee
Meetings held	4	3	3	1	2
Rajeev Gupta	N.A.	N.A.	3	N.A.	N.A.
Sachit Jain	N.A.	3	N.A	N.A.	N.A.
Rajendar Kumar Rewari	N.A.	N.A.	N.A.	1	2
Soumya Jain	N.A.	N.A.	N.A.	1	N.A.
Suchita Jain	N.A.	N.A.	N.A.	N.A.	N.A.
Rajinder Kumar Jain	4	N.A.	N.A.	N.A.	N.A.
Toshio Ito	N.A.	N.A.	N.A.	N.A.	N.A.
Sanjoy Bhattacharyya	3	N.A.	3	N.A.	N.A.
Rakesh Jain	4	2#	3	N.A.	N.A.
Raghav Chandra*	N.A.	1	N.A.	N.A.	N.A.
Suman Chatterjee	3	N.A.	N.A.	1	2
Vidya Shah	4	3	N.A.	N.A.	N.A.
Hemant Bharat Ram	N.A.	N.A.	N.A.	N.A.	1^
Randhir Singh Kalsi	N.A.	N.A.	N.A.	N.A.	N.A.

*Mr. Raghav Chandra ceased to be the Chairman & Member of the Stakeholders’ Relationship Committee and the Member of the Corporate Social Responsibility Committee & the Risk Management Committee w.e.f. 01.05.2024.

#Mr. Rakesh Jain was appointed as the Member of the Corporate Social Responsibility Committee w.e.f. 01.05.2024.

^Mr. Hemant Bharat Ram was appointed as the Member of the Risk Management Committee w.e.f. 07.11.2024.

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 2024-25 was held on 24th March, 2025, to evaluate the performance of Non-Independent Directors of the Company, Chairman of the Company and the Board as a whole.

Performance Evaluation

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

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

Pursuant to the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the Nomination and Remuneration Policy, the Board of Directors/ Independent Directors/ Nomination & Remuneration Committee (“NRC”) (as applicable)

had undertaken an evaluation of the Board’s own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees.

Familiarisation Programme for Independent Directors

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

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

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

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

Name of Director	Area of Expertise	Name of Director	Area of Expertise
Rajeev Gupta	Strategic Planning Financial Expertise	Toshio Ito	Strategic Planning Leadership Operational Experience Industry Experience
Sachit Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience	Sanjoy Bhattacharyya	Strategic Planning Financial Expertise
Rajendar Kumar Rewari	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience	Rakesh Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience
Soumya Jain	Strategic Planning Leadership Industry Experience Administrative Experience	Suman Chatterjee	Strategic Planning Leadership Operational Experience Administrative Experience
Suchita Jain	Strategic Planning Leadership Operational Experience Industry Experience Financial Expertise Administrative Experience	Vidya Shah	Strategic Planning Leadership Financial Expertise
Rajinder Kumar Jain	Leadership Operational Experience Industry Experience Financial Expertise	Hemant Bharat Ram	Strategic Planning Leadership Financial Expertise Administrative Experience
		Randhir Singh Kalsi	Strategic Planning Leadership Operational Experience Industry Experience

4. DIRECTORS’ REMUNERATION:

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

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

A detail of remuneration paid to these Directors, during the year 2024-25, is as given below:

	(₹ in lakhs)		
Name	Sachit Jain	Rajendar Kumar Rewari	Soumya Jain
Designation	Vice- Chairman & Managing Director	Executive Director	Executive Director
Salary	138.00	63.00	31.20
Perquisites & Allowances	128.75	69.44	25.84
Retirement Benefit	16.56	7.56	3.74
Commission	532.76	112.16	56.08
Performance Linked Incentive and criteria thereof	-	-	-

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

None of the abovementioned Directors has been granted any stock options except Mr. Rajendar Kumar Rewari, who has been granted 30,000 Options under Vardhman Special Steels Limited Employee Stock Options Plan, 2020 (ESOP Plan 2020). Further, pursuant to Bonus Issue in May 2023, he is also entitled to 30,000 bonus shares in the ratio of 1:1, upon exercise of Options. During the year, he has been allotted 15,000 shares (including 7,500 bonus shares) under ESOP Plan 2020.

ii) Non-Executive Directors:

Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board and Committee Meetings.

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

The detail of sitting fees paid to the Directors during the Financial Year 2024-25 is given hereunder: -

S. No.	Name of Director	Sitting Fee (₹)
1.	Rajeev Gupta	2,20,000
2.	Rajinder Kumar Jain	2,80,000
3.	Sanjoy Bhattacharyya	4,60,000
4.	Rakesh Jain	5,50,000
5.	Suman Chatterjee	4,60,000
6.	Vidya Shah	4,75,000
7.	Hemant Bharat Ram [#]	1,70,000
8.	Randhir Singh Kalsi [#]	1,45,000
9.	Raghav Chandra [*]	85,000

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

^{*}Mr. Raghav Chandra ceased to be Director of the Company w.e.f. 04.05.2024.

5. PARTICULARS OF SENIOR MANAGEMENT OF THE COMPANY AS ON 31ST MARCH, 2025:

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

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

During the year, Mr. Arghya Ghoshal has been appointed as Senior Management Personnel, designated as Head of Production Department of the Unit of the Company w.e.f 29.01.2025.

6. SHAREHOLDING DETAIL OF DIRECTORS AS ON 31ST MARCH, 2025:

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

S. no.	Name of Director	Number of Shares Held
1.	Sachit Jain	1,12,38,492
2.	Suchita Jain	1,80,534
3.	Soumya Jain	5,320
4.	Rajinder Kumar Jain	36,340
5.	Rajendar Kumar Rewari	15,384

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

7. GENERAL BODY MEETINGS:

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

Meeting	Day, Date and Time of the Meeting	Venue	No. of Special Resolutions
14 th Annual General Meeting for the Financial Year ended 31 st March, 2024.	Thursday, 19 th September, 2024 at 10:00 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	6
13 th Annual General Meeting for the Financial Year ended 31 st March, 2023.	Wednesday, 27 th September, 2023 at 10:30 a.m.	Through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	2
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

ii. Postal Ballot

During the year, the members approved the matter relating to appointment of Mr. Randhir Singh Kalsi as an Independent Director of the Company, by passing Special resolution through Postal Ballot.

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

Resolution passed through postal ballot	Votes in favour of the resolution			Votes against the resolution			Invalid votes	
	Number of members voted	Number of valid Votes cast (Shares)	Percentage of total number of valid votes cast	Number of members voted	Number of valid votes cast (Shares)	Percentage of total number of valid votes cast	Total number of members whose votes were declared invalid	Total number of invalid votes cast (Shares)
To appoint Mr. Randhir Singh Kalsi as an Independent Director of the Company	182	6,24,45,685	99.998	9	733	0.001	-	-

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

2024, issued by the Ministry of Corporate Affairs.

8. DISCLOSURES:

- i. There was no materially significant related party transaction that may have any potential conflict with interest of the Company at large. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Related_Party_Transaction_Policy.pdf
- ii. There has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any other Statutory Authority during the last three years.
- iii. The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The policy on "Vigil Mechanism and Whistle Blower" may be accessed on the Company's website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/_Whistle_Blower_Policy.pdf
- iv. The Company has complied with all the applicable requirements specified in Regulation 17 to 27 and 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. The Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct, as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- vi. During the year, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- vii. Risk Management Policy as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been duly formulated and approved by the Board

of Directors of the Company. The aim of Risk Management Policy is to maximize opportunities in all activities and to minimize adversity.

- viii. Further, the Company has complied with all mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company may also take-up the non-mandatory requirements of the Listing Regulations in due course of time.
- ix. The Company has no Material Subsidiary. The policy for determining 'Material Subsidiary' is available at Company's Website at the link: https://www.vardhman.com/Document/Report/Company%20Information/Policies/Vardhman%20Special%20Steels%20Ltd/Policy_for_determining_Material_Subsidiary.pdf
- x. As on March 31, 2025, there was no outstanding GDRs/ADRs/Warrants or any convertible instruments.
- xi. During the year 2024-25, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts and options contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in the Note No. 47 to the Financial Statements.
- xii. A certificate from a Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority forms part of this Report.
- xiii. There is no such instance where the Board has not accepted any recommendation of any Committee of the Board which is mandatorily required.
- xiv. Total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/ company of which statutory auditor is part is ₹ 45.20 lakhs.
- xv. The Company has not given any loans and advances to firms/companies in which directors are interested.
- xvi. Pursuant to Clause 5A of para A of Part A of Schedule III, there is no agreement which impacts management or control of the Company or imposes any restriction or creates any liability

upon the Company.

9. MEANS OF COMMUNICATION:

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

GENERAL INFORMATION FOR SHAREHOLDERS

i) 15th Annual General Meeting:

Date	: 24 th September, 2025
Time	: 10:00 a.m.
Venue	: Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

ii) Financial Calendar 2025-26 (Tentative):

First Quarter Results	: July, 2025
Second Quarter Results	: November, 2025
Third Quarter Results	: February, 2026
Annual Results	: May, 2026

- iii) Record Date : 12th September, 2025
- iv) Dividend payment date : Within 30 days after declaration
- v) Listing : The securities of the Company are listed on the following Stock Exchanges: -
 - 1. BSE Limited, Mumbai (BSE), 1st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort, Mumbai-400 001.
 - 2. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai.Listing fee, as applicable, has been duly paid to both the aforesaid Stock Exchanges.

vi) Registrar & Transfer Agent:

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

M/s. Alankit Assignments Limited,

(Unit: Vardhman Special Steels Limited)

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

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

vii) Share Transfer System:

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

advised to open their demat account with any Depository Participants (DPs) having registration with SEBI.

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

viii) Distribution of Shareholding as on 31st March, 2025:

RANGE	SHAREHOLDERS		SHARES	
No. of Shares	Numbers of Total Holders	% to Total Holders	Numbers of Shares Held	% to Total Shares
Upto-500	32952	90.81	2769547	3.39
501-1000	1506	4.16	1162358	1.42
1001-2000	795	2.19	1187148	1.45
2001-3000	277	0.76	711907	0.87
3001-4000	146	0.40	526645	0.65
4001-5000	109	0.30	511727	0.63
5001-10000	248	0.68	1841042	2.25
10001- above	254	0.70	73022954	89.34
Total	36287	100.00	81733328	100.00

ix) Dematerialization of shares:

As on 31st March, 2025, 99.70% of the capital comprising 8,14,86,409 shares, out of total of 8,17,33,328 shares, were dematerialized.

x) Vardhman Special Steels Limited Employee Stock Option Plan:

The Company had granted Options to its eligible employees under Vardhman Special Steels Limited Employee Stock 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.
- 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.

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

Now, during the financial year, 32,000 Options and 2,250 Options were exercised by the eligible employees under 2nd grant and 3rd grant, respectively, of ESOP Plan 2016 and consequently 68,500 shares (including Bonus Shares) were allotted to employees; and 77,250 Options and 25,250 Options were exercised by the eligible employees under 1st grant and 2nd grant, respectively, of ESOP Plan 2020 and consequently 2,05,000 shares (including Bonus Shares) were allotted to employees. Accordingly, the paid-up equity share capital of the Company after this allotment stood increased to ₹ 81,73,33,280.

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

xi) Equity Shares in the Suspense Account:

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

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2024	3	245
Shareholders who approached the Company for transfer of shares from suspense account during the year	1	113
Shareholders to whom shares were transferred from the suspense account during the year	1	113
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2025	2	132

The voting rights on the shares outstanding in the suspense account as on March 31, 2025, shall remain frozen till the rightful owner of such shares claims the shares.

xii) Plant Location:

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

xiii) Address for correspondence:

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

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

xiv) List of Credit Ratings:

The Company has obtained Credit Rating from CRISIL Limited during the financial year 2024-25. There has been no revision in the Credit Ratings during the financial year 2024-25. List of all Credit Ratings obtained by the Company during the year is as follows:

Particulars	Rating during FY 2024-25
Long Term Rating	CRISIL AA/Stable
Short Term Rating	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, 2025.

Place: Ludhiana

Dated: 22nd April, 2025

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: 22nd April, 2025

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.	00241501	Mr. Rajeev Gupta
2.	00746409	Mr. Sachit Jain
3.	00619240	Mr. Rajendar Kumar Rewari
4.	10254459	Ms. Soumya Jain
5.	00746471	Mrs. Suchita Jain
6.	00046541	Mr. Rajinder Kumar Jain
7.	09654963	Mr. Toshio Ito
8.	00020425	Mr. Rakesh Jain
9.	00059480	Mr. Sanjoy Bhattacharyya
10.	00734061	Mr. Suman Chatterjee
11.	00274831	Mrs. Vidya Shah
12.	00150933	Mr. Hemant Bharat Ram
13.	01453119	Mr. Randhir Singh Kalsi

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

For **Ashok K Singla & Associates**
Company Secretaries,
Sd/-

Ashok Singla
Proprietor
Membership No. 2004
Certificate of Practice No. 1942
UDIN: F002004G000168379

Place: Ludhiana
Date: 22nd April, 2025

PRACTISING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Vardhman Special Steels Limited

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

We have examined relevant records of M/s Vardhman Special Steels Limited (the company) for the purpose of certifying compliance of the conditions of Corporate Governance for the financial year ended 31st March 2025 as per the provisions of Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance for the financial year ended 31st March 2025 as stipulated in the Listing Regulations.

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

Date: 22nd April, 2025
Place: Ludhiana

For **Harsh Goyal & Associates**
Company Secretaries
Sd/-
Harsh Kumar Goyal
Proprietor
FCS:3314
CP:2802
UDIN: F003314G000169141

Financial
Statements

Independent Auditor's Report

To the Members of Vardhman Special Steels Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Vardhman Special Steels Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2025, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2025, 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 Standalone 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 standalone 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 standalone financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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)(i) and 29 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
Revenue from the sale of goods is recognized when control in goods is transferred to the customer and is measured net of discounts and returns.	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.
Standards on Auditing presume that there is fraud risk with regard to revenue recognition. We focused on this area since there is a risk	We assessed the appropriateness of the revenue recognition accounting policies against the requirement of Ind AS 115 i.e. Revenue from contracts with customers.;

The key audit matter	How the matter was addressed in our audit
that revenue may be overstated because of fraud, resulting due to the pressure from Management and Board of Directors who may strive to achieve performance targets. Also, revenue is a key performance indicator for the Company which makes it susceptible to misstatement because the timing of revenue recognition requires exercise of judgement. In view of the above, we have identified risk of fraud in revenue recognition as a key audit matter.	- 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 substantive testing by selecting samples (using statistical sampling) of revenue transactions recorded for the year. For such samples, verified the underlying documents, including invoices, good dispatch notes, customer acceptances and shipping documents (as applicable), to assess whether these are recognized in the appropriate period in which control is transferred; - We carried out analytical procedures on revenue recognized during the year to identify unusual variances; - We 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 and at an appropriate value after considering price adjustments, if any; - We tested sample journal entries for revenue, selected based on specified risk-based criteria to identify unusual items; - We assessed the adequacy of the disclosures made in the financial statements as per the requirement of Ind AS 115.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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 except for the matter stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone 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 2025 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g. With respect to the adequacy of the internal

financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its standalone financial statements - Refer Note 40 to the standalone 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) to the standalone 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 (vi) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other

persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

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

As stated in Note 48.2 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility. The feature of recording audit trail (edit log) facility for the one of the accounting software has operated throughout the year except for certain tables/fields relating to financial reporting and payroll where the same

were enabled from 1 May 2024. In addition, the feature of audit trail has been enabled at the database layer for the said software with effect from 16 September 2024 except for one database user. For the period where audit trail (edit log) facility was enabled and operated we did not come across any instance of the audit trail feature being tampered with. In respect of one other accounting software, used for maintenance of purchase, production & sales records, the said software did not have a feature to log the enabling /disabling of the audit trail (edit log) feature at the application level and database layer. Accordingly, we are unable to comment whether the audit log feature was enabled and operated throughout the year for all relevant transaction recorded in this software & whether there were any instances of the audit trail feature being tempered with.

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

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

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

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

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN:25507857BMOAKB9932

Place: Ludhiana
Date: 22 April 2025

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Vardhman Special Steels Limited for the year ended 31 March 2025

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

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

(All amounts are in INR Lakhs)

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

Note - The property constituting 5 Acres amounting INR 1,910.71 lakhs, capitalized in property plant and equipment, is not held in name of Company due to pending registration application to be filed with Greater Ludhiana Area Development Authority (GLADA).

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

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

(Amount in ₹ Lakhs)

Particulars	Interest bearing loans to employees	Non-interest bearing loans to employees
Aggregate amount during the year to employees	51.00	308.36
Balance outstanding as at balance sheet date with employees	245.85	267.31

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

the Company, in our opinion, the undisputed statutory dues including Goods and Services Tax (GST), Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been deposited by the Company with the appropriate authorities, except slight delays in few cases of ESI and Income Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.

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

(All Amounts are in INR Lakhs)

Name of the statute	Nature of the dues	Amount*	Amount Paid under protest*	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax Act, 1956	Sales Tax	1,960.00	1,900.00	2011-12 2012-13, 2013-14	High Court Punjab & Haryana- Chandigarh
CGST Act 2017	GST	6.90	6.90	2017-18	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) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans during the year and the term loans obtained in the previous periods were fully utilised in the respective periods. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate company (as defined under the Act).
- (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) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations provided by the management of the Company, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company as detailed in note 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 standalone 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)
2024-25	46.25	46.25	-

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

Gaurav Mahajan
 Partner
 Membership No.: 507857
 ICAI UDIN:25507857BMOAKB9932

Place: Ludhiana
 Date: 22 April 2025

Annexure B to the Independent Auditor’s Report on the standalone financial statements of Vardhman Special Steels Limited for the year ended 31 March 2025

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Vardhman Special Steels Limited (“the Company”) as of 31 March 2025 in conjunction with our audit of the standalone 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 2025, 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 standalone 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.

Place: Ludhiana
Date: 22 April 2025

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN:25507857BMOAKB9932

STANDALONE BALANCE SHEET

as at 31 March 2025

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

Particulars	Note	As at 31 March 2025	As at 31 March 2024
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	30,829.27	32,410.41
(b) Right-of-use assets	4	39.28	55.53
(c) Capital work-in-progress	3	11,703.36	99.28
(d) Intangible assets	5	2.15	3.76
(e) Financial assets			
- Investments	6	765.53	-
- Loans	7	292.42	266.22
- Other financial assets	8	294.04	281.54
(f) Non-current tax asset (net)	9	0.82	23.20
(g) Other non-current assets	10	3,549.48	3,398.76
Total non-current assets		47,476.35	36,538.70
Current assets			
(a) Inventories	11	33,497.38	35,617.24
(b) Financial assets			
- Investments	12	1,000.72	-
- Trade receivables	13	26,130.08	26,217.41
- Cash and cash equivalents	14	1,075.68	764.03
- Bank balances other than cash and cash equivalents	14(a)	56.15	12.02
- Loans	7	213.07	172.42
- Other financial assets	15	3,409.06	2,237.09
(c) Other current assets	16	733.06	1,714.54
		66,115.20	66,734.75
(d) Assets held-for-sale	16(a)	-	693.44
Total current assets		66,115.20	67,428.19
TOTAL ASSETS		1,13,591.55	1,03,966.89
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	8,173.33	8,145.98
(b) Other equity	18	71,618.49	63,789.48
Total equity		79,791.82	71,935.46
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	19	329.55	1,409.86
- Lease liabilities	20	35.58	57.57
- Other financial liabilities	21	15.26	24.98
(b) Provisions	22	215.57	195.01
(c) Deferred tax Liabilities (net)	23	1,842.97	1,978.10
(d) Other non-current liabilities	24	39.19	43.47
Total non-current liabilities		2,478.12	3,708.99
Current liabilities			
(a) Financial liabilities			
- Borrowings	19	11,643.29	6,884.19
- Lease liabilities	20	21.98	18.97
- Trade payables:	25		
(i) Total outstanding dues of micro enterprises and small enterprises; and		581.57	927.68
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		13,348.71	16,521.21
- Other financial liabilities	26	3,853.55	2,457.09
(b) Other current liabilities	27	1,638.61	1,349.27
(c) Provisions	22	195.16	143.23
(d) Current tax liabilities (net)	28	38.74	20.80
Total current liabilities		31,321.61	28,322.44
TOTAL EQUITY AND LIABILITIES		1,13,591.55	1,03,966.89

Material accounting policies	2
Notes to financial statements	3-51
The accompanying notes form an integral part of the standalone financial statements	
As per our report of even date attached For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022	For and on behalf of Board of Directors of Vardhman Special Steels Limited
Gaurav Mahajan Partner Membership number: 507857	Sachit Jain Vice Chairman & Managing Director DIN : 00746409 Sanjeev Singla Chief Financial Officer
	R. K. Rewari Executive Director DIN : 00619240 Sonam Dhingra Company Secretary
Place: Ludhiana Date: 22 April 2025	Place: Ludhiana Date: 22 April 2025

STANDALONE STATEMENT OF PROFIT AND LOSS

for year ended 31 March 2025

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

Particulars	Note	Year ended 31 March 2025	Year ended 31 March 2024
I. Revenue from operations	29	1,76,440.83	1,66,135.93
II. Other income	30	2,911.48	2,982.35
III. Total income (I + II)		1,79,352.31	1,69,118.28
IV. Expenses:			
Cost of materials consumed	31	1,09,368.16	1,03,062.35
Purchases of stock-in-trade	32	-	141.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(1,075.05)	(2,041.02)
Employee benefits expense	34	10,338.96	9,620.56
Finance costs	35	1,862.71	1,842.09
Depreciation and amortization expense	36	3,346.99	3,098.37
Other expenses	37	43,004.48	41,108.74
Total expenses		1,66,846.25	1,56,832.50
V. Profit before income tax (III-IV)		12,506.06	12,285.78
VI. Income tax expense:			
Current tax	38	3,332.39	3,153.54
Deferred tax		(135.14)	(30.56)
Total income tax expense		3,197.25	3,122.98
VII. Profit for the year (V-VI)		9,308.81	9,162.80
VIII. Other Comprehensive Income/(expense)			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the net defined benefit liability /(asset)		(37.14)	23.55
Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of the net defined benefit liability / (asset)		9.35	(5.93)
Other comprehensive Income/(expense) for the year (net of income tax)		(27.79)	17.62
IX. Total comprehensive income for the year (VII+VIII)		9,281.02	9,180.42
Earnings per equity share [nominal value of ₹ 10 (previous year ₹ 10)]			
Basic earnings per equity share (₹)	39	11.40	11.24
Diluted Earnings per equity share (₹)	39	11.37	11.18

Material accounting policies	2
Notes to financial statements	3-51
The accompanying notes form an integral part of the standalone financial statements	
As per our report of even date attached For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022	For and on behalf of Board of Directors of Vardhman Special Steels Limited
Gaurav Mahajan Partner Membership number: 507857	Sachit Jain Vice Chairman & Managing Director DIN : 00746409 Sanjeev Singla Chief Financial Officer
	R. K. Rewari Executive Director DIN : 00619240 Sonam Dhingra Company Secretary
Place: Ludhiana Date: 22 April 2025	Place: Ludhiana Date: 22 April 2025

STANDALONE STATEMENT OF CHANGES IN EQUITY

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

a. Equity share capital (Note -17)

	Number of Shares	Amount
Balance as at 1 April 2023	4,06,27,414	4,062.74
Add: Issue of Bonus share issued during the year (Refer note 17.4)	4,07,29,914	4,072.99
Add: Issue of equity share under employee Stock option plan (Refer note 43.4)	1,02,500	10.25
Balance as at 31 March 2024	8,14,59,828	8,145.98
Add: Issue of Bonus share issued during the year (Refer note 17.4)	1,36,750	13.68
Add: Issue of equity share under employee Stock option plan (Refer note 43.4)	1,36,750	13.68
Balance as at 31 March 2025	8,17,33,328	8,173.33

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 2023	14,580.07	13,890.62	124.34	31,563.63	60,158.66
Total comprehensive income for the year ended 31 March 2024					
Profit for the year	-	-	-	9,162.80	9,162.80
Other comprehensive income / (expense) (net of tax)	-	-	-	17.62	17.62
Total comprehensive income/(expense) for the year	-	-		9,180.42	9,180.42
Transactions with owners of the Company					
Contributions and distributions					
Final equity dividend for the financial year 2022-2023 (Amount ₹2 per share)	-	-	-	(1,625.10)	(1,625.10)
Share based payment expense	-	-	84.93	-	84.93
Issue of bonus equity shares (1:1 Ratio)	(4,072.99)	-	-	-	(4,072.99)
Share option exercised	97.08	-	(33.52)	-	63.56
Total Contributions and distributions for the year	(3,975.91)	-	51.41	(1,625.10)	(5,549.60)
Balance as at 31 March 2024	10,604.16	13,890.62	175.75	39,118.95	63,789.48
Total comprehensive income for the year ended 31 March 2025					
Profit for the year	-	-	-	9,308.81	9,308.81
Other comprehensive income / (expense) (net of tax)	-	-	-	(27.79)	(27.79)
Total comprehensive income/(expense) for the year	-	-		9,281.01	9,281.02
Transactions with owners of the Company					
Contributions and distributions					
Final equity dividend for the financial year 2023-2024 (Amount ₹2 per share)	-	-	-	(1,629.90)	(1,629.90)
Share based payment expense	-	-	106.80	-	106.80
Issue of bonus equity shares (1:1 Ratio)	(13.68)	-	-	-	(13.68)
Share option exercised	175.37	-	(90.60)	-	84.77
Total Contributions and distributions for the year	161.69	-	16.20	(1,629.90)	(1,452.01)
Balance as at 31 March 2025	10,765.85	13,890.62	191.95	46,770.07	71,618.49

Material accounting policies
Notes to financial statements

2
3-51

The accompanying notes form an integral part of the standalone 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

R. K. Rewari
Executive Director
DIN : 00619240
Sonam Dhingra
Company Secretary

Place: Ludhiana
Date: 22 April 2025

Place: Ludhiana
Date: 22 April 2025

STANDALONE STATEMENT OF CASH FLOWS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
A Cash flow from operating activities		
Profit before income tax	12,506.06	12,285.78
Adjustments for:		
Depreciation and amortization expense	3,346.99	3,098.37
Change in fair value of derivative financial instruments	(89.00)	140.31
Unrealized foreign exchange (gain) (net)	(28.82)	(39.52)
Loss on sale/written of property, plant and equipment (net)	16.41	26.66
Share based payments to employees	106.80	84.93
Vendor Balances written off	17.62	13.40
Finance costs	1,862.71	1,842.09
Interest income	(152.10)	(148.51)
Gain on sale of current investments	(132.83)	(217.93)
Gain on fair value of investments	(0.72)	-
Liabilities no longer required written back	(23.88)	(28.48)
Operating profit before change in following assets and liabilities	17,429.24	17,057.10
Adjustments for:		
Decrease in inventories	2,119.86	650.75
Decrease/(increase) in trade receivables	84.83	(62.37)
(Increase) in current loans	(47.16)	(21.46)
(Increase) in other financial current assets	(1,171.97)	(284.41)
Decrease in other current assets	984.93	619.06
(Increase)/decrease in non-current loans	(26.20)	15.77
(Increase) in other non-current assets	(61.44)	(217.31)
Increase in non-current provisions	20.56	0.60
(Decrease) in other non-current liabilities	(4.28)	(4.03)
(Decrease) in trade payables	(3,484.19)	(1,054.79)
(Decrease) / increase in other financial current liabilities	(164.74)	507.69
(Decrease)/increase in other financial liabilities	(9.72)	9.62
Increase in other current liabilities	289.34	125.88
Increase in current provisions	14.79	62.95
Cash generated from operating activities	15,973.85	17,405.05
Income tax paid (net)	(3,282.72)	(3,164.44)
Net cash generated from operating activities (A)	12,691.13	14,240.61
B Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(11,883.17)	(6,796.33)
Proceeds from sale of property, plant and equipment and intangible assets	43.55	125.88
Relisation on sale /Cost incurred towards assets held for sale	693.44	(693.44)
Movement in other bank balances	(44.12)	(4.38)
Acquisition of non-current investments	(765.53)	-
Acquisition of current investments	(21,250.00)	(38,400.00)
Relisation of current investments	20,383.56	40,617.93
Interest received	139.60	136.01
Net cash (used in) investing activities (B)	(12,682.67)	(5,014.33)

STANDALONE STATEMENT OF CASH FLOWS (CONTD.)

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
C Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	98.46	73.81
Repayments of non-current borrowings	(2,300.95)	(2,760.00)
Payment of Lease liabilities (Including Interest)	(24.88)	(23.69)
Proceeds/(repayments) of current borrowing (net)	5,976.91	(3,246.40)
Dividends on equity share capital paid	(1,624.42)	(1,620.72)
Interest paid	(1,821.93)	(1,838.75)
Net cash generated /(used in) financing activities (C)	303.19	(9,415.75)
Net increase in cash and cash equivalents (A+B+C)	311.65	(189.47)
Cash and cash equivalents at the beginning of the year (see below)	764.03	953.50
Cash and cash equivalents at the end of the year (see below)	1,075.68	764.03
Notes:		
1. Cash and cash equivalents include:		
Balance with banks		
- in current accounts	1,075.37	763.49
Cash on hand	0.31	0.54
	1,075.68	764.03

2.

The above "Statement of Cash Flows" has been prepared in accordance with Indirect Method as set out in the applicable Indian Accounting Standard - 7 on "Statement of Cash Flow". (refer to note 2 (w))
3.

Refer note 19.4 and 20.5 for reconciliation of movements, in borrowings and lease liabilities respectively, to cash flows arising from financing activities.
4.

During the current year, the Company paid ₹230.46 (31 March 2024 - ₹191.25) towards corporate social responsibility (CSR) expenditure, included in corporate social responsibility expenditure - (refer note 45.2)

Significant accounting policies2

Notes to financial statements3-51

The accompanying notes form an integral part of the standalone financial statements		
As per our report of even date attached For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022	For and on behalf of Board of Directors of Vardhman Special Steels Limited	
	Gaurav Mahajan Partner Membership number: 507857	Sachit Jain Vice Chairman & Managing Director DIN : 00746409 Sanjeev Singla Chief Financial Officer Place: Ludhiana Date: 22 April 2025
Place: Ludhiana Date: 22 April 2025		R. K. Rewari Executive Director DIN : 00619240 Sonam Dhingra Company Secretary

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(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. The Company's business primarily consists of manufacturing of Billets, Steel bars and Bright bars of various categories of special and alloy steels.

2. Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these standalone 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 standalone 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)

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 standalone financial statements prepared under previous GAAP and use the same as deemed cost in the standalone 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 standalone financial statements of the Company for the year ended 31 March 2025 were approved by the Company's Board of Directors on 22 April 2025.

iii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These standalone 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 standalone financial statements have been prepared on the historical cost basis except for the following items:

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

v) Measurement of fair values

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

The Company has established policies and procedures with respect to the measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirement of Ind AS, including the level in the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

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 standalone financial statements is included in note 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 these standalone 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 standalone financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

standalone financial statements are prudent and reasonable. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

Judgements

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

- Note 2(o)(i) and 29 – revenue recognition: whether revenue is recognized over time or at a point in time; determining the transaction price, estimating the expected value of right to return
- Note 2(g) and 20 – lease term: whether the Company is reasonably certain to exercise extension options

Assumptions and estimation uncertainties

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognised in the standalone 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), 9, 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)(i) and 29 – Revenue recognition: estimate of expected returns

b) Foreign currency transactions

Initial recognition

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

Measurement at the reporting date

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

c) Financial Instruments

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

Financial assets

Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component which is initially measured at transaction price) or financial liability is recognized initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

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

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

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

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably

elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

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

Financial assets: Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

Derivative financial instruments

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

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

Recognition and measurement

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

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

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

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

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

Advances paid towards the acquisition of property,

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

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

The cost and related accumulated depreciation are eliminated from the standalone 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 Sched-ule II (Years)	Management estimate of useful life (Years)
Building - Factory	30	30
Building – Office	60	60

Assets	Useful life as per Sched-ule II (Years)	Management estimate of useful life (Years)
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

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initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure

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

Amortisation

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

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

Derecognition

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

f) 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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early

termination of a lease unless the company is reasonably certain not to terminate early.

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

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

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

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 materi- als, 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

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

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

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

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

j) Impairment

Impairment of financial asset

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

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

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

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

month expected credit losses:

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

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the

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difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Impairment of non-financial assets

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

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

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

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

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

k) Employee benefits

Short-term employee benefits

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

Share-based payment transactions

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

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

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

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Post-employment benefits

Defined benefit plans

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

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

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

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

"Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return

on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI."

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. 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. The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

I) 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.

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

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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

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

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

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

n) Commitments

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

o) (i) Revenue from contract with customers

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

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

- Step 1:** Identify the contract(s) with a customer
- Step 2:** Identify the performance obligation in contract
- Step 3:** Determine the transaction price
- Step 4:** Allocate the transaction price to the performance obligations in the contract
- Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

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

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

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- 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.

Revenue Recognition

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

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

(ii) Export Incentives

Export incentives under various schemes notified by the government are recognised on accrual basis

- when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.
- (iii) Insurance and Other Claims**
- Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.
- p) Government grant**
- Government grants in the form of transfers of resources to the Company in return for past compliance with certain conditions relating to the operating activities of the Company are recognized as other income in profit or loss.
- Government grants related to capital assets are recognized initially as deferred income at fair value or deducted from the carrying value of the asset when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis or depreciated over the remaining useful life of the asset, respectively.
- Further, Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which such expenses are recognised.
- q) Recognition of interest income or expense**
- Interest income or expense is recognised using the effective interest method.
- The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:
- a) the gross carrying amount of the financial asset; or
 - b) the amortised cost of the financial liability.
- In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition,

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- interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.
- r) Income taxes**
- Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.
- The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.
- Current tax**
- Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.
- Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.
- Deferred tax**
- Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses (if any) and tax credits.
- Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that the related tax

- benefits will be realized. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.
- The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
- Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. The Company has opted the new tax regime from 1 April 2022.
- Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities
- s) Operating segments**
- An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.
- t) 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

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 is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

y) **Asset held for sale**

The Company classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Such assets or group of assets / liabilities are presented separately in the Balance Sheet, in the line "Assets held for sale" and "Liabilities held for sale" respectively. Once classified as held for sale, intangible assets and PPE are no longer amortised or depreciated.

Such assets or disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell."

z) **Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its standalone financial statements

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

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

Gross carrying amounts

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2024	5,515.35	5,706.59	41,566.99	176.42	605.92	539.13	54,110.40
Additions	-	-	1,619.42	21.39	81.39	85.74	1,807.94
Disposals	(22.31)	(24.78)	(18.48)	(0.18)	(40.76)	(19.55)	(126.06)
Balance as at 31 March 2025	5,493.04	5,681.81	43,167.93	197.63	646.55	605.32	55,792.28
Balance as at 1 April 2023	3,582.33	5,547.58	37,807.26	136.09	540.17	450.95	48,064.38
Additions	1,933.02	162.24	3,823.14	40.33	298.78	88.18	6,345.69
Disposals	-	(3.23)	(63.41)	-	(233.03)	-	(299.67)
Balance as at 31 March 2024	5,515.35	5,706.59	41,566.99	176.42	605.92	539.13	54,110.40
Accumulated depreciation							
Balance as at 1 April 2024	-	2,082.90	18,988.45	88.66	167.61	372.37	21,699.99
Depreciation for the year	-	188.15	3,000.09	15.83	68.80	56.25	3,329.12
Disposals	-	(12.22)	(6.94)	(0.17)	(29.04)	(17.73)	(66.10)
Balance as at 31 March 2025	-	2,258.83	21,981.60	104.32	207.37	410.89	24,963.01
Balance as at 1 April 2023	-	1,886.94	16,263.44	75.97	212.19	329.52	18,768.06
Depreciation for the year	-	197.49	2,758.63	12.69	67.40	42.85	3,079.06
Disposals	-	(1.53)	(33.62)	-	(111.98)	-	(147.13)
Balance as at 31 March 2024	-	2,082.90	18,988.45	88.66	167.61	372.37	21,699.99
Net carrying amount							
As at 31 March 2025	5,493.04	3,422.98	21,186.33	93.31	439.18	194.43	30,829.27
As at 31 March 2024	5,515.35	3,623.69	22,578.54	87.76	438.31	166.76	32,410.41

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.

C. The title deeds of all immovable properties are held in the name of the company, except as mentioned below:

Description of Property	As at 31 March 2025	As at 31 March 2024	Reason for not held in name of company
Freehold land of 5 Acre situated at C-59, Focal Point, Ludhiana.	1,910.71	1,933.02	The property constituting 5 Acres amounting ₹1,910.71, capitalized in property plant and equipment, is not held in name of Company due to pending permission from Greater Ludhiana Area Development Authority (GLADA).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

D. Capital work in progress

	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2024		99.28				99.28
Additions*	145.50	12,855.93	5.00	50.95	35.31	13,092.69
Capitalisations	-	(1,401.19)	(1.16)	(50.95)	(35.31)	(1,488.61)
Balance as at 31 March 2025	145.50	11,554.02	3.84	-	-	11,703.36
	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2023	86.64	1,092.18	2.92	-	9.30	1,191.04
Additions	75.60	2,734.83	31.29	-	46.69	2,888.41
Capitalisations	(162.24)	(3,727.73)	(34.21)	-	(55.99)	(3,980.17)
Balance as at 31 March 2024	-	99.28	-	-	-	99.28

*Additions in capital work in progress includes borrowing costs related to the plant and equipment amounted to ₹229.64 (31 March 2024 : ₹ Nil).

E. Capital work in progress (CWIP) ageing schedule

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

As at 31 March 2024	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	99.28	-	-	-	99.28
Projects temporarily suspended	-	-	-	-	-
Total	99.28	-	-	-	99.28

F. Capital work in progress (CWIP) completion schedule

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

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

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

** ₹1,292.06 towards erection of RHF got delayed due to delay in technical drawings and civil stucture. The same will be completed and capitilised in FY 2025-26.

As at 31 March 2024

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

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 2025	For the year ended 31 March 2024
Balance as at beginning of the year	55.53	71.79
Depreciation charged for the year	(16.25)	(16.26)
Balance as at end of the year	39.28	55.53

Notes:

- The Company incurred ₹ 122.98 (Previous year: ₹116.54) 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.

5 Intangible assets

Gross carrying amount

	Computer Softwares	Total
Balance as at 1 April 2024	34.58	34.58
Additions (Acquired)	-	-
Disposals	(11.49)	(11.49)
Balance as at 31 March 2025	23.09	23.09
Balance as at 1 April 2023	32.08	32.08
Additions (Acquired)	2.50	2.50
Disposals	-	-
Balance as at 31 March 2024	34.58	34.58
Accumulated amortisation		
Balance as at 1 April 2024	30.82	30.82
Amortisation for the year	1.61	1.61
Disposals	(11.49)	(11.49)
Balance as at 31 March 2025	20.94	20.94
Balance as at 1 April 2023	27.77	27.77
Amortisation for the year	3.05	3.05
Disposals	-	-
Balance as at 31 March 2024	30.82	30.82
Net carrying amount		
As at 31 March 2025	2.15	2.15
As at 31 March 2024	3.76	3.76

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

6 Investments (Non -Current)

	As at 31 March 2025	As at 31 March 2024
Investment in Associates at cost*		
Unquoted		
34,429 (March 31, 2024: Nil) equity shares of ₹10 each fully paid up of Sone Solar Pvt. Ltd.	3.44	-
76,20,899 (March 31, 2024: Nil) Complusory Convertible Deben- ture of Rs 10 each of Sone Solar Pvt. Ltd.	762.09	-
	765.53	-
Aggregate value of un-quoted Investments	765.53	-
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

*The Company had entered into a Power Purchase Agreement for setting up 55 MW DC Solar Power Plant. Pursuant to the Share Subscription and Shareholders' Agreement, the Company had acquired a 26% share in Sone Solar Private Limited during the year ended 31 March 2025. According to Ind AS 109, the said investment is required to be classified as investment in an Associate.

7 Loans

Non-Current (unsecured considered good, unless otherwise stated)	As at 31 March 2025	As at 31 March 2024
Financial assets at amortized cost		
Loans to employees	292.42	266.22
	292.42	266.22
Current (unsecured considered good, unless otherwise stated)	As at 31 March 2025	As at 31 March 2024
Financial assets at amortized cost		
Loans to employees	213.07	172.42
	213.07	172.42

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

	As at 31 March 2025	As at 31 March 2024
Non-current		
- Security deposit	250.00	250.00
Interest accrued		
- interest accrued on non-current security deposit	44.04	31.54
	294.04	281.54

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for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

9 Income tax assets (net)

	As at 31 March 2025	As at 31 March 2024
Non-current		
Advance income tax and tax deducted at source (net of provi- sion)	0.82	23.20
	0.82	23.20

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

	As at 31 March 2025	As at 31 March 2024
Capital advances	1,679.76	1,590.48
Advances other than capital advances:		
-Security deposits	1,761.30	1,681.05
-Prepaid expenses	15.52	23.96
-Amount paid under protest to government authorities	92.90	103.27
	3,549.48	3,398.76

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

	As at 31 March 2025	As at 31 March 2024
Raw materials	2,325.45	4,547.70
Raw material in transit	70.65	990.13
Stores and spares	2,233.32	2,199.14
Stores and spares in transit	54.61	141.97
Work-in-progress	7,018.52	8,441.64
Finished goods - manufactured #*	21,794.83	19,296.66
	33,497.38	35,617.24

includes stock lying with third party amounting to ₹5,230.65 (Previous year : ₹3,875.91) and stock in transit ₹895.07 (Previous year : ₹1,437.35)

* includes stock-in-trade of ₹ Nil (Previous year : ₹18.25)

Refer to Note 19.1 and 19.2 for information on inventories pledged as security by the Company.

12 Investments (Current)

	As at 31 March 2025	As at 31 March 2024
Quoted debt securities		
Securities at fair value through profit and loss		
24,094.68 (31 March 2024: Nil) units of SBI overnight fund direct growth	1,000.72	-
	1,000.72	-
Aggregate value of un-quoted Investments	-	-
Aggregate book value of quoted investments	1,000.72	-
Aggregate market value of quoted investments	1,000.72	-
Aggregate amount of impairment in value of investments	-	-

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

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

	As at 31 March 2025	As at 31 March 2024
Trade receivables	26,522.89	26,610.22
Less: Loss allowance	392.81	392.81
	26,130.08	26,217.41

Break-up of security details	As at 31 March 2025	As at 31 March 2024
Trade receivable considered good - secured	-	-
Trade receivables considered good - unsecured	26,522.89	26,610.22
Trade receivables which have significant increase in Credit risk	-	-
Trade Receivables – credit impaired	-	-
Total	26,522.89	26,610.22
Less: Expected credit loss allowance		
-Trade receivable considered good - secured	-	-
-Trade receivables considered good - unsecured	(392.81)	(392.81)
-Trade receivables which have significant increase in Credit risk	-	-
-Trade Receivables – credit impaired	-	-
Total trade receivables	26,130.08	26,217.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

Trade receivable ageing schedule		Outstanding for following periods from due date of payment									
As at 31 March 2025		Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total gross receivables	Expected credit loss	Net receivables
		-	19,233.85	6,811.89	174.27	16.25	18.50	268.13	26,522.89	392.81	26,130.08
	Undisputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-
	Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-
	Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	-	-	-	-
	Disputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-
	Disputed Trade Receivable -which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-
	Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total		-	19,233.85	6,811.89	174.27	16.25	18.50	268.13	26,522.89	392.81	26,130.08

Trade receivable ageing schedule		Outstanding for following periods from due date of payment									
As at 31 March 2024		Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years	Total gross receivables	Expected credit loss	Net receivables
		570.57	19,356.94	6,314.45	59.88	28.68	104.30	175.40	26,610.22	392.81	26,217.41
	Undisputed Trade Receivable - considered good	-	-	-	-	-	-	-	-	-	-
	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		570.57	19,356.94	6,314.45	59.88	28.68	104.30	175.40	26,610.22	392.81	26,217.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

14 Cash and cash equivalents

	As at 31 March 2025	As at 31 March 2024
Balance with banks		
- in current accounts	1,075.37	763.49
Cash on hand	0.31	0.54
	1,075.68	764.03

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

	As at 31 March 2025	As at 31 March 2024
Other bank balance		
- Bank deposit with maturity more than 3 months and upto 12 months	38.64	-
- Earmarked balance with banks on account of unpaid dividends	17.51	12.02
	56.15	12.02

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

	As at 31 March 2025	As at 31 March 2024
Financial assets at amortized cost		
Recoverable on account of government grant (Refund)	3,399.64	2,208.19
Security deposits	0.40	18.11
Export Benefit Recoverable	9.02	10.79
	3,409.06	2,237.09

16 Other current assets (Unsecured considered good, unless otherwise stated)

	As at 31 March 2025	As at 31 March 2024
Recoverable on account of government grant	24.26	60.64
Advances for supply of goods & services	246.82	302.91
Recoverable from / balance with government authorities	309.63	1,091.94
Prepaid expenses	129.55	235.03
Advance to employee	6.66	12.33
Security deposits	9.63	8.63
Prepaid (deferred) expenses for employee benefits	6.51	3.06
	733.06	1,714.54

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

16(a) Assets held-for-sale

	As at 31 March 2025	As at 31 March 2024
Current		
- Freehold Land*	-	693.44
	-	693.44

*During the previous year, the Company had acquired this asset from a non-related party with an intention to sell in the short term. Further during the previous year company has entered into an agreement of sell for value of ₹693.44, with an other non-related party, out of which an advance of ₹107 has been received. Now in the current year the sale execution of this assets held-for-sale has been completed, amount of advance has been adjusted and balance consideration has been received. (Refer Note 27 also)

17 Equity share capital

17.1 Details of share capital

	As at 31 March 2025		As at 31 March 2024	
Authorised	Number of Shares	Amount	Number of Shares	Amount
Equity shares of ₹10 each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each fully paid up	8,17,33,328	8,173.33	8,14,59,828	8,145.98
	8,17,33,328	8,173.33	8,14,59,828	8,145.98

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

	As at 31 March 2025		As at 31 March 2024	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	8,14,59,828	8,145.98	4,06,27,414	4,062.74
Add: Issue equity Shares as bonus to existing share holders in 1:1 Ratio	-	-	4,06,27,414	4,062.74
Add: Issue of equity share under employee Stock option plan (Refer note 43.4)	1,36,750	13.68	1,02,500	10.25
Add: Issue of bonus equity share with employee stock option plan	1,36,750	13.68	1,02,500	10.25
Balance at the end of the year	8,17,33,328	8,173.33	8,14,59,828	8,145.98

17.3 Rights, preferences and restrictions attached to shares

- The Company has only one class of equity shares having par value of ₹10 per share. Accordingly all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their Individual shareholding in the paid up equity capital of the Company.
- Pursuant to Share Subscription and Investment Agreement entered on 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

- 17.4 Bonus shares, shares buyback and issue of shares for consideration other than in cash during five years immediately preceding 31 March 2025.**
- i) During the five years immediately preceding 31 March 2025 ('the period'), the company had neither bought back any shares nor it had issued any shares for consideration other than cash except as stated below.
 - ii) During the pervious year ended 31 March 2024, pursuant to approval given by its shareholders, the Company had issued 4,06,27,414 bonus equity shares of ₹10 each as fully paid up in the ratio of one equity share for every one existing equity share and Capitalization of such sum out of Security Premium Account of Company.
 - iii) Further, pursuant to the approval given by the shareholders in the previous year, the Company has issued 1,36,750 (Previous year: 1,02,500) bonus equity shares with employee stock option plan in the ratio of 1:1.

	Number of shares	
	For the year ended 31 March 2025	For the year ended 31 March 2024
Bonus Shares	1,36,750	4,07,29,914

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

Name of shareholder	As at 31 March 2025		As at 31 March 2024	
	Number of shares	% holding in the class	Number of shares	% holding in the class
- Vardhman Textiles Limited	1,94,16,666	23.76	1,94,16,666	23.84
- Mr. Sachit Jain	1,12,38,492	13.75	1,12,26,238	13.78
- Vardhman Holdings Limited	1,04,37,908	12.77	1,04,37,908	12.81
- Aichi Steel Corporation	92,59,258	11.33	92,59,258	11.37
- Devakar Investment & Trading Com-pany (P) Ltd	44,30,032	5.42	44,30,032	5.44
Total	5,47,82,356	67.03	5,47,70,102	67.24

17.6 Promoter Shareholding

Promoter's name	As at 31 March 2025			As at 31 March 2024		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Vardhman Textiles Limited	1,94,16,666	23.76	(0.08)	1,94,16,666	23.84	(0.06)
Sachit Jain	1,12,38,492	13.75	(0.03)	1,12,26,238	13.78	(0.04)
Vardhman Holdings Limited	1,04,37,908	12.77	(0.04)	1,04,37,908	12.81	(0.04)
Devakar Investment & Trading Company Private Ltd	44,30,032	5.42	(0.02)	44,30,032	5.44	(0.01)
Mahavir Shares Trust	10,65,822	1.30	(0.01)	10,65,822	1.31	-
VTL Investments Limited	7,56,000	0.93	-	7,56,000	0.93	-
S.P. Oswal	4,41,404	0.54	-	4,41,404	0.54	-
Flamingo Finance & Investment Company Limited	3,93,672	0.48	-	3,93,672	0.48	-
Santon Finance & Investment Company Limited	3,37,066	0.41	-	3,37,066	0.41	-

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

17.6 Promoter Shareholding (Contd.)

Promoter's name	As at 31 March 2025			As at 31 March 2024		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Ramaniya Finance & Investment Company Limited	3,13,352	0.38	(0.01)	3,13,352	0.39	-
Suchita Jain	1,80,534	0.22	-	1,80,534	0.22	-
Shakun Oswal	1,02,382	0.13	-	1,02,382	0.13	-
Paras Syndicate	61,030	0.08	-	61,030	0.08	-
Amber Syndicate	57,496	0.07	-	57,496	0.07	-
Northern Trading Company	55,040	0.07	-	55,040	0.07	-
Eastern Trading Company	39,360	0.05	-	39,360	0.05	-
Mahavir Spinning Mills Private Limited	7,096	0.01	-	7,096	0.01	-
Soumya Jain	5,320	0.01	-	5,320	0.01	-
Sagrika Jain	5,160	0.01	-	5,160	0.01	-

17.7 Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestment are as below:

Name of shareholder	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
a. ESOP Plan 2016: Second (2nd) Grant: 1,35,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	28,000	20.16	61,875	44.55
b. ESOP Plan 2016: Third (3rd) Grant: 9,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	6,750	4.86	9,000	6.48
c. ESOP Plan 2020: First (1st) Grant: 3,63,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	61,250	44.10	1,44,500	104.04
d. ESOP Plan 2020: Second (2nd) Grant: 1,25,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	75,750	54.54	1,04,000	74.88
e. ESOP Plan 2020: Third (3rd) Grant: 1,36,500 equity shares at an exercise price of ₹145 per share. (refer note -43.4)	1,26,000	182.70	-	-
	2,97,750	306.36	3,19,375	229.95

17.8 Employee Stock option/ Share purchase plan

Terms attached to stock options granted/ share purchase plan to employees are described in note no. 43.4 regarding share based payments. (Equity Settled)

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.

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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. (Refer note 43.4)

(d) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

19 Borrowings

I. Non current borrowings

	As at 31 March 2025	As at 31 March 2024
Secured		
Term loans (refer note 19.1)		
- From banks (net of unamortized processing charges)	1,412.74	3,710.86
Total non-current borrowings (including current maturities)	1,412.74	3,710.86
Less: Current maturities of non-current borrowings disclosed as part of current borrowings	1,083.19	2,301.00
	329.55	1,409.86

II. Current borrowings

	As at 31 March 2025	As at 31 March 2024
Secured		
Loan repayable on demand		
- From banks (refer note 19.2 and 19.3)	8,072.39	2,767.66
Current maturities of non-current borrowings	1,083.19	2,301.00
Unsecured		
- Working capital loan & Corporate credit card (refer note 19.3)	2,487.71	1,815.53
	11,643.29	6,884.19

19.1 Notes

(a) Security details:

Term loans of ₹1,412.74 (Previous year: ₹3,710.86) are secured by a first parri passu charge on entire movable & immoveable property, plant and equipments of the Company (both present & future) including land and Building situated at C-58 & part of land out of plot no. C-59, Focal Point, Ludhiana & Pioneer Industrial Park, Pathrardi, Gurugram and second parri passu charge on entire current assets of the Company.

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(b) Terms & repayment schedule:

- Term loan of ₹423.18 (Previous year: ₹2,061.85) from ICICI Bank Limited repayable in 1 quarterly instalment in June 2025. (31 March 2024: 5 instalments)
- Term loan of ₹990.00 (Previous year: ₹1,649.01) from HDFC Bank Limited repayable in 6 quarterly instalments from April 2025 till Q2 of FY 2026-27 (31 March 2024: 10 instalments)
- During the current year, the nominal (floating) interest rate was in the range of 7.79 % to 9.48 % per annum (31 March 2024: in the range of 8.55 % to 10.80 % per annum)

19.2 Cash credit/overdraft and working capital demand loan facilities from Consortium banks aggregating to ₹8,072.39 (Previous year: ₹2,767.66) against a sanctioned fund based and non-fund based working capital facility of ₹30,000 (Previous year: ₹30,000) and ₹20,000 (Previous year: ₹20,000) respectively. These limits are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future property, plant and equipments of the Company.

19.3 Unsecured working capital loan & corporate credit card facilities:

- From CTBC Bank corporation limited aggregating to ₹1,200.00 (Previous year: ₹NIL) against a sanctioned limit of ₹5,000 (Previous year: ₹5,000).
- From Axis Bank Limited aggregating to ₹950.69 (Previous year: ₹1,815.53) against a sanctioned limit of ₹3,000 (Previous year: ₹3,000).
- From ICICI Bank Limited aggregating to ₹337.02 (Previous year: ₹Nil) against a sanctioned limit of ₹500 (Previous year: ₹Nil).

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Balance at the beginning of the year		
- Non current borrowings	1,409.86	4,402.53
- Current borrowings	6,884.19	9,889.59
Total Opening Balance	8,294.05	14,292.12
a) Cash flow movements		
- (Repayments)/ proceeds of current borrowing (net)	5,976.91	(3,246.40)
- (Repayment) of non-current borrowings	(2,300.95)	(2,760.00)
b) Non-cash movements		
- Effect of amortisation of loan origination costs	2.83	6.76
- Foreign exchange translation	-	1.57
Balance at the end of the year		
- Non current borrowings	329.55	1,409.86
- Current borrowings	11,643.29	6,884.19
Total Closing Balance	11,972.84	8,294.05

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19.5 The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts in the current year. However there were some discrepancy in previous year which is stated as below:

Quarter end date	Bank Name	Particulars	Amount as per books of account	Amount as reported in the quarterly statements	Amount of difference	Reason for Material discrepancy	Whether return/ statement subsequently rectified.
30 June 2023	ICICI	Trade receivable	27,198.00	26,795.04	(402.96)	Trade receivable has been reported net of provision for expected credit loss allowances of ₹402.96.	The company has subsequently revised the statement on 27 April 2024
30 Sept 2023	ICICI	Trade receivable	26,859.87	26,838.82	(21.05)	Trade receivable of ₹ 21.05 was inadvertently not added in trade receivable amount reported to the bank.	The company has subsequently revised the statement on 27 April 2024

Note: In the year ended 31 March 2025 and 31 March 2024, the actual utilisation of working capital remained within the bank sanction/ DP limits.

20 Lease liabilities

The Company has entered into agreement for taking office premises on lease and license basis. The one lease is running for a period of up to 10 years with no restriction placed upon the Company for entering into said lease.

The Company also leases certain office premises/Guest house with contract terms up to one year. These leases are short-term in nature and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Rental expense recorded for short-term leases was ₹122.98 (Previous year: ₹116.54) (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 2025	For the year ended 31 March 2024
Interest on lease liabilities	5.90	7.42
Expenses relating to short-term leases	122.98	116.54
	128.88	123.96

20.2 The total cash outflow for leases are as follows:

	For the year ended 31 March 2025	For the year ended 31 March 2024
The total cash outflow for leases, including cash outflow for short term leases	147.86	140.23
Total	147.86	140.23

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20.3 The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2025	As at 31 March 2024
Current lease liabilities	21.98	18.97
Non-current lease liabilities	35.58	57.57
	57.56	76.54

20.4 The weighted average incremental borrowing rate applied to lease liabilities is 8.87% (Previous year 8.87%).

20.5 The following is the movement in lease liabilities during the year

	For the year ended 31 March 2025	For the year ended 31 March 2024
Balance at the beginning	76.54	92.81
Finance cost accrued during the period	5.90	7.42
Payment of Lease liabilities (Including Interest)	(24.88)	(23.69)
Balance at the end	57.56	76.54

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

	As at 31 March 2025	As at 31 March 2024
Less than one year (Its inculdes short term/Opreating leases also)	65.18	80.49
One to five years	37.90	64.02
Total	103.08	144.51

The Company does not face any liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

21 Other financial liabilities

	As at 31 March 2025	As at 31 March 2024
Non current		
Security deposits	15.26	24.98
	15.26	24.98

22 Provisions

Provisions for employee benefits (refer note 43)

	As at 31 March 2025	As at 31 March 2024
Non current		
Liability for compensated absences	215.57	195.01
	215.57	195.01
Current		
Liability for gratuity	105.42	61.09
Liability for compensated absences	89.74	82.14
	195.16	143.23

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

23 Deferred tax (Liabilities)/ assets (net)

	As at 31 March 2025	As at 31 March 2024
Deferred tax assets on account of		
Expenses allowable on payment basis	117.48	94.65
ICDS disallowance on MTM forward contracts	0.55	1.03
Lease liabilities	14.49	19.26
Expected credit loss allowance	98.86	98.86
	231.38	213.80
Deferred tax liabilities on account of		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,064.28	2,177.92
Fair valuation Gain Investment	0.18	0.00
Right-of-use assets	9.89	13.98
	2,074.35	2,191.90
	(1,842.97)	(1,978.10)

Deferred tax (Liabilities)/assets (net)

2024-25

Deferred tax assets (net)	Balance as at 1 April 2024	Recognised in Statement of profit and loss	Recognised in other compre- hensive income	Balance as at 31 March 2025
Deferred tax assets on account of				
Expenses allowable on payment basis	94.65	22.84	-	117.48
ICDS disallowance on MTM forward contracts	1.03	(0.48)	-	0.55
Lease liabilities	19.26	(4.78)	-	14.49
Expected credit loss allowance	98.86	-	-	98.86
Provision for slow moving inventory	-	-	-	-
	213.80	17.58	-	231.38
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,177.92	(113.64)	-	2,064.28
Fair valuation Gain Investment	-	0.18	-	0.18
Right-of-use assets	13.98	(4.09)	-	9.89
	2,191.90	(117.55)	-	2,074.35
Deferred tax assets (net)	(1,978.10)	135.13	-	(1,842.97)

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Deferred tax (Liabilities)/assets (net)

2023-24				
Deferred tax assets (net)	Balance as at 1 April 2023	Recognised in Statement of profit and loss	Recognised in other compre- hensive income	Balance as at 31 March 2024
Deferred tax assets on account of				
Expenses allowable on payment basis	95.07	(0.42)	-	94.65
ICDS disallowance on MTM forward contracts	21.42	(20.40)	-	1.03
Lease liabilities	23.36	(4.10)	-	19.26
Expected credit loss allowance	101.38	(2.52)	-	98.86
Provision for slow moving inventory	13.78	(13.78)	-	-
	255.01	(41.22)	-	213.80
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,245.60	(67.68)	-	2,177.92
Right-of-use assets	18.07	(4.09)	-	13.98
	2,263.67	(71.77)	-	2,191.90
Deferred tax assets (net)	(2,008.66)	30.55	-	(1,978.10)

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.

24 Other non-current liabilities

	As at 31 March 2025	As at 31 March 2024
Security deposits	39.19	43.47
	39.19	43.47

25 Trade Payables

	As at 31 March 2025	As at 31 March 2024
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	581.57	927.68
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13,348.71	16,521.21
	13,930.28	17,448.89

For due to related parties (Refer Note 44)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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Trade payable ageing schedule							
As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	3.52	578.05	-	-	-	-	581.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	186.79	12,641.89	494.47	11.15	13.41	1.00	13,348.71
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	190.31	13,219.94	494.47	11.15	13.41	1.00	13,930.28

As at 31 March 2024	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	927.68	-	-	-	-	927.68
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.58	15,503.54	933.40	15.47	13.46	9.76	16,521.21
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	45.58	16,431.22	933.40	15.47	13.46	9.76	17,448.89

26 Other financial liabilities

	As at 31 March 2025	As at 31 March 2024
Current		
Interest accrued but not due on borrowings	49.23	17.17
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises	57.36	1.14
- Total outstanding of creditors other than micro enterprises and small enterprises	1,759.34	197.42
Employee related payables	1,528.55	1,640.03
Dues to government authorities	344.63	346.09
CSR Un-spent amount	85.43	70.60
Unpaid dividend	17.50	12.02
Liability for mark to market loss on derivative contracts	10.80	99.80
Other - Unapplied receipts	0.71	72.82
	3,853.55	2,457.09

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27 Other current liabilities		
	As at 31 March 2025	As at 31 March 2024
Contract liabilities	669.15	62.25
Advance received against assets held for sale	-	107.00
Statutory dues	969.46	1,180.02
	1,638.61	1,349.27

28 Current tax liabilities (net)		
	As at 31 March 2025	As at 31 March 2024
Provision for Income tax (net of advance income tax and tax deducted at source)	38.74	20.80
	38.74	20.80

29 Revenue from operations		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Sale of products		
- Finished goods	1,75,403.35	1,64,880.75
- Traded Goods	-	118.07
Other operating revenues		
- By product & miscellaneous sale	950.66	1,040.83
- Export incentives	86.82	96.28
	1,76,440.83	1,66,135.93

A. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geography market, major products and timing of revenue recognition.

	For the year ended 31 March 2025	For the year ended 31 March 2024
Geographical markets		
India	1,69,519.77	1,58,695.81
Outside India	5,883.58	6,303.01
	1,75,403.35	1,64,998.82
Timing of revenue recognition		
Products transfer at a point in time	1,75,403.35	1,64,998.82
	1,75,403.35	1,64,998.82
For sale of major products refer note 41.1		
Revenue from contracts with customers	1,75,403.35	1,64,998.82

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B. Reconciliation of revenue recognised with contract price		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Revenue as per contract price	1,76,116.48	1,65,710.17
Adjustment for variable cost components		
Discount & Quality claims	(713.14)	(711.35)
Total Revenue from contracts with customers	1,75,403.35	1,64,998.82

Contract Balances		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Trade receivables including unbilled revenue	26,130.08	26,217.41
Contract liabilities	669.15	62.25

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.

Invoices are usually payable within 45-90 days.

The amount of ₹47.23 included in contract liabilities at 31 March 2024 has been recognised as revenue during the year ended 31 March 2025. (31 March 2024: ₹84.09)

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the customers on satisfaction of distinct performance obligations at the amount of transaction price (net of discounts, rebates etc.).

Information about major customers:

Revenue from sale of products to one customer which individually constitutes more than 10 percent of the Company’s total revenue is ₹19,774.03 (previous year one customer total revenue ₹22,619.78).

30 Other income		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Income on account of government grants*	2,501.02	2,468.15
Interest income		
- others (Punjab State Power Corporation Limited, employee loans etc.)	152.10	148.51
Liabilities no longer required written back	23.88	28.48
Net Gain on account of foreign exchange fluctuation	12.54	-
Gain on sale of current investments	132.83	217.93
Gain on fair value of investments	0.72	-
Gain on sale property, plant and equipment (net)	7.29	-
Miscellaneous income	81.10	119.28
	2,911.48	2,982.35

*The Company is eligible for incentives under Industrial and Business Development Policy 2017 of the State Government for its expansion cum upgradation project of Steel Melt Shop completed in FY 2019-20. Pursuant to the necessary approvals from the competent authorities resulting in satisfaction of recognition conditions for government grants in accordance with Ind AS 20, the Company has recorded ₹2,501.02 (Previous year: 2,468.15) 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.

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31 Cost of materials consumed		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Inventory of raw materials at the beginning of the year (including raw material in transit)	5,537.83	7,930.29
Purchases of raw materials	1,06,226.44	1,00,669.89
Inventory of raw materials at the end of the year (including raw material in transit)	(2,396.11)	(5,537.83)
	1,09,368.16	1,03,062.35

32 Purchases of stock-in-trade		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Purchases of stock-in-trade	-	141.41
	-	141.41

33 Changes in inventories of finished goods, stock-in-trade and work-in-progress		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Opening inventory		
Finished goods	19,296.66	18,660.41
Work-in-progress	8,441.64	7,036.87
	27,738.30	25,697.28
Closing inventory		
Finished goods*	21,794.83	19,296.66
Work-in-progress	7,018.52	8,441.64
	28,813.35	27,738.30
	(1,075.05)	(2,041.02)

* includes stock-in-trade of ₹ Nil as on 31 March 2025 (Previous year : ₹18.25)

34 Employee benefits expense		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Salaries, wages and bonus	9,291.90	8,735.47
Contribution to provident and other funds (refer note 43)	734.36	647.44
Share based payments to employees (Equity Settled)	106.80	84.93
Staff welfare expenses	205.90	152.72
	10,338.96	9,620.56

35 Finance cost		
	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest expense on		
-Term loans	196.78	396.23
-Lease liabilities	5.90	7.42
-Others*	1,577.63	1,350.53
Other borrowing cost (LC Charges, processing fee & bank charges)	82.40	87.91
	1,862.71	1,842.09

* Others represent interest on cash credit & working capital demand loan and discounting charges etc.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

36 Depreciation and amortisation expense

	For the year ended 31 March 2025	For the year ended 31 March 2024
Depreciation on property, plant and equipment (refer note 3)	3,329.12	3,079.06
Depreciation on right of use asset (refer note 4)	16.25	16.26
Amortisation of intangible asset (refer note 5)	1.62	3.05
	3,346.99	3,098.37

37 Other expenses

	For the year ended 31 March 2025	For the year ended 31 March 2024
Stores and spare consumed	11,186.90	11,959.12
Power and fuel	17,737.40	17,257.91
Packing material	465.37	459.58
Processing Charges	3,982.42	2,784.32
Rent	122.98	116.54
Repairs and maintenance	3,064.35	2,761.41
Insurance	97.05	88.91
Rates and taxes	73.46	95.03
Net loss on account of foreign exchange fluctuation	-	72.59
Loss on written of property, plant and equipment (net)	23.70	26.66
Loss on sale of assets held for sale	-	1.35
Vendor Balances/Advances written off	17.62	13.40
Bad debts	-	9.99
Less: Withdrawal from provision for expected credit loss allowances	-	9.99
Legal and professional expenses (refer note 45.1)	203.25	166.13
Freight and handling expense	3,548.56	2,991.13
Commission on sales	523.47	430.66
Royalty (refer note 44)	949.60	904.40
Corporate Social Responsibility expense (refer note 45.2)	276.71	242.34
Common corporate expenses (refer note 44)	99.76	99.76
Travelling Expense	270.44	238.05
Miscellaneous expenses	361.44	399.45
	43,004.48	41,108.74

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

38 Tax expense

	For the year ended 31 March 2025	For the year ended 31 March 2024
38.1 Income tax recognised in Statement of Profit and Loss		
Current tax (including tax adjustment relating to prior periods)	3,332.39	3,153.54
Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	(135.14)	(30.56)
Total tax expense recognised in the current year	3,197.26	3,122.98

38.2 Reconciliation of effective tax rate

Profit before tax	12,506.06	12,285.78
Tax at the Indian tax rate of 25.168 %	3,147.53	3,092.09
Effect of expenses that are not deductible in determining taxable profit*	21.20	35.57
Recognition of previously unrecognised tax	(3.60)	1.25
Effect of change in estimate related to previous year	22.78	-
Income tax expenses recognised in statement of profit and loss	3,187.91	3,128.91
*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	9.35	(5.93)
Total income tax recognised in other comprehensive (expense)	9.35	(5.93)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	-	-
	-	-

39 Earning per share (EPS)

	For the year ended 31 March 2025	For the year ended 31 March 2024
39.1 Basic earnings per share		
Profit for basic earning per share of ₹10 each	9,308.81	9,162.80
Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	8,14,59,828	4,06,27,414
Effect of fresh issue of shares		

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39 Earning per share (EPS) (Contd.)

	For the year ended 31 March 2025	For the year ended 31 March 2024
1,36,750 equity shares issued (31 March 2024: 4,07,29,914) as bonus to ESOP allottee/existing share holders in 1:1 Ratio*	1,36,750	4,08,66,664
Weighted average shares at fair value in employee stock option	46,058	24,119
Total weighted average number of equity shares outstanding for Basic EPS	8,16,42,636	8,15,18,197
Basic Earnings per share (face value of Rs 10 each)	11.40	11.24
*Earnings per equity share has been adjusted retrospectively to give effect of the bonus shares issued during the year.		

39.2 Diluted earnings per share

Profit for diluted earning per share of ₹10 each	9,308.81	9,162.80
Total weighted average number of equity shares outstanding for Basic EPS	8,16,42,636	8,15,18,197
Add: Effect of dilutive common equivalent shares - share option outstanding**	2,11,741	4,73,809
Total weighted average number of equity shares outstanding for Dilutive EPS	8,18,54,378	8,19,92,006
Diluted Earnings per share (face value of ₹10 each) **	11.37	11.18

**2,11,741 options (31 March 2024: 4,73,809) 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 2025	As at 31 March 2024
40.1 Claim against the Company not acknowledged as debts, under dispute		
-Sales tax, Value added tax, Goods and services tax etc.	-	6.90
-Income-tax	9.92	9.92
	9.92	16.82
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 ₹1,679.76 (Previous year ₹1,590.48)}	8,568.43	10,360.28
Export commitments against import of capital goods under EPCG scheme	12,035.56	2,677.76
	20,603.99	13,038.04

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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.

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."Manufacturing of Steel products" and operations are mainly within India. Hence, it is the only reportable segment under Ind AS 108 'Operating Segments'. Entity wide disclosure required by Ind AS 108 are made as follows:

41.1 Entity wide disclosures

	For the year ended 31 March 2025	For the year ended 31 March 2024
Information about products and services		
Sale of products:		
Finished goods		
- Black bars	1,32,352.70	1,20,115.34
- Bright bars	40,901.84	44,765.41
- Others (represent items which individually account for less than 10% of the total value of sale of own manufactured products)	2,148.81	-
	1,75,403.35	1,64,880.75
Traded goods:		
- Black bars	-	72.72
- Bright bars	-	45.35
	-	118.07
Inventories:		
- Black bars	19,995.77	16,410.71
- Bright bars	1,799.05	2,885.95
- Billets	7,018.52	8,441.64
- Raw Material (Including material in transit)	2,396.11	5,537.83
- Others (represent items which individually account for less than 10% of the total value of inventory)	2,287.92	2,341.11
	33,497.38	35,617.24

41.2 Information about major customers (from external customers)

Revenue from sale of products to one customer which individually constitutes more than 10 percent of the Company's total revenue is ₹19,774.03 (previous year one customer total revenue ₹22,619.78).

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for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

41.3 Information about geographical areas

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Within India	Outside India	Within India	Outside India
i) Revenues from sale of products to external customers	1,69,519.77	5,883.58	1,58,695.81	6,303.01

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 2025	For the year ended 31 March 2024
a) Principal amount and Interest due thereon remaining unpaid to any supplier		
- Principal		
Trade payable	581.57	927.68
Capital creditors	57.36	1.14
- 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		
	638.93	928.82

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43 Employee benefits

43.1 Assets and liabilities relating to employee benefits

	Non - current		Current	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Liability for gratuity	-	-	105.42	61.09
Liability for compensated absences	215.57	195.01	89.74	82.14
Provisions for employee benefits (refer note 22)	215.57	195.01	195.16	143.23

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 ₹414.71 (Previous year: ₹360.22) under provident fund scheme and ₹51.25 (Previous year: ₹52.02) 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

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:

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ii) Reconciliation of present value of defined benefit obligation			
Particulars	As at 31 March 2025	As at 31 March 2024	
Present value of obligation at the beginning of the year	1,301.22	1,108.64	
Current service cost	145.59	120.89	
Interest cost	93.95	81.60	
Actuarial loss recognised in other comprehensive income	32.60	28.51	
Benefits paid	(81.41)	(38.42)	
Present value of obligation at the end of the year	1,491.95	1,301.22	

iii) Reconciliation of present value of plan assets			
Particulars	As at 31 March 2025	As at 31 March 2024	
Plan assets at the beginning of the year, at fair value	1,240.13	1,045.10	
Expected return on plan assets	89.54	76.92	
Actuarial gain/(loss) on plan assets recognised in other comprehensive income	(4.53)	52.07	
Contributions	(0.31)	-	
Benefits paid	61.40	66.04	
Plan assets at the end of the year, at fair value	1,386.23	1,240.13	

iv) Amount recognised in the balance sheet			
Particulars	As at 31 March 2025	As at 31 March 2024	
Present value of defined benefit obligation at the end of the year	1,491.95	1,301.22	
Fair value of plan assets at the end of the year	1,386.23	1,240.13	
Net asset / (liability) recognised in balance sheet*	(105.72)	(61.09)	

*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 2025	As at 31 March 2024	
Equity Instruments	23.78%	24.85%	
Govt. Securities & Debt Instruments	73.58%	72.95%	
Bank balances	2.12%	1.75%	
Others	0.52%	0.45%	

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vi) Expenses recognised in the Statement of Profit or Loss			
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024	
Current service cost	145.59	120.89	
Interest cost	93.95	81.60	
Expected return on plan assets	(89.54)	(76.92)	
Expenses recognized in profit or loss	150.00	125.57	

vii) Remeasurement recognized in other comprehensive expense			
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024	
Actuarial (gain)/loss on the defined benefit obligation	37.14	(23.55)	
Amount recognized in other comprehensive expense	37.14	(23.55)	

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 2025	As at 31 March 2024
Discount rate (per annum)	6.99%	7.36%
Expected rate of return on plan assets (per annum)	6.88%	6.20%
Future salary growth rate	6.00%	6.00%

(ii) Demographic assumptions:

Particulars	As at 31 March 2025	As at 31 March 2024
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%

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ix) Sensitivity analysis on defined benefit obligation on account of change in significant assumptions:

Particulars	As at 31 March 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(52.55)	56.56	(44.78)	48.10
Future salary growth (0.50 % movement)	54.06	(51.38)	46.61	(44.10)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

x) Expected future benefit payments

Particulars	As at 31 March 2025	As at 31 March 2024
Undiscounted amount of expected benefit payments for next 10 years:		
within 1 year	247.89	219.04
1-2 years	115.21	123.24
2-3 years	112.44	77.12
3-4 years	123.13	92.36
4-5 years	77.80	97.69
5-6 years	75.51	60.56
6 year onwards	739.97	631.20

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Weighted average duration of the defined benefit plan (in years)	11.78	11.60
Expected employers contribution for next year	168.23	136.80

43.4 Share based payments to employees (Equity settled)

i) ESOP Plan 2016: Second (2nd) Grant

The Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 135,000 options to its eligible employees against the plan under the Second grant out of 136,937 options lying un-granted at a price of ₹72 per share, other terms and conditions remaining the same.

During the year, the Company has allotted 32,000 (Previous year: 26,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 32,000 Bonus Shares in the ratio of 1:1 during the year (Previous year: 26,250)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	61,875	72	91,875	72
Forfeited during the year	(1,875)	72	(3,750)	72
Exercised during the year	(32,000)	72	(26,250)	72
Outstanding at end of the year*	28,000	72	61,875	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹72 per option) and a weight-
ed-average remaining contractual life of 4.12 year (31 March 2024- 5.12 Year)

**The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-
settled share based payment plan are as follows:**

Details of vesting	Vesting schedule	Fair value of option
11-Nov-22	25% of total allotment	30.21
11-Nov-23	25% of total allotment	33.59
11-Nov-24	25% of total allotment	36.16
11-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

ii) ESOP Plan 2016: Third (3rd) Grant

The Nomination and Remuneration Committee in its meeting held on 23rd July, 2022 has made a third grant of 9,000 options under ESOP Plan 2016 to its eligible employees out of 9,437 options lying ungranted under the said Plan at a price of ₹72 per share.

During the year, the Company has allotted 2,250 (Previous year : Nil) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 2,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: Nil)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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Reconciliation of outstanding share options (3rd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	9,000	72	9,000	72
Forfeited during the year	-	-	-	-
Exercised during the year	(2,250)	72	-	-
Outstanding at end of the year*	6,750	72	9,000	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹ 72 per option) and a weight-ed-average remaining contractual life of 5.81 year (31 March 2024- 6.81 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
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 2025	Year ended 31 March 2024
1. Risk free interest rate	7.08%	7.08%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	16.46%	16.46%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of op-tion grant (in ₹)	230.00	230.00

iii) ESOP Plan 2020: First (1st) Grant

The Company has established an Employee Stock Option Plan (‘ESOP’) in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014) which has been approved by the Board of Directors in its meeting held on 6 August 2020 and by the shareholders in their meeting held on 25 September, 2020. The Board had delegated necessary power to the Nomination and Remuneration Committee to Implement and administer the plan. Accordingly, the Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 3,63,000 options to its eligible employees against the plan under the first grant out of total of 5,00,000 options.

During the year, the Company has allotted 77,250 (Previous year : 76,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 77,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: 76,250)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,44,500	72	2,26,375	72
Forfeited during the year	(6,000)	72	(5,625)	72
Exercised during the year	(77,250)	72	(76,250)	72
Outstanding at end of the year*	61,250	72	1,44,500	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹72 per option) and a weighted-average remaining contractual life of 4.12 year (31 March 2023- 5.12 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
11-Nov-22	25% of total allotment	30.21
11-Nov-23	25% of total allotment	33.59
11-Nov-24	25% of total allotment	36.16
11-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

iv) ESOP Plan 2020: Second (2nd) Grant

The Nomination and Remuneration Committee in its meeting held on 23rd July, 2022 has made a second grant of 1,25,000 options under ESOP Plan 2020 to its eligible employees out of 2,20,500 options lying ungranted under the said Plan at a price of ₹72 per share.

During the year, the Company has allotted 25,250 (Previous year : Nil) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 25,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: Nil)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,04,000	72	1,14,000	72
Forfeited during the year	(3,000)	-	(10,000)	72
Exercised during the year	(25,250)	72	-	-
Outstanding at end of the year*	75,750	72	1,04,000	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹72 per option) and a weighted-average remaining contractual life of 5.81 year (31 March 2024- 6.81 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
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 2025	Year ended 31 March 2024
1. Risk free interest rate	7.08%	7.08%
2. Expected life (In years)	7.00	7.00
3. Expected Volatility	16.46%	16.46%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	230.00

v) ESOP Plan 2020: Third (3rd) Grant

The Nomination and Remuneration Committee in its meeting held on 18th July, 2024 has made a Third grant of 1,36,500 options under ESOP Plan 2020 to its eligible employees out of 1,37,125 options lying ungranted under the said Plan at a price of ₹145 per share. These options will vest with the eligible employees after two years from the date of grant.

During the year no allotment has been made by the company to the eligible employees under 3rd Grant of ESOP Plan 2020, as vesting period is 2 years.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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Reconciliation of outstanding share options (3rd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	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	1,36,500	145	-	-
Forfeited during the year	(10,500)	145	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year*	1,26,000	145	-	-

*The options outstanding as at 31 March 2025 had an exercise price of ₹145 per option (31 March 2024 - Nil) and a weighted-average remaining contractual life of 9.30 year (31 March 2024 - 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
18-Jul-26	25% of total allotment	193.03
18-Jul-27	25% of total allotment	198.22
18-Jul-28	25% of total allotment	201.10
18-Jul-29	25% of total allotment	204.40

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
1. Risk free interest rate	9.82%	0.00%
2. Expected life (In years)	10.00	-
3. Expected Volatility	12.60%	0.00%
4. Exercise Price (in ₹)	145.00	-
5. Price of the underlying share in the market at the time of option grant (in ₹)	296.80	-

vi) Movement of Share Option Outstanding Account

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Total liability as the beginning of the year	175.75	124.34
Employee option plan expense	106.80	84.93
Transfer to securities premium account	(90.60)	(33.52)
Total liability as the end of the year	191.95	175.75

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44 Related party disclosures

44.1 List of related parties where significant influence exists:

Name of party	Description of relationship
Vardhman Textiles Limited	VSSL* is an associate of Vardhman Textiles Limited
Aichi Steel Corporation	VSSL* is an associate of Aichi Steel Corporation
* VSSL refers to Vardhman Special Steels Limited	

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
Sone Solar Pvt. Ltd.	Sone Solar Pvt. Ltd. is an associate of Vardhman Special Steels Limited w.e.f. 21 May, 2024.

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 Dhingra, Company Secretary
Mr. Rajendar Kumar Rewari, Executive Director
Ms. Soumya Jain, Executive Director (w.e.f. 02 August, 2023)

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. Rajinder Kumar Jain
Mr. Sanjoy Bhattacharyya
Mr. Bal Krishan Choudhary (Up to 27 September, 2023)
Ms. Suchita Jain
Mr. Rakesh Jain
Mr. Raghav Chandra (Up to 3 May, 2024)
Mr. Toshio Ito
Mr. Suman Chatterjee
Ms. Vidya Shah
Mr. Hemant Bharat Ram (w.e.f. 25 July, 2024)
Mr. Randhir Singh Kalsi (w.e.f. 07 November, 2024)

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

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Northern Trading Company
Eastern Trading Company
Mahavir Spinning Mills Private Limited
Adishwar Enterprises LLP
SP Oswal Trust
Mrs. Shakun Oswal Trust

44.3 Transactions with related parties during the current / previous year # :

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
(i) Purchase of raw material		
Vardhman Yarns and Threads Limited	-	4.38
Vardhman Textiles Limited	0.49	78.51
Aichi Steel Corporation	-	0.43
(ii) Purchase of MEIS/RODTEP License		
Vardhman Textiles Limited	-	96.40
(iii) Royalty		
Aichi Steel Corporation	949.60	904.40
(iv) Professional Charges		
Aichi Steel Corporation	4.01	6.58
(v) Logo charges		
Vardhman Holdings Limited	31.23	29.41
(vi) Reimbursement of expenses paid		
Vardhman Textiles Limited	6.14	11.44
Aichi Steel Corporation	8.55	4.01
Vardhman Yarns and Threads Limited	0.78	1.16
(vii) Common corporate expenses		
Vardhman Textiles Limited	117.71	117.71
(viii) Dividend paid		
Vardhman Textiles Limited	388.33	388.33
Vardhman Holdings Limited	208.76	208.76
Aichi Steel Corporation	185.19	185.19
Devakar Investment & Trading Company Private Limited	88.60	88.60
Mahavir Shares Trust	21.32	21.32
VTL Investments Limited	15.12	15.12
S.P. Oswal	8.83	8.83
Flamingo Finance & Investment Company Limited	7.87	7.87
Santon Finance & Investment Company Limited	6.74	6.74
Ramaniya Finance & Investment Company Limited	6.27	6.27
Suchita Jain	3.61	3.61
Shakun Oswal	2.05	2.05
Paras Syndicate	1.22	1.22
Amber Syndicate	1.15	1.15
Northern Trading Company	1.10	1.10
Eastern Trading Company	0.79	0.79
Mahavir Spinning Mills Private Limited	0.14	0.14
Sagrika Jain	0.10	0.10

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

44.3 Transactions with related parties during the current / previous year # : (Contd.)		
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
(ix) Contribution (from)/to post employment benefit plans		
VSSL Gratuity Fund Trust	61.09	66.04
(x) Compensation to KMP & their relative:		
Short-term employee benefits*		
Mr. Sachit Jain	282.02	282.20
Mr. Sanjeev Singla	68.58	66.17
Ms. Sonam Dhingra	14.64	12.57
Mr. Rajendar Kumar Rewari	120.63	120.72
Ms. Soumya Jain (w.e.f. 02 August 2023)	57.62	35.15
Directors Sitting Fees		
Mr. Rajeev Gupta	2.20	2.40
Mr. Rajinder Kumar Jain	2.80	3.20
Mr. Sanjoy Bhattacharyya	4.60	5.35
Mr. Rakesh Jain	5.50	4.10
Mr. Raghav Chandra	0.85	4.50
Mr. Suman Chatterjee	4.60	3.35
Ms. Vidya Shah	4.75	2.75
Mr. Hemant Bharat Ram	1.70	-
Mr. Randhir Singh Kalsi	1.45	-
Commission to Directors		
Mr. Sachit Jain (Vice Chairman and Managing Director)	532.76	586.51
Mr. Rajendar Kumar Rewari (Executive Director)	112.16	65.49
Ms. Soumya Jain (Executive Director) (w.e.f. 02 August 2023)	56.08	37.40
(xi) Invesment made:		
Sone Solar Pvt. Ltd.	765.53	-
Compensation to Relative of KMP		
Ms. Soumya Jain (till 01 August 2023)	-	9.42
Dividend		
Mr. Sachit Jain	224.52	224.52
Mr. Sanjeev Singla	1.35	0.95
Ms. Sonam Dhingra	0.15	-
Mr. Rajinder Kumar Jain	0.73	0.73
Ms. Soumya Jain	0.11	0.11
Mr. Rajendar Kumar Rewari	0.01	0.01
Post employment benefits		
Mr. Sachit Jain	54.24	49.81
Mr. Sanjeev Singla	17.51	14.22
Ms. Sonam Dhingra	4.11	3.06
Mr. Rajendar Kumar Rewari	19.29	14.08
Ms. Soumya Jain	7.25	3.90

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

44.3 Transactions with related parties during the current / previous year # : (Contd.)		
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Options exercised during the year		
Mr. Sanjeev Singla	3.60	7.20
Ms. Sonam Dhingra	2.07	1.35
Mr. Rajendar Kumar Rewari	5.40	-
Outstanding options as at year end		
Mr. Sanjeev Singla	3.60	7.20
Ms. Sonam Dhingra	1.98	4.05
Mr. Rajendar Kumar Rewari	16.20	21.60

* Including value of perquisites.
 # Including taxes wherever applicable.

44.4 Outstanding balances with related parties as at year end:		
Particulars	As at 31 March 2025	As at 31 March 2024
Trade Payables		
Aichi Steel Corporation	410.40	399.61
Vardhman Holdings Limited	28.58	26.92
Vardhman Textiles Limited	10.85	16.52
Vardhman Yarns and Threads Limited ('VYTL')	-	0.02
Directors Sitting Fees payable	0.45	-
(Asset) / liability for gratuity contribution		
VSSL Gratuity Fund Trust	105.42	61.09

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.

45 Other disclosures required by statute

45.1 Auditors Remuneration (excluding taxes as applicable)		
	For the year ended 31 March 2025	For the year ended 31 March 2024
As Auditor		
- Statutory audit and limited review of quarterly results	37.00	34.00
- in other capacity		
Tax audit fee	4.50	4.50
Certification work	0.50	2.25
For reimbursement of expenses	3.20	2.24
	45.20	42.99

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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 2025	For the year ended 31 March 2024
i	Amount required to be spent by the company during the year	276.71	242.34
ii	Amount of expenditure incurred for the year*	230.46	171.74
iii	Shortfall/(Surplus) at the end of the year A = (i-ii)	46.25	70.60
iv	Amount required to be spent by the company for previous year shortfall, if any	70.60	19.51
v	Surplus at the end of year, if any	-	-
vi	Amount of expenditure incurred for previous year shortfall*	33.30	19.51
vii	Total of previous years shortfall/(surplus) B = (iv-vi) or v	37.30	-
Total shortfall/(surplus) at the end of the year (A+B) **		83.55	70.60
v	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
vi	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	-	-

*Nature of CSR activities

Current Year- On Environment Sustainability ₹89.38, On Women Empowerment - ₹54.23, On Preventive Health care ₹44.46, On Promoting Education ₹30.86, On Promoting Sports ₹12.50 and on Other sectors ₹32.33. (This includes expenditure of ₹33.30 w.r.t. previous year shortfall)

** Reason for shortfall

On Preventive Health care ₹66.36, On Environment Sustainability ₹56.65, On Promoting Education ₹32.73, On Women Empowerment - ₹25.38, On Promoting Sports ₹5.11 and on Other sectors ₹5.02. (This includes expenditure of ₹19.51 w.r.t. previous year shortfall)

** 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, ₹46.25 has been deposited in the special account named Vardhman Special Steels Limited -Unspent CSR Account FY 2024-25 on 18 April 2025 related to shortfall as on 31 March 2025, which will be spent in the coming years.

(Previous year: ₹ 70.60 has been deposited in the special account named Vardhman Special Steels Limited -Unspent CSR Account FY 2023-24 on 12 April 2024 related to shortfall as on 31 March 2024, out of which ₹ 33.30 has been spent in current year and balance ₹37.30 stands unspent as on 31 March 2025, which will be spent in the coming years)

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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	As at 31 March 2025				As at 31 March 2024			
		Carrying value	FVTPL	FVOCI	Amortised cost	Carrying value	FVTPL	FVOCI	Amortised cost
Financial assets									
Non-current									
- Loans	(ii)	292.42	-	-	292.42	266.22	-	-	266.22
- Other financial assets	(ii)	294.04	-	-	294.04	281.54	-	-	281.54
Current									
- Investments	(i)	1,000.72	-	-	1,000.72	-	-	-	-
- Trade receivables	(i)	26,130.08	-	-	26,130.08	26,217.41	-	-	26,217.41
- Cash and cash equivalents	(i)	1,075.68	-	-	1,075.68	764.03	-	-	764.03
- Bank balances other than cash and cash equivalents	(i)	56.15	-	-	56.15	12.02	-	-	12.02
- Loans	(i)	213.07	-	-	213.07	172.42	-	-	172.42
- Other financial Assets (excluding derivative financial instruments)	(i)	3,409.06	-	-	3,409.06	2,237.09	-	-	2,237.09
- Derivative financial instruments	(iv)	-	-	-	-	-	-	-	-
Total financial assets		32,471.22	-	-	32,471.22	29,950.73	-	-	29,950.73
Financial Liabilities									
Non-current									
- Borrowings	(i)	329.55	-	-	329.55	1,409.86	-	-	1,409.86
- Lease liabilities	(i)	35.58	-	-	35.58	57.57	-	-	57.57
- Other financial liabilities	(i)	15.26	-	-	15.26	24.98	-	-	24.98
Current									
- Borrowings	(i)	11,643.29	-	-	11,643.29	6,884.19	-	-	6,884.19
- Lease liabilities	(i)	21.98	-	-	21.98	18.97	-	-	18.97
- Trade payables	(i)	13,930.28	-	-	13,930.28	17,448.89	-	-	17,448.89
- Current maturities of non current borrowings	(i)			-				-	
- Derivative financial instruments	(iv)	10.80	10.80			99.80	99.80		-
- Other financial liabilities	(i)	3,842.75	-	-	3,842.75	2,357.29	-	-	2,357.29
		29,829.49	10.80	-	29,818.69	28,301.55	99.80	-	28,201.75

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Notes:

- (i) Fair value of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments. Further, in accordance with amendment Ministry of Corporate Affairs notified in Ind AS 113 on 30 March 2019, fair value measurement of lease liabilities is not required.
- (ii) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) Fair value of borrowings is as follows :

	Level	Fair value		Amortised cost	
		31 March 2025	31 March 2024	31 March 2025	31 March 2024
Non-current borrowings (including current maturities)*	3	1,412.09	3,722.25	1,412.74	3,710.86

*The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

- (iv) Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The company uses mark to market provided by bank for valuation of this derivative contracts. There are no significant unobservable inputs used for Derivative financial instruments.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2025 and 31 March 2024.

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 board of directors has established the risk management committee which is responsible for developing the monitoring the company risk management policies. The Company’s risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company’s activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Company’s audit committee oversees how management monitors compliance with Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (iii))
- 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:

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Particulars	As at 31 March 2025	As at 31 March 2024
Trade receivables	26,130.08	26,217.41
Cash and cash equivalents	1,075.68	764.03
Bank balances other than cash and cash equivalents	56.15	12.02
Loans	213.07	172.42
Other financial assets	3,409.06	2,237.09

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 2025	As at 31 March 2024
Within India	25,525.14	25,945.12
Outside India	604.94	272.29
	26,130.08	26,217.41

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

	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from top customer	11.27%	13.71%
Revenue from top five customers	33.34%	35.31%

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.

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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 2025					
Not Due	19,233.85	-	19,233.85	0.00%	No
0-90 Days	6,406.86	-	6,406.86	0.00%	No
91-180 Days	405.03	2.79	402.24	0.69%	No
181-365 Days	174.27	87.14	87.13	50.00%	No
366 Days and above	302.88	302.88	-	100.00%	No
	26,522.89	392.81	26,130.08		

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2024					
Not Due	19,927.51	-	19,927.51	0.00%	No
0-90 Days	6,242.52	-	6,242.52	0.00%	No
91-180 Days	71.93	38.63	33.30	53.70%	No
181-365 Days	59.88	45.80	14.08	76.49%	No
366 Days and above	308.38	308.38	-	100.00%	No
	26,610.22	392.81	26,217.41		

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

	As at 31 March 2025	As at 31 March 2024
Balance as at the beginning of the year	392.81	402.80
Amounts added during the year	-	-
Withdrawal from provision towards bad debts written off	-	(9.99)
Balance as at the end of the year	392.81	392.81

The loans primarily represents loans given to employees. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no allowance for expected credit loss has been provided on these financial assets.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

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 it's liabilities when they are due, under both normal and stressed circumstances, without incurring losses or risking damage to the Company's reputation.

Management manages the liquidity risk by monitoring cash flow forecasts on a periodic basis and maturity profiles of financial assets and liabilities. This monitoring takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

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The following table provides details regarding the contractual maturities of significant financial liabilities:

31 March 2025	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	11,643.29	330.00	-	11,973.29
Trade payables	13,930.28	-	-	13,930.28
Lease liabilities	21.98	35.58		57.56
Other financial liabilities	3,842.75	-	-	3,842.75
	29,438.30	365.58	-	29,803.88

31 March 2024	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	6,884.19	1413.14	-	8,297.33
Trade payables	17,448.89	-	-	17,448.89
Lease liabilities	18.97	57.57		76.54
Other financial liabilities	2,357.29	-	-	2,357.29
	26,709.34	1,470.71	-	28,180.05

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:

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	As at 31 March 2025	As at 31 March 2024
Fixed rate borrowings	-	-
Floating rate borrowings	11,972.84	8,294.05
	11,972.84	8,294.05

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 2025		
Interest rate (0.5% movement)	(59.86)	59.86
For the year ended 31 March 2024		
Interest rate (0.5% movement)	(41.47)	41.47

(c) Foreign Currency Risk and sensitivity

The functional currency of the Company is Indian Rupee (INR). The Company is exposed to foreign exchange risk through its sales in international markets and purchases from overseas suppliers in various foreign currencies. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company holds derivative financial instruments such as foreign exchange contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies.

Exposure to currency risk

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

		As at 31 March 2025		As at 31 March 2024	
Currency		Amount in Indian currency (in lakhs)	Amount in foreign currency (in lakhs)	Amount in Indian currency (in lakhs)	Amount in foreign currency (in lakhs)
Trade payable	USD	3.93	0.05	781.72	9.37
	EURO	1,446.13	15.71	147.19	1.64
	JPY	410.40	720.00	399.61	726.57
Trade receivables	USD	554.59	6.49	272.33	3.26
	EURO	36.84	0.40	-	-

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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 2025 (in lakhs)	As at 31 March 2024 (in lakhs)
a) Exposure on account of Financial assets		
Trade Receivable (A)		
-In USD	6.49	3.26
-In Euro	0.40	-
Amount hedged through forwards & options # (B)		
-In USD	5.27	0.55
-In Euro	-	-
Net Exposure of Foreign Currency Assets (C = A - B)		
-In USD	1.22	2.71
-In Euro	0.40	-
b) Exposure on account of Financial Liabilities		
Trade Payable (D)		
-In USD	0.05	9.37
-In Euro	15.71	1.64
-In JPY	720.00	726.57
-In SEK		
-In CHF		
Amount hedged through forwards & options # (E)		
-In USD	2.38	13.11
-In Euro	2.14	43.00
-In JPY	720.00	720.00
-In SEK	-	14.20
-In CHF	1.30	-
Net Exposure of Foreign Currency Liabilities (F = D - E)		
-In USD	-	-
-In Euro	13.57	-
-In JPY	-	6.57
-In SEK	-	-
-In CHF	-	-
Net Exposure to Foreign Currency Assets / (Liability) (C-F)		
-In USD	1.22	2.71
-In Euro	(13.17)	-
-In JPY	-	(6.57)

Excess forwards and options against pending purchase orders.

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

Particulars	2024-2025 (Average exchange rate)	2023-2024 (Average exchange rate)	2024-2025 (Year end rate)	2023-2024 (Year end rate)
USD/INR	84.56	82.79	85.46	83.41
EURO/INR	90.58	89.80	92.03	89.97
JPY/INR	0.56	0.57	0.57	0.55
SEK/INR	7.98	7.81	8.49	7.81
CHF/INR	95.40	93.50	96.75	92.12

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 2025	As at 31 March 2024
1 % Strengthening/(weakening) of USD against INR	1.04	2.26
1 % Strengthening/(weakening) of Euro against INR	(12.12)	-
1 % Strengthening/(weakening) of JPY against INR	-	(0.04)

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Currency fluctuations		
Net foreign exchange (gain) shown as operating expenses	101.54	(67.72)
Derivatives		
Derivatives financial instruments losses / (gain) shown as operating expenses	(89.00)	140.31
Total	12.54	72.59

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

Particulars	As at 31 March 2025	As at 31 March 2024
Borrowings	11,972.84	8,294.05
Trade payables	13,930.28	17,448.89
Lease liabilities	57.56	76.54
Other payables	5,931.28	4,088.27
Less: cash and cash equivalents	(1,075.68)	(764.03)
Adjusted Net debt	30,816.28	29,143.72
Total Equity	79,791.82	71,935.46
Adjusted Equity	1,10,608.10	1,01,079.18
Gearing Ratio	27.86%	28.83%

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 ₹ 3 (31 March 2024: ₹2) per equity share on fully paid shares of the company. The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

49 Ratios as per Schedule III requirements

The following are the analytical ratios for the year ended 31 March 2025 and 31 March 2024.

Particulars	31 March 2025	31 March 2024
a) Current Ratio = Current Assets divided by Current Liabilities		
Current Assets	66,115.20	66,734.75
Current Liabilities	31,321.61	28,322.44
Current Ratio	2.11	2.36
% Change from previous year	-10.41%	

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 *

Particulars	31 March 2025	31 March 2024
Total Debt	11,972.84	8,294.05
Cash and Cash Equivalents (including Other Bank Balances)	1,131.83	776.05
Current Investments	1,000.72	-
Net Debt	9,840.29	7,518.00
Total Equity	79,791.82	71,935.46
Debt Equity Ratio	0.12	0.10
% Change from previous year	18.00%	

* The above formula has been consistently been applied by the Company in the current and earlier years

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for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

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

Particulars	31 March 2025	31 March 2024
Profit after tax	9,308.81	9,162.80
Add: Non cash operating expenses, finance cost and other adjustments	3,590.99	3,542.08
-Depreciation and amortisation	3,346.99	3,098.37
-Finance costs	202.68	403.65
-Balances Written off	17.62	13.40
-PPE Written off	23.70	26.66
Earnings available for debt services	12,899.79	12,704.88
Rent and Lease Payments	144.96	135.51
Principal repayments	1,083.19	2,301.00
Interest on Borrowings	202.68	403.65
Total Interest and principal repayments	1,430.83	2,840.16
Debt Service Coverage Ratio	9.02	4.47
% Change from previous year	101.54%	

Reason for change more than 25%: Debt Service Coverage Ratio has improved due to principal re-payment of term loans.

d) Return on Equity Ratio = Net profit after tax divided by Equity

Particulars	31 March 2025	31 March 2024
Net profit after tax	9,308.81	9,162.80
Average Equity	79,791.82	68,078.43
Return on Equity Ratio	11.67%	13.46%
% Change from previous year	-13.32%	

Reason for change more than 25%: Not applicable

e) Inventory Turnover Ratio = Revenue from operations divided by average inventory

Particulars	31 March 2025	31 March 2024
Revenue	1,76,440.83	1,66,135.93
Average Inventory	34,557.31	35,942.62
Inventory Turnover Ratio	5.11	4.62
% Change from previous year	10.46%	

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for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

Reason for change more than 25%: Not applicable

f) Trade Receivables Turnover Ratio = Revenue from operations divided by average trade receivables (including GST)

Particulars	31 March 2025	31 March 2024
Revenue	1,76,440.83	1,66,135.93
Average Trade Receivables	26,173.75	26,186.00
Trade Receivables Turnover Ratio	7.95	7.49
% Change from previous year	6.25%	

Reason for change more than 25%: Not Applicable

g) Trade Payables Turnover Ratio = Total Purchases divided by average trade payables (including GST)

Particulars	31 March 2025	31 March 2024
Purchases	1,06,226.44	1,00,669.89
Other expenses*	42,612.99	40,658.72
Contractual Labour#	1,359.50	1,597.44
Total	1,50,198.93	1,42,926.04
Average Trade Payables	15,689.58	18,002.52
Trade Payables Turnover Ratio	11.30	9.37
% Change from previous year	20.58%	
# 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		
Corporate Social Responsibility expense	276.71	242.34
Expected credit loss allowances for doubtful trade receivables	-	-
Net loss on account of foreign exchange fluctuation	-	72.59
Property, plant and equipment written off	23.70	26.66
Balances written off	17.62	13.40
Rates and taxes	73.46	95.03

Reason for change more than 25%: Not Applicable

h) Net Capital Turnover Ratio = Revenue divided by Working capital where working capital= current assets - current liabilities

Particulars	31 March 2025	31 March 2024
Revenue	1,76,440.83	1,66,135.93
Working Capital	34,793.59	38,412.31
Net Capital Turnover Ratio	5.07	4.33
% Change from previous year	17.25%	

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for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

Reason for change more than 25%: Not Applicable

Particulars	31 March 2025	31 March 2024
i) Net Profit Ratio = Net profit after tax divided by revenue from operations		
Net profit after tax	9,308.81	9,162.80
Revenue	1,76,440.83	1,66,135.93
Net Profit Ratio	5.28%	5.52%
% Change from previous year	-4.34%	

Reason for change more than 25%: Not Applicable

j) Return on Capital Employed = Earnings before interest and taxes (EBIT) divided by Capital Employed		
Particulars	31 March 2025	31 March 2024
Profit before tax (A)	12,506.06	12,285.78
Finance costs (B)	1,862.71	1,842.09
EBIT (C) = (A)+ (B)	14,368.78	14,127.87
Total Assets (D)	1,13,591.55	1,03,966.89
Total Liabilities (E)	33,799.73	32,031.43
Intangible Assets (F)	2.15	3.76
Tangible Net Worth (G)	79,789.67	71,931.70
Total Debt (H)	11,972.84	8,294.05
Deferred Tax Liability (I)	1,842.97	1,978.10
Capital employed (J) = (G) + (H) + (I)	93,605.48	82,203.85
Return on Capital Employed	15.35%	17.19%
% Change from previous year	-10.68%	

Reason for change more than 25%: Not Applicable

k) Return on Investment Ratio = Income generate from investments/Total Investments		
Particulars	31 March 2025	31 March 2024
Income generate from investments	133.56	217.93
Total Investments	1,858.49	3,048.91
Return on Investment	7.19%	7.15%
% Change from previous year	0.54%	

Reason for change more than 25%: Not applicable

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended 31 March 2025
 (All amounts are in ₹ lakhs except for share data)

50 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013:

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) 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.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (viii) None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (x) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (xi) The Company including the "Companies in the Group" (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company ("CIC")

- 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 **B S R & Co. LLP**
 Chartered Accountants
 ICAI Firm Registration No. 101248W/W-100022
Gaurav Mahajan
 Partner
 Membership number: 507857

Place: Ludhiana
 Date: 22 April 2025

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: 22 April 2025

R. K. Rewari
 Executive Director
 DIN : 00619240

Sonam Dhingra
 Company Secretary

Independent Auditor's Report

To the Members of Vardhman Special Steels Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vardhman Special Steels Limited (hereinafter referred to as the "Company" or "Holding Company") and its associate, which comprise the consolidated balance sheet as at 31 March 2025, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Company, its associate as at 31 March 2025, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

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

Revenue Recognition

See Note 2(p)(i) and 29 to consolidated financial statements

Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company, its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of report of the other auditor referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matter

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

The key audit matter	How the matter was addressed in our audit
that revenue may be overstated because of fraud, resulting due to the pressure from Management and Board of Directors who may strive to achieve performance targets. Also, revenue is a key performance indicator for the Company which makes it susceptible to misstatement because the timing of revenue recognition requires exercise of judgement. In view of the above, we have identified risk of fraud in revenue recognition as a key audit matter.	● 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 and at an appropriate value after considering price adjustments, if any; ● We tested sample journal entries for revenue, selected based on specified risk-based criteria to identify unusual items; ● We assessed the adequacy of the disclosures made in the financial statements as per the requirement of Ind AS 115.

Other Information

The Company" or "Holding Company"s Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company" or "Holding 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The Company" or "Holding Company"s Management and

Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Company" or "Holding Company", as aforesaid.

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

The respective Board of Directors of the Company and of its associate are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.
- 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 consolidated 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 appropriateness of this assumption. 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 consolidated 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 and its associate to cease to continue as a going concern.

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

We communicate with those charged with governance of the Company 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 consolidated 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.

Other Matter

The consolidated financial statements include the Company's share of net profit (and other comprehensive income) of ₹Nil for the period ended 31 March 2025, as considered in the consolidated financial information, in respect of an associate, whose financial information has not been audited by us or by other auditor. This unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to financial information certified by the Management.

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, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books except for the matter stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated 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 2025 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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

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

- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2025 on the consolidated financial position of the Company. Refer Note 40 to the consolidated financial statements.
- b. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2025.
- c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2025.
- d. (i) The management of the Company has represented that, to the best of its knowledge and belief, as disclosed in the Note 50 (v) to the consolidated 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 of the Company has represented that, to the best of its knowledge and belief, as disclosed in the Note 50 (vi) to the consolidated financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding

- Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- As stated in Note 48.2 to the consolidated financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- f. Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility. The feature of recording audit trail (edit log) facility for the one of the accounting software has operated throughout the year except for certain tables/fields relating to financial reporting and payroll where the same were enabled from 1 May 2024. In addition, the feature of audit trail has been enabled at

the database layer for the said software with effect from 16 September 2024 except for one database user. For the period where audit trail (edit log) facility was enabled and operated we did not come across any instance of the audit trail feature being tampered with. In respect of one other accounting software, used for maintenance of purchase, production & sales records, the said software did not have a feature to log the enabling /disabling of the audit trail (edit log) feature at the application level and database layer. Accordingly, we are unable to comment whether the audit log feature was enabled and operated throughout the year for all relevant transaction recorded in this software & whether there were any instances of the audit trail feature being tempered with.

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

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

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

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

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN:25507857BMOAKA6850

Place: Ludhiana
Date: 22 April 2025

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Vardhman Special Steels Limited for the year ended 31 March 2025

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

(xii) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, have unfavourable remarks given by its auditor report under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Company/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Vardhman Special Steels Limited	L27100PB2010PLC033930	Company	i(c) and vii(b)

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

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN:25507857BMOAKB9932

Place: Ludhiana
Date: 22 April 2025

Annexure B to the Independent Auditor’s Report on the consolidated financial statements of Vardhman Special Steels Limited for the year ended 31 March 2025

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of Vardhman Special Steels Limited (hereinafter referred to as “the Company” or “Holding Company”) as of and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Company” or “Holding Company” , as of 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 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of such internal controls 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 the 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 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 consolidated 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 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.

Other Matter(s)

The internal financial controls with reference to financial statements insofar as it relates to an associate company, which is a company incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditor. In our opinion and according to the information and explanations given to us by the Management, such unaudited associate company is not material to the Company” or “Holding Company”.

Our opinion is not modified in respect of above matter.

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

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN:25507857BMOAKA6850

Place: Ludhiana
Date: 22 April 2025

CONSOLIDATED BALANCE SHEET

as at 31 March 2025

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

Particulars	Note	As at 31 March 2025	As at 31 March 2024
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	30,829.27	32,410.41
(b) Right-of-use assets	4	39.28	55.53
(c) Capital work-in-progress	3	11,703.36	99.28
(d) Intangible assets	5	2.15	3.76
(e) Equity accounted investment	6	765.53	-
(f) Financial assets			
- Loans	7	292.42	266.22
- Other financial assets	8	294.04	281.54
(g) Non-current tax asset (net)	9	0.82	23.20
(h) Other non-current assets	10	3,549.48	3,398.76
Total non-current assets		47,476.35	36,538.70
Current assets			
(a) Inventories	11	33,497.38	35,617.24
(b) Financial assets			
- Investments	12	1,000.72	-
- Trade receivables	13	26,130.08	26,217.41
- Cash and cash equivalents	14	1,075.68	764.03
- Bank balances other than cash and cash equivalents	14(a)	56.15	12.02
- Loans	7	213.07	172.42
- Other financial assets	15	3,409.06	2,237.09
(c) Other current assets	16	733.06	1,714.54
		66,115.20	66,734.75
(d) Assets held-for-sale	16(a)	-	693.44
Total current assets		66,115.20	67,428.19
TOTAL ASSETS		1,13,591.55	1,03,966.89
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	8,173.33	8,145.98
(b) Other equity	18	71,618.49	63,789.48
Total equity		79,791.82	71,935.46
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
- Borrowings	19	329.55	1,409.86
- Lease liabilities	20	35.58	57.57
- Other financial liabilities	21	15.26	24.98
(b) Provisions	22	215.57	195.01
(c) Deferred tax Liabilities (net)	23	1,842.97	1,978.10
(d) Other non-current liabilities	24	39.19	43.47
Total non-current liabilities		2,478.12	3,708.99
Current liabilities			
(a) Financial liabilities			
- Borrowings	19	11,643.29	6,884.19
- Lease liabilities	20	21.98	18.97
- Trade payables:			
(i) Total outstanding dues of micro enterprises and small enterprises; and		581.57	927.68
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	13,348.71	16,521.21
- Other financial liabilities	26	3,853.55	2,457.09
(b) Other current liabilities	27	1,638.61	1,349.27
(c) Provisions	22	195.16	143.23
(d) Current tax liabilities (net)	28	38.74	20.80
Total current liabilities		31,321.61	28,322.44
TOTAL EQUITY AND LIABILITIES		1,13,591.55	1,03,966.89
Material accounting policies	2		
Notes to financial statements	3-51		
The accompanying notes form an integral part of the Consolidated financial statements			
As per our report of even date attached For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022		For and on behalf of Board of Directors of Vardhman Special Steels Limited	
Gaurav Mahajan Partner Membership number: 507857		Sachit Jain Vice Chairman & Managing Director DIN : 00746409	
		Sanjeev Singla Chief Financial Officer	
		R. K. Rewari Executive Director DIN : 00619240	
		Sonam Dhingra Company Secretary	
Place: Ludhiana Date: 22 April 2025		Place: Ludhiana Date: 22 April 2025	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for year ended 31 March 2025

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

Particulars	Note	Year ended 31 March 2025	Year ended 31 March 2024
I. Revenue from operations	29	1,76,440.83	1,66,135.93
II. Other income	30	2,911.48	2,982.35
III. Total income (I + II)		1,79,352.31	1,69,118.28
IV. Expenses:			
Cost of materials consumed	31	1,09,368.16	1,03,062.35
Purchases of stock-in-trade	32	-	141.41
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(1,075.05)	(2,041.02)
Employee benefits expense	34	10,338.96	9,620.56
Finance costs	35	1,862.71	1,842.09
Depreciation and amortization expense	36	3,346.99	3,098.37
Other expenses	37	43,004.48	41,108.74
Total expenses		1,66,846.25	1,56,832.50
V. Share of net profit/(loss) of associate accounted for using the equity method (net of tax)	6	-	-
VI. Profit before income tax (III-IV)		12,506.06	12,285.78
VII. Income tax expense:			
Current tax	38	3,332.39	3,153.54
Deferred tax		(135.14)	(30.56)
Total income tax expense		3,197.25	3,122.98
VIII. Profit for the year (V-VI)		9,308.81	9,162.80
IX. Other Comprehensive Income/(expense)			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the net defined benefit liability /(asset)		(37.14)	23.55
Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of the net defined benefit liability / (asset)		9.35	(5.93)
Other comprehensive Income/(expense) for the year (net of income tax)		(27.79)	17.62
X. Total comprehensive income for the year (VII+VIII)		9,281.02	9,180.42
Earnings per equity share [nominal value of ₹ 10 (previous year ₹ 10)]			
Basic earnings per equity share (₹)	39	11.40	11.24
Diluted Earnings per equity share (₹)	39	11.37	11.18
Material accounting policies	2		
Notes to financial statements	3-51		
The accompanying notes form an integral part of the Consolidated financial statements			
As per our report of even date attached For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022		For and on behalf of Board of Directors of Vardhman Special Steels Limited	
Gaurav Mahajan Partner Membership number: 507857		Sachit Jain Vice Chairman & Managing Director DIN : 00746409	
		Sanjeev Singla Chief Financial Officer	
		R. K. Rewari Executive Director DIN : 00619240	
		Sonam Dhingra Company Secretary	
Place: Ludhiana Date: 22 April 2025		Place: Ludhiana Date: 22 April 2025	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

a. Equity share capital (Note -17)

	Number of Shares	Amount
Balance as at 1 April 2023	4,06,27,414	4,062.74
Add: Issue of Bonus share issued during the year (Refer note 17.4)	4,07,29,914	4,072.99
Add: Issue of equity share under employee Stock option plan (Refer note 43.4)	1,02,500	10.25
Balance as at 31 March 2024	8,14,59,828	8,145.98
Add: Issue of Bonus share issued during the year (Refer note 17.4)	1,36,750	13.68
Add: Issue of equity share under employee Stock option plan (Refer note 43.4)	1,36,750	13.68
Balance as at 31 March 2025	8,17,33,328	8,173.33

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 2023	14,580.07	13,890.62	124.34	31,563.63	60,158.66
Total comprehensive income for the year ended 31 March 2024					
Profit for the year	-	-	-	9,162.80	9,162.80
Other comprehensive income / (expense) (net of tax)	-	-	-	17.62	17.62
Total comprehensive income/(expense) for the year	-	-	-	9,180.42	9,180.42
Transactions with owners of the Company					
Contributions and distributions					
"Final equity dividend for the financial year 2022-2023 (Amount ₹2 per share)"	-	-	-	(1,625.10)	(1,625.10)
Share based payment expense	-	-	84.93	-	84.93
Issue of bonus equity shares (1:1 Ratio)	(4,072.99)	-	-	-	(4,072.99)
Share option exercised	97.08	-	(33.52)	-	63.56
Total Contributions and distributions for the year	(3,975.91)	-	51.41	(1,625.10)	(5,549.60)
Balance as at 31 March 2024	10,604.16	13,890.62	175.75	39,118.95	63,789.48
Total comprehensive income for the year ended 31 March 2025					
Profit for the year	-	-	-	9,308.81	9,308.81
Other comprehensive income / (expense) (net of tax)	-	-	-	(27.79)	(27.79)
Total comprehensive income/(expense) for the year	-	-	-	9,281.01	9,281.02
Transactions with owners of the Company					
Contributions and distributions					
"Final equity dividend for the financial year 2023-2024 (Amount ₹2 per share)"	-	-	-	(1,629.90)	(1,629.90)
Share based payment expense	-	-	106.80	-	106.80
Issue of bonus equity shares (1:1 Ratio)	(13.68)	-	-	-	(13.68)
Share option exercised	175.37	-	(90.60)	-	84.77
Total Contributions and distributions for the year	161.69	-	16.20	(1,629.90)	(1,452.01)
Balance as at 31 March 2025	10,765.85	13,890.62	191.95	46,770.07	71,618.49

Material accounting policies

Notes to financial statements

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The accompanying notes form an integral part of the Consolidated 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

R. K. Rewari
Executive Director
DIN : 00619240

Sonam Dhingra
Company Secretary

Place: Ludhiana
Date: 22 April 2025

CONSOLIDATED STATEMENT OF CASH FLOWS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
A Cash flow from operating activities		
Profit before income tax	12,506.06	12,285.78
Adjustments for:		
Depreciation and amortization expense	3,346.99	3,098.37
Change in fair value of derivative financial instruments	(89.00)	140.31
Unrealized foreign exchange (gain) (net)	(28.82)	(39.52)
Loss on sale/written of property, plant and equipment (net)	16.41	26.66
Share based payments to employees	106.80	84.93
Vendor Balances written off	17.62	13.40
Finance costs	1,862.71	1,842.09
Interest income	(152.10)	(148.51)
Gain on sale of current investments	(132.83)	(217.93)
Gain on fair value of investments	(0.72)	-
Liabilities no longer required written back	(23.88)	(28.48)
Operating profit before change in following assets and liabilities	17,429.24	17,057.10
Adjustments for:		
Decrease in inventories	2,119.86	650.75
Decrease/(increase) in trade receivables	84.83	(62.37)
(Increase) in current loans	(47.16)	(21.46)
(Increase) in other financial current assets	(1,171.97)	(284.41)
Decrease in other current assets	984.93	619.06
(Increase)/decrease in non-current loans	(26.20)	15.77
(Increase) in other non-current assets	(61.44)	(217.31)
Increase in non-current provisions	20.56	0.60
(Decrease) in other non-current liabilities	(4.28)	(4.03)
(Decrease) in trade payables	(3,484.19)	(1,054.79)
(Decrease) / increase in other financial current liabilities	(164.74)	507.69
(Decrease)/increase in other financial liabilities	(9.72)	9.62
Increase in other current liabilities	289.34	125.88
Increase in current provisions	14.79	62.95
Cash generated from operating activities	15,973.85	17,405.05
Income tax paid (net)	(3,282.72)	(3,164.44)
Net cash generated from operating activities (A)	12,691.13	14,240.61
B Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(11,883.17)	(6,796.33)
Proceeds from sale of property, plant and equipment and intangible assets	43.55	125.88
Relisation on sale /Cost incurred towards assets held for sale	693.44	(693.44)
Movement in other bank balances	(44.12)	(4.38)
Acquisition of non-current investments	(765.53)	-
Acquisition of current investments	(21,250.00)	(38,400.00)
Relisation of current investments	20,383.56	40,617.93
Interest received	139.60	136.01
Net cash (used in) investing activities (B)	(12,682.67)	(5,014.33)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.)

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
C Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	98.46	73.81
Repayments of non-current borrowings	(2,300.95)	(2,760.00)
Payment of Lease liabilities (Including Interest)	(24.88)	(23.69)
Proceeds/(repayments) of current borrowing (net)	5,976.91	(3,246.40)
Dividends on equity share capital paid	(1,624.42)	(1,620.72)
Interest paid	(1,821.93)	(1,838.75)
Net cash generated /(used in) financing activities (C)	303.19	(9,415.75)
Net increase in cash and cash equivalents (A+B+C)	311.65	(189.47)
Cash and cash equivalents at the beginning of the year (see below)	764.03	953.50
Cash and cash equivalents at the end of the year (see below)	1,075.68	764.03
Notes:		
1. Cash and cash equivalents include:		
Balance with banks		
- in current accounts	1,075.37	763.49
Cash on hand	0.31	0.54
	1,075.68	764.03

2.

The above “Statement of Cash Flows” has been prepared in accordance with Indirect Method as set out in the applicable Indian Accounting Standard - 7 on “Statement of Cash Flow”. (refer to note 2 (x))
3.

Refer note 19.4 and 20.5 for reconciliation of movements, in borrowings and lease liabilities respectively, to cash flows arising from financing activities.
4.

During the current year, the Company paid ₹230.46 (31 March 2024 - ₹191.25) towards corporate social responsibility (CSR) expenditure, included in corporate social responsibility expenditure - (refer note 45.2)

Significant accounting policies

Notes to financial statements

2

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The accompanying notes form an integral part of the Consolidated financial statements			
As per our report of even date attached For B S R & Co. LLP Chartered Accountants ICAI Firm Registration No. 101248W/W-100022		For and on behalf of Board of Directors of Vardhman Special Steels Limited	
Gaurav Mahajan Partner Membership number: 507857	Sachit Jain Vice Chairman & Managing Director DIN : 00746409		R. K. Rewari Executive Director DIN : 00619240
	Sanjeev Singla Chief Financial Officer		Sonam Dhingra Company Secretary
Place: Ludhiana Date: 22 April 2025		Place: Ludhiana Date: 22 April 2025	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

1. Reporting entity

Vardhman Special Steels Limited (‘the Company’ or ‘Parent’ or ‘Group’), is a public limited company incorporated under the provisions of the Companies Act, 1956 on 14 May 2010 having its registered office at Vardhman Premises, Chandigarh Road, Ludhiana - 141010. The equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited. The Company’s business primarily consists of manufacturing of Billets, Steel bars and Bright bars of various categories of special and alloy steels. These consolidated financial statements comprise of the Company and its associate.

2. Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated 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 consolidated 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 consolidated financial statements prepared under previous GAAP and use the same as deemed cost in the consolidated 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 consolidated financial statements of the Company for the year ended 31 March 2025 were approved by the Company’s Board of Directors on 22 April 2025.

iii) Functional and presentation currency

The functional currency of the Company is the Indian rupee. These consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for the following items:

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

v) Measurement of fair values

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

The Company has established policies and procedures with respect to the measurement of fair values. This includes the top management division which is responsible for overseeing all significant fair value measurements, including Level 3 fair values. The top management division regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the top management division assesses the evidence obtained from the third parties to support the conclusion that these valuations meet

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

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 consolidated financial statements is included in note 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 these consolidated 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 consolidated financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Financial reporting results rely on the estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. Estimates and Judgments are continually evaluated and are based on historical experience and other factors, including expectation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 March 2025
(All amounts are in ₹ lakhs except for share data)

of future events that are believed to be reasonable under the circumstances. The Management believes that the estimates used in preparation of these consolidated financial statements are prudent and reasonable. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

Judgements

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

- Note 2(P)(i) and 29 – revenue recognition: whether revenue is recognized over time or at a point in time; determining the transaction price, estimating the expected value of right to return
- Note 2(i) and 20 – lease term: whether the Company is reasonably certain to exercise extension options

Assumptions and estimation uncertainties

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

- Note 2(a)(v) – Fair value measurement
- Note 2(e) 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(i) and 20 – leases classification and assessment of discount rate in relation to lease accounting as per Ind AS 116
- Note 2(j) – Valuation of inventories
- Note 2(q) – Accounting for Government grant
- Note 2(l), 2(n) and 40 – Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and

magnitude of an outflow of resources

- Note 2(s), 8, 23 and 38 – Recognition of tax expense including deferred tax
- Note 2(k) – Impairment of financial assets
- Note 2(k) – Impairment test of non-financial assets: key assumptions underlying recoverable amounts and
- Note 2(i) and 43 – Measurement of defined benefit obligations: key actuarial assumptions; Share based Payments
- Note 2(p)(i) and 29 – Revenue recognition: estimate of expected returns

b) Basis of consolidation

The Consolidated Financial Statements comprises financial statements of the members of the Group as under:

Name and relation of Company	Country of Incorporation	Holding as at 31 March 2025
Holding Company Vardhman Special Steels Limited	India	
Associate Sone Solar Private Limited (W.e.f – 21 May 2024)	India	26%

Equity-accounted investees

The Group's interests in equity accounted investment comprise interests in associate.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associate is accounted for using the equity method. They are initially recognised at cost which includes transaction costs.

In relation to subsequent measurement, the agreement with the promoter shareholders of the Associate Company elucidates a put option available with the Company to sell its stake to the promoter shareholder and call option

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available with promoter shareholder to acquire the stake from the Company upon termination of agreement and certain other events. These options will be exercisable at option price which is defined as "Fair Market Value of the Option Shares, subject to such amount for the Option Shares cumulatively, being at least equal to the User Shareholder Subscription Amount. The fair market value is expected to change at the time. Therefore, the investment made by the Company provides access to the Company to the returns associated with an underlying ownership interest, other than dividend. Considering this, i.e. access to the returns associated with an underlying ownership interest, the investment has been accounted for as an investment in associate as per the Equity method. However, since the Company is not entitled to ownership interest or profit distribution till the end of 18 years (date of option to sell the stake in the equity shares at fair value or the date of conversion of debentures into 1:1 equity shares, whichever is later), there will be no recognition of any downside nor any upside on account of fair market value of the option since the Company's return on the investment is uncertain until the end of 18th year. The investment will therefore continue to be measured at cost till finalization of the Option Price on exercise of the options.

c) 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.

d) Financial Instruments

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

Financial assets

Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component which is initially measured at transaction price) or financial liability is recognized initially at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give

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rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;;
- terms that may adjust the contractual coupon rate, including variable interest rate features;

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- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)..

Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

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

Derecognition

Financial assets

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

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

Financial liabilities

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

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

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.

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Derivative financial instruments

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

e) Property, plant and equipment (‘PPE’)

Recognition and measurement

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

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

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

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance

sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’.

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

The cost and related accumulated depreciation are eliminated from the consolidated 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

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Assets	Useful life as per Schedule II (Years)	Management estimate of useful life (Years)
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.

Amortisation

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

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

Derecognition

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

f) 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

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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.

i) Leases

As lessee

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

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

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

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

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use

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

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

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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.

j) **Inventories**

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

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

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

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

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

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

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

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

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

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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.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

Measurement of expected credit losses

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

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

Impairment of non-financial assets

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

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

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

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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.

l) 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.

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

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

Post-employment benefits

Defined benefit plans

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

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

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

When the calculation results in a potential asset for the Company, the recognised asset is limited to

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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.

"Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI."

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. 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. The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

m) 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.

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Expected future losses are not provided for.

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.

n) Contingent liabilities and contingent assets

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

Contingent asset is not recognised in consolidated consolidated financial statements since this may result in the recognition of income that may never

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be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

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

o) 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.

p) (i) Revenue from contract with customers

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

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

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

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as cash discount, trade discount, and rebate. 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 consolidated selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative consolidated selling price of each distinct product or service promised in the contract.

Revenue Recognition

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

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

(ii) Export Incentives

Export incentives under various schemes notified by the government are recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

(iii) Insurance and Other Claims

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

q) Government grant

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

Government grants related to capital assets are recognized initially as deferred income at fair value or deducted from the carrying value of the asset when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis or depreciated over the remaining useful life of the asset, respectively.

Further, Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which such expenses are recognised.

r) Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to:

- a) the gross carrying amount of the financial asset; or
- b) the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

s) Income taxes

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or an item recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off

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the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses (if any) and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that the related tax benefits will be realized. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefits will be realized.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. The Company has opted the new tax regime from 1 April 2022.

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

t) 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.

u) 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.

v) Corporate Social Responsibility ("CSR") expenditure

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

w) 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.

x) 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.

y) Earnings per share

Basic earnings/ (loss) per share is calculated by dividing the net profit/(loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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z) Asset held for sale

The Company classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Such assets or group of assets / liabilities are presented separately in the Balance Sheet, in the line "Assets held for sale" and "Liabilities held for sale" respectively. Once classified as held for sale, intangible assets and PPE are no longer amortised or depreciated.

Such assets or disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell."

aa) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its standalone financial statements.

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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 2024	5,515.35	5,706.59	41,566.99	176.42	605.92	539.13	54,110.40
Additions	-	-	1,619.42	21.39	81.39	85.74	1,807.94
Disposals	(22.31)	(24.78)	(18.48)	(0.18)	(40.76)	(19.55)	(126.06)
Balance as at 31 March 2025	5,493.04	5,681.81	43,167.93	197.63	646.55	605.32	55,792.28
Balance as at 1 April 2023	3,582.33	5,547.58	37,807.26	136.09	540.17	450.95	48,064.38
Additions	1,933.02	162.24	3,823.14	40.33	298.78	88.18	6,345.69
Disposals	-	(3.23)	(63.41)	-	(233.03)	-	(299.67)
Balance as at 31 March 2024	5,515.35	5,706.59	41,566.99	176.42	605.92	539.13	54,110.40
Accumulated depreciation							
Balance as at 1 April 2024	-	2,082.90	18,988.45	88.66	167.61	372.37	21,699.99
Depreciation for the year	-	188.15	3,000.09	15.83	68.80	56.25	3,329.12
Disposals	-	(12.22)	(6.94)	(0.17)	(29.04)	(17.73)	(66.10)
Balance as at 31 March 2025	-	2,258.83	21,981.60	104.32	207.37	410.89	24,963.01
Balance as at 1 April 2023	-	1,886.94	16,263.44	75.97	212.19	329.52	18,768.06
Depreciation for the year	-	197.49	2,758.63	12.69	67.40	42.85	3,079.06
Disposals	-	(1.53)	(33.62)	-	(111.98)	-	(147.13)
Balance as at 31 March 2024	-	2,082.90	18,988.45	88.66	167.61	372.37	21,699.99
Net carrying amount							
As at 31 March 2025	5,493.04	3,422.98	21,186.33	93.31	439.18	194.43	30,829.27
As at 31 March 2024	5,515.35	3,623.69	22,578.54	87.76	438.31	166.76	32,410.41

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.
C. The title deeds of all immovable properties are held in the name of the company, except as mentioned below:

Description of Property	As at 31 March 2025	As at 31 March 2024	Reason for not held in name of company
Freehold land of 5 Acre situated at C-59, Focal Point, Ludhiana.	1,910.71	1,933.02	The property constituting 5 Acres amounting ₹1,910.71, capitalized in property plant and equipment, is not held in name of Company due to pending permission from Greater Ludhiana Area Development Authority (GLADA).

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D. Capital work in progress

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

	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Total
Balance as at 1 April 2023	86.64	1,092.18	2.92	-	9.30	1,191.04
Additions	75.60	2,734.83	31.29	-	46.69	2,888.41
Capitalisations	(162.24)	(3,727.73)	(34.21)	-	(55.99)	(3,980.17)
Balance as at 31 March 2024	-	99.28	-	-	-	99.28

* Additions in capital work in progress includes borrowing costs related to the plant and equipment amounted to ₹.229.64 (31 March 2024 : ₹Nil).

E. Capital work in progress (CWIP) ageing schedule

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

As at 31 March 2024	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	> 3 years	Total
Projects in progress	99.28	-	-	-	99.28
Projects temporarily suspended	-	-	-	-	-
Total	99.28	-	-	-	99.28

F. Capital work in progress (CWIP) completion schedule

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

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

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

** ₹1,292.06 towards errection of RHF got delayed due to delay in technical drawings and civil stucture. The same will be completed and capitolised in FY 2025-26.

As at 31 March 2024

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

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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 2025	For the year ended 31 March 2024
Balance as at beginning of the year	55.53	71.79
Depreciation charged for the year	(16.25)	(16.26)
Balance as at end of the year	39.28	55.53

Notes:

- a) The Company incurred ₹122.98 (Previous year: ₹116.54) during the current year towards expenses relating to short-term leases for which the recognition exemption has been applied (refer note 37).
- b) The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of profit and loss.

5 Intangible assets

Gross carrying amount

	Computer Softwares	Total
Balance as at 1 April 2024	34.58	34.58
Additions (Acquired)	-	-
Disposals	(11.49)	(11.49)
Balance as at 31 March 2025	23.09	23.09
Balance as at 1 April 2023	32.08	32.08
Additions (Acquired)	2.50	2.50
Disposals	-	-
Balance as at 31 March 2024	34.58	34.58
Accumulated amortisation		
Balance as at 1 April 2024	30.82	30.82
Amortisation for the year	1.61	1.61
Disposals	(11.49)	(11.49)
Balance as at 31 March 2025	20.94	20.94
Balance as at 1 April 2023	27.77	27.77
Amortisation for the year	3.05	3.05
Disposals	-	-
Balance as at 31 March 2024	30.82	30.82
Net carrying amount		
As at 31 March 2025	2.15	2.15
As at 31 March 2024	3.76	3.76

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6 Equity accounted investment

	As at 31 March 2025	As at 31 March 2024
Investment in Associate		
Unquoted		
34,429 (March 31, 2024: Nil) equity shares of ₹ 10 each fully paid up of Sone Solar Pvt. Ltd.	3.44	-
76,20,899 (March 31, 2024: Nil) Complusory Convertible Debenture of ₹ 10 each of Sone Solar Pvt. Ltd.	762.09	-
	765.53	-
Aggregate value of un-quoted Investments	765.53	-
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Interests in equity accounted investment

The Company had entered into a Power Purchase Agreement for setting up 55 MW DC Solar Power Plant. Pursuant to the Share Subscription and Shareholders' Agreement, the Company had acquired a 26% share in Sone Solar Private Limited during the year ended 31 March 2025. According to Ind AS 109, the said investment is required to be classified as investment in an Associate.

Summarised financial information for associate

As per the terms of the investment, the Company is not entitled to any dividend or profit distribution. The Company holds a put option which is exercisable at the end of 18th year from the date of investment with an Option Price at Fair Market Value at least equal to the original investment amount. Therefore, the Company shall not be recording any downside on account of losses to its associate. As the Option Price will be determined at the end of 18th year, there shall be no recognition of upside also till the date of exercise of the option, since Company's return on this investment is uncertain until then. The investment will continue to be measured at cost till finalization of the Option Price on exercise of the options. Accordingly, the consolidated financial statements of Vardhman Special Steels Limited includes nil share of profit or loss for the year ended 31 March 2025.

7 Loans

	As at 31 March 2025	As at 31 March 2024
Non-Current (unsecured considered good, unless otherwise stated)		
Financial assets at amortized cost		
Loans to employees	292.42	266.22
	292.42	266.22
Current (unsecured considered good, unless otherwise stated)		
Financial assets at amortized cost		
Loans to employees	213.07	172.42
	213.07	172.42

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

	As at 31 March 2025	As at 31 March 2024
Non-current		
- Security deposit	250.00	250.00
Interest accrued		
- interest accrued on non-current security deposit	44.04	31.54
	294.04	281.54

9 Income tax assets (net)

	As at 31 March 2025	As at 31 March 2024
Non-current		
Advance income tax and tax deducted at source (net of provision)	0.82	23.20
	0.82	23.20

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

	As at 31 March 2025	As at 31 March 2024
Capital advances	1,679.76	1,590.48
Advances other than capital advances:		
- Security deposits	1,761.30	1,681.05
- Prepaid expenses	15.52	23.96
- Amount paid under protest to government authorities	92.90	103.27
	3,549.48	3,398.76

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

	As at 31 March 2025	As at 31 March 2024
Raw materials	2,325.45	4,547.70
Raw material in transit	70.65	990.13
Stores and spares	2,233.32	2,199.14
Stores and spares in transit	54.61	141.97
Work-in-progress	7,018.52	8,441.64
Finished goods - manufactured #*	21,794.83	19,296.66
	33,497.38	35,617.24

includes stock lying with third party amounting to ₹5,230.65 (Previous year : ₹3,875.91) and stock in transit ₹895.07 (Previous year : ₹1,437.35)
 * includes stock-in-trade of ₹Nil (Previous year : ₹18.25)
 Refer to Note 19.1 and 19.2 for information on inventories pledged as security by the Company.

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12 Investments (Current)

	As at 31 March 2025	As at 31 March 2024
Quoted debt securities		
Securities at fair value through profit and loss		
24,094.68 (31 March 2024: Nil) units of SBI overnight fund direct growth	1,000.72	-
	1,000.72	-
Aggregate value of un-quoted Investments	-	-
Aggregate book value of quoted investments	1,000.72	-
Aggregate market value of quoted investments	1,000.72	-
Aggregate amount of impairment in value of investments	-	-

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

	As at 31 March 2025	As at 31 March 2024
Trade receivables	26,522.89	26,610.22
Less: Loss allowance	392.81	392.81
	26,130.08	26,217.41

	As at 31 March 2025	As at 31 March 2024
Break-up of security details		
Trade receivable considered good - secured	-	-
Trade receivables considered good - unsecured	26,522.89	26,610.22
Trade receivables which have significant increase in Credit risk	-	-
Trade Receivables – credit impaired	-	-
Total	26,522.89	26,610.22
Less: Expected credit loss allowance		
- Trade receivable considered good - secured	-	-
- Trade receivables considered good - unsecured	(392.81)	(392.81)
- Trade receivables which have significant increase in Credit risk	-	-
- Trade Receivables – credit impaired	-	-
Trade receivables	26,130.08	26,217.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Trade receivable ageing schedule

Outstanding for following periods from due date of payment							
As at 31 March 2025	Unbilled	Not Due	< 6 months	6 months to 1 year	1 year to 2 years	2 year to 3 years	> 3 years
Undisputed Trade Receivable - considered good	-	19,233.85	6,811.89	174.27	16.25	18.50	268.13
Undisputed Trade Receivable - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivable - credit Impaired	-	-	-	-	-	-	-
Disputed Trade Receivable - considered good	-	-	-	-	-	-	-
Disputed Trade Receivable -which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivable - Credit Impaired	-	-	-	-	-	-	-
Total	-	19,233.85	6,811.89	174.27	16.25	18.50	268.13
					26,522.89	392.81	26,130.08

Outstanding for following periods from due date of payment

As at 31 March 2024	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	570.57	19,356.94	6,314.45	59.88	28.68	104.30	175.40
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	570.57	19,356.94	6,314.45	59.88	28.68	104.30	175.40
					26,610.22	392.81	26,217.41

14 Cash and cash equivalents

	As at 31 March 2025	As at 31 March 2024
Balance with banks		
- in current accounts	1,075.37	763.49
Cash on hand	0.31	0.54
	1,075.68	764.03

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

	As at 31 March 2025	As at 31 March 2024
Other bank balance		
- Bank deposit with maturity more than 3 months and upto 12 months	38.64	-
- Earmarked balance with banks on account of unpaid dividends	17.51	12.02
	56.15	12.02

15 Other financial assets (Current)

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2025	As at 31 March 2024
Financial assets at amortized cost		
Recoverable on account of government grant (Refund)	3,399.64	2,208.19
Security deposits	0.40	18.11
Export Benefit Recoverable	9.02	10.79
	3,409.06	2,237.09

16 Other current assets

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2025	As at 31 March 2024
Recoverable on account of government grant	24.26	60.64
Advances for supply of goods & services	246.82	302.91
Recoverable from / balance with government authorities	309.63	1,091.94
Prepaid expenses	129.55	235.03
Advance to employee	6.66	12.33
Security deposits	9.63	8.63
Prepaid (deferred) expenses for employee benefits	6.51	3.06
	733.06	1,714.54

16(a) Assets held-for-sale

	As at 31 March 2025	As at 31 March 2024
Current		
- Freehold Land*	-	693.44
	-	693.44

*During the previous year, the Company had acquired this asset from a non-related party with an intention to sell in the short term. Further during the previous year company has entered into an agreement of sell for value of ₹693.44, with an other non-related party, out of which an advance of ₹107 has been received. Now in the current year the sale execution of this assets held-for-sale has been completed, amount of advance has been adjusted and balance consideration has been received. (Refer Note 27 also)

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17 Equity share capital

17.1 Details of share capital

Authorised	As at 31 March 2025		As at 31 March 2024	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of ₹10 each	10,00,00,000	10,000.00	10,00,00,000	10,000.00
	10,00,00,000	10,000.00	10,00,00,000	10,000.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each fully paid up	8,17,33,328	8,173.33	8,14,59,828	8,145.98
	8,17,33,328	8,173.33	8,14,59,828	8,145.98

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

	As at 31 March 2025		As at 31 March 2024	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	8,14,59,828	8,145.98	4,06,27,414	4,062.74
Add: Issue equity Shares as bonus to existing share holders in 1:1 Ratio	-	-	4,06,27,414	4,062.74
Add: Issue of equity share under employee Stock option plan (Refer note 43.4)	1,36,750	13.68	1,02,500	10.25
Add: Issue of bonus equity share with employee stock option plan	1,36,750	13.68	1,02,500	10.25
Balance at the end of the year	8,17,33,328	8,173.33	8,14,59,828	8,145.98

17.3 Rights, preferences and restrictions attached to shares

- The Company has only one class of equity shares having par value of ₹10 per share. Accordingly all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. Each shareholder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders (except for interim dividend) in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders will be entitled to receive the remaining balance of assets if any, after preferential payments and to have a share in surplus assets of the Company, proportionate to their Individual shareholding in the paid up equity capital of the Company.
- Pursuant to Share Subscription and Investment Agreement entered on 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 2025.

- During the five years immediately preceding 31 March 2025 ('the period'), the company had neither bought back any shares nor it had issued any shares for consideration other than cash except as stated below.
- During the pervious year ended 31 March 2024, pursuant to approval given by its shareholders, the Company had issued 4,06,27,414 bonus equity shares of ₹10 each as fully paid up in the ratio of one equity share for every one existing equity share and Capitalization of such sum out of Security Premium Account of Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- Further, pursuant to the approval given by the shareholders in the previous year, the Company has issued 1,36,750 (Previous year: 1,02,500) bonus equity shares with employee stock option plan in the ratio of 1:1

	Number of shares	
	For the year ended 31 March 2025	For the year ended 31 March 2024
Bonus Shares	1,36,750	4,07,29,914

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

Name of shareholder	As at 31 March 2025		As at 31 March 2024	
	Number of shares	% holding in the class	Number of shares	% holding in the class
- Vardhman Textiles Limited	1,94,16,666	23.76	1,94,16,666	23.84
- Mr. Sachit Jain	1,12,38,492	13.75	1,12,26,238	13.78
- Vardhman Holdings Limited	1,04,37,908	12.77	1,04,37,908	12.81
- Aichi Steel Corporation	92,59,258	11.33	92,59,258	11.37
- Devakar Investment & Trading Company (P) Ltd	44,30,032	5.42	44,30,032	5.44
Total	5,47,82,356	67.03	5,47,70,102	67.24

17.6 Promoter Shareholding

Promoter's name	As at 31 March 2025			As at 31 March 2024		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Vardhman Textiles Limited	1,94,16,666	23.76	(0.08)	1,94,16,666	23.84	(0.06)
Sachit Jain	1,12,38,492	13.75	(0.03)	1,12,26,238	13.78	(0.04)
Vardhman Holdings Limited	1,04,37,908	12.77	(0.04)	1,04,37,908	12.81	(0.04)
Devakar Investment & Trading Company Private Ltd	44,30,032	5.42	(0.02)	44,30,032	5.44	(0.01)
Mahavir Shares Trust	10,65,822	1.30	(0.01)	10,65,822	1.31	-
VTL Investments Limited	7,56,000	0.93	-	7,56,000	0.93	-
S.P. Oswal	4,41,404	0.54	-	4,41,404	0.54	-
Flamingo Finance & Investment Company Limited	3,93,672	0.48	-	3,93,672	0.48	-
Santon Finance & Investment Company Limited	3,37,066	0.41	-	3,37,066	0.41	-
Ramaniya Finance & Investment Company Limited	3,13,352	0.38	(0.01)	3,13,352	0.39	-
Suchita Jain	1,80,534	0.22	-	1,80,534	0.22	-
Shakun Oswal	1,02,382	0.13	-	1,02,382	0.13	-
Paras Syndicate	61,030	0.08	-	61,030	0.08	-
Amber Syndicate	57,496	0.07	-	57,496	0.07	-

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17.6 Promoter Shareholding (Contd.)

Promoter's name	As at 31 March 2025			As at 31 March 2024		
	Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
Northern Trading Company	55,040	0.07	-	55,040	0.07	-
Eastern Trading Company	39,360	0.05	-	39,360	0.05	-
Mahavir Spinning Mills Private Limited	7,096	0.01	-	7,096	0.01	-
Soumya Jain	5,320	0.01	-	5,320	0.01	-
Sagrika Jain	5,160	0.01	-	5,160	0.01	-

17.7 Shares reserved for issue under options and contracts/commitments for sale of shares/disinvestment are as below:

	As at 31 March 2025		As at 31 March 2024	
	Number of shares	Amount	Number of shares	Amount
a. ESOP Plan 2016: Second (2nd) Grant: 1,35,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	28,000	20.16	61,875	44.55
b. ESOP Plan 2016: Third (3rd) Grant: 9,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	6,750	4.86	9,000	6.48
c. ESOP Plan 2020: First (1st) Grant: 3,63,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	61,250	44.10	1,44,500	104.04
d. ESOP Plan 2020: Second (2nd) Grant: 1,25,000 equity shares at an exercise price of ₹72 per share. (refer note -43.4)	75,750	54.54	1,04,000	74.88
e. ESOP Plan 2020: Third (3rd) Grant: 1,36,500 equity shares at an exercise price of ₹145 per share. (refer note -43.4)	1,26,000	182.70	-	-
	2,97,750	306.36	3,19,375	229.95

17.8 Employee Stock option/ Share purchase plan

Terms attached to stock options granted/ share purchase plan to employees are described in note no. 43.4 regarding share based payments. (Equity Settled)

18 Other equity

(also refer to Statement of Changes in Equity)

(a) Securities premium

Securities premium represents the excess consideration received by the Company over the face value of the shares issued to shareholders. This will be utilised in accordance with the applicable provisions of the Companies Act, 2013.

(b) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Statement of Profit and Loss.

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(c) Share Options Outstanding Account

The fair value of the equity settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to share based payment reserve.(Refer note 43.4)

(d) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

19 Borrowings

I. Non current borrowings

	As at 31 March 2025	As at 31 March 2024
Secured		
Term loans (refer note 19.1)		
- From banks (net of unamortized processing charges)	1,412.74	3,710.86
Total non-current borrowings (including current maturities)	1,412.74	3,710.86
Less: Current maturities of non-current borrowings disclosed as part of current borrowings	1,083.19	2,301.00
	329.55	1,409.86

II. Current borrowings

	As at 31 March 2025	As at 31 March 2024
Secured		
Loan repayable on demand		
- From banks (refer note 19.2 and 19.3)	8,072.39	2,767.66
Current maturities of non-current borrowings	1,083.19	2,301.00
Unsecured		
- Working capital loan & Corporate credit card (refer note 19.3)	2,487.71	1,815.53
	11,643.29	6,884.19

19.1 Notes

(a) Security details:

Term loans of ₹1,412.74 (Previous year: ₹3,710.86) are secured by a first parri passu charge on entire movable & immoveable property, plant and equipments of the Company (both present & future) including land and Building situated at C-58 & part of land out of plot no. C-59, Focal Point, Ludhiana & Pioneer Industrial Park, Pathrerdri, Gurugram and second parri passu charge on entire current assets of the Company.

(b) Terms & repayment schedule:

- Term loan of ₹423.18 (Previous year: ₹2,061.85) from ICICI Bank Limited repayable in 1 quarterly instalment in June 2025. (31 March 2024: 5 instalments)
- Term loan of ₹990.00 (Previous year: ₹1,649.01) from HDFC Bank Limited repayable in 6 quarterly instalments from April 2025 till Q2 of FY 2026-27 (31 March 2024: 10 instalments)
- During the current year, the nominal (floating) interest rate was in the range of 7.79 % to 9.48 % per annum (31 March 2024: in the range of 8.55 % to 10.80 % per annum)

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19.2 Cash credit/overdraft and working capital demand loan facilities from Consortium banks aggregating to ₹8,072.39 (Previous year: ₹2,767.66) against a sanctioned fund based and non-fund based working capital facility of ₹30,000 (Previous year: ₹30,000) and ₹20,000 (Previous year: ₹20,000) respectively. These limits are secured by hypothecation of entire present and future tangible current assets of the Company as well as a second charge on the entire present and future property, plant and equipments of the Company.

19.3 Unsecured working capital loan & corporate credit card facilities:

- From CTBC Bank corporation limited aggregating to ₹1,200.00 (Previous year: ₹NIL) against a sanctioned limit of ₹5,000 (Previous year: ₹5,000).
- From Axis Bank Limited aggregating to ₹950.69 (Previous year: ₹1,815.53) against a sanctioned limit of ₹3,000 (Previous year: ₹3,000).
- From ICICI Bank Limited aggregating to ₹337.02 (Previous year: ₹Nil) against a sanctioned limit of ₹500 (Previous year: ₹Nil).

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Balance at the beginning of the year		
- Non current borrowings	1,409.86	4,402.53
- Current borrowings	6,884.19	9,889.59
Total Opening Balance	8,294.05	14,292.12
a) Cash flow movements		
- (Repayments)/ proceeds of current borrowing (net)	5,976.91	(3,246.40)
- (Repayment) of non-current borrowings	(2,300.95)	(2,760.00)
b) Non-cash movements		
- Effect of amortisation of loan origination costs	2.83	6.76
- Foreign exchange translation	-	1.57
Balance at the end of the year		
- Non current borrowings	329.55	1,409.86
- Current borrowings	11,643.29	6,884.19
Total Closing Balance	11,972.84	8,294.05

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19.5 The Company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts in the current year. However there were some discrepancy in previous year which is stated as below:

Quarter end date	Bank Name	Particulars	Amount as per books of account	Amount as reported in the quarterly statements	Amount of difference	Reason for Material discrepancy	Whether return/ statement subsequently rectified.
30 June 2023	ICICI	Trade receivable	27,198.00	26,795.04	(402.96)	Trade receivable has been reported net of provision for expected credit loss allowances of ₹402.96.	The company has subsequently revised the statement on 27 April 2024
30 Sept 2023	ICICI	Trade receivable	26,859.87	26,838.82	(21.05)	Trade receivable of ₹21.05 was inadvertently not added in trade receivable amount reported to the bank.	The company has subsequently revised the statement on 27 April 2024

Note: In the year ended 31 March 2025 and 31 March 2024, the actual utilisation of working capital remained within the bank sanction/ DP limits.

20 Lease liabilities

The Company has entered into agreement for taking office premises on lease and license basis. The one lease is running for a period of up to 10 years with no restriction placed upon the Company for entering into said lease.

The Company also leases certain office premises/Guest house with contract terms up to one year. These leases are short-term in nature and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases. Rental expense recorded for short-term leases was ₹122.98 (Previous year: ₹116.54) (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 2025	For the year ended 31 March 2024
Interest on lease liabilities	5.90	7.42
Expenses relating to short-term leases	122.98	116.54
	128.88	123.96

20.2 The total cash outflow for leases are as follows:

	For the year ended 31 March 2025	For the year ended 31 March 2024
The total cash outflow for leases, including cash outflow for short term leases	147.86	140.23
Total	147.86	140.23

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20.3 The following is the break-up of current and non-current lease liabilities:

	As at 31 March 2025	As at 31 March 2024
Current lease liabilities	21.98	18.97
Non-current lease liabilities	35.58	57.57
	57.56	76.54

20.4 The weighted average incremental borrowing rate applied to lease liabilities is 8.87% (Previous year 8.87%).

20.5 The following is the movement in lease liabilities during the year

	For the year ended 31 March 2025	For the year ended 31 March 2024
Balance at the beginning	76.54	92.81
Finance cost accrued during the period	5.90	7.42
Payment of Lease liabilities (Including Interest)	(24.88)	(23.69)
Balance at the end	57.56	76.54

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

	As at 31 March 2025	As at 31 March 2024
Less than one year (Its inculdes short term/Opreating leases also)	65.18	80.49
One to five years	37.90	64.02
Total	103.08	144.51

The Company does not face any liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

21 Other financial liabilities

	As at 31 March 2025	As at 31 March 2024
Non current		
Security deposits	15.26	24.98
	15.26	24.98

22 Provisions

Provisions for employee benefits (refer note 43)

	As at 31 March 2025	As at 31 March 2024
Non current		
Liability for compensated absences	215.57	195.01
	215.57	195.01
Current		
Liability for gratuity	105.42	61.09
Liability for compensated absences	89.74	82.14
	195.16	143.23

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23 Deferred tax (Liabilities)/ assets (net)	As at 31 March 2025	As at 31 March 2024
Deferred tax assets on account of		
Expenses allowable on payment basis	117.48	94.65
ICDS disallowance on MTM forward contracts	0.55	1.03
Lease liabilities	14.49	19.26
Expected credit loss allowance	98.86	98.86
	231.38	213.80
Deferred tax liabilities on account of		
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,064.28	2,177.92
Fair valuation Gain Investment	0.18	0.00
Right-of-use assets	9.89	13.98
	2,074.35	2,191.90
	(1,842.97)	(1,978.10)

Deferred tax (Liabilities)/assets (net)

2024-25

Deferred tax assets (net)	Balance as at 1 April 2024	Recognised in Statement of profit and loss	Recognised in other compre- hensive income	Balance as at 31 March 2025
Deferred tax assets on account of				
Expenses allowable on payment basis	94.65	22.84	-	117.48
ICDS disallowance on MTM forward contracts	1.03	(0.48)	-	0.55
Lease liabilities	19.26	(4.78)	-	14.49
Expected credit loss allowance	98.86	-	-	98.86
Provision for slow moving inventory	-	-	-	-
	213.80	17.58	-	231.38
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,177.92	(113.64)	-	2,064.28
Fair valuation Gain Investment	-	0.18	-	0.18
Right-of-use assets	13.98	(4.09)	-	9.89
	2,191.90	(117.55)	-	2,074.35
Deferred tax assets (net)	(1,978.10)	135.13	-	(1,842.97)

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Deferred tax (Liabilities)/assets (net)				
2023-24				
Deferred tax assets (net)	Balance as at 1 April 2023	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Balance as at 31 March 2024
Deferred tax assets on account of				
Expenses allowable on payment basis	95.07	(0.42)	-	94.65
ICDS disallowance on MTM forward contracts	21.42	(20.40)	-	1.03
Lease liabilities	23.36	(4.10)	-	19.26
Expected credit loss allowance	101.38	(2.52)	-	98.86
Provision for slow moving inventory	13.78	(13.78)	-	-
	255.01	(41.22)	-	213.80
Deferred tax liabilities on account of				
Excess of depreciation as per Income Tax Act, 1961 over depreciation as per books	2,245.60	(67.68)	-	2,177.92
Right-of-use assets	18.07	(4.09)	-	13.98
	2,263.67	(71.77)	-	2,191.90
Deferred tax assets (net)	(2,008.66)	30.55	-	(1,978.10)

Note: 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.

24 Other non-current liabilities

	As at 31 March 2025	As at 31 March 2024
Security deposits	39.19	43.47
	39.19	43.47

25 Trade Payables

	As at 31 March 2025	As at 31 March 2024
- Total outstanding dues of micro enterprises and small enterprises (refer note 42)	581.57	927.68
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13,348.71	16,521.21
	13,930.28	17,448.89

For due to related parties (Refer Note 44)

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Trade payable ageing schedule							
As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	3.52	578.05	-	-	-	-	581.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	186.79	12,641.89	494.47	11.15	13.41	1.00	13,348.71
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	190.31	13,219.94	494.47	11.15	13.41	1.00	13,930.28

As at 31 March 2024	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	< 1 years	1 year to 2 years	2 year to 3 years	> 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	927.68	-	-	-	-	927.68
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.58	15,503.54	933.40	15.47	13.46	9.76	16,521.21
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Total	45.58	16,431.22	933.40	15.47	13.46	9.76	17,448.89

26 Other financial liabilities

	As at 31 March 2025	As at 31 March 2024
Current		
Interest accrued but not due on borrowings	49.23	17.17
Capital creditors		
- Total outstanding dues of micro enterprises and small enterprises	57.36	1.14
- Total outstanding of creditors other than micro enterprises and small enterprises	1,759.34	197.42
Employee related payables	1,528.55	1,640.03
Dues to government authorities	344.63	346.09
CSR Un-spent amount	85.43	70.60
Unpaid dividend	17.50	12.02
Liability for mark to market loss on derivative contracts	10.80	99.80
Other - Unapplied receipts	0.71	72.82
	3,853.55	2,457.09

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27 Other current liabilities

	As at 31 March 2025	As at 31 March 2024
Contract liabilities	669.15	62.25
Advance received against assets held for sale	-	107.00
Statutory dues	969.46	1,180.02
	1,638.61	1,349.27

28 Current tax liabilities (net)

	As at 31 March 2025	As at 31 March 2024
Provision for Income tax (net of advance income tax and tax deducted at source)	38.74	20.80
	38.74	20.80

29 Revenue from operations

	For the year ended 31 March 2025	For the year ended 31 March 2024
Sale of products		
- Finished goods	1,75,403.35	1,64,880.75
- Traded Goods	-	118.07
Other operating revenues		
- By product & miscellaneous sale	950.66	1,040.83
- Export incentives	86.82	96.28
	1,76,440.83	1,66,135.93

A. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geography market, major products and timing of revenue recognition.

	For the year ended 31 March 2025	For the year ended 31 March 2024
Geographical markets		
India	1,69,519.77	1,58,695.81
Outside India	5,883.58	6,303.01
	1,75,403.35	1,64,998.82
Timing of revenue recognition		
Products transfer at a point in time	1,75,403.35	1,64,998.82
	1,75,403.35	1,64,998.82
For sale of major products refer note 41.1		
Revenue from contracts with customers	1,75,403.35	1,64,998.82

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B. Reconciliation of revenue recognised with contract price

	For the year ended 31 March 2025	For the year ended 31 March 2024
Revenue as per contract price	1,76,116.48	1,65,710.17
Adjustment for variable cost components		
Discount & Quality claims	(713.14)	(711.35)
Total Revenue from contracts with customers	1,75,403.35	1,64,998.82

Contract Balances

	For the year ended 31 March 2025	For the year ended 31 March 2024
Trade receivables including unbilled revenue	26,130.08	26,217.41
Contract liabilities	669.15	62.25

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.

Invoices are usually payable within 45-90 days.

The amount of ₹47.23 included in contract liabilities at 31 March 2024 has been recognised as revenue during the year ended 31 March 2025. (31 March 2024: ₹84.09)

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the customers on satisfaction of distinct performance obligations at the amount of transaction price (net of discounts, rebates etc.)

Information about major customers:

Revenue from sale of products to one customer which individually constitutes more than 10 percent of the Company's total revenue is ₹19,774.03 (previous year one customer total revenue ₹22,619.78).

30 Other income

	For the year ended 31 March 2025	For the year ended 31 March 2024
Income on account of government grants*	2,501.02	2,468.15
Interest income		
- others (Punjab State Power Corporation Limited, employee loans etc.)	152.10	148.51
Liabilities no longer required written back	23.88	28.48
Net Gain on account of foreign exchange fluctuation	12.54	-
Gain on sale of current investments	132.83	217.93
Gain on fair value of investments	0.72	-
Gain on sale property, plant and equipment (net)	7.29	-
Miscellaneous income	81.10	119.28
	2,911.48	2,982.35

*The Company is eligible for incentives under Industrial and Business Development Policy 2017 of the State Government for its expansion cum upgradation project of Steel Melt Shop completed in FY 2019-20. Pursuant to the necessary approvals from the competent authorities resulting in satisfaction of recognition conditions for government grants in accordance with Ind AS 20, the Company has recorded ₹2,501.02 (Previous year: 2,468.15) 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.

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31	Cost of materials consumed	For the year ended 31 March 2025	For the year ended 31 March 2024
	Inventory of raw materials at the beginning of the year (including raw material in transit)	5,537.83	7,930.29
	Purchases of raw materials	1,06,226.44	1,00,669.89
	Inventory of raw materials at the end of the year (including raw material in transit)	(2,396.11)	(5,537.83)
		1,09,368.16	1,03,062.35
32	Purchases of stock-in-trade	For the year ended 31 March 2025	For the year ended 31 March 2024
	Purchases of stock-in-trade	-	141.41
		-	141.41
33	Changes in inventories of finished goods, stock-in-trade and work-in-progress	For the year ended 31 March 2025	For the year ended 31 March 2024
	Opening inventory		
	Finished goods	19,296.66	18,660.41
	Work-in-progress	8,441.64	7,036.87
		27,738.30	25,697.28
	Closing inventory		
	Finished goods*	21,794.83	19,296.66
	Work-in-progress	7,018.52	8,441.64
		28,813.35	27,738.30
		(1,075.05)	(2,041.02)
	* includes stock-in-trade of ₹Nil as on 31 March 2025 (Previous year : ₹18.25)		
34	Employee benefits expense	For the year ended 31 March 2025	For the year ended 31 March 2024
	Salaries, wages and bonus	9,291.90	8,735.47
	Contribution to provident and other funds (refer note 43)	734.36	647.44
	Share based payments to employees (Equity Settled)	106.80	84.93
	Staff welfare expenses	205.90	152.72
		10,338.96	9,620.56
35	Finance cost	For the year ended 31 March 2025	For the year ended 31 March 2024
	Interest expense on		
	- Term loans	196.78	396.23
	- Lease liabilities	5.90	7.42
	- Others*	1,577.63	1,350.53
	Other borrowing cost (LC Charges, processing fee & bank charges)	82.40	87.91
		1,862.71	1,842.09

* Others represent interest on cash credit & working capital demand loan and discounting charges etc.

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36	Depreciation and amortisation expense	For the year ended 31 March 2025	For the year ended 31 March 2024
	Depreciation on property, plant and equipment (refer note 3)	3,329.12	3,079.06
	Depreciation on right of use asset (refer note 4)	16.25	16.26
	Amortisation of intangible asset (refer note 5)	1.62	3.05
		3,346.99	3,098.37
37	Other expenses	For the year ended 31 March 2025	For the year ended 31 March 2024
	Stores and spare consumed	11,186.90	11,959.12
	Power and fuel	17,737.40	17,257.91
	Packing material	465.37	459.58
	Processing Charges	3,982.42	2,784.32
	Rent	122.98	116.54
	Repairs and maintenance	3,064.35	2,761.41
	Insurance	97.05	88.91
	Rates and taxes	73.46	95.03
	Net loss on account of foreign exchange fluctuation	-	72.59
	Loss on written of property, plant and equipment (net)	23.70	26.66
	Loss on sale of assets held for sale	-	1.35
	Vendor Balances/Advances written off	17.62	13.40
	Bad debts	-	9.99
	Less: Withdrawal from provision for expected credit loss allowances	-	9.99
	Legal and professional expenses (refer note 45.1)	203.25	166.13
	Freight and handling expense	3,548.56	2,991.13
	Commission on sales	523.47	430.66
	Royalty (refer note 44)	949.60	904.40
	Corporate Social Responsibility expense (refer note 45.2)	276.71	242.34
	Common corporate expenses (refer note 44)	99.76	99.76
	Travelling Expense	270.44	238.05
	Miscellaneous expenses	361.44	399.45
		43,004.48	41,108.74

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38 Tax expense		
	For the year ended 31 March 2025	For the year ended 31 March 2024
38.1 Income tax recognised in Statement of Profit and Loss		
Current tax (including tax adjustment relating to prior periods)	3,332.39	3,153.54
Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	(135.14)	(30.56)
Total tax expense recognised in the current year	3,197.26	3,122.98
38.2 Reconciliation of effective tax rate		
Profit before tax	12,506.06	12,285.78
Tax at the Indian tax rate of 25.168 %	3,147.53	3,092.09
Effect of expenses that are not deductible in determining taxable profit*	21.20	35.57
Recognition of previously unrecognised tax	(3.60)	1.25
Effect of change in estimate related to previous year	22.78	-
Income tax expenses recognised in statement of profit and loss	3,187.91	3,128.91
*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	9.35	(5.93)
Total income tax recognised in other comprehensive (expense)	9.35	(5.93)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to profit or loss	-	-
	-	-

39 Earning per share (EPS)		
	For the year ended 31 March 2025	For the year ended 31 March 2024
39.1 Basic earnings per share		
Profit for basic earning per share of ₹10 each	9,308.81	9,162.80
Weighted average number of equity shares for (basic)		
Balance at the beginning of the year	8,14,59,828	4,06,27,414
Effect of fresh issue of shares		
1,36,750 equity shares issued (31 March 2024: 4,07,29,914) as bonus to ESOP allotee/existing share holders in 1:1 Ratio*	1,36,750	4,08,66,664
Weighted average shares at fair value in employee stock option	46,058	24,119
Total weighted average number of equity shares outstanding for Basic EPS	8,16,42,636	8,15,18,197
Basic Earnings per share (face value of Rs 10 each)	11.40	11.24
*Earnings per equity share has been adjusted retrospectively to give effect of the bonus shares issued during the year.		

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	For the year ended 31 March 2025	For the year ended 31 March 2024
39.2 Diluted earnings per share		
Profit for diluted earning per share of ₹10 each	9,308.81	9,162.80
Total weighted average number of equity shares outstanding for Basic EPS	8,16,42,636	8,15,18,197
Add: Effect of dilutive common equivalent shares - share option outstanding**	2,11,741	4,73,809
Total weighted average number of equity shares outstanding for Dilutive EPS	8,18,54,378	8,19,92,006
Diluted Earnings per share (face value of ₹10 each) **	11.37	11.18

*2,11,741 options (31 March 2024: 4,73,809) 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 2025	As at 31 March 2024
40.1 Claim against the Company not acknowledged as debts, under dispute		
- Sales tax, Value added tax, Goods and services tax etc.	-	6.90
- Income-tax	9.92	9.92
	9.92	16.82
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 ₹1,679.76 (Previous year ₹1,590.48)}	8,568.43	10,360.28
Export commitments against import of capital goods under EPCG scheme	12,035.56	2,677.76
	20,603.99	13,038.04

- 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.
- 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."Manufacturing of Steel products" and operations are mainly within India. Hence, it is the only reportable segment under Ind AS 108 'Operating Segments'. Entity wide disclosure required by Ind AS 108 are made as follows:

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41.1 Entity wide disclosures

	For the year ended 31 March 2025	For the year ended 31 March 2024
Information about products and services		
Sale of products:		
Finished goods		
- Black bars	1,32,352.70	1,20,115.34
- Bright bars	40,901.84	44,765.41
- Others (represent items which individually account for less than 10% of the total value of sale of own manufactured products)	2,148.81	-
	1,75,403.35	1,64,880.75
Traded goods:		
- Black bars	-	72.72
- Bright bars	-	45.35
	-	118.07
Inventories:		
- Black bars	19,995.77	16,410.71
- Bright bars	1,799.05	2,885.95
- Billets	7,018.52	8,441.64
- Raw Material (Including material in transit)	2,396.11	5,537.83
- Others (represent items which individually account for less than 10% of the total value of inventory)	2,287.92	2,341.11
	33,497.38	35,617.24

41.2 Information about major customers (from external customers)

Revenue from sale of products to one customer which individually constitutes more than 10 percent of the Company's total revenue is ₹19,774.03 (previous year one customer total revenue ₹22,619.78).

41.3 Information about geographical areas

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Within India	Outside India	Within India	Outside India
i) Revenues from sale of products to external customers	1,69,519.77	5,883.58	1,58,695.81	6,303.01

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 :

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Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
a) Principal amount and Interest due thereon remaining unpaid to any supplier		
- Principal		
Trade payable	581.57	927.68
Capital creditors	57.36	1.14
- 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	-	-
	638.93	928.82

43 Employee benefits

43.1 Assets and liabilities relating to employee benefits

	Non - current		Current	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Liability for gratuity	-	-	105.42	61.09
Liability for compensated absences	215.57	195.01	89.74	82.14
Provisions for employee benefits (refer note 22)	215.57	195.01	195.16	143.23

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 ₹414.71 (Previous year: ₹360.22) under provident fund scheme and ₹51.25 (Previous year: ₹52.02) under ESI scheme. These have been included in the note 34 Employees benefits expenses, in Statement of Profit and Loss.

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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

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 2025	As at 31 March 2024
Present value of obligation at the beginning of the year	1,301.22	1,108.64
Current service cost	145.59	120.89
Interest cost	93.95	81.60
Actuarial loss recognised in other comprehensive income	32.60	28.51
Benefits paid	(81.41)	(38.42)
Present value of obligation at the end of the year	1,491.95	1,301.22

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iii) Reconciliation of present value of plan assets		
Particulars	As at 31 March 2025	As at 31 March 2024
Plan assets at the beginning of the year, at fair value	1,240.13	1,045.10
Expected return on plan assets	89.54	76.92
Actuarial gain/(loss) on plan assets recognised in other comprehensive income	(4.53)	52.07
Contributions	(0.31)	-
Benefits paid	61.40	66.04
Plan assets at the end of the year, at fair value	1,386.23	1,240.13

iv) Amount recognised in the balance sheet		
Particulars	As at 31 March 2025	As at 31 March 2024
Present value of defined benefit obligation at the end of the year	1,491.95	1,301.22
Fair value of plan assets at the end of the year	1,386.23	1,240.13
Net asset / (liability) recognised in balance sheet*	(105.72)	(61.09)

*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 2025	As at 31 March 2024
Equity Instruments	23.78%	24.85%
Govt. Securities & Debt Instruments	73.58%	72.95%
Bank balances	2.12%	1.75%
Others	0.52%	0.45%

vi) Expenses recognised in the Statement of Profit or Loss		
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Current service cost	145.59	120.89
Interest cost	93.95	81.60
Expected return on plan assets	(89.54)	(76.92)
Expenses recognized in profit or loss	150.00	125.57

vii) Remeasurement recognized in other comprehensive expense		
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Actuarial (gain)/loss on the defined benefit obligation	37.14	(23.55)
Amount recognized in other comprehensive expense	37.14	(23.55)

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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 2025	As at 31 March 2024
Discount rate (per annum)	6.99%	7.36%
Expected rate of return on plan assets (per annum)	6.88%	6.20%
Future salary growth rate	6.00%	6.00%

(ii) Demographic assumptions:

Particulars	As at 31 March 2025	As at 31 March 2024
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 2025		As at 31 March 2024	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50 % movement)	(52.55)	56.56	(44.78)	48.10
Future salary growth (0.50 % movement)	54.06	(51.38)	46.61	(44.10)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same methods (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

x) Expected future benefit payments

Particulars	As at 31 March 2025	As at 31 March 2024
Undiscounted amount of expected benefit payments for next 10 years:		
within 1 year	247.89	219.04
1-2 years	115.21	123.24
2-3 years	112.44	77.12
3-4 years	123.13	92.36
4-5 years	77.80	97.69
5-6 years	75.51	60.56
6 year onwards	739.97	631.20

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Weighted average duration of the defined benefit plan (in years)	11.78	11.60
Expected employers contribution for next year	168.23	136.80

43.4 Share based payments to employees

i) ESOP Plan 2016: Second (2nd) Grant

The Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 135,000 options to its eligible employees against the plan under the Second grant out of 136,937 options lying un-granted at a price of ₹72 per share, other terms and conditions remaining the same.

During the year, the Company has allotted 32,000 (Previous year: 26,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 32,000 Bonus Shares in the ratio of 1:1 during the year (Previous year: 26,250)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2016)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	61,875	72	91,875	72
Forfeited during the year	(1,875)	72	(3,750)	72
Exercised during the year	(32,000)	72	(26,250)	72
Outstanding at end of the year*	28,000	72	61,875	72

**The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹72 per option) and a weight-
 ed-average remaining contractual life of 4.12 year (31 March 2024- 5.12 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
11-Nov-22	25% of total allotment	30.21
11-Nov-23	25% of total allotment	33.59
11-Nov-24	25% of total allotment	36.16
11-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
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

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ii) ESOP Plan 2016: Third (3rd) Grant

The Nomination and Remuneration Committee in its meeting held on 23rd July, 2022 has made a third grant of 9,000 options under ESOP Plan 2016 to its eligible employees out of 9,437 options lying ungranted under the said Plan at a price of ₹72 per share.

During the year, the Company has allotted 2,250 (Previous year : Nil) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 2,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: Nil)

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 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	9,000	72	9,000	72
Forfeited during the year	-	-	-	-
Exercised during the year	(2,250)	72	-	-
Outstanding at end of the year*	6,750	72	9,000	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹ 72 per option) and a weight-ed-average remaining contractual life of 5.81 year (31 March 2024- 6.81 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
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 2025	Year ended 31 March 2024
1. Risk free interest rate	7.08%	7.08%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	16.46%	16.46%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	230.00

iii) ESOP Plan 2020: First (1st) Grant

The Company has established an Employee Stock Option Plan ('ESOP') in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014) which has been approved by the Board of Directors in its meeting held on 6 August 2020 and by the shareholders in their meeting held on 25 September, 2020. The Board had delegated necessary power to the Nomination and Remuneration Committee to Implement and administer the plan. Accordingly, the Nomination and Remuneration Committee of the Company in its meeting held on 11 November 2020 has granted 3,63,000 options to its eligible employees against the plan under the first grant out of total of 5,00,000 options.

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During the year, the Company has allotted 77,250 (Previous year : 76,250) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 77,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: 76,250)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,44,500	72	2,26,375	72
Forfeited during the year	(6,000)	72	(5,625)	72
Exercised during the year	(77,250)	72	(76,250)	72
Outstanding at end of the year*	61,250	72	1,44,500	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹72 per option) and a weighted-average remaining contractual life of 4.12 year (31 March 2023- 5.12 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
11-Nov-22	25% of total allotment	30.21
11-Nov-23	25% of total allotment	33.59
11-Nov-24	25% of total allotment	36.16
11-Nov-25	25% of total allotment	38.59

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
1. Risk free interest rate	5.78%	5.78%
2. Expected life (In years)	10.00	10.00
3. Expected Volatility	9.05%	9.05%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	79.00	79.00

iv) ESOP Plan 2020: Second (2nd) Grant

The Nomination and Remuneration Committee in its meeting held on 23rd July, 2022 has made a second grant of 1,25,000 options under ESOP Plan 2020 to its eligible employees out of 2,20,500 options lying ungranted under the said Plan at a price of ₹72 per share.

During the year, the Company has allotted 25,250 (Previous year : Nil) equity shares to the eligible employees at a price of ₹72 per share. Along with this employees had also exercised 25,250 Bonus Shares in the ratio of 1:1 during the year (Previous year: Nil)

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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Reconciliation of outstanding share options (2nd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	Number of Options	Weighted average exercise Price (in ₹)	Number of Options	Weighted average exercise Price (in ₹)
Outstanding at beginning of the year	1,04,000	72	1,14,000	72
Forfeited during the year	(3,000)	-	(10,000)	72
Exercised during the year	(25,250)	72	-	-
Outstanding at end of the year*	75,750	72	1,04,000	72

*The options outstanding as at 31 March 2025 had an exercise price of ₹72 per option (31 March 2024 - ₹72 per option) and a weighted-average remaining contractual life of 5.81 year (31 March 2024- 6.81 Year)

The fair value of the options and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plan are as follows:

Details of vesting	Vesting schedule	Fair value of option
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 2025	Year ended 31 March 2024
1. Risk free interest rate	7.08%	7.08%
2. Expected life (In years)	7.00	7.00
3. Expected Volatility	16.46%	16.46%
4. Exercise Price (in ₹)	72.00	72.00
5. Price of the underlying share in the market at the time of option grant (in ₹)	230.00	230.00

v) ESOP Plan 2020: Third (3rd) Grant

The Nomination and Remuneration Committee in its meeting held on 18th July, 2024 has made a Third grant of 1,36,500 options under ESOP Plan 2020 to its eligible employees out of 1,37,125 options lying ungranted under the said Plan at a price of ₹145 per share. These options will vest with the eligible employees after two years from the date of grant.

During the year no allotment has been made by the company to the eligible employees under 3rd Grant of ESOP Plan 2020, as vesting period is 2 years.

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

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Reconciliation of outstanding share options (3rd Grant under ESOP Plan 2020)

Particulars	Year ended 31 March 2025		Year ended 31 March 2024	
	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	1,36,500	145	-	-
Forfeited during the year	(10,500)	145	-	-
Exercised during the year	-	-	-	-
Outstanding at end of the year*	1,26,000	145	-	-

*The options outstanding as at 31 March 2025 had an exercise price of ₹145 per option (31 March 2024 - Nil) and a weighted-average remaining contractual life of 9.30 year (31 March 2024 - 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
18-Jul-26	25% of total allotment	193.03
18-Jul-27	25% of total allotment	198.22
18-Jul-28	25% of total allotment	201.10
18-Jul-29	25% of total allotment	204.40

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
1. Risk free interest rate	9.82%	0.00%
2. Expected life (In years)	10.00	-
3. Expected Volatility	12.60%	0.00%
4. Exercise Price (in ₹)	145.00	-
5. Price of the underlying share in the market at the time of option grant (in ₹)	296.80	-

vi) Movement of Share Option Outstanding Account

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Total liability as the beginning of the year	175.75	124.34
Employee option plan expense	106.80	84.93
Transfer to securities premium account	(90.60)	(33.52)
Total liability as the end of the year	191.95	175.75

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44 Related party disclosures

44.1 List of related parties where significant influence exists:

Name of party	Description of relationship
Vardhman Textiles Limited	VSSL* is an associate of Vardhman Textiles Limited
Aichi Steel Corporation	VSSL* is an associate of Aichi Steel Corporation

* VSSL refers to Vardhman Special Steels Limited

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
Sone Solar Pvt. Ltd.	Sone Solar Pvt. Ltd. is an associate of Vardhman Special Steels Limited w.e.f. 21 May, 2024.

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 Dhingra, Company Secretary
Mr. Rajendar Kumar Rewari, Executive Director
Ms. Soumya Jain, Executive Director (w.e.f. 02 August, 2023)

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. Rajinder Kumar Jain
Mr. Sanjoy Bhattacharyya
Mr. Bal Krishan Choudhary (Up to 27 September, 2023)
Ms. Suchita Jain
Mr. Rakesh Jain
Mr. Raghav Chandra (Up to 3 May, 2024)
Mr. Toshio Ito
Mr. Suman Chatterjee
Ms. Vidya Shah
Mr. Hemant Bharat Ram (w.e.f. 25 July, 2024)
Mr. Randhir Singh Kalsi (w.e.f. 07 November, 2024)

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

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Santon Finance & Investment Company Limited
Ramaniya Finance & Investment Company Limited
Paras Syndicate
Amber Syndicate
Northern Trading Company
Eastern Trading Company
Mahavir Spinning Mills Private Limited
Adishwar Enterprises LLP
SP Oswal Trust
Mrs. Shakun Oswal Trust

44.3 Transactions with related parties during the current / previous year # :

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
(i) Purchase of raw material		
Vardhman Yarns and Threads Limited	-	4.38
Vardhman Textiles Limited	0.49	78.51
Aichi Steel Corporation	-	0.43
(ii) Purchase of MEIS/RODTEP License		
Vardhman Textiles Limited	-	96.40
(iii) Royalty		
Aichi Steel Corporation	949.60	904.40
(iv) Professional Charges		
Aichi Steel Corporation	4.01	6.58
(v) Logo charges		
Vardhman Holdings Limited	31.23	29.41
(vi) Reimbursement of expenses paid		
Vardhman Textiles Limited	6.14	11.44
Aichi Steel Corporation	8.55	4.01
Vardhman Yarns and Threads Limited	0.78	1.16
(vii) Common corporate expenses		
Vardhman Textiles Limited	117.71	117.71
(viii) Dividend paid		
Vardhman Textiles Limited	388.33	388.33
Vardhman Holdings Limited	208.76	208.76
Aichi Steel Corporation	185.19	185.19
Devakar Investment & Trading Company Private Limited	88.60	88.60
Mahavir Shares Trust	21.32	21.32
VTL Investments Limited	15.12	15.12
S.P. Oswal	8.83	8.83
Flamingo Finance & Investment Company Limited	7.87	7.87
Santon Finance & Investment Company Limited	6.74	6.74
Ramaniya Finance & Investment Company Limited	6.27	6.27
Suchita Jain	3.61	3.61
Shakun Oswal	2.05	2.05
Paras Syndicate	1.22	1.22
Amber Syndicate	1.15	1.15
Northern Trading Company	1.10	1.10

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44.3 Transactions with related parties during the current / previous year # : (Contd.)		
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Eastern Trading Company	0.79	0.79
Mahavir Spinning Mills Private Limited	0.14	0.14
Sagrika Jain	0.10	0.10
(ix) Contribution (from)/to post employment benefit plans		
VSSL Gratuity Fund Trust	61.09	66.04
(x) Compensation to KMP & their relative:		
Short-term employee benefits*		
Mr. Sachit Jain	282.02	282.20
Mr. Sanjeev Singla	68.58	66.17
Ms. Sonam Dhingra	14.64	12.57
Mr. Rajendar Kumar Rewari	120.63	120.72
Ms. Soumya Jain (w.e.f. 02 August 2023)	57.62	35.15
Directors Sitting Fees		
Mr. Rajeev Gupta	2.20	2.40
Mr. Rajinder Kumar Jain	2.80	3.20
Mr. Sanjoy Bhattacharyya	4.60	5.35
Mr. Rakesh Jain	5.50	4.10
Mr. Raghav Chandra	0.85	4.50
Mr. Suman Chatterjee	4.60	3.35
Ms. Vidya Shah	4.75	2.75
Mr. Hemant Bharat Ram	1.70	-
Mr. Randhir Singh Kalsi	1.45	-
Commission to Directors		
Mr. Sachit Jain (Vice Chairman and Managing Director)	532.76	586.51
Mr. Rajendar Kumar Rewari (Executive Director)	112.16	65.49
Ms. Soumya Jain (Executive Director) (w.e.f. 02 August 2023)	56.08	37.40
(xi) Invesment made:		
Sone Solar Pvt. Ltd.	765.53	-
Compensation to Relative of KMP		
Ms. Soumya Jain (till 01 August 2023)	-	9.42
Dividend		
Mr. Sachit Jain	224.52	224.52
Mr. Sanjeev Singla	1.35	0.95
Ms. Sonam Dhingra	0.15	-
Mr. Rajinder Kumar Jain	0.73	0.73
Ms. Soumya Jain	0.11	0.11
Mr. Rajendar Kumar Rewari	0.01	0.01
Post employment benefits		
Mr. Sachit Jain	54.24	49.81
Mr. Sanjeev Singla	17.51	14.22
Ms. Sonam Dhingra	4.11	3.06
Mr. Rajendar Kumar Rewari	19.29	14.08
Ms. Soumya Jain	7.25	3.90
Options exercised during the year		

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44.3 Transactions with related parties during the current / previous year # : (Contd.)		
Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Mr. Sanjeev Singla	3.60	7.20
Ms. Sonam Dhingra	2.07	1.35
Mr. Rajendar Kumar Rewari	5.40	-
Outstanding options as at year end		
Mr. Sanjeev Singla	3.60	7.20
Ms. Sonam Dhingra	1.98	4.05
Mr. Rajendar Kumar Rewari	16.20	21.60

* Including value of perquisites.
 # Including taxes wherever applicable

44.4 Outstanding balances with related parties as at year end:		
Particulars	As at 31 March 2025	As at 31 March 2024
Trade payables		
Aichi Steel Corporation	410.40	399.61
Vardhman Holdings Limited	28.58	26.92
Vardhman Textiles Limited	10.85	16.52
Vardhman Yarns and Threads Limited ('VYTL')	-	0.02
Directors Sitting Fees payable	0.45	-
(Asset) / liability for gratuity contribution		
VSSL Gratuity Fund Trust	105.42	61.09

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.

45 Other disclosures required by statute

45.1 Auditors Remuneration (excluding taxes as applicable)		
	For the year ended 31 March 2025	For the year ended 31 March 2024
As Auditor		
- Statutory audit and limited review of quarterly results	37.00	34.00
- in other capacity		
Tax audit fee	4.50	4.50
Certification work	0.50	2.25
For reimbursement of expenses	3.20	2.24
	45.20	42.99

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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 2025	For the year ended 31 March 2024
i	Amount required to be spent by the company during the year	276.71	242.34
ii	Amount of expenditure incurred for the year*	230.46	171.74
iii	Shortfall/(Surplus) at the end of the year A = (i-ii)	46.25	70.60
iv	Amount required to be spent by the company for previous year shortfall, if any	70.60	19.51
v	Surplus at the end of year, if any	-	-
vi	Amount of expenditure incurred for previous year shortfall*	33.30	19.51
vii	Total of previous years shortfall/(surplus) B = (iv-vi) or v	37.30	-
Total shortfall/(surplus) at the end of the year (A+B) **		83.55	70.60
v	Details of related party transactions, e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	-	-
vi	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shown be shown separately	-	-

*Nature of CSR activities

Current Year- On Environment Sustainability ₹89.38, On Women Empowerment - ₹54.23, On Preventive Health care ₹44.46, On Promoting Education ₹30.86, On Promoting Sports ₹12.50 and on Other sectors ₹32.33. (This includes expenditure of ₹33.30 w.r.t. previous year shortfall)

(Previous year- On Preventive Health care ₹66.36, On Environment Sustainability ₹56.65, On Promoting Education ₹32.73, On Women Empowerment - ₹25.38, On Promoting Sports ₹5.11 and on Other sectors ₹5.02. (This includes expenditure of ₹19.51 w.r.t. previous year shortfall)

** 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, ₹46.25 has been deposited in the special account named Vardhman Special Steels Limited -Unspent CSR Account FY 2024-25 on 18 April 2025 related to shortfall as on 31 March 2025, which will be spent in the coming years.

(Previous year: ₹70.60 has been deposited in the special account named Vardhman Special Steels Limited -Unspent CSR Account FY 2023-24 on 12 April 2024 related to shortfall as on 31 March 2024, out of which ₹33.30 has been spent in current year and balance ₹37.30 stands unspent as on 31 March 2025, which will be spent in the coming years)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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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	As at 31 March 2025			As at 31 March 2024		
		Carrying value	FVTPL	FVOCI	FVTPL	FVOCI	Amortised cost
Financial assets							
Non-current							
- Loans	(ii)	292.42	-	-	-	-	266.22
- Other financial assets	(ii)	294.04	-	-	-	-	281.54
Current							
- Investments	(i)	1,000.72	-	-	-	-	-
- Trade receivables	(i)	26,130.08	-	-	-	-	26,217.41
- Cash and cash equivalents	(i)	1,075.68	-	-	-	-	764.03
- Bank balances other than cash and cash equivalents	(i)	56.15	-	-	-	-	12.02
- Loans	(i)	213.07	-	-	-	-	172.42
- Other financial Assets (excluding derivative financial instruments)	(i)	3,409.06	-	-	-	-	2,237.09
- Derivative financial instruments	(iv)	-	-	-	-	-	-
Total financial assets		32,471.22	-	-	-	-	29,950.73
Financial Liabilities							
Non-current							
- Borrowings	(i)	329.55	-	-	-	-	1,409.86
- Lease liabilities	(i)	35.58	-	-	-	-	57.57
- Other financial liabilities	(i)	15.26	-	-	-	-	24.98
Current							
- Borrowings	(i)	11,643.29	-	-	-	-	6,884.19
- Lease liabilities	(i)	21.98	-	-	-	-	18.97
- Trade payables	(i)	13,930.28	-	-	-	-	17,448.89
- Current maturities of non current borrowings	(i)	-	-	-	-	-	-
- Derivative financial instruments	(iv)	10.80	10.80	-	99.80	-	-
- Other financial liabilities	(i)	3,842.75	-	-	-	-	2,357.29
		29,829.49	10.80	-	99.80	-	28,201.75

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Notes:

- (i) Fair value of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short term maturities of these instruments. Further, in accordance with amendment Ministry of Corporate Affairs notified in Ind AS 113 on 30 March 2019, fair value measurement of lease liabilities is not required.
- (ii) Fair value of non-current financial assets has not been disclosed as there is no significant differences between carrying value and fair value.
- (iii) Fair value of borrowings is as follows :

	Level	Fair value		Amortised cost	
		31 March 2025	31 March 2024	31 March 2025	31 March 2024
Non-current borrowings (including current maturities)*	3	1,412.09	3,722.25	1,412.74	3,710.86

*The fair value of borrowings is based upon a discounted cash flow analysis that used the aggregate cash flows from principal and finance costs over the life of the debt and current market interest rates.

- (iv) Derivatives are carried at fair value at each reporting date. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The company uses mark to market provided by bank for valuation of this derivative contracts. There are no significant unobservable inputs used for Derivative financial instruments.

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2025 and 31 March 2024

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 board of directors has established the risk management committee which is responsible for developing the monitoring the company risk management policies. The Company’s risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to effect changes in market conditions and Company’s activities. The Company, through its training and management standards and procedures, aims to maintain discipline and constructive control environment in which all employees understand their roles and obligations.

The Company’s audit committee oversees how management monitors compliance with Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to audit committee.

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see (iii))
- liquidity risk (see (iii)): and
- market risk (see (iv))

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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 2025	As at 31 March 2024
Trade receivables	26,130.08	26,217.41
Cash and cash equivalents	1,075.68	764.03
Bank balances other than cash and cash equivalents	56.15	12.02
Loans	213.07	172.42
Other financial assets	3,409.06	2,237.09

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 2025	As at 31 March 2024
Within India	25,525.14	25,945.12
Outside India	604.94	272.29
	26,130.08	26,217.41

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

	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from top customer	11.27%	13.71%
Revenue from top five customers	33.34%	35.31%

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.

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

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2025					
Not Due	19,233.85	-	19,233.85	0.00%	No
0-90 Days	6,406.86	-	6,406.86	0.00%	No
91-180 Days	405.03	2.79	402.24	0.69%	No
181-365 Days	174.27	87.14	87.13	50.00%	No
366 Days and above	302.88	302.88	-	100.00%	No
	26,522.89	392.81	26,130.08		

Particulars	Gross carrying amount	Loss allowance	Carrying amount	Weighted average loss rate	Whether credit impaired
31 March 2024					
Not Due	19,927.51	-	19,927.51	0.00%	No
0-90 Days	6,242.52	-	6,242.52	0.00%	No
91-180 Days	71.93	38.63	33.30	53.70%	No
181-365 Days	59.88	45.80	14.08	76.49%	No
366 Days and above	308.38	308.38	-	100.00%	No
	26,610.22	392.81	26,217.41		

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

	As at 31 March 2025	As at 31 March 2024
Balance as at the beginning of the year	392.81	402.80
Amounts added during the year	-	-
Withdrawal from provision towards bad debts written off	-	(9.99)
Balance as at the end of the year	392.81	392.81

The loans primarily represents loans given to employees. The management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these loans have been given have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no allowance for expected credit loss has been provided on these financial assets.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

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 it's liabilities when they are due, under both normal and stressed circumstances, without incurring losses or risking damage to the Company's reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2025	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	11,643.29	330.00	-	11,973.29
Trade payables	13,930.28	-	-	13,930.28
Lease liabilities	21.98	35.58		57.56
Other financial liabilities	3,842.75	-	-	3,842.75
	29,438.30	365.58	-	29,803.88

31 March 2024	Less than 1 Year	1 to 5 year	More than 5 years	Total
Non-derivative financial liabilities				
Borrowings (including current maturities)	6,884.19	1,413.14	-	8,297.33
Trade payables	17,448.89	-	-	17,448.89
Lease liabilities	18.97	57.57		76.54
Other financial liabilities	2,357.29	-	-	2,357.29
	26,709.34	1,470.71	-	28,180.05

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:

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	As at 31 March 2025	As at 31 March 2024
Fixed rate borrowings	-	-
Floating rate borrowings	11,972.84	8,294.05
	11,972.84	8,294.05

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 2025		
Interest rate (0.5% movement)	(59.86)	59.86
For the year ended 31 March 2024		
Interest rate (0.5% movement)	(41.47)	41.47

(c) Foreign Currency Risk and sensitivity

The functional currency of the Company is Indian Rupee (INR). The Company is exposed to foreign exchange risk through its sales in international markets and purchases from overseas suppliers in various foreign currencies. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company holds derivative financial instruments such as foreign exchange contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies

Exposure to currency risk

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

		As at 31 March 2025		As at 31 March 2024	
	Currency	Amount in Indian currency (in lakhs)	Amount in foreign currency (in lakhs)	Amount in Indian currency (in lakhs)	Amount in foreign currency (in lakhs)
Trade payable	USD	3.93	0.05	781.72	9.37
	EURO	1,446.13	15.71	147.19	1.64
	JPY	410.40	720.00	399.61	726.57
Trade receivables	USD	554.59	6.49	272.33	3.26
	EURO	36.84	0.40	-	-

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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 2025 (in lakhs)	As at 31 March 2024 (in lakhs)
a) Exposure on account of Financial assets		
Trade Receivable (A)		
- In USD	6.49	3.26
- In Euro	0.40	-
Amount hedged through forwards & options # (B)		
- In USD	5.27	0.55
- In Euro	-	-
Net Exposure of Foreign Currency Assets (C = A - B)		
- In USD	1.22	2.71
- In Euro	0.40	-
b) Exposure on account of Financial Liabilities		
Trade Payable (D)		
- In USD	0.05	9.37
- In Euro	15.71	1.64
- In JPY	720.00	726.57
- In SEK		
- In CHF		
Amount hedged through forwards & options # (E)		
- In USD	2.38	13.11
- In Euro	2.14	43.00
- In JPY	720.00	720.00
- In SEK	-	14.20
- In CHF	1.30	-
Net Exposure of Foreign Currency Liabilities (F = D - E)		
- In USD	-	-
- In Euro	13.57	-
- In JPY	-	6.57
- In SEK	-	-
- In CHF	-	-
Net Exposure to Foreign Currency Assets / (Liability) (C-F)		
- In USD	1.22	2.71
- In Euro	(13.17)	-
- In JPY	-	(6.57)

Excess forwards and options against pending purchase orders.

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

Particulars	2024-2025 (Average exchange rate)	2023-2024 (Average exchange rate)	2024-2025 (Year end rate)	2023-2024 (Year end rate)
USD/INR	84.56	82.79	85.46	83.41
EURO/INR	90.58	89.80	92.03	89.97
JPY/INR	0.56	0.57	0.57	0.55
SEK/INR	7.98	7.81	8.49	7.81
CHF/INR	95.40	93.50	96.75	92.12

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 2025	As at 31 March 2024
1 % Strengthening/(weakening) of USD against INR	1.04	2.26
1 % Strengthening/(weakening) of Euro against INR	(12.12)	-
1 % Strengthening/(weakening) of JPY against INR	-	(0.04)

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

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Currency fluctuations		
Net foreign exchange (gain) shown as operating expenses	101.54	(67.72)
Derivatives		
Derivatives financial instruments losses / (gain) shown as operating expenses	(89.00)	140.31
Total	12.54	72.59

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.

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Particulars	As at 31 March 2025	As at 31 March 2024
Borrowings	11,972.84	8,294.05
Trade payables	13,930.28	17,448.89
Lease liabilities	57.56	76.54
Other payables	5,931.28	4,088.27
Less: cash and cash equivalents	(1,075.68)	(764.03)
Adjusted Net debt	30,816.28	29,143.72
Total Equity	79,791.82	71,935.46
Adjusted Equity	1,10,608.10	1,01,079.18
Gearing Ratio	27.86%	28.83%

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 ₹3 (31 March 2024: ₹2) per equity share on fully paid shares of the company. The proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

49 Ratios as per Schedule III requirements

The following are the analytical ratios for the year ended 31 March 2025 and 31 March 2024.

Particulars	31 March 2025	31 March 2024
a) Current Ratio = Current Assets divided by Current Liabilities		
Current Assets	66,115.20	66,734.75
Current Liabilities	31,321.61	28,322.44
Current Ratio	2.11	2.36
% Change from previous year	-10.41%	

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 *

Particulars	31 March 2025	31 March 2024
Total Debt	11,972.84	8,294.05
Cash and Cash Equivalents (including Other Bank Balances)	1,131.83	776.05
Current Investments	1,000.72	-
Net Debt	9,840.29	7,518.00
Total Equity	79,791.82	71,935.46
Debt Equity Ratio	0.12	0.10
% Change from previous year	18.00%	

* The above formula has been consistently been applied by the Company in the current and earlier years

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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

Particulars	31 March 2025	31 March 2024
Profit after tax	9,308.81	9,162.80
Add: Non cash operating expenses, finance cost and other adjustments	3,590.99	3,542.08
- Depreciation and amortisation	3,346.99	3,098.37
- Finance costs	202.68	403.65
- Balances Written off	17.62	13.40
- PPE Written off	23.70	26.66
Earnings available for debt services	12,899.79	12,704.88
Rent and Lease Payments	144.96	135.51
Principal repayments	1,083.19	2,301.00
Interest on Borrowings	202.68	403.65
Total Interest and principal repayments	1,430.83	2,840.16
Debt Service Coverage Ratio	9.02	4.47
% Change from previous year	101.54%	

Reason for change more than 25%: Debt Service Coverage Ratio has improved due to principal re-payment of term loans.

d) Return on Equity Ratio = Net profit after tax divided by Equity

Particulars	31 March 2025	31 March 2024
Net profit after tax	9,308.81	9,162.80
Average Equity	79,791.82	68,078.43
Return on Equity Ratio	11.67%	13.46%
% Change from previous year	-13.32%	

Reason for change more than 25%: Not applicable

e) Inventory Turnover Ratio = Revenue from operations divided by average inventory

Particulars	31 March 2025	31 March 2024
Revenue	1,76,440.83	1,66,135.93
Average Inventory	34,557.31	35,942.62
Inventory Turnover Ratio	5.11	4.62
% Change from previous year	10.46%	

Reason for change more than 25%: Not applicable

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f) Trade Receivables Turnover Ratio = Revenue from operations (including GST) divided by average trade receivables (including GST)

Particulars	31 March 2025	31 March 2024
Revenue	1,76,440.83	1,66,135.93
Average Trade Receivables	26,173.75	26,186.00
Trade Receivables Turnover Ratio	7.95	7.49
% Change from previous year	6.25%	

Reason for change more than 25%: Not Applicable

g) Trade Payables Turnover Ratio = Total Purchases divided by average trade payables (including GST)

Particulars	31 March 2025	31 March 2024
Purchases	1,06,226.44	1,00,669.89
Other expenses*	42,612.99	40,658.72
Contractual Labour#	1,359.50	1,597.44
Total	1,50,198.93	1,42,926.04
Average Trade Payables	15,689.58	18,002.52
Trade Payables Turnover Ratio	11.30	9.37
% Change from previous year	20.58%	

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

Corporate Social Responsibility expense	276.71	242.34
Expected credit loss allowances for doubtful trade receivables	-	-
Net loss on account of foreign exchange fluctuation	-	72.59
Property, plant and equipment written off	23.70	26.66
Balances written off	17.62	13.40
Rates and taxes	73.46	95.03

Reason for change more than 25%: Not Applicable

h) Net Capital Turnover Ratio = Revenue divided by Working capital where working capital= current assets - current liabilities

Particulars	31 March 2025	31 March 2024
Revenue	1,76,440.83	1,66,135.93
Working Capital	34,793.59	38,412.31
Net Capital Turnover Ratio	5.07	4.33
% Change from previous year	17.25%	

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Reason for change more than 25%: Not Applicable		
Particulars	31 March 2025	31 March 2024
i) Net Profit Ratio = Net profit after tax divided by revenue from operations		
Net profit after tax	9,308.81	9,162.80
Revenue	1,76,440.83	1,66,135.93
Net Profit Ratio	5.28%	5.52%
% Change from previous year	-4.34%	

Reason for change more than 25%: Not Applicable		
j) Return on Capital Employed = Earnings before interest and taxes (EBIT) divided by Capital Employed		
Particulars	31 March 2025	31 March 2024
Profit before tax (A)	12,506.06	12,285.78
Finance costs (B)	1,862.71	1,842.09
EBIT (C) = (A)+ (B)	14,368.78	14,127.87
Total Assets (D)	1,13,591.55	1,03,966.89
Total Liabilities (E)	33,799.73	32,031.43
Intangible Assets (F)	2.15	3.76
Tangible Net Worth (G)	79,789.67	71,931.70
Total Debt (H)	11,972.84	8,294.05
Deferred Tax Liability (I)	1,842.97	1,978.10
Capital employed (J) = (G) + (H) + (I)	93,605.48	82,203.85
Return on Capital Employed	15.35%	17.19%
% Change from previous year	-10.68%	

Reason for change more than 25%: Not Applicable		
k) Return on Investment Ratio = Income generate from investments/Total Investments		
Particulars	31 March 2025	31 March 2024
Income generate from investments	133.56	217.93
Total Investments	1,858.49	3,048.91
Return on Investment	7.19%	7.15%
% Change from previous year	0.54%	

Reason for change more than 25%: Not applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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50 Additional regulatory information pursuant to the requirement in Division II of Schedule III to the Companies Act 2013:

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) 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.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (viii) None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (x) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (xi) The Company including the "Companies in the Group" (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) do not have any Core Investment Company ("CIC").

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 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	
Place: Ludhiana Date: 22 April 2025		Sachit Jain Vice Chairman & Managing Director DIN : 00746409 Sanjeev Singla Chief Financial Officer	R. K. Rewari Executive Director DIN : 00619240 Sonam Dhingra Company Secretary

NOTICE

NOTICE is hereby given that the **15TH ANNUAL GENERAL MEETING** of Vardhman Special Steels Limited will be held on Wednesday, the 24th day of September, 2025 at 10:00 a.m. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:-

ORDINARY BUSINESS:

Item No. 1 – To adopt financial statements:

To receive, consider and adopt the:

- Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2025, together with reports of Board of Directors and Auditors thereon; and
- Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2025, together with report of Auditors thereon.

Item No. 2 – To declare Dividend:

To declare a dividend of ₹3/- per equity share for the year ended 31st March, 2025.

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 Mrs. Soumya Jain as a director liable to retire by rotation:

To appoint a Director in place of Mrs. Soumya Jain (holding DIN 10254459), 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. 5 - To resolve not to fill the vacancy caused due to retirement by rotation of Mr. Rajeev Gupta, Non-Executive Non-Independent Director of the Company:

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

"RESOLVED THAT Mr. Rajeev Gupta (holding DIN 00241501), 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."

SPECIAL BUSINESS:

Item No. 6 – To appoint Mr. Koichiro Hayashida as a Non-Executive Non-Independent Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as 'the Act'), the rules made thereunder and Regulations 17 and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Koichiro Hayashida (DIN: 11164707), who, pursuant to the provisions of Section 161(1) of 'the Act', was appointed by the Board of Directors of the Company, as an Additional Director in the category of Non-Executive Non-Independent, with effect from 4th July, 2025, and in respect of whom the Company has received a notice in writing under Section 160 of 'the Act' from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Non-Independent Director on the Board of the Company, liable to retire by rotation."

Item No. 7 – To ratify the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2026:

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, 2026, be paid the remuneration of ₹56,000/- plus out of pocket expenses and applicable taxes.

RESOLVED FURTHER THAT Mr. Sachit Jain, Vice-Chairman & Managing Director and Mrs. Sonam Dhingra, 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 appoint M/s Harsh Goyal & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for a term of five (5) consecutive years:

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 Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, relevant circulars issued by SEBI (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable laws, if any, including Companies Act, 2013 and rules framed thereunder, approval of the Members of the Company be and is hereby accorded for the appointment of M/s Harsh Goyal & Associates, Practicing Company Secretaries, as the Secretarial Auditors of the Company, for a term of five consecutive years i.e. from financial year 2025-26 to 2029-30 at a fees of ₹35,000/- per annum, plus out-of-pocket expenses and applicable taxes.

RESOLVED FURTHER THAT Mr. Sachit Jain, Vice-Chairman & Managing Director and Mrs. Sonam Dhingra, 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. 9 – To approve the interim use of funds raised by the Company from Aichi Steel Corporation by way of Preferential Allotment:

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 in the Extra-Ordinary General Meeting held on 25th June, 2025 and pursuant to Sections 23, 42 and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with relevant applicable rules of the Act and pursuant to provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to necessary approvals/ sanctions/ permissions from third parties or lenders (if any)/ appropriate statutory/regulatory authorities, if applicable, and subject to such conditions as may be prescribed by any of them while granting such approvals/sanctions/ permissions and without prejudice to the amount of ₹150 crore out of the said Issue Proceeds has already been utilized towards repayment of working capital borrowing (as defined in the Explanatory Statement to Item No. 9 of this Notice), the consent of the shareholders of the Company be and is hereby accorded to give flexibility to the Board to invest the unutilized Issue Proceeds amounting to ₹234.91 crore (approx.), raised by the Company from Aichi Steel Corporation by way of issuance and allotment of equity shares of the Company on preferential allotment basis, in part or in full, in money market instruments including but not limited to money market mutual funds, overnight funds, liquid funds, ultra short term funds, deposits in scheduled commercial banks, and securities issued by government of India or any other investments as permitted under applicable laws."

By Order of the Board

(Sonam Dhingra)

Company Secretary

Place: New Delhi

Dated: 25th July, 2025

NOTES:

- As per the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 21, 2021, General Circular No. 20/2021 dated December 8, 2021, General Circular No. 3/2022 dated May 5, 2022, General Circular No. 11/2022 dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023 and General Circular No. 09/2024 dated September 19, 2024 ("**the MCA Circulars**") and Circular No. SEBI/HO/CFD/

CMD1/CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 issued by the Securities and Exchange Board of India (collectively referred to as "**SEBI Circulars**") and pursuant to Section 101 of the Act read with relevant rules made thereunder, this AGM is being convened to be held

- through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM. Notice of AGM is being sent only through electronic mode to those Members who have registered their email address either with the Company or with the Depository.

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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the agency to provide e-Voting facility.

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 Obligations and Disclosure Requirements) Regulations, 2015, 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 Company has fixed 12th day of September, 2025, as the "Record Date" to determine the names of the Members entitled to receive payment of dividend for the financial year ended March 31, 2025, if approved at the AGM. Further, the Register of Members and the Share Transfer Books of the Company shall remain closed from 13th September, 2025 to 20th September, 2025 (both days inclusive).

The Dividend, if approved, will be paid to those shareholders whose names appear: (a) as Beneficial Owners as at the end of the business hours on 12th September, 2025 as per the list to be furnished by NSDL and CDSL in respect of shares held in the Electronic Form; and (b) as Members in the Register of Members of the Company after giving effect to all valid share transmission or transposition request lodged with the Company on or before 12th September, 2025.

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 Circulars, Notice of the AGM along with the Annual Report 2024-25 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Further, in compliance with Regulation 36(1)(b) of the Listing Regulations, a letter providing the web-link, including the exact path, where Annual Report for the financial year 2024-25 is available, is being sent to those members whose e-mail address is not registered with the Company / Registrar and Transfer Agent / Depository Participants / Depositories.

- Members may note that the Notice and Annual Report 2024-25 will also be available on the Company's website i.e. 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 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

b) Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

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

- (i) The Remote e-Voting period commences on 21st September, 2025 (9:00 a.m.) and ends on 23rd September, 2025 (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 17th September, 2025, may cast their vote electronically. The Remote e-Voting module shall be disabled by CDSL for voting after end of voting period on 23rd September, 2025.
- Further, the facility for voting through electronic voting system will also be made available at the Meeting and Members attending the Meeting will be able to vote at the Meeting.
- (ii) Members who have already voted through Remote e-Voting would not be entitled to vote during the AGM.
- (iii) As per SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, on e-Voting Facility provided by Listed Entities, "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The procedure to login and access remote e-Voting and join virtual meeting, as devised by the Depositories / Depository Participant(s), is given below:

Option 1 – Login through Depositories

NSDL	CDSL
1. Members who have already registered for IDeAS facility to follow below steps: (i) Go to URL: https://eservices.nsdl.com (ii) Click on the "Beneficial Owner" icon under 'IDeAS' section. (iii) A new page will open. Enter the existing User ID and Password. On successful authentication, click on "Access to e-Voting". (iv) Click on the Company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.	1. Members who have already registered for Easi / Easiest to follow below steps: (i) Go to URL: 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.
2. User not registered for IDeAS e-Services: (i) To register click on link: https://eservices.nsdl.com. Select option "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. (ii) Proceed with completing the required fields.	2. User not registered for Easi/ Easiest: (i) Option to register is available at www.cdslindia.com. (ii) Click on login & New System Myeasi Tab and then click on registration option.

3. Users can directly access e-Voting module of NSDL and follow the below process:

- (i) Go to URL: <https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp>
- (ii) Enter 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP.
- (iii) Enter the OTP received on registered email id/mobile number and click on login.
- (iv) On successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.
- (v) Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

3. Users can directly access e-Voting module of CDSL and follow the below process:

- (i) Go to URL: www.cdslindia.com
- (ii) Click on the icon "E-Voting"
- (iii) Provide Demat Account Number and PAN No.
- (iv) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat account.
- (v) After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress.
- (vi) Click on the Company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Option 2 - Login through Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 21 09911.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

(iv) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders:

- (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: 250827023 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:

- 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.
- 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.
- Members are encouraged to join the Meeting through Laptops / iPads for better experience.
- Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.
- 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.
- Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

- 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:

- For Physical shareholders- Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) and duly filled relevant KYC forms by email to secretarial.lud@vardhman.com / rtal@alankit.com.
- For Demat shareholders - please update your email id & mobile no. with your respective Depository Participant (DP).
- For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you may write an email to helpdesk.evoting@cdslindia.com or contact 1800 21 09911.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Senior Manager, Central Depository Services (India) Limited (CDSL), A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 1800 21 09911.

- M/s. Khanna Ashwani & Associates, Company Secretaries, have been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner. The Scrutinizer shall upon the conclusion of e-Voting period, unblock the votes in presence of at least two witnesses not in employment of the Company and make a report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- 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.

- The Securities and Exchange Board of India has mandated that with effect from April 1, 2024, dividend to shareholders holding shares in physical form shall be paid only through electronic mode. Such payment shall be made only if the folio is KYC compliant i.e. the details of PAN, Aadhar, choice of nomination, contact details, mobile number, complete bank details and specimen signatures are registered.

In case of non-updation of PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature in respect of physical folios, dividend / interest etc. shall be paid only upon furnishing all the aforesaid details in entirety.

Hence, the Members are requested to update their details with Company/ Alankit Assignments Limited, immediately, to avoid any delay in receipt of dividend.

- 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
 (Sonam Dhingra)
 Company Secretary

Place: New Delhi
 Dated: 25th July, 2025

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. Rajeev Gupta (DIN: 00241501) has been serving as a Non-Executive Director on the Board of your Company since 15th March, 2011. Pursuant of Section 152(6) of the Companies Act, 2013 ("the Act"), Mr. Gupta is liable to retire by rotation at 15th Annual General Meeting ("AGM") of the Company. Although being eligible for re-appointment, he has not offered himself for re-appointment at the 15th AGM. Accordingly, Mr. Gupta would cease to hold office as a Director of the Company at the 15th AGM of the Company. The Board of Directors ("Board") places on record its earnest appreciation to the invaluable contribution extended by Mr. Rajeev Gupta 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. Gupta 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. Rajeev Gupta, none of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No. 6 of the Special Business:

Pursuant to the Share Subscription and Investment Agreement ("SSIA") entered into by the Company with Aichi Steel Corporation (ASC) on 29th May, 2025 and allotment of 14770100 equity shares to ASC on 4th July, 2025 on preferential allotment basis, the Board of Directors of your Company, on the basis of recommendation of the Nomination & Remuneration Committee and pursuant to the provisions of Section 161(1) of the Companies Act, 2013, vide its resolution by circulation dated 4th July, 2025 had appointed Mr. Koichiro Hayashida (DIN: 11164707) as an Additional Director and as a 'Subscriber Director' (as defined in the SSIA), designated as Non-Executive Non-Independent Director, on the Board of the Company with immediate effect, to hold office up to the date of the next annual general meeting of the Company.

Mr. Koichiro Hayashida holds a master's degree from Kumamoto University, Japan. Mr. Hayashida currently serves as an Executive Officer of Hagane Company (Specialty Steel) and as General Manager of the Specialty

Steel Business Management Division. Mr. Hayashida has extensive expertise in steelmaking technology and quality control. Additionally, he served as the President of Aichi Forge, Thailand from 2021 to 2024.

In terms of section 160 of the Companies Act, 2013, the Company has received a requisite notice in writing from a Member proposing the appointment of Mr. Koichiro Hayashida as a candidate for the office of Director of the Company. Mr. Hayashida, being a Subscriber Director on the Board of the Company, will not be entitled to receive any remuneration, commission or sitting fee from the Company.

The Company has received consent from Mr. Koichiro Hayashida and also a declaration confirming that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. A brief profile of Mr. Koichiro Hayashida is provided at the end of this statement.

Pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity shall take approval of shareholders for appointment of a Director at the next general meeting or within three months from the date of appointment, whichever is earlier.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 6 of the Notice for approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Koichiro Hayashida, being appointee, none of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

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 22nd April, 2025 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, 2026, at a remuneration of ₹56,000/- 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, 2026. The Board recommends the Ordinary Resolution as set out at Item No. 7 of the Notice for the approval by the Members.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

Item No. 8 of the Special Business:

Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), inter alia, provides that with effect from 1st April 2025, every listed company is required to appoint a Practicing Company Secretary for not more than one term of five consecutive years or a firm of Practicing Company Secretaries as Secretarial Auditors for not more than two terms of five consecutive years, with the approval of the members at its Annual General Meeting and such Secretarial Auditors(s) must be a peer reviewed company secretary and should not have incurred any of the disqualifications as specified under the Listing Regulations.

In compliance with the abovesaid Listing Regulations, the Board of Directors of your Company, on the recommendation of the Audit Committee, has approved the appointment of M/s Harsh Goyal & Associates, Practicing Company Secretaries as Secretarial Auditors of the Company for a term of five (5) consecutive years i.e. from financial year 2025-26 to 2029-30 at a fees of ₹35,000/- per annum, plus out-of-pocket expenses and applicable taxes.

M/s Harsh Goyal & Associates is led by Mr. Harsh Kumar Goyal, a Fellow Member of the Institute of Company Secretaries of India. M/s Harsh Goyal & Associates is a multi-dimensional professional service firm of Company Secretaries, based in Ludhiana. The firm is providing consultancy services to more than 300 listed and unlisted companies in India on Company Law Matters and ensure clients complete confidentiality, reliability and promptness in work while maintaining highest standards of quality in work. In addition to Company Law Matters, they provide advisory services to their clients on Listing with stock exchanges including day to day listing compliances, Corporate Financing, Corporate Debt Restructuring, Merger and Amalgamations, etc. They have a team of Six Qualified Company Secretaries with active association of Chartered Accountants, retired senior bank officers, lawyers and valuers having rich experience in their field.

The appointment of M/s Harsh Goyal & Associates has been made taking into consideration factors such as technical skills, independence, industry experience, expertise and quality of audit practices. M/s Harsh Goyal & Associates has consented to their appointment as the Secretarial Auditors of the Company and have confirmed that they fulfill the criteria as specified in Clause (a) of regulation 24A (1A) of the Listing Regulations and holds a valid peer review certificate and have not incurred any of disqualifications as specified under the Listing Regulations.

The Board of Directors recommends the Ordinary Resolution as set out at Item No. 8 for approval of the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Item No. 9 of the Special Business:

Pursuant to the approval of the shareholders of the Company in the Extra-Ordinary General Meeting held on 25th June, 2025, the Company had raised funds amounting to ₹384.91 crore (approx.) by way of issuance and allotment of 1,47,70,100 equity shares to Aichi Steel Corporation on preferential allotment basis @ ₹260.60 per share. These funds were raised by the Company for following purposes:

- (i) capital expenditure requirements for setting up a green field steel manufacturing plant at Ludhiana, Punjab amounting to ₹134.91 crore approx.;
- (ii) capital expenditure requirements at the existing plant amounting to ₹100 crore; and
- (iii) repayment of the Working Capital Borrowings amounting to ₹150 crore.

Out of the funds so raised, the Company has made a repayment of working capital borrowings of ₹150 crore and the remaining funds amounting to ₹234.91 crore (approx.) are lying unutilized with the Company. These unutilized funds are expected to be utilized for the Purposes (i) and (ii) over a period of next 1.5 years. Thus, pending complete utilization of the Issue Proceeds for the Purposes (i) and (ii) described above, the Company intends to, inter alia, invest the unutilized Issue Proceeds of ₹234.91 crore (approx.) into money market instruments including but not limited to money market mutual funds, overnight funds, liquid funds, ultra short term funds, deposits in scheduled commercial banks, and in securities issued by government of India or any other investments as permitted under applicable laws.

The Board of Directors of your Company in its meeting held on 25th July, 2025 had approved to invest the unutilized funds amounting to ₹234.91 crore (approx.) in money market instruments including but not limited to money market mutual funds, overnight funds, liquid funds ultra short term funds, deposits in scheduled commercial banks, and in securities issued by government of India or any other investments as permitted under applicable laws, till the time funds are unutilized. The Board recommends Special Resolution as set out at Item No. 9 of the Notice for

the approval by the Members. Accordingly, your approval is solicited.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 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/ re-appointment in the Annual General Meeting.

Name of the Director	Mrs. Suchita Jain	Mrs. Soumya Jain	Mr. Koichiro Hayashida
Date of Birth	20.03.1968	07.07.1993	01.06.1968
Age	57	32	57
Date of First Appointment	15.03.2011	02.08.2023	04.07.2025
No. of meetings attended during the FY 2024-25	2	3	N.A.
Expertise in specific functional area	Mrs. Suchita Jain is a Business Executive having experience of more than 32 years in Textile Industry.	Ms. Soumya Jain is a Business Executive having knowledge of HR, marketing and strategic planning.	Mr. Koichiro Hayashida currently serves as an Executive Officer of Hagane Company (Specialty Steel) and as General Manager of the Specialty Steel Business Management Division. He has extensive expertise in steelmaking technology and quality control.
Qualification	M.Com	B.Sc. Economic Hons., MBA in family business.	Master's Degree from Kumamoto University, Japan.
Directorships in other Companies as on 31 st March, 2025	LISTED COMPANIES: - Vardhman Textiles Limited - Vardhman Holdings Limited - Vardhman Acrylics Limited UNLISTED COMPANIES: - VTL Investments Limited - Santon Finance and Investment Company Limited - Flamingo Finance and Investment Company Limited - Ramaniya Finance and Investment Company Limited - Mahavir Spinning Mills Private Limited - Devakar Investment and Trading Company Private Limited	Nil	Nil

Name of the Director	Mrs. Suchita Jain	Mrs. Soumya Jain	Mr. Koichiro Hayashida
Chairperson/Member of Committees of other Companies as on 31 st March, 2025	LISTED COMPANIES: Vardhman Textiles Limited: - Stakeholders Relationship Committee (Member) - Corporate Social Responsibility Committee (Member) - Risk Management Committee (Member) - Environment, Social and Governance Committee (Member) Vardhman Holdings Limited - Corporate Social Responsibility Committee (Chairperson) UNLISTED COMPANIES: Santon Finance and Investment Company Limited: - Corporate Social Responsibility Committee (Member) - Audit Committee (Member) Flamingo Finance and Investment Company Limited: Ramaniya Finance and Investment Company Limited: - Nomination and Remuneration Committee (Member) - Corporate Social Responsibility Committee (Member) - Audit Committee (Member) - Risk Management Committee (Member) - Asset Liability Management Committee (Member) VTL Investments Limited: - Nomination and Remuneration Committee (Chairperson) - Corporate Social Responsibility Committee (Chairperson) - Audit Committee (Chairperson) - Risk Management Committee (Chairperson) - Asset Liability Management Committee (Chairperson)	Nil	Nil





Vardhman

Vardhman

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