

Disclosure with respect to Employees' Stock Option Scheme, 2016 and Employees' Stock Option Scheme, 2020 of the Company pursuant to regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as on March 31, 2025:

- (A) Relevant disclosure in terms of the accounting standards prescribed by the Central Govt. in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time.**

Members may refer to the audited financial statements prepared as per Indian Accounting Standard (Ind-AS) for the year 2024-25. (Refer note 43 of Notes to Financial Statements)

- (B) Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by Central Govt. or any other relevant accounting standards as issued from time to time.**

Diluted EPS for the year ended March 31, 2025 is Rs. 11.37 calculated in accordance with IND – AS 33 (Earning Per Share). (Refer note 39 of Notes to Financial Statements)

- (C) Details related to Employee Stock Option Scheme**

The description including terms and conditions of ESOS-2016 is summarized as under:

(a)	Details of shareholder's approval	28 th September, 2016											
(b)	Total number of options approved under ESOS	3,71,108											
(c)	Vesting requirements	<div>The options will vest as per the following schedule:</div> <table><tr><th>Vesting period from grant date</th><th>Vesting Schedule</th></tr><tr><td>On completion of 24 months</td><td>25%</td></tr><tr><td>On completion of 36 months</td><td>25%</td></tr><tr><td>On completion of 48 months</td><td>25%</td></tr><tr><td>On completion of 60 months</td><td>25%</td></tr></table> <div>The first grant vested with eligible employees on 12th November, 2018. The second grant vested with eligible employees on 11th November, 2022. The third grant vested with eligible employees on 23rd July, 2024.</div>		Vesting period from grant date	Vesting Schedule	On completion of 24 months	25%	On completion of 36 months	25%	On completion of 48 months	25%	On completion of 60 months	25%
Vesting period from grant date	Vesting Schedule												
On completion of 24 months	25%												
On completion of 36 months	25%												
On completion of 48 months	25%												
On completion of 60 months	25%												
(d)	Exercise price or pricing formula	First Grant - Rs. 65 Second Grant – Rs. 72											

		Third Grant – Rs. 72
(e)	Maximum term of options granted	5 years
(f)	Scheme of Shares (primary, secondary or combination)	Primary
(g)	Variation in terms of option	No variation during the FY 2024-25

The description including terms and conditions of ESOS-2020 is summarized as under:

(a)	Details of shareholder's approval	25 th September, 2020											
(b)	Total number of options approved under ESOS	5,00,000											
(c)	Vesting requirements	<div>The options will vest as per the following schedule:</div> <table><tr><th>Vesting period from grant date</th><th>Vesting Schedule</th></tr><tr><td>On completion of 24 months</td><td>25%</td></tr><tr><td>On completion of 36 months</td><td>25%</td></tr><tr><td>On completion of 48 months</td><td>25%</td></tr><tr><td>On completion of 60 months</td><td>25%</td></tr></table> <div>The first grant vested with eligible employees on 11th November, 2022. The second grant vested with eligible employees on 23rd July, 2024. The third grant will vest with eligible employees on 18th July, 2026.</div>		Vesting period from grant date	Vesting Schedule	On completion of 24 months	25%	On completion of 36 months	25%	On completion of 48 months	25%	On completion of 60 months	25%
Vesting period from grant date	Vesting Schedule												
On completion of 24 months	25%												
On completion of 36 months	25%												
On completion of 48 months	25%												
On completion of 60 months	25%												
(d)	Exercise price or pricing formula	First Grant - Rs. 72 Second Grant – Rs. 72 Third Grant – Rs. 145											
(e)	Maximum term of options granted	5 years											
(f)	Scheme of Shares (primary, secondary or combination)	Primary											
(g)	Variation in terms of option	No variation during the FY 2024-25											

(ii) Method used to account for ESOS - Intrinsic or fair value:

The Fair value method is used to account for ESOS.

- (iii) Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. - Not Applicable**

(iv) **Option movement during the year:**

For ESOS-2016

Particulars	Details
Number of options outstanding at the beginning of the period	
- First Grant	-
- Second Grant	61,875
- Third Grant	9,000
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	
- First Grant	-
- Second Grant	1,875
- Third Grant	-
Number of options vested during the year	
- First Grant	-
- Second Grant	28,125
- Third Grant	2,250
Number of options exercised during the year	
- First Grant	-
- Second Grant	32,000
- Third Grant	2,250
Number of shares arising as a result of exercise of options	
- First Grant	-
- Second Grant	32,000
- Third Grant	2,250
Money realized by exercise of options (INR), if scheme is implemented directly by the company	24,66,000
Loan repaid by the Trust during the year from exercise price received	N.A
Number of options outstanding at the end of the year	
- First Grant	-
- Second Grant	28,000
- Third Grant	6,750
Number of options exercisable at the end of the year	
- First Grant	-
- Second Grant	1,750
- Third Grant	-

For ESOS-2020

Particulars	Details
Number of options outstanding at the beginning of the period	
- First Grant	1,44,500
- Second Grant	1,04,000
- Third Grant	-
Number of options granted during the year	
- First Grant	-
- Second Grant	-

- Third Grant	1,36,500
Number of options forfeited / lapsed during the year	
- First Grant	6,000
- Second Grant	3,000
- Third Grant	10,500
Number of options vested during the year	
- First Grant	61,250
- Second Grant	25,250
- Third Grant	-
Number of options exercised during the year	
- First Grant	77,250
- Second Grant	25,250
- Third Grant	-
Number of shares arising as a result of exercise of options	
- First Grant	77,250
- Second Grant	25,250
- Third Grant	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	73,80,000
Loan repaid by the Trust during the year from exercise price received	N.A
Number of options outstanding at the end of the year	
- First Grant	61,250
- Second Grant	75,750
- Third Grant	1,26,000
Number of options exercisable at the end of the year	
- First Grant	-
- Second Grant	-
- Third Grant	N.A.

- (v) **Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.**

Refer note 43 of Notes to Financial Statements.

- (vi) **Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:**

Options granted to	Name and Designation	Options granted and exercise price
Senior Managerial Personnel;	Mr. Arghya Ghoshal Head – Production Department	Options Granted = 20,000 Exercise Price = Rs. 145/-.
Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	Nil	-

Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	-
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- (vii) **A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

For ESOS-2016

- (a) Exercise price - Second & Third Grant - 72
Expected volatility - Second Grant - 9.05%, Third Grant - 16.46%
Expected option life - 5 years
Expected life - 10 years
Expected dividends - -
Risk-free interest rate - Second Grant - 5.78%, Third Grant - 7.08%

For ESOS-2020

- (a) Exercise price - First & Second Grant -72, Third Grant - 145
Expected volatility - First Grant - 9.05%, Second Grant - 16.46%, Third Grant - 12.60%
Expected option life - 5 years
Expected life - 10 years
Expected dividends - -
Risk-free interest rate - First Grant - 5.78%, Second Grant - 7.08%, Third Grant - 9.82%

- (b) **the method used and the assumptions made to incorporate the effects of expected early exercise;**

Black Scholes option pricing model was considered to estimate value of ESOPs granted.

- (c) **how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and**

Vardhman Special Steels' historical stock volatility as of the Valuation Data is tabulated below:
The volatility was determined based on the data of other comparable industries as below:

Expected term (in years)	2.00	3.00	4.00	5.00	6.00
Vardhman Special Steels Limited	34.413%	32.511%	37.291%	43.636%	48.919%

- (d) **Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition – As given above.**