

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) Regulations, 2014 as on March 31, 2021:

- (A) Relevant disclosure in terms of the 'Guidance note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India (ICAI) or any other relevant accounting standards as prescribed from time to time.**

Members may refer to the audited financial statements prepared as per Indian Accounting Standard (Ind-AS) for the year 2020-21. (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 ICAI or any other relevant accounting standards as prescribed from time to time.**

Diluted EPS for the year ended March 31, 2021 is Rs. 10.93 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	<p>The options will vest as per the following schedule:</p> <table border="1"> <thead> <tr> <th>Vesting period from grant date</th> <th>Vesting Schedule</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>The first grant vested with eligible employees on 12th November, 2018.</p>	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%											

		The second grant will vest with eligible employees on 11 th November, 2022.
(d)	Exercise price or pricing formula	First Grant - Rs. 65 Second 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	During the year, the exercise period under the scheme has been increased from 2 years to 5 years.

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	<p>The options will vest as per the following schedule:</p> <table border="1"> <thead> <tr> <th>Vesting period from grant date</th> <th>Vesting Schedule</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>The first grant will vest with eligible employees on 11th November, 2022.</p>	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%
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(d)	Exercise price or pricing formula	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	-										

(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	1,85,424
Number of options granted during the year (Second Grant)	1,35,000
Number of options forfeited / lapsed during the year	18,750
Number of options vested during the year	54,645
Number of options exercised during the year	1,12,498
Number of shares arising as a result of exercise of options	1,12,498
Money realized by exercise of options (INR), if scheme is implemented directly by the company	66,37,400
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	54,176
- Second Grant	1,35,000
Number of options exercisable at the end of the year	Nil

For ESOS-2020

Particulars	Details
Number of options outstanding at the beginning of the period	-
Number of options granted during the year (Second Grant)	3,63,000
Number of options forfeited / lapsed during the year	-
Number of options vested during the year	-
Number of options exercised during the year	-

Number of shares arising as a result of exercise of options	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	-
Loan repaid by the Trust during the year from exercise price received	N.A
Number of options outstanding at the end of the year	3,63,000
Number of options exercisable at the end of the year	Nil

- (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;	List Enclosed	
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	-

- (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 - First Grant – 65, Second Grant - 72
Expected volatility - 9.05%
Expected option life - 5 years

Expected life - First Grant - 3 years, Second Grant – 10 years
 Expected dividends - -
 Risk-free interest rate - 5.78%

For ESOS-2020

(a) Exercise price - 72
 Expected volatility - 9.05%
 Expected option life - 5 years
 Expected life - 10 years
 Expected dividends - -
 Risk-free interest rate - 5.78%

(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	51.43%	48.23%	50.30%	51.28%	53.85%

Sources: Capital IQ

(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.

List of employees to whom Options are granted under Second Grant of VSSL ESOP Plan 2016@ Rs. 72/- per option

S. No.	NAMES	DESIGNATION	NO. OF OPTIONS GRANTED
1.	Tejwinder Singh	Executive	7,500
2.	Ashish Kumar	Executive	7,500
3.	Sonam Taneja	Executive	7,500
4.	Rajesh Rana	Assistant Manager	7,500
5.	Pallav Sharma	Assistant Manager	7,500
6.	Vinit Malik	Assistant Manager	7,500
7.	Mal Singh Rathore	Assistant Manager	7,500
8.	Kunal Juyal	Assistant Manager	7,500
9.	Tushar Chhabra	Assistant Manager	7,500
10.	Satinder Pal Singh	Assistant Manager	7,500
11.	Sangram Vijay Bhosale	Assistant Manager	7,500
12.	Jatin Mahajan	Assistant Manager	7,500
13.	Rishu Jain	Assistant Manager	7,500
14.	Sanjeev Kumar	Manager	7,500
15.	Ajay Kumar Mehta	Manager	7,500
16.	Nitesh Kumar	Manager	7,500
17.	Radheyshyam Pal	Manager	7,500
18.	Sunil Kumar	Manager	7,500

List of employees to whom Options are granted under First Grant of VSSL ESOP Plan 2020 @ Rs. 72/- per option

S. No.	NAMES	DESIGNATION	NO. OF OPTIONS GRANTED
1.	Mitali Chauhan	Manager	7,500
2.	Amit Dhawan	Manager	7,500
3.	Chandrika Prasad Rawat	Manager	7,500
4.	Arun Kumar	Manager	7,500
5.	Manish Kumar	Manager	7,500
6.	Perla Srinivas	Manager	7,500
7.	Ram Manohar Varshney	Senior Manager	7,500
8.	Rakesh Arora	Senior Manager	7,500
9.	Kunal Dev Perimal	Senior Manager	12,000
10.	Hemant Prakash Sisodia	Senior Manager	12,000
11.	Anil Gouda	Senior Manager	12,000
12.	Sachin Suresh Madhikar	Senior Manager	12,000
13.	Harjeet Singh Kalsi	Chief Manager	12,000
14.	Rajesh Verma	Chief Manager	12,000
15.	Mahesh Mahamuni	Chief Manager	12,000
16.	Rajesh Soni	Chief Manager	12,000
17.	Mukesh Tomar	Chief Manager	12,000
18.	Preetish I Manvi	Chief Manager	12,000
19.	Dinesh Singh	AVP	20,000
20.	Devinder Singh	AVP	20,000
21.	Davinder Singh	VP	20,000
22.	Jagdish Chand	VP	20,000
23.	Amit Chopra	VP	20,000
24.	Sanjeev Singla	VP	20,000
25.	Mukesh Gupta	Sr. VP	20,000

26.	Subrata Majumdar	Sr. VP	15,000
27.	M.K. Srivastava	Unit Head	28,000