



To,

The Board of Directors

Vardhman Special Steels Limited

Vardhman Premises Chandigarh Road, Ludhiana, Punjab, India, 141010

Subject: Report on Valuation of Equity Shares of "Vardhman Special Steels Limited" as on 26th May, 2025.

Dear Sir,

We, **AlphaValue Consulting Valuation LLP**, have been appointed as an **Independent Valuer** by *Vardhman Special Steels Limited* (hereinafter referred to as the "**Company**") for the purpose of determining the fair value of the Company's equity shares in connection with a proposed preferential allotment of shares to **Aichi Steel Corporation, Japan**.

The valuation has been conducted in accordance with the provisions of **Section 62 of the Companies Act, 2013**, which governs the issuance of equity shares on a preferential basis. We have undertaken this assignment in our capacity as a **Registered Valuer Entity** under the framework of the **Insolvency and Bankruptcy Board of India (IBBI)** (hereinafter referred to as the "**Valuer**").

We understand that the Company is listed on both the **BSE** and **NSE**, and that its shares are classified as **frequently traded securities** as per applicable regulations. Accordingly, this valuation exercise has been carried out in accordance with the provisions of **Regulation 164 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018**.

Based on our valuation analysis, and subject to the assumptions, limitations, and disclaimers set out in this Report, we, being a Registered Valuer Entity under the IBBI framework, hereby certify that the **equity value of Vardhman Special Steels Limited as on 26th May 2025** is as under:



AlphaValue Consulting Valuation LLP

LLP Identification Number - AAW-6740

Registered Valuer Entity Number - IBBI/RV-E/05/2021/151

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A: Office No.: 620, Tower 1 Assotech Business
Cresterra Plot no 22, Sector 135,
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Name of Instrument	Equity Value (INR Million)	Value per Equity Share (INR)
Equity Shares	21,299.53	260.60

This certificate is issued solely for the purpose of regulatory compliance.

Thanking you



Authorized Signatory
AlphaValue Consulting Valuation LLP
Registered Valuer Entity
(IBBI) Registration No IBBI/RV-E/05/2021/151

Date: 26th May, 2025

Place: Noida

Enclosures:

Annexure I: Scope of Work

Annexure II: Valuation Approaches and Workings

Annexure III: Caveats

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Annexure I: Scope of work

✓ **Purpose of valuation and appointing authority**

Based on discussions with the management and key managerial personnel, the valuation has been undertaken for determining the fair value of equity shares to be issued by way of preferential allotment.

✓ **Identity of client and other intended users**

Vardhman Special Steels Limited (CIN: L27100PB2010PLC033930), incorporated on 15th May 2010, is a leading manufacturer of special and alloy steels catering to diverse sectors such as automotive, engineering, defence, and railways. Incorporated in 1973 and headquartered in Ludhiana, Punjab, VSSL is a part of the reputed Vardhman Group, which has a long-standing presence in the Indian industrial landscape.

The Company's product portfolio includes billets, bars, and bright bars of various grades of special and alloy steels, produced through integrated facilities encompassing steel melting, rolling, and finishing. VSSL maintains a robust domestic and international client base, including several Tier-1 OEMs and multinational customers.

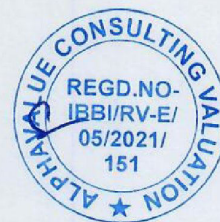
The Company is listed on the BSE and NSE and maintains a consistent focus on technological advancement, operational efficiency, and adherence to quality standards. In recent years, VSSL has also undertaken capacity expansion and strategic collaborations to strengthen its market position and support long-term growth.

✓ **Identity of valuer and other experts**

Alphavalue Consulting Valuation LLP

Registered Valuer Entity (IBBI) [Securities or Financial Assets]

Registration No IBBI/RV-E/05/2021/151



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✓ **Background information of the asset being valued**

We have valued the Equity Shares of the Company.

- **Valuation Date-** 26th May, 2025
- **Date of Report-** 26th May, 2025
- **Valuation Currency-** INR

✓ **Procedures adopted and valuation standards followed.**

We have determined the price of the equity shares in accordance with the pricing methodology prescribed under Regulation 164 of the SEBI (ICDR) Regulations, 2018, applicable for frequently traded shares.

Nature and sources of information used or relied upon

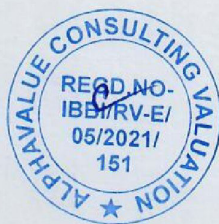
We have reviewed the following documents including but not limited to:

- Discussions with the KMP's of "Vardhman Special Steels Limited".
- Management Representation
- Price of shares as on BSE/ NSE as per LODR Regulation.

✓ **Extent of investigation undertaken**

We have taken due care in performing the valuation of the quoted equity shares of Vardhman Special Steels Limited as on the valuation date i.e., 26.05.2025. However, we expressly state that our analysis is based on publicly available information and data as available on the recognized stock exchange(s).

The valuation has been carried out for the limited purpose of determining the value of the quoted equity shares of the Company in accordance with the pricing guidelines prescribed under Regulation 164 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.



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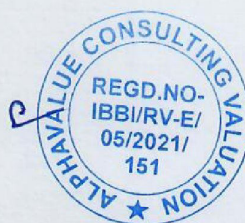


Annexure II:

Overview of Valuation Approaches and Methodologies

There are three approaches to Valuation namely Income, Asset and Market Approaches.

Approach	Valuation Methodologies	Description
Asset	Net Asset Value (NAV) Method	Net Asset Value Method (NAV) views the business as a set of assets and liabilities that are used as building blocks to construct the base value of the company. This method is generally used to evaluate the entry barrier that exists in a business.
Market	Comparable Companies Multiples (CCM) Method and Market Price (MP)	This methodology uses the valuation ratio of a publicly traded or private company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g. Revenue, EBITDA, EBIT, Earnings per Share or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market price which is generally viewed as one of the best valuation metrics.
Income	Discounted Free Cash Flow (DFCF) Method	The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate.



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Valuation Approaches Considered and Rationale

Approach	Methodology	Application & Rationale
Asset-Based Approach	Net Asset Value (NAV) Method	Asset based method determines the minimum net worth (price) of Entity/ Share. This method is based on historical performance and do not measure the potential value of business.
Income-Based Approach	Discounted Cash Flow (DCF) Method	<p>As a listed company, Vardhman Special Steels Limited's financial projections are considered price-sensitive information and are not publicly disclosed due to regulatory compliance and market confidentiality requirements.</p> <p>The disclosure of forward-looking financial data could impact stock prices and create market distortions, making it impractical to use DCF for valuation.</p>
Market-Based Approach	Comparable Companies Multiples Method (CCM) Market Price (MP), Comparable Transaction Multiples (CTM)	<p>As Vardhman Special Steels Limited is publicly traded on NSE & BSE, market-based valuation is the most relevant methodology.</p> <p>- The valuation is determined in compliance with SEBI (ICDR) Regulations, considering the higher of:</p> <ol style="list-style-type: none"> 1. The 90 trading days' volume-weighted average price (VWAP) preceding the relevant date. 2. The 10 trading days' VWAP preceding the relevant date. <p>- The frequent trading activity ensures that market prices accurately reflect fair valuation.</p>

Under the Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2018, the pricing guidelines for preferential allotments have been updated to ensure fair valuation and protect shareholder interests. Specifically, Regulation 164(1) outlines the methodology for determining the floor price for such issues.



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Pricing Methodology:

For frequently traded shares, the floor price of the equity shares to be allotted on a preferential basis is determined as the higher of

1. **Volume-Weighted Average Price (VWAP) for 90 Trading Days:** the (90 trading days) volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date.
2. **VWAP for 10 Trading Days:** the (10 trading days) volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Weighted Average Fair Value

All Amount INR Million				
Valuation Approach	Methodology Applied	Weight	Equity Value	Weighted Average Equity Value
Asset	NAV	-	-	-
Market	CCM	-	-	-
	Market Price	1.00	21,299.53	21,299.53
Income	DCF	-	-	-
Weighted Average Equity Value (INR Million)				21,299.53
No. of Equity Shares				8,17,33,328
Value per Equity share (INR)				260.60



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90 trading days' volume-weighted average price (VWAP)

Relevant Date (26 May 2025)					
Trading Days	Date	Day	VWAP	Volume	Value
1	23-05-2025	Friday	264.32	63,366	1,67,49,023.37
2	22-05-2025	Thursday	263.67	1,44,749	3,81,66,107.51
3	21-05-2025	Wednesday	259.79	29,450	76,50,868.78
4	20-05-2025	Tuesday	263.21	84,626	2,22,74,067.22
5	19-05-2025	Monday	268.38	3,90,739	10,48,64,926.65
6	16-05-2025	Friday	256.68	1,98,422	5,09,30,920.91
7	15-05-2025	Thursday	255.54	1,01,547	2,59,49,401.06
8	14-05-2025	Wednesday	255.86	2,43,134	6,22,08,960.37
9	13-05-2025	Tuesday	244.77	33,971	83,15,111.18
10	12-05-2025	Monday	244.08	56,721	1,38,44,296.33
11	09-05-2025	Friday	234.83	29,549	69,38,960.65
12	08-05-2025	Thursday	243.58	56,566	1,37,78,456.94
13	07-05-2025	Wednesday	238.11	1,41,171	3,36,14,414.63
14	06-05-2025	Tuesday	235.11	95,470	2,24,46,195.04
15	05-05-2025	Monday	233.28	63,027	1,47,02,644.39
16	02-05-2025	Friday	240.10	39,172	94,05,310.84
17	30-04-2025	Wednesday	244.25	62,865	1,53,54,808.55
18	29-04-2025	Tuesday	249.71	1,03,814	2,59,23,271.31
19	28-04-2025	Monday	255.17	1,90,403	4,85,84,813.90
20	25-04-2025	Friday	256.88	3,13,116	8,04,33,992.13
21	24-04-2025	Thursday	276.19	19,12,038	52,80,94,450.04
22	23-04-2025	Wednesday	237.15	3,98,482	9,44,99,204.37
23	22-04-2025	Tuesday	211.22	3,08,816	6,52,27,311.99
24	21-04-2025	Monday	205.78	1,56,240	3,21,50,535.08
25	17-04-2025	Thursday	210.92	1,67,467	3,53,22,961.69
26	16-04-2025	Wednesday	218.89	1,11,496	2,44,04,832.95
27	15-04-2025	Tuesday	212.24	44,909	95,31,271.33
28	11-04-2025	Friday	206.97	47,695	98,71,509.98
29	09-04-2025	Wednesday	197.32	16,605	32,76,471.19
30	08-04-2025	Tuesday	198.82	41,473	82,45,473.08
31	07-04-2025	Monday	194.75	77,133	1,50,21,516.29
32	04-04-2025	Friday	208.02	40,576	84,40,594.16
33	03-04-2025	Thursday	212.39	62,693	1,33,15,078.28
34	02-04-2025	Wednesday	208.39	37,899	78,97,882.28
35	01-04-2025	Tuesday	204.29	40,373	82,47,749.72
36	28-03-2025	Friday	202.84	1,46,741	2,97,64,780.40
37	27-03-2025	Thursday	201.53	1,36,064	2,74,21,551.99
38	26-03-2025	Wednesday	199.72	78,684	1,57,15,128.66
39	25-03-2025	Tuesday	207.15	92,366	1,91,33,679.20
40	24-03-2025	Monday	210.77	1,25,352	2,64,19,900.09

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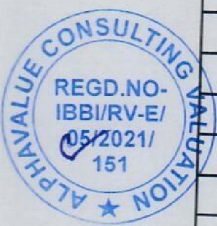
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41	21-03-2025	Friday	202.07	47,945	96,88,266.70
42	20-03-2025	Thursday	201.02	52,973	1,06,48,629.03
43	19-03-2025	Wednesday	197.11	1,70,982	3,37,02,212.66
44	18-03-2025	Tuesday	186.52	64,056	1,19,47,571.63
45	17-03-2025	Monday	182.24	1,66,083	3,02,66,353.23
46	13-03-2025	Thursday	188.73	77,372	1,46,02,731.75
47	12-03-2025	Wednesday	190.72	63,309	1,20,74,069.10
48	11-03-2025	Tuesday	195.29	40,163	78,43,447.81
49	10-03-2025	Monday	201.98	39,756	80,29,991.32
50	07-03-2025	Friday	204.17	1,16,266	2,37,37,906.54
51	06-03-2025	Thursday	201.72	47,165	95,13,964.05
52	05-03-2025	Wednesday	197.73	1,67,399	3,30,99,163.59
53	04-03-2025	Tuesday	200.46	27,660	55,44,661.17
54	03-03-2025	Monday	201.48	65,806	1,32,58,492.12
55	28-02-2025	Friday	203.91	20,415	41,62,767.98
56	27-02-2025	Thursday	209.26	26,377	55,19,705.88
57	25-02-2025	Tuesday	210.19	25,219	53,00,797.98
58	24-02-2025	Monday	212.48	34,898	74,14,986.29
59	21-02-2025	Friday	210.32	52,372	1,10,14,695.92
60	20-02-2025	Thursday	205.37	24,278	49,86,049.76
61	19-02-2025	Wednesday	201.74	76,405	1,54,13,995.52
62	18-02-2025	Tuesday	201.36	67,305	1,35,52,729.29
63	17-02-2025	Monday	210.29	28,264	59,43,669.20
64	14-02-2025	Friday	215.82	27,249	58,80,840.31
65	13-02-2025	Thursday	219.86	29,895	65,72,626.89
66	12-02-2025	Wednesday	223.24	21,670	48,37,532.91
67	11-02-2025	Tuesday	223.39	20,034	44,75,484.43
68	10-02-2025	Monday	229.99	25,575	58,81,946.92
69	07-02-2025	Friday	236.92	13,664	32,37,217.15
70	06-02-2025	Thursday	236.18	13,492	31,86,487.30
71	05-02-2025	Wednesday	235.52	26,382	62,13,555.34
72	04-02-2025	Tuesday	229.33	19,281	44,21,759.20
73	03-02-2025	Monday	227.86	30,681	69,91,044.57
74	01-02-2025	Saturday	231.64	11,451	26,52,487.06
75	31-01-2025	Friday	238.00	1,33,990	3,18,89,215.02
76	30-01-2025	Thursday	233.58	1,95,685	4,57,08,233.59
77	29-01-2025	Wednesday	221.74	79,198	1,75,61,335.42
78	28-01-2025	Tuesday	207.47	50,370	1,04,50,138.94
79	27-01-2025	Monday	212.16	42,796	90,79,486.11
80	24-01-2025	Friday	219.24	29,684	65,07,872.65
81	23-01-2025	Thursday	226.34	33,449	75,70,898.27
82	22-01-2025	Wednesday	224.32	28,172	63,19,404.40
83	21-01-2025	Tuesday	229.97	16,598	38,17,028.97

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84	20-01-2025	Monday	230.27	27,576	63,49,856.30
85	17-01-2025	Friday	231.23	35,567	82,24,006.63
86	16-01-2025	Thursday	235.32	30,641	72,10,489.03
87	15-01-2025	Wednesday	232.97	54,645	1,27,30,530.92
88	14-01-2025	Tuesday	226.97	68,442	1,55,34,509.17
89	13-01-2025	Monday	224.79	96,556	2,17,05,083.40
90	10-01-2025	Friday	228.97	53,429	1,22,33,788.20
Total of 90 Trading Days			92,03,620.00		2,17,86,48,152.15
No. of Trading Days					236.72

10 trading days' volume-weighted average price (VWAP)

Relevant Date (26 May 2025)					
Trading Days	Date	Day	VWAP	Volume	Value
1	23-05-2025	Friday	264.32	63,366	1,67,49,023.37
2	22-05-2025	Thursday	263.67	1,44,749	3,81,66,107.51
3	21-05-2025	Wednesday	259.79	29,450	76,50,868.78
4	20-05-2025	Tuesday	263.21	84,626	2,22,74,067.22
5	19-05-2025	Monday	268.38	3,90,739	10,48,64,926.65
6	16-05-2025	Friday	256.68	1,98,422	5,09,30,920.91
7	15-05-2025	Thursday	255.54	1,01,547	2,59,49,401.06
8	14-05-2025	Wednesday	255.86	2,43,134	6,22,08,960.37
9	13-05-2025	Tuesday	244.77	33,971	83,15,111.18
10	12-05-2025	Monday	244.08	56,721	1,38,44,296.33
Total of 10 Trading Days			13,46,725.00		35,09,53,683.38
Average of 10 Trading Days					260.60

Particulars	INR
Average of 90 Trading Days (A)	236.72
Average of 10 Trading Days (B)	260.60
Maximum of (A) or (B)	260.60

Based on our Analysis of the Company and subject to our comments and caveats as detailed in this report, we have arrived at the equity value of the company as INR 21,299.53 Million and value per equity share of the Company as INR 260.60/-.



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Annexure III: Caveats

- This Valuation Report has been issued on the specific request of “Vardhman Special Steels Limited” for determining the equity value of Vardhman Special Steels Limited. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed or circulated or referred to in correspondence or discussion with any other party.
- In Accordance with the customary approach adopted in Valuation exercise, we have summarized the Valuation Analysis of equity value of the Company based on publicly available information and data as available on the recognized stock exchange(s) and information as was provided to us by the management of the Company. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied upon in forming our opinion.
- This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- Our valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.



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**Addendum to Valuation Report Dated 26th May 2025 Issued for Vardhman
Special Steels Limited**

To

The Board of Directors

Vardhman Special Steels Limited

Vardhman Premises, Chandigarh Road,

Ludhiana, Punjab, India, 141010

Subject: Addendum to Valuation Report issued for Preferential Allotment of Equity Shares – Application of Additional Methodologies under SEBI ICDR Framework

Dear Sir/Madam,

This addendum is issued with reference to the valuation report dated **26th May 2025**, prepared by AlphaValue Consulting Valuation LLP for the purpose of determining the fair value of equity shares of **Vardhman Special Steels Limited** in connection with the proposed preferential allotment of shares to **Aichi Steel Corporation, Japan**.

In response to the clarification sought by the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE), and with a view to ensuring complete and transparent disclosure, we hereby confirm the following:



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1. Additional Methodologies Considered:

In addition to the **Market Price Method** (under Market Approach), which was adopted in the original valuation report in accordance with Regulation 164(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, we have also evaluated the following methodologies:

- **Net Asset Value (NAV) Method** under the Asset Approach
- **Price Earning Capitalisation Value (PECV) Method** under the Income Approach

2. Rationale and Weightage Assigned:

Methodology	Valuation Approach	Applied	Weightage Assigned	Remarks
Market Price Method	Market Approach	✓	100%	Adopted as per SEBI guidelines for frequently traded shares.
Net Asset Value (NAV) Method	Asset Approach	✓	0%	Considered, but given nil weightage as the Company is a going concern with active operations.
Price Earning Capitalisation Value (PECV)	Income Approach	✓	0%	Considered, but not suitable due to industry cyclicality and earnings volatility.

3. Weighted Average Fair Value:

All Amount INR Million				
Valuation Approach	Methodology Applied	Weight	Equity Value	Weighted Average Equity Value
Asset	NAV	-	7,979.18	-
Market	Market Price	1.00	21,299.53	21,299.53
Income	PECV		16,547.38	-
Weighted Average Equity Value (INR Million)				21,299.53
No. of Equity Shares				8,17,33,328
Value per Equity share (INR)				260.60



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4. **Impact on Final Valuation:**

The **final fair value per equity share** remains **unchanged at INR 260.60**, as computed using the Market Price Method. A **revised valuation working** sheet reflecting the inclusion of NAV and PECV methods with nil weightage is attached herewith.

5. **Purpose of Addendum:**

This addendum is being issued solely for regulatory completeness and to address the clarification sought by NSE and BSE regarding the application of multiple valuation approaches.

Please treat this addendum as part and parcel of the original valuation report dated 26th May 2025.

For **AlphaValue Consulting Valuation LLP**

(Registered Valuer Entity – IBBI/RV-E/05/2021/151)



Authorized Signatory

Date: 17th June 2025

Place: Noida

Enclosure: Revised Working – Valuation Summary (with NAV and PECV included)

AlphaValue Consulting Valuation LLP

LLP Identification Number - AAW-6740

Registered Valuer Entity Number - IBBI/RV-E/05/2021/151

www.alphavalue.co.in

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Cresterra Plot no 22, Sector 135,
Noida, Uttar Pradesh - 201305

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Working of Price Earning Capitalization Value Methodology:

Particulars	All Amount INR Million		
	Year		
	FY ended 2023	FY ended 2024	FY ended 2025
Earning Before Tax	1,343.06	1,228.58	1,250.61
Less: Other Income	387.54	298.24	291.15
Earning Before Tax but after adjustments	955.52	930.34	959.46
Weights	1	2	3
Weighted Average Profit before Tax	949.10		
Less: Provision for Taxation	238.87		
Average Profit after Tax	710.23		
Less: Preference Dividend	-		
Maintainable Net Profit after Tax	710.23		
Capitalization rate	4.34%		
Equity Value of the Company (INR Million)	16,370.75		
Add: Surplus Assets	176.63		
Adjusted Equity Value of the Company (INR Million)	16,547.38		
No. of Equity Shares	8,17,33,328		
Value per Equity Share (INR)	202.46		

Note: The Price Earnings Capitalization Value (PECV) Method was applied using the Company's actual PAT figures for the last three completed financial years, with appropriate weights to reflect recency and sustainability of earnings:

- FY 2024–25 (Provisional/Audited): Weightage 3
- FY 2023–24 (Audited): Weightage 2
- FY 2022–23 (Audited): Weightage 1

This weighted average approach was applied to smoothen out cyclical fluctuations and provide a conservative estimate of maintainable earnings.


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However, despite this consideration, **nil weightage was assigned to PECV method** while arriving at the final fair value per share due to the following reasons:

1. Cyclical and Volatile Nature of Industry:

The Company operates in the specialty and alloy steel sector, which is inherently cyclical and exposed to volatility in raw material prices, global demand trends, and sectoral capex cycles. Earnings over recent years do not provide a stable or representative base for capitalisation.

2. Unsuitability of Static Earnings Capitalisation:

PECV methodology assumes earnings stability and predictability, which is less applicable in commodity-linked manufacturing sectors like steel, where margins and profits may vary significantly due to external economic factors.



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Working of Net Asset Value Methodology:

Vardhman Special Steels Limited	
Book Value as on 31.03.2025	
Particulars	Amount in INR Million
Share Capital	817.33
Reserves and Surplus	7,161.85
Net Asset Value	7,979.18
No of Equity Shares as on 31.03.2025	8,17,33,328
Value Per Equity Share (INR)	97.62

Note: The **Net Asset Value (NAV) Method** under the **Asset Approach** was considered for completeness; however, **nil weightage** was assigned to its outcome for the following reasons:

- **Going Concern Operations:** The Company is an actively operating manufacturing entity with established market presence, future business potential, and earnings capacity, making asset-based valuation less relevant.
- **Inapplicability to Operating Companies:** The NAV method is generally appropriate for asset-holding, non-operating, or liquidation scenarios. It fails to capture the true economic value of an operating business driven by profitability and market performance.


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