

**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, 2023:**

- (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 2022-23. (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, 2023 is Rs. 24.59 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)	<b>Details of shareholder's approval</b>	28 <sup>th</sup> September, 2016										
(b)	<b>Total number of options approved under ESOS</b>	3,71,108										
(c)	<b>Vesting requirements</b>	<p>The options will vest as per the following schedule:</p> <table border="1"> <thead> <tr> <th><b>Vesting period from grant date</b></th> <th><b>Vesting Schedule</b></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 12<sup>th</sup> November, 2018. The second grant vested with eligible employees on 11<sup>th</sup> November, 2022. The third grant will vest with eligible employees on 23<sup>rd</sup> July, 2024.</p>	<b>Vesting period from grant date</b>	<b>Vesting Schedule</b>	On completion of 24 months	25%	On completion of 36 months	25%	On completion of 48 months	25%	On completion of 60 months	25%
<b>Vesting period from grant date</b>	<b>Vesting Schedule</b>											
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)	<b>Exercise price or pricing formula</b>	First Grant - Rs. 65 Second Grant – Rs. 72 Third Grant – Rs. 72										
(e)	<b>Maximum term of options granted</b>	5 years										

(f)	<b>Scheme of Shares (primary, secondary or combination)</b>	Primary
(g)	<b>Variation in terms of option</b>	No variation during the FY 2022-23

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

(a)	<b>Details of shareholder's approval</b>	25 <sup>th</sup> September, 2020										
(b)	<b>Total number of options approved under ESOS</b>	5,00,000										
(c)	<b>Vesting requirements</b>	<p>The options will vest as per the following schedule:</p> <table border="1"> <thead> <tr> <th><b>Vesting period from grant date</b></th> <th><b>Vesting Schedule</b></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 11<sup>th</sup> November, 2022. The second grant will vest with eligible employees on 23<sup>rd</sup> July, 2024.</p>	<b>Vesting period from grant date</b>	<b>Vesting Schedule</b>	On completion of 24 months	25%	On completion of 36 months	25%	On completion of 48 months	25%	On completion of 60 months	25%
<b>Vesting period from grant date</b>	<b>Vesting Schedule</b>											
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)	<b>Exercise price or pricing formula</b>	Rs. 72										
(e)	<b>Maximum term of options granted</b>	5 years										
(f)	<b>Scheme of Shares (primary, secondary or combination)</b>	Primary										
(g)	<b>Variation in terms of option</b>	No variation during the FY 2022-23										

(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**

<b>Particulars</b>	<b>Details</b>
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Number of options outstanding at the beginning of the period	
- First Grant	-
- Second Grant	1,27,500
Number of options granted during the year – Third Grant	9,000
Number of options forfeited / lapsed during the year	
- First Grant	-
- Second Grant	7,500
Number of options vested during the year	
- First Grant	-
- Second Grant	30,000
Number of options exercised during the year	
- First Grant	-
- Second Grant	28,125
Number of shares arising as a result of exercise of options	
- First Grant	-
- Second Grant	28,125
Money realized by exercise of options (INR), if scheme is implemented directly by the company	20,25,000
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	91,875
- Third Grant	9,000
Number of options exercisable at the end of the year	
- First Grant	-
- Second Grant	1,875
- Third Grant	-

**For ESOS-2020**

<b>Particulars</b>	<b>Details</b>
Number of options outstanding at the beginning of the period	
- First Grant	2,91,500
Number of options granted during the year	1,25,000
Number of options forfeited / lapsed during the year	
- First Grant	27,000
- Second Grant	11,000
Number of options vested during the year	66,125
Number of options exercised during the year	38,125
Number of shares arising as a result of exercise of options	38,125
Money realized by exercise of options (INR), if scheme is implemented directly by the company	27,45,000
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	2,26,375
- Second Grant	1,14,000
Number of options exercisable at the end of the year	28,000

- (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:**

<b>Options granted to</b>	<b>Name and Designation</b>	<b>Options granted and exercise price</b>
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 & 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 - 72  
 Expected volatility - First Grant – 9.05%, Second Grant - 16.46%  
 Expected option life - 5 years  
 Expected life - 10 years  
 Expected dividends - -  
 Risk-free interest rate - First Grant – 5.78%, Second Grant – 7.08%

- (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:

<b>Expected term (in years)</b>	<b>2.00</b>	<b>3.00</b>	<b>4.00</b>	<b>5.00</b>	<b>6.00</b>
Vardhman Special Steels Limited	40.24%	49.56%	53.87%	50.46%	47.75%

- (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 Third Grant of VSSL ESOP Plan  
2016@ Rs. 72/- per option**

S. No.	NAMES	DESIGNATION	NO. OF OPTIONS GRANTED
1.	Ranjit Singh	Assistant Manager	3,000
2.	Ravi Verma	Assistant Manager	3,000
3.	Pankaj Kumar	Assistant Manager	3,000

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

S. No.	NAMES	DESIGNATION	NO. OF OPTIONS GRANTED
1.	Jitender Singh	Assistant Manager	3,000
2.	Deepak Garg	Assistant Manager	3,000
3.	Vikas Dhanota	Assistant Manager	3,000
4.	Gaurav Goyal	Assistant Manager	3,000
5.	Vinay Kumar Upadhyay	Assistant Manager	3,000
6.	Vijay Shankar Dwivedi	Assistant Manager	3,000
7.	Bal Kishan	Assistant Manager	3,000
8.	Harinder Singh	Assistant Manager	3,000
9.	Shikha Sharma	Assistant Manager	3,000
10.	Karti Sharma	Assistant Manager	3,000
11.	Prateek Vaishnav	Assistant Manager	5,000
12.	Prasoon Tomar	Manager	5,000
13.	Parminder Singh	Manager	5,000
14.	Raj Kumar	Manager	3,000
15.	Sangram Vijay Bhosale	Senior Manager	7,500
16.	Mandeep Singh	Senior Manager	5,000
17.	Vikram Mahajan	Chief Manager	7,500
18.	Preetish Manvi	Assistant VP	12,000
19.	Manuj Mehta	Senior VP	15,000
20.	Rajendar Kumar Rewari	Executive Director	30,000