

**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, 2022:**

- (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 2021-22. (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, 2022 is Rs. 24.71 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 will vest with eligible employees on 11<sup>th</sup> November, 2022.</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										
(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 2021-22										

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 will vest with eligible employees on 11<sup>th</sup> November, 2022.</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%
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(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 2021-22-										

(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>
Number of options outstanding at the beginning of the period	
- First Grant	54,176
- Second Grant	1,35,000
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	
- First Grant	12

- Second Grant	7,500
Number of options vested during the year	
- First Grant	54,164
- Second Grant	-
Number of options exercised during the year	
- First Grant	54,164
- Second Grant	-
Number of shares arising as a result of exercise of options	
- First Grant	54,164
- Second Grant	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	31,95,700
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	1,27,500
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	3,63,000
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	71,500
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	2,91,500
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
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Senior Managerial Personnel;	Nil	-
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:

<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	51.43%	48.23%	50.30%	51.28%	53.85%

**(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.**