



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:APRY:2022-23

Dated: 29-Apr-2022

The National Stock Exchange of India Ltd,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East),
MUMBAI-400 051
Scrip Code: VSSL

SUB: DISCLOSURE UNDER REGULATION 30 & 33 OF SEBI LISTING OBLIGATIONS

Dear Sir,

Pursuant to Regulation 30 read with Part A of Schedule III and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing herewith Audited Financial Results of the Company for the financial year ended 31st March, 2022 together with Auditors' Report as approved by Board of Directors in its meeting held on 29th April, 2022.

The Board of Directors has recommended a dividend of Rs. 3.50/- per share on fully paid up equity shares of the Company. The payment of dividend is subject to approval by the Members of the Company and shall be paid/ dispatched tentatively within five days of the conclusion of the Annual General Meeting.

The Report of Auditors is with unmodified opinion with respect to the Audited Financial Results of the Company for the financial year ended 31st March, 2022.

The meeting of the Board of Directors commenced at 10:45 a.m. and concluded at 04:15 p.m.

Kindly note and display the notice on your notice Board for the information of the members of your exchange and general public.

Thanking you,

Yours faithfully,

For VARDHMAN SPECIAL STEELS LIMITED


(SONAM TANEJA)
Company Secretary

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | **STEELS**

PAN NO.: AADCV4812B CIN: L27100PB2010PLC033930
WWW.VARDHMANSTEEL.COM

VARDHMAN SPECIAL STEELS LIMITED

Regd. Office Vardhman Premises, Chandigarh Road, Ludhiana-141010

Corporate Identity Number (CIN): L27100PB2010PLC033930, PAN: AADCV4812B

Website: www.vardhmansteel.com Email: secretarial.lud@vardhman.com

Statement of Audited Financial Results for the quarter and year ended 31 March 2022

(Rs. in lakhs)

Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022 (Audited)	31.12.2021 (Unaudited)	31.03.2021 (Audited)	31.03.2022 (Audited)	31.03.2021 (Audited)
1	Revenue from operations	34,334.83	35,932.03	33,447.93	1,36,846.01	93,708.00
2	Other income (also refer to note 1 and 2)	2,151.41	199.68	241.47	2,889.16	1,296.14
3	Total income (1+2)	36,486.24	36,131.71	33,689.40	1,39,735.17	95,004.14
4	Expenses:					
	a) Cost of materials consumed	23,320.77	20,150.29	19,407.42	89,652.50	53,741.45
	b) Purchase of stock in trade	-	7.29	-	61.54	-
	c) Changes in inventories of finished goods, stock -in- trade and work -in progress	(2,962.30)	2,259.57	(1,328.16)	(10,032.38)	(1,224.92)
	d) Employee benefits expense	2,142.22	2,024.07	1,840.06	8,099.28	5,960.88
	e) Finance costs	379.54	451.32	480.34	1,727.94	1,970.72
	f) Depreciation and amortisation expense	683.74	680.07	1,000.55	2,696.45	3,022.94
	g) Other expenses					
	- Power and fuel expense	3,508.96	3,300.93	3,371.73	14,177.32	11,626.48
	- Others	4,520.13	4,313.46	4,930.33	17,518.96	13,268.92
	Total expenses	31,593.06	33,187.00	29,702.27	1,23,901.61	88,366.47
5	Profit before income tax (3-4)	4,893.18	2,944.71	3,987.13	15,833.56	6,637.67
6	Tax expense (also refer to note 3)					
	- Current tax (including tax adjustment relating to prior periods)	784.53	516.64	736.21	2,704.01	1,191.84
	- Deferred tax	1,189.36	481.25	614.66	3,054.51	1,026.35
7	Net Profit after income tax (5-6)	2,919.29	1,946.82	2,636.26	10,075.04	4,419.48
8	Other comprehensive income / (expense)					
	(A) (i) Item that will not be reclassified to profit or loss	(30.66)	16.47	137.75	18.75	62.70
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(13.11)	-	-
	(B) (i) Item that will be reclassified to profit or loss	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
9	Total comprehensive income for the period (7+8)	2,888.63	1,963.29	2,760.90	10,093.79	4,482.18
10	Earnings per equity share (in Rs.) (not annualised):					
	(a) Basic	7.20	4.81	6.51	24.87	10.94
	(b) Diluted	7.15	4.77	6.49	24.71	10.93
11	Paid-up equity capital (face value Rs. 10/- per share)	4,056.12	4,050.70	4,050.70	4,056.12	4,050.70
12	Reserves (excluding revaluation reserve)				51,439.92	41,885.63
	See accompanying notes to the audited financial results					



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Statement of Assets and Liabilities**(Rs. in lakhs)**

Particulars	As at 31 March 2022 (Audited)	As at 31 March 2021 (Audited)
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	28,821.76	28,149.09
(b) Right-of-use assets	86.24	91.49
(c) Capital work-in-progress	1,287.83	1,273.65
(d) Other intangible assets	8.47	13.20
(e) Financial assets		
- Loans	291.92	177.87
- Other financial assets	256.54	-
(f) Deferred tax assets (net)	-	969.19
(g) Income tax assets (net)	31.90	83.07
(h) Other non-current assets	1,630.62	1,287.81
Total non-current assets	32,415.28	32,045.37
Current assets		
(a) Inventories	30,432.20	19,225.90
(b) Financial assets		
- Investments	1,540.00	-
- Trade receivables	22,186.29	22,430.05
- Cash and cash equivalents	27.10	234.00
- Bank balances other than cash and cash equivalents	1,570.52	5,000.00
- Loans	151.71	99.49
- Other financial assets	206.69	471.22
(c) Other current assets	3,557.99	767.21
Total current assets	59,672.50	48,227.87
TOTAL ASSETS	92,087.78	80,273.24
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	4,056.12	4,050.70
(b) Other equity	51,439.92	41,885.63
Total equity	55,496.04	45,936.33
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
- Borrowings	7,889.21	10,965.16
- Lease liabilities	91.27	94.34
- Other financial liabilities	10.95	31.74
(b) Provisions	180.97	176.18
(c) Deferred tax Liabilities (net)	2,085.32	-
(d) Other non-current liabilities	46.20	19.29
Total non-current liabilities	10,303.92	11,286.71
Current liabilities		
(a) Financial Liabilities		
- Borrowings	8,203.13	7,981.45
- Lease liabilities	13.59	10.76
- Trade payables		
i. Total outstanding dues of micro enterprises and small enterprises	206.91	256.56
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	14,540.80	12,761.43
- Other financial liabilities	1,976.55	1,057.61
(b) Other current liabilities	898.82	946.14
(c) Provisions	27.06	23.70
(d) Current tax liabilities (net)	420.96	12.55
Total current liabilities	26,287.82	23,050.20
TOTAL EQUITY AND LIABILITIES	92,087.78	80,273.24



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Statement of Cash Flows

Particulars	(Rs. in lakhs)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flow from operating activities		
Profit before income tax	15,833.56	6,637.67
Adjustments for:		
Depreciation and amortization expense	2,696.45	3,022.94
Change in fair value of derivative contracts	13.34	163.19
Unrealized foreign exchange loss (net)	(11.07)	(29.09)
(Gain) on sale of property, plant and equipment (net)	(3.73)	(8.34)
Share based payments to employees	41.56	24.77
Loss on sale of assets held for sale	-	17.01
Expected credit loss on trade receivables	-	250.00
Finance costs	1,727.94	1,970.72
Interest income	(690.97)	(818.32)
Profit on sale of current investments	(12.25)	(19.44)
Capital work-in-progress written-off	-	122.29
Property, plant and equipment written off	24.07	354.35
Liabilities no longer required written back	(17.60)	(6.99)
Operating profit before change in following assets and liabilities	19,601.30	11,680.76
Adjustments for:		
(Increase) in inventories	(11,206.30)	(4,048.12)
Decrease/(increase) in trade receivables	242.45	(4,685.87)
(Increase) in current loans	(52.22)	(8.11)
(Increase)/decrease in other financial current assets	(47.90)	40.60
(Increase)/decrease in other current assets	(2,449.99)	529.49
(Increase) in non-current loans	(114.05)	(93.66)
(Increase) in other financial assets	(256.54)	-
(Increase) in other non-current assets	(42.00)	(19.40)
Increase in non-current provisions	4.79	55.80
Increase/(decrease) in other non-current liabilities	26.91	(3.93)
Increase in trade payables	1,757.39	6,873.23
Increase/(decrease) in other financial current liabilities	708.55	(2,866.43)
(Decrease)/increase in other financial liabilities	(20.79)	14.14
(Decrease)/increase in other current liabilities	(47.32)	224.78
Increase in current provisions	22.11	0.25
Cash generated from operating activities	8,126.39	7,693.53
Income tax paid (net)	(2,238.41)	(965.40)
Net cash generated from operating activities	5,887.98	6,728.13
B Cash flow from investing activities		
Acquisition of property, plant and equipment and other intangible assets	(3,529.98)	(948.41)
Proceeds from sale of property, plant and equipment and other intangible assets	60.69	17.45
Proceeds from assets held for sale	-	995.42
Taxes paid on sale of assets held for sale	-	(7.72)
Movement in current deposit accounts	3,429.48	(5,000.00)
Movement in non-current deposit accounts	-	5,000.00
(Acquisition of) / proceeds from current investments	(1,527.75)	519.79
Interest received	656.38	103.06
Net cash (used in)/generated from investing activities	(911.18)	679.59
C Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	31.97	66.37
Proceeds from non-current borrowings	-	3,760.00
Repayments of non-current borrowings	(1,995.80)	(2,413.96)
Payment of Lease liabilities	(20.54)	(19.98)
Proceeds of current borrowing (net)	(869.22)	(6,880.90)
Dividends on equity share capital paid	(605.10)	-
Interest paid	(1,725.01)	(1,915.56)
Net cash (used in) financing activities	(5,183.70)	(7,404.03)
Net increase in cash and cash equivalents (A+B+C)	(206.90)	3.69
Cash and cash equivalents at the beginning of the year (see below)	234.00	230.31
Cash and cash equivalents at the end of the year (see below)	27.10	234.00
Notes:		
1. Cash and cash equivalents include:		
Balance with banks	26.13	232.99
- in current accounts	0.97	1.01
Cash on hand	27.10	234.00



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VARDHMAN SPECIAL STEELS LIMITED

Regd. Office Vardhman Premises, Chandigarh Road, Ludhiana-141010

Corporate Identity Number (CIN): L27100PB2010PLC033930, PAN: AACDV4812B

Website: www.vardhmansteel.com Email: secretarial.lud@vardhman.com

Notes:

- 1 The Company is eligible for incentive of electricity duty among other incentives under the Punjab State Government's Fiscal Incentives for Industrial Promotion Policy (R) 2013 for its expansions completed up to 31 March 2016 and continuously receiving the benefit under this policy. Further, under the Industrial and Business Development Policy 2017 of the State Government, in previous years the Company had filed application for claiming incentives for its expansion cum upgradation project of Steel Melt Shop completed in FY 2019-20. Pursuant to the necessary approvals from the competent authorities under 2017 Policy, in the current quarter, the Company has recorded Rs. 1,965.60 lakhs, Rs. 49.44 lakhs in the preceding quarter ended 31 December 2021 and Rs. 2,147.15 lakhs in the year ended 31 March 2022 as compared to Rs. 60.33 lakhs and Rs. 373.46 lakhs in the quarter ended 31 March 2021 and year ended 31 March 2021 respectively under the head "Other income" towards incentive of Electricity Duty, Infrastructure Development Cess exemption and property tax exemption. Other incentives will be considered post sanction /assessment /approval by appropriate authority.

- 2 Punjab State Power Corporation Limited (PSPCL), vide its Electricity Supply Code and Related Matters Regulations 2014 and circular number 17/2020 dated 18 April 2020, gave a Public Notice offering its consumers of all categories to make advance payment towards their estimated electricity bills up to the extent they can and earn interest @ 1% per month on advance payment. Further vide notification no. PSERC/Secy/Regu.157 dated 20.07.2021, PSPCL has changed the interest rate on advance deposited with them, by all consumers, as rate (MCLR) for one year of the State Bank of India, as applicable on the 1st April of the financial year for which interest is payable subject to maximum of 7.05% p.a.

In continuation of its previous year decision of opting this scheme, in the current year the Company deposited the advance with electricity department considering Company's consumption levels. Accordingly, the Company has recorded accrued interest income of Rs. 49.04 lakhs in the current quarter, Rs. 78.59 lakhs in the preceding quarter ended 31 December 2021 and Rs. 336.18 lakhs in the year ended 31 March 2022 as compared to Rs. 51.50 lakhs and Rs. 377.90 lakhs in the quarter ended 31 March 2021 and year ended 31 March 2021 respectively under the head "Other income".

- 3 The Company intends to opt into the new tax regime under section 115BAA of the Income Tax Act, 1961, effective 1 April 2022. Accordingly, deferred tax assets / liabilities as at 31 March 2022 have been recognised at the lower tax rate of 25.168%. As a result of this policy choice, the unutilised MAT credit of Rs. 211.49 has been taken to the Statement of Profit and Loss as it is no longer considered recoverable.

- 4 The Company is engaged in the single operating segment "Steel".

- 5 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these unaudited financial results including but not limited to the recoverability of carrying amounts of financial and non-financial assets, its assessment of liquidity and going concern assumption. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these audited financial results, used internal and external sources of information and expects that the carrying amount of these assets will be recovered.

The Company continues to take adequate safety precautions and will continue to closely monitor future economic conditions to ensure business continuity.

- 6 Pursuant to SEBI circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019, the Company has listed secured commercial papers (CPs) on various dates on BSE limited (BSE) during the year ended 31 March 2022.

- a) Details of due dates and actual dates and amounts of repayment of listed secured commercial papers:

(Rs. in lakhs)

ISIN Number	ISIN Type	Due date of Repayment	Actual date of repayment	Issue Amount
Issued and Redeemed during the period 1 April 2021 to 31 March 2022:				
INE050M14742	Fresh Issue	9-Jul-21	9-Jul-21	2,500
INE050M14759	Fresh Issue	15-Jul-21	15-Jul-21	2,500
INE050M14775	Fresh Issue	26-Jul-21	26-Jul-21	2,500
INE050M14767	Fresh Issue	23-Aug-21	23-Aug-21	2,500
INE050M14783	Fresh Issue	7-Sep-21	7-Sep-21	2,500
INE050M14791	Fresh Issue	13-Sep-21	13-Sep-21	2,500
INE050M14809	Fresh Issue	24-Sep-21	24-Sep-21	2,500
INE050M14817	Fresh Issue	18-Nov-21	18-Nov-21	5,000
INE050M14825	Fresh Issue	6-Dec-21	6-Dec-21	5,000
INE050M14833	Fresh Issue	10-Dec-21	10-Dec-21	2,500
INE050M14841	Fresh Issue	23-Dec-21	23-Dec-21	2,500
INE050M14858	Fresh Issue	4-Mar-22	4-Mar-22	5,000
Outstanding as at 31 March 2022:				
INE050M14866	Fresh Issue	30-May-22	Not due	2,500

- b) The Company's commercial paper programme has been rated as CRISIL A1+ by CRISIL Ratings. These are secured against lien over fund based limits sanctioned by the banks secured by way of hypothecation of entire present and future tangible current assets of the Company as well as second charge on the entire present and future property, plant and equipment of the Company.

- 7 The disclosure as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018 applicable to Large Corporate Borrowers are as follows:

Annexure A

S. No.	Particulars	Details
1	Name of the Company	Vardhman Special Steels Limited
2	CIN	L27100PB2010PLC033930
3	Outstanding borrowing of company as on 31st March, 2022	10,994 lakhs
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	CRISIL AA/Stable
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange

We confirm that we are a Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018.

Annexure B2

S. No.	Particulars	Details
i.	2-year block period (Specify financial years)	FY 2021-22 FY 2022-23
ii.	Incremental borrowing done in FY 2021-22 (T) (a)	Nil
iii.	Mandatory borrowing to be done through debt securities in FY 2021-22 (T) (b) = (25% of a)	Nil
iv.	Actual borrowings done through debt securities in FY 2021-22 (T) (c)	Nil
v.	Shortfall in the borrowing through debt securities, if any, for FY 2020-21 (T-1) carried forward to FY 2021-22 (T) (d)	N.A.
vi.	Quantum of (d), which has been met from (c) (e)	Nil
vii.	Shortfall, if any, in the mandatory borrowing through debt securities for FY 2021-22 (T) [after adjusting for any shortfall in borrowing for FY 2020-21 (T-1) which was carried forward to FY 2021-22 (T)] (f) = (b)-(c)-(e)] (If the calculated value is zero or negative, write "nil")	Nil

Details of penalty to be paid, if any, in respect to previous block (all figures in Rs. Lakhs):

S. No.	Particulars	Details
i.	2-year block period (Specify financial years)	FY 2020-21 FY 2021-22
ii.	Amount of fine to be paid for the block, if applicable. Fine = 0.2% of [(d)-(e)]#	N.A.

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VARDHMAN SPECIAL STEELS LTD.

VARDHMAN SPECIAL STEELS LIMITED

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8 Additional disclosures as per Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:						
Sr. No.	Particulars	Quarter Ended			Year Ended	
		31.03.2022 (Audited)	31.12.2021 (Unaudited)	31.03.2021 (Audited)	31.03.2022 (Audited)	31.03.2021 (Audited)
1	Debt Equity Ratio (times) = Net Debt*/Net Worth	0.23	0.48	0.30	0.23	0.30
2	Debt Service Coverage ratio (times) = [Profit after tax + non cash operating expense (depreciation and amortization) + interest + loss on sale/write off PPE] / [Gross Interest + Scheduled principal repayment of Long term debts + lease payments]	1.15	0.96	1.65	2.97	2.47
3	Interest Service Coverage ratio = [Profit after tax + non cash operating expense (depreciation and amortization) + interest + loss on sale/write off PPE] / Gross Interest	10.56	6.82	8.57	8.41	5.02
4	Net Worth (Equity share capital + other equity) (Rs. in Lakhs)	55,496.04	52,571.85	45,936.33	55,496.04	45,936.33
5	Net profit after tax (Rs. in Lakhs)	2,919.29	1,946.82	2,636.26	10,075.04	4,419.48
6	Basic Earnings per equity share (In Rs.)	7.20	4.81	6.51	24.87	10.94
7	Diluted Earnings per equity share (In Rs.)	7.15	4.77	6.49	24.71	10.93
8	Current Ratio = [Current Assets/Current Liabilities]	2.27	1.93	2.09	2.27	2.09
9	Long Term Debt to Working Capital = [Non-Current Borrowings + Current Maturities of long term debt/(Net Working capital excluding Current Maturities of long term debt)]	0.30	0.34	0.48	0.30	0.48
10	Bad Debts to Account Receivable Ratio = Bad debts/Trade Receivables	2.13%	-	-	2.13%	-
11	Current Liability Ratio = Current Liabilities/Total Liabilities	71.84%	77.10%	67.13%	71.84%	67.13%
12	Total Debt to total assets = Total Debt/Total Assets	17.48%	30.45%	23.60%	17.48%	23.60%
13	Debtors Turnover ratio (times) = [Revenue from operations / Average Trade Receivable] (Annualised)	5.75	5.52	6.00	6.13	4.64
14	Inventory Turnover ratio (times) = [Revenue from operations / Average Inventory] (Annualised)	4.70	4.76	7.50	5.51	5.45
15	Operating Margin (%) = (EBITDA** - Other Income) /Revenue from operations	11.08%	10.79%	15.63%	12.69%	11.03%
16	Net Profit Margin (%) = Profit after tax/Revenue from Operations	8.50%	5.42%	7.88%	7.36%	4.72%

*Net Debt: Long term borrowings + short term borrowings - cash and cash equivalents - other bank balance - investments in mutual funds / term deposits.

**EBITDA: Earnings before interest, tax, depreciation and amortization.

- 9 The Board has recommended a dividend of Rs.3.50 per equity share of Rs.10 each fully paid up amounting to Rs.1,419.64 lakhs, subject to approval in the Annual General Meeting.
- 10 The figures for the last quarter ended 31 March 2022 and the corresponding quarter ended in the previous year, as reported in these Annual Financial Results, are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of the relevant financial year. Also, the figures upto the end of the third quarter had only been reviewed and not subject to audit. The figures for the previous year/periods have been regrouped wherever necessary.
- 11 The above Audited Financial Results as reviewed by the Audit Committee have been approved at the meeting of the Board of Directors held on 29 April 2022. The Audit Report of the Statutory Auditors is being filed with the BSE Limited and the National Stock Exchange of India Limited. For more details, visit the Investor Service section under the Media section of the Company's website at www.vardhmansteel.com and Financial Results at corporate section of www.bseindia.com and www.nseindia.com.

Date : 29 April 2022
Place: Ludhiana



For and on behalf of the Board of Directors of
Vardhman Special Steels Limited

Sachit Jain
Sachit Jain
Vice Chairman & Managing Director

BSR & Co. LLP

Chartered Accountants

Unit No. A505 (A),
5th Floor, Plot No.178-178A,
Industrial & Business Park,
Phase -1, Chandigarh-160002

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Independent Auditor's Report

To the Board of Directors of Vardhman Special Steels Limited Report on the audit of the Annual Financial Results

Opinion

We have audited the accompanying annual financial results of Vardhman Special Steels Limited (hereinafter referred to as the "Company") for the year ended 31 March 2022, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid annual financial results:

- are presented in accordance with the requirements of Regulation 33 and Regulation 52(4) of the Listing Regulations, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021 in this regard; and
- give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March 2022.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our opinion on the annual financial results.

Management's and Board of Directors' Responsibilities for the Annual Financial Results

These annual financial results have been prepared on the basis of the annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these annual financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) of the Listing Regulations, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the annual financial results that give

Independent Auditor's Report (Continued)

Vardhman Special Steels Limited

a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is/are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial results, including the disclosures, and whether the annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter(s)

- a. The annual financial results include the results for the quarter ended 31 March 2022 being the



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balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Gaurav Mahajan

Partner

Chandigarh

29 April 2022

Membership No.: 507857

UDIN:22507857AIBAFR8749