

VISL/SEC./SE/2026-27/40

September 24, 2026

To
BSE Limited,
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

To
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block – G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

BSE Scrip Code: 544784

NSE Scrip Code: VISL

Sub: Clarification on recommendations issued by proxy advisory firm on Agenda Items of Postal Ballot Notice of Vedanta Iron And Steel Limited (the “Company” or “VISL”)

Dear Sir/Ma’am

This is in continuation of our letter nos. vide VISL/SEC./SE/2026-27/33 and VISL/SEC./SE/2026-27/37 dated August 31, 2026, and September 21, 2026, respectively regarding the Postal Ballot Notice, and Corrigendum to the Postal Ballot Notice, thereto (“Notice”). We have received voting recommendations from Institutional Investor Advisory Services (“IIAS”), and we wish to clarify the following with respect to Item no. 2 to 5 of the Notice:

Item No. 2:

*The Company acknowledges IIAS's expectation of enhanced disclosure and wishes to place on record that vesting under VISL ESOP 2026 is **100% performance-linked**, with no time-based or guaranteed vesting element whatsoever. The scheme does not permit any option to vest purely on continuation of employment. However, it necessitates continued employment to be eligible for vesting. Further the target and threshold levels applicable to each of these metrics are derived from the Company's annual operating plan, which is considered and approved by the Board as part of the annual business plan finalization process at the beginning of the financial year. The VISL ESOP 2026 is a multi-year scheme, and the targets & threshold are set at the beginning of each financial year.*

In addition, the Company already provides detailed business-level guidance, including key operating parameters such as production volumes, costs and other performance indicators, through its investor earnings communications. Such guidance is typically issued following the first quarter and reviewed on half yearly basis during the year and is available in the public domain and the Company's website.

The Company appreciates the recommendation of IIAS and is committed to further strengthening its disclosures. Accordingly, the Company will provide enhanced disclosure of the performance targets and actual achievement levels in its future annual reports.

The table below captures the distribution of weightage by seniority and business:

Grade	Business Performance	Individual Performance	Strategic Objective
Senior & Mid Management	50%	40%	10%

VEDANTA IRON AND STEEL LIMITED

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Registered Office: C-103, Atul Projects, Corporate Avenue New Link, Chakala MIDC, Mumbai, Maharashtra-400093

CIN: L24109MH2023PLC411777

Junior Management	50%	50%	-
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VISL - Business Performance Weightage (50%)						
Business	Volume	Cost	NSR	EBITDA	FCF	Carbon Footprint Reduction
Iron Ore Business	50%	10%	25%	-	-	15%
ESL	30%	10%	10%	35%	-	
Corporate	Weighted Average (Based on Target EBITDA)					

- The vesting of options under the scheme will continue to be governed by the broad framework of performance parameters disclosed in the Notice. Given that the scheme is designed to operate over a multi-year horizon, NRC has the provision to review, determine and appropriately calibrate the performance parameters for future grants, having regard to the Company's evolving business priorities and long-term value creation objectives at the relevant point in time. However, the provision available to the NRC does not, in itself, envisage a change from the above performance framework. It is to be noted that in all circumstances, vesting under the Scheme will remain 100% performance-linked and will be contingent upon achievement against the business performance parameters.
- Vesting is recommended to be determined based **entirely on performance measured** over a minimum period of **three years**, which falls within the maximum vesting period of five years as prescribed under VISL ESOP 2026.
- Employees are exposed to future share price risk, and value realization is not guaranteed.

The scheme incorporates the following limits while granting options to any employee:

- The grant value for an eligible employee at any level will not exceed 100% of the employee's annual fixed pay.
- 100% of the vesting of the options granted is linked to pre-defined performance parameters mentioned below where the minimum threshold for an applicable performance metric is not achieved, no vesting credit will accrue in respect of that metric. Vesting will also remain subject to continued employment and the malus and claw back provisions applicable under the scheme and relevant Company policies.

Accordingly, the plan is designed as a long-term entirely performance-linked incentive and retention tool rather than a mechanism for transferring value irrespective of performance. These safeguards ensure that the outflow of the scheme is capped and it does not provide an unrestricted windfall to participants. It is to be noted that Vedanta Group has been running equity scheme, which is fundamentally a performance share plan over the last 10 years, with similar structure of **performance parameters, 100% performance-linked vesting, minimum vesting period of 3 years**. We intend to continue to follow similar structure as mentioned above for VISL ESOP 2026 as well.

Shareholders are protected by the independence of the body that determines the outcome. The final vesting percentage for each grant cycle is **assessed against the pre-approved performance parameters and approved by the Nomination and Remuneration Committee**, whose members are expressly ineligible to participate in the scheme. The Committee's assessment is made against parameters and weightages fixed at the commencement

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of the performance cycle and is subject to the metric-level threshold gating, under which any metric falling short of its prescribed threshold is scored at zero. Vesting at the threshold performance level will be **50% of the grant allocated to the relevant performance parameter** and on overachievement of target, the same shall be capped at 100%.

Item No. 3:

The extension of VISL ESOP 2026 to employees of the Holding Company and Subsidiary and Associate Companies is in line with applicable laws and is intended to align key talent across the Vedanta ecosystem with the long-term growth and value creation objectives of VISL.

*The proposal is restricted to entities that have a **direct strategic, operational or business linkage** with VISL and contribute towards the overall growth of the Company. Further, in the case of subsidiary entities, VISL exercises control over such entities, and their performance is consolidated into the Company's overall performance, thereby ensuring alignment between employee incentives and shareholder value creation. Participation under the Plan does not create dual employment relationships, overlapping remuneration structures or conflicting fiduciary obligations, as employees remain accountable to their respective employing entities while contributing to the overall success of the Vedanta group.*

*The **holding company** provides strategic, technical, commercial and functional leadership that is spanning group strategy and long-term planning, capital allocation and treasury support, access to international capital markets, risk management, technology and best-practice sharing, global marketing and procurement networks. These services are rendered by identified individuals employed within the holding company and are deployed directly in support of VISL's operations. The employees who deliver this value to VISL are therefore the same population whose participation is contemplated under Proposals 2 and extending equity participation to them aligns their incentives with the outcomes they are accountable for delivering to VISL and its shareholders.*

*In addition, the cost of benefits granted under the Plan will be **cross-charged to, and borne by, the relevant entity receiving the benefit of the employee's services, ensuring appropriate cost allocation**. The proposal is therefore designed to promote retention, attract specialized talent and strengthen alignment with shareholder interests, without creating any material conflict of interest, divided loyalty or governance concerns.*

Item No.4 and 5:

The proposed secondary acquisition mechanism is intended solely to facilitate efficient implementation of the VISL ESOP 2026 through the Trust and to avoid issuance of additional shares by the Company. As the Trust acquires existing shares from the secondary market, the mechanism does not result in any incremental equity dilution beyond the limits approved by shareholders. Further, the acquisition and holding of shares by the Trust does not confer any immediate or assured benefit on employees. Options granted under the Plan will vest only upon satisfaction of prescribed vesting conditions, including continued employment and achievement of performance-linked objectives. These performance conditions are aligned with the Company's long-term value creation strategy and include key metrics such as operational performance, profitability, cash flow generation, market capitalization, ESG goals and strategic business objectives.

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The Group has been using the ESOS Trust since the inception of its ESOS 2016 Scheme and similarly VISL is envisaged to follow trust route to service the VISL ESOP 2026 scheme and timely provision for any purchase of shares from the secondary market in line with the SEBI regulations.

*Accordingly, the secondary acquisition route and funding of the Trust are **administrative tools designed to support long-term employee ownership, retention and alignment with shareholder interests**, while ensuring that rewards are earned only through sustained performance that contributes to the creation of shareholder value.*

Further, we wish to clarify that the face value of each equity share of the Company is Re. 1/- per share. Accordingly, the reference to a face value of Rs. 2/- in the proxy advisory report issued by IiAS on September 22, 2026, is incorrect.

We request you to please take the above on record.

Thanking You,

Yours faithfully,

For **VEDANTA IRON AND STEEL LIMITED**

Tina Lakhani
Company Secretary & Compliance Officer
Membership No.: A-34723