



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:JUN:2020-21

DATED: 15-Jun-2020

The Deputy General Manager, Corporate Relationship Deptt, Bombay Stock Exchange Limited, 1 st Floor, New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, MUMBAI-400001. Scrip Code: 534392	The National Stock Exchange of India Ltd, "Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 Scrip Code: VSSL
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SUB: COMPLIANCE OF REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.

Dear Sir,

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find enclosed herewith Media Release on financial results of the Company for the quarter/ financial year ended 31st March, 2020.

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
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Media Release

**FY20 performance impacted by continued lower demand and slowdown
in the automotive sector**

FY20 Volumes at 1,37,192 tonnes

FY20 Revenue from Operations at Rs. 846.20 Crore

FY20 EBITDA (including other income) at Rs. 49.12 Crore

FY20 PAT at Rs. 3.34 Crore

**During the year, entered into alliance with Aichi Steel
Corporation (among leading global alloy steel
manufacturers)**

15th June 2020, Ludhiana, Punjab: Vardhman Special Steels Limited (BSE: 534392. NSE: VSSL), among India's leading producers of special steels catering to diverse sectors of automotive, engineering, tractor, bearing & allied industries, has announced its audited financial results for the quarter and full year ended 31st March 2020 in the Board meeting held on 15th June 2020.

Key Financial Highlight (Rs. Crore): -

Particulars	Q4 FY20	Q4 FY19	Y-o-Y	FY20	FY19	Y-o-Y
Sales Volume (tonnes) (own manufactured)	35,715	34,363	3.93%	1,37,192	1,61,676	(15.14%)
Revenue from Operations*	205.66	243.25	(15.45%)	846.20	1,120.76	(24.50%)
EBIDTA**	17.27	11.18	54.54%	49.12	69.72	(29.54%)
PAT	3.57	(0.15)	2,405.56%	3.34	22.21	(84.96%)
Basic EPS (Rs.)	0.88	(0.04)	2,300.00%	0.89	6.22	(85.69%)

*includes sale of traded goods, billets and raw material; **including other income; #On 4th November 2019, the company allotted 46,29,629 equity shares on preferential basis of Rs.10 each at Rs. 108/- (including security premium of Rs. 98 each) aggregating to Rs. 50 Crore to Aichi Steel Corporation (ASC)

Performance Highlights: -

For the quarter ended March 31st, 2020:

- The volumes for the quarter stood at **35,715 tonnes – YoY increase of 3.93%**
- **Revenue from Operations is Rs. 205.66 crore** in Q4 FY20, as against Rs. 243.25 crore in Q4 FY19, a **Y-o-Y decline of 15.45%**, mainly on account of decline in prices of finished goods

combined with slowdown in the automotive sector

- **EBITDA (including other income) for the quarter was Rs. 17.27 crore** as against Rs. 11.18 crore in the corresponding previous period, **a Y-o-Y increase of 54.54%**, mainly on account lower cost of stores and spares consumed as compared to last year (Q4FY19 costs of the same was higher on account of higher production to build inventory for the planned shutdown) and also on account of reduction in graphite electrode prices
- **Q4 FY20 Profit after tax stood at Rs. 3.57 crore** as against loss of Rs. (0.15) crore in Q4 FY19, mainly on account of reduction in price of graphite electrodes and decline in interest cost during the quarter

For the full year ended March 31st, 2020:

- The volume for the full year stood at **1,37,192 tonnes – YoY decline of 15.14%**, mainly on account of significant continued slowdown and lower demand from the automotive industry
- **Revenue from Operations was Rs. 846.20 crore** in FY20, as against Rs. 1,120.76 crore in FY19, a **Y-o-Y decline of 24.50%**, mainly on account of decline in sales volume by around 15.14%, decline in sale prices and lower trading sales as compared to FY19
- **EBITDA (including other income) for full year was Rs. 49.12 crore** as against Rs. 69.72 crore in the corresponding previous period, **a Y-o-Y decline of 29.54%**, mainly due to decrease in sales volumes on account of lower demand in the automotive industry, higher cost of inventory built for the planned plant shutdown in Q2 FY20, inventory loss due to decline in raw material and electrode prices and higher fixed cost per unit of steel due to low production levels
- **FY20 PAT at Rs. 3.34 crore** as against profit of Rs. 22.21 crore in FY19, mainly driven by above reasons and increase in interest cost of loans taken to build inventory for the planned shutdown of the Steel Melting Shop

Key Developments till date:

- On 27th August 2019, the company executed the following -
 - Share subscription and investment agreement with Aichi Steel Corporation (ASC), Japan in relation to the investment in the Company by ASC
 - Technical assistance agreement with ASC in relation to the technology and know-how to be provided by ASC to the Company
- On 4th November 2019, the company had made allotment of 4,629,629 equity shares on preferential basis of Rs.10 each at the rate of Rs. 108 per share (including security premium of Rs. 98 each) aggregating to Rs. 499,999,932 to ASC
- In compliance to these agreements, appointed Additional Director - Mr. Takashi Ishigami - representative of ASC

- The Company has recorded Rs. 4.82 crores under the head "Other Income" towards its incentive of electricity duty exemption for the period 08 January 2016 to 31 March 2020
- During the first half, Company had undertaken a shutdown of approximately 78 days of the steel melting shop (SMS) in order to upgrade and modernize the SMS facilities as per planned strategy and to meet future goals of the Company
- Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. In view of the unabsorbed depreciation and MAT Credits, the Company has determined that it will continue to recognize tax expense at the existing income tax rate as applicable to the Company. However, the Company has remeasured the deferred tax assets/liabilities likely to be reversed at the time the Company would opt for new tax regime which has resulted in write back of deferred tax liability amounting to Rs. 4.34 crores to the Statement of Profit & Loss for the year ended 31 March 2020 using the revised annual effective income tax rate
- On 22nd March 2020, Company had temporarily shut down its manufacturing activities due to nationwide lockdown announced by the Government of India amidst spread of Corona Virus and had resumed partial operations from 22nd April after obtaining required permissions.

Management Comment:

Commenting on the result, **Mr Sachit Jain, Vice Chairman & Managing Director, Vardhman Special Steels Ltd.** said,

“During the full year we have registered a revenue of Rs. 846.20 crore with EBITDA and PAT of Rs. 49.12 crore and Rs. 3.34 crore. The full year performance has been impacted by the continued and significant slowdown in the automotive industry. Our volumes have declined on account of lower demand from the OEM’s. This was mainly due to the auto industry witnessing a major change in terms of latest technology, adoption of BS-VI norms, etc. which impacted the entire value & supply chain. But these challenges also brought with it lot of opportunities – rethinking on our business strategy, formulating plans on how to tackle such changes in the future.

During the end of fourth quarter we witnessed lockdown announced by the government to control the spread of the global pandemic COVID19 which resulted in shutting down manufacturing activities and warehouses across the country. However, we have utilized this time to plan, fine tune, re-examine our goals and focus on our strengths on how to build our Company better. Though the near-term market situation is fluid, we are optimistic on the medium term based on indications from various OEM’s.

During the year we had few positives as well, our dream came true as we entered into a technical alliance with Aichi Steel Corporation, Japan (among leading manufacturers of special alloy steel). This alliance will help us seek technical know-how for entering newer application of steels in the automotive sector. We will also focus on overall steel making process in our existing setup and try and minimize losses in steel grades. With the help of Aichi Steel Corporation, we will be able to reach into newer markets in the South East Asian markets which are dominated by Japanese Companies and expand our geographical reach. We have already started to see synergies from our new technical alliance and are working on the plans drawn to become more cost effective, improve operational efficiencies, further



improve on quality of our products & service offerings and stream line our overall production activity. I am happy to share that our upgradation of our steel melting shop with latest technology has been completed and we believe this will pave way through helping us in overall reduction of production costs and being efficient which will help us improve our margins going ahead..

Overall, we remain committed to our set agenda of delivering consistent, profitable volume led growth. I thank all the stakeholders of 'Vardhman Special Steels Limited' for their continued support and faith in our Company"

About Vardhman Special Steels Limited:

Incorporated in May 2010 as a Public Limited Company, Vardhman Special Steels Limited (VSSL) was vested with steel business undertaking of the parent company Vardhman Textiles Limited in 2011, pursuant to Scheme of Arrangement & Demerger.

Headquartered in Ludhiana, Punjab, VSSL is one of India's leading producers of special steels, catering to diverse requirements of Automotive, Engineering, Tractors, Bearing and Allied Industries. The Company also takes care of steel requirements of select customers for forging applications in international markets of Thailand, Taiwan, Turkey, Italy, Russia, Germany, Vietnam and Japan.

The Company's manufacturing facilities incorporate the latest cutting-edge manufacturing technology, ensuring highest levels of quality and compliance. VSSL's varied product suite comprises of billets, steel bars and rods and bright bars of various categories of special and alloy steels.

Leveraging on state-of-the-art manufacturing facilities and vast experience in the domain, the Company has developed long term relationships with reputed and renowned customers globally, which include corporations such as Toyota, Maruti, Hyundai, Hero Moto Corp, Caterpillar, Hino Motors and Bajaj, among others.

For more details, please visit: www.vardhmansteel.com

For any Investor Relations query, please contact:

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Caution Concerning Forward- Looking Statements:

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. The Company is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.