



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:NOV:2019-20

DATED: 05-Nov-2019

The Deputy General Manager,
Corporate Relationship Deptt,
Bombay Stock Exchange Limited,
1st 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

SUB: COMPLIANCE OF REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIRMENTS) 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/ half-year ended 30th September, 2019.

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**

H1 FY20 performance severely impacted by significant slowdown in automotive sector

H1 FY20 Volume at 69,861 tonnes

H1 FY20 Revenue from Operations at Rs 452.60 Crore

H1 FY20 EBITDA (including other income) at Rs. 24.01 Crore

Entered into alliance with Aichi Steel Corporation (among leading global alloy steel manufacturers)

Alliance to give us access to latest technology & know-how, enhance operational efficiencies, open newer markets across geographies and develop a wider range of product offerings

5th November 2019, 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 un-audited financial results for the quarter and half year ended 30th September 2019 in the Board meeting held on 4th November 2019.

Key Financial Highlight (Rs. Crore): -

| Particulars | Q2 FY20 | Q2 FY19 | Y-o-Y | H1 FY20 | H1 FY19 | Y-o-Y |
|---|---------|---------|-----------|---------|---------|-----------|
| Sales Volume (tonnes) (own manufactured) | 33,203 | 42,469 | (21.82%) | 69,861 | 84,055 | (16.89%) |
| Revenue from Operations | 211.82* | 295.49 | (28.31%) | 452.60* | 564.99 | (19.89%) |
| EBIDTA# | 7.97 | 16.55 | (51.82%) | 24.01 | 36.17 | (33.62%) |
| PAT | (3.17) | 7.07 | (144.81%) | (2.03) | 16.15 | (112.57%) |
| Basic EPS (Rs.) | (0.88) | 1.98 | (144.44%) | (0.57) | 4.52 | (112.61%) |

*includes sale of traded goods, billets and raw material; #including other income

Performance Highlights: -

For the quarter ended September 30th, 2019:

- The volume for the quarter stood at **33,203 tonnes** – YoY decline of **21.82%**, mainly on account of a significant slowdown in the automotive industry leading to lower demand



- **Revenue from Operations was Rs. 211.82 crore** in Q2 FY20, as against Rs. 295.49 crore in Q2 FY19, a **Y-o-Y decline of 28.31%**, mainly on account of decline in sales volume by around 22% and drop in product prices
- **EBITDA (including other income) for the quarter was Rs. 7.97 crore** as against Rs. 16.55 crore in the corresponding previous period, a **Y-o-Y decline of 51.82%**, on account of decrease in sales volumes, drop in product prices and inventory loss due to decline in raw material price
- **Q2 FY20 Loss of Rs. 3.17 crore** as against profit of Rs. 7.07 crore in Q2 FY19

For the half year ended September 30th, 2019:

- The volume for the first half stood at **69,861 tonnes – YoY decline of 16.89%**, mainly on account of lower demand from the automotive industry
- **Revenue from Operations was Rs. 452.60 crore** in H1 FY20, as against Rs. 564.99 crore in H1 FY19, a **Y-o-Y decline of 19.89%**, mainly on account of lower realizations
- **EBITDA (including other income) for the half year was Rs. 24.01 crore** as against Rs. 36.17 crore in the corresponding previous period, a **Y-o-Y decline of 33.62%**, on account of decrease in sales volumes due to lower demand and higher cost of inventory build for the planned plant shutdown
- **H1 FY20 Loss of Rs. 2.03 crore** as against profit of Rs. 16.15 crore in H1 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:

- Appointment of Additional Director - Mr. Takashi Ishigami - representative of Aichi Steel Corporation
- The members of the Company resolved and approved the issuance and allotment of 46,29,629 fully paid up equity shares having face value of INR 10/- at a price of INR 108/- per share for an aggregating to INR 49,99,99,932/- to Aichi Steel Corporation (ASC), a Company incorporated in Japan, on a preferential basis
- During the first half Company had undertaken a shutdown of approximately two months 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

**Management Comment:**

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

“During the first half of FY20, we continued to witness the slowdown in the overall auto industry leading to a lower than expected financial performance of the Company. The current market slowdown adversely affected the entire value chain, resulting in lower demand leading to drop in our volumes and realizations. The inventory build-up during the planned shutdown took care of a large part of product demand during the quarter, as incremental order flow and lifting of products by OEMs was way lower than expected. The raw material prices continued to witness a declining trend. To put in a nutshell, drop in product prices, lower production on account of suppressed demand, higher operating costs, inventory loss due to decline in raw material prices resulted in lower realizations has led to a depressed financial performance in Q2FY20. But I am happy to share that the new furnace is now installed and working well – one of the smoothest starts post the shutdown. This calendar year has thrown challenges at us in the most unexpected ways. While these have been great learnings, we hope that the worst is behind us and feel that we are definitely much better prepared for the future opportunities that lie ahead of us.

On a positive note, I am extremely happy to share that our dream of joining hands with a reputed global special steel manufacturer has come true after eight years of patience, persistence and perseverance. We have entered into an alliance with the Japanese Company - Aichi Steel Corporation (main material supplier to the Toyota Group), which is among leading global alloy steel manufacturers. This alliance will not only give our Company access to the latest technology & know-how, enhance operational efficiencies, open newer markets across geographies and develop a wider range of product offerings, but also pave the way for future green field/brown field expansion leading to long term stakeholder value creation.

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, Hero Moto Corp, Caterpillar, Hino Motors, Maruti, Bajaj and Hyundai, among others.

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

For any Investor Relations query, please contact:

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| <p>Mr. Sanjeev Singla Vardhman Special Steels Limited Email: sanjeevsingla@vardhman.com</p> | <p>Mr. Amit Sharma / Mr. Smit Shah Bridge Investor Relations Pvt. Ltd Email: amit@bridge-ir.com / smit@bridge-ir.com</p> |
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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.