



Vardhman

VARDHMAN SPECIAL STEELS LIMITED

Delivering Excellence. Since 1965.

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Ref. VSSL:SCY: FEB: 2018-19

Dated: 12.02.2019

<p>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</p>	<p>The National Stock Exchange of India Ltd, “Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051</p> <p>Scrip Code: VSSL</p>
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SUB: COMPLIANCE UNDER REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Pursuant to Regulation 30 read with Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith a copy of the presentation given by the Company at its Investor and Analyst Meet held on 11th February, 2019 regarding Business Development and Financial Performance for Q3 & 9M of FY19.

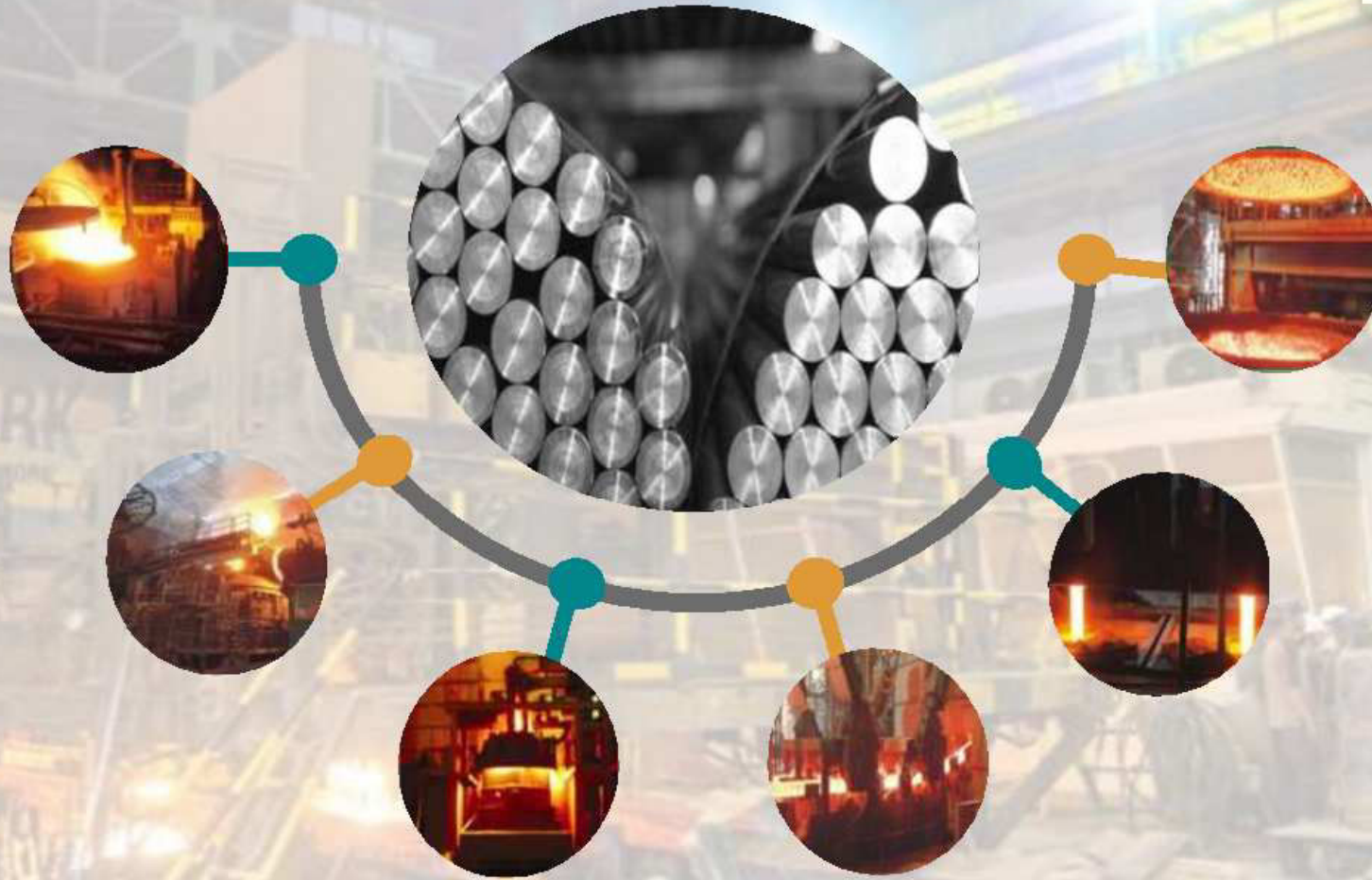
Kindly note and display the notice on your notice board for the information of the members of your exchange and general public.

Thanking you,

Yours faithfully,

FOR VARDHMAN SPECIAL STEELS LIMITED

(Sonam Taneja)
Company Secretary



Vardhman Special Steels Limited

Investors & Analysts Meet Presentation

11th February 2019

Disclaimer

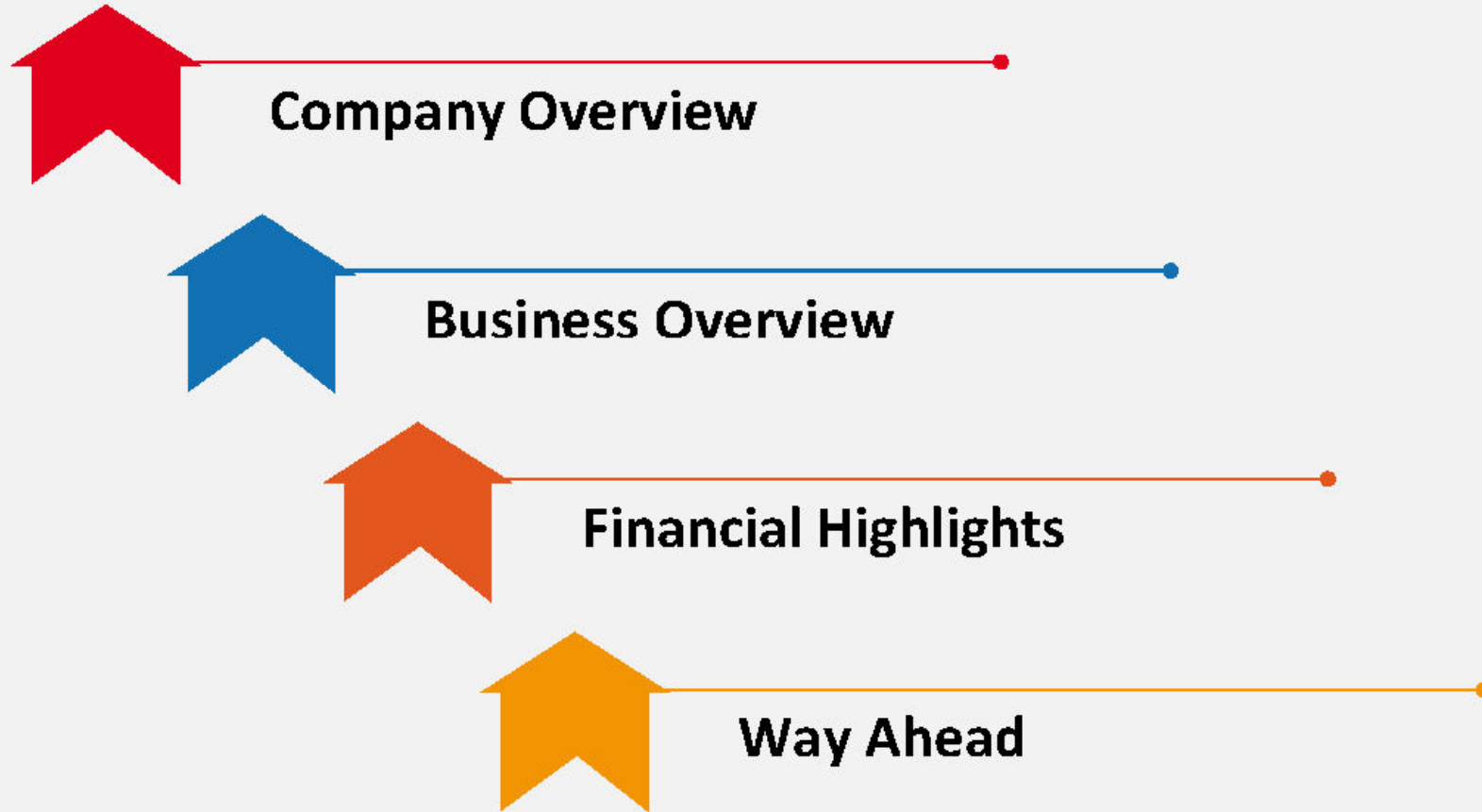


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A staircase diagram with four steps, each represented by a colored arrow pointing up and to the right. The steps are: 1. Red arrow pointing to 'Company Overview'. 2. Blue arrow pointing to 'Business Overview'. 3. Orange arrow pointing to 'Financial Highlights'. 4. Yellow arrow pointing to 'Way Ahead'. Each arrow is connected to its corresponding text by a horizontal line of the same color, ending in a small dot.

	Company Overview
	Business Overview
	Financial Highlights
	Way Ahead

About Us



Amongst India's Leading Steel Bar Producers for Automotive Applications

Specialized Product offerings – Steel bars & rods

200+ Reputed and long term customers

Experienced Management Team



State-of- art manufacturing facilities

- Billets – 2,00,000 TPA
- Rolled Bars – 1,80,000 TPA
- Bright Bars – 36,000 TPA

Strong Domestic & International Customer Base for forging applications

Quality Standards & Assurance

Journey So Far...

What We were...

- **1973** – Started as Oswal Steels - 50,000 TPA capacity of special & alloy steels
- **1986** - Acquired Mohta Alloys with capacity of 1,00,000 TPA
- **1995** – Installed modern Steel Melting Shop with Electromagnetic Stirrer
- **2000** – Commissioned Vacuum Degassing System
- **2001** - Strengthened product portfolio – added Bright Bar Facility
- **2010** - Independent identity under Vardhman Group

1973- 2011

- **2012** - Listed on BSE & NSE
- **2013** – Installed fully automatic rolling mill with capacity of 1,50,000 TPA & Magnaflux leakage testing system (Dr. Foerster Germany), and Ultrasonic Testing from (Olympus, Canada)

2012 - 2014

- **July 2015** – Installed Fume Extraction system
- **Aug 2015** – Increased Bright bars capacity to 36,000 TPA & 1,80,000 TPA for Hot Rolled
- **Dec 2016** – Upgraded transformer & allied equipment to reduce melting time & resulting in SMS capacity to 1,65,000 TPA

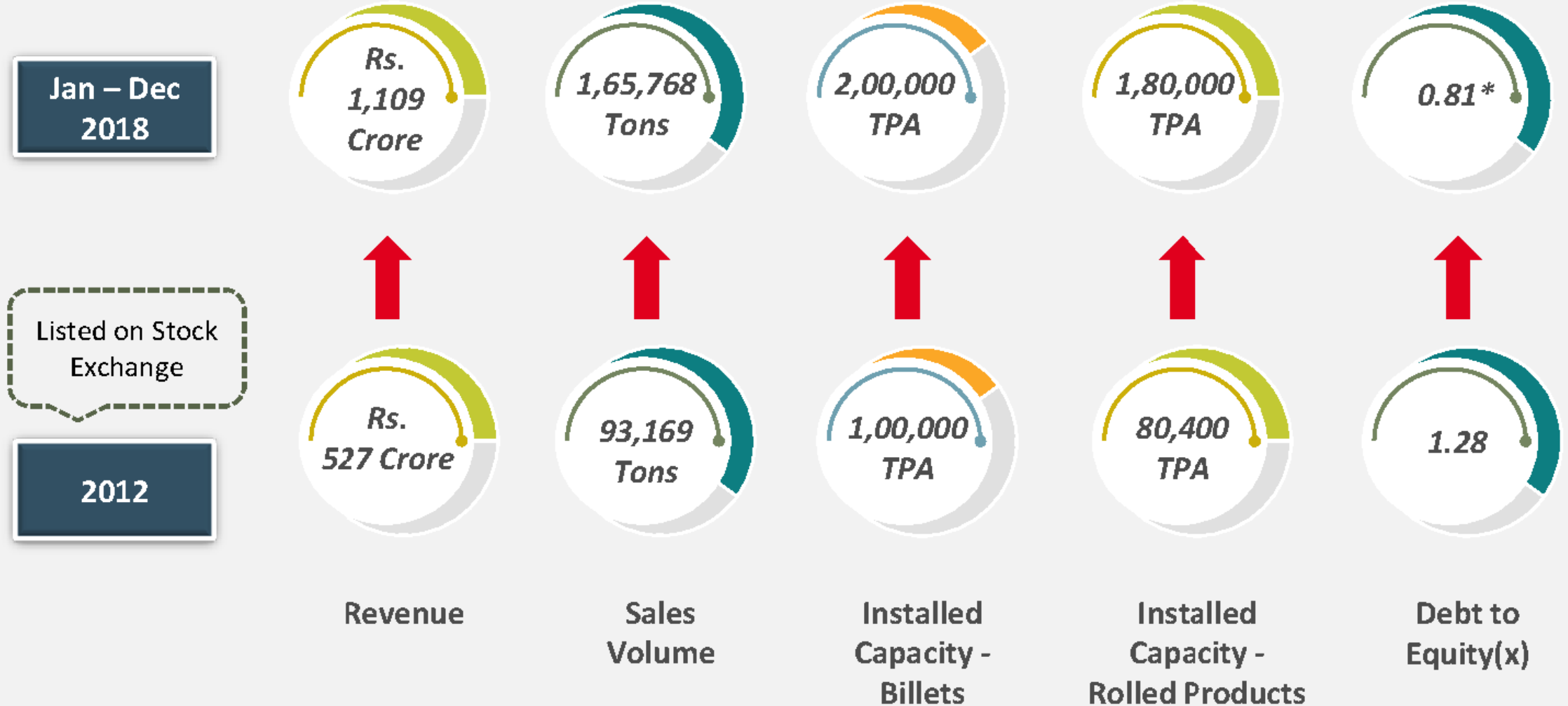
2015 - 2016

- **April 2017** – Rights Issue of Rs 67.85 Cr.
- **Oct. 2017** – Purchased ~8 acres of adjoining land for Rs. 36 Cr.
- **Feb. 2018** – QIP of Rs 50 Cr.
- **June 2018** – CRISIL upgraded credit rating
- **August 2018** – Change in Statutory Auditors to M/s B. S. R. & Co. LLP
- **2019** – Fortified Board of Directors - one Independent Woman Director appointed

2017 – Till Date

.... Transforming into one of India's leading steel bar producers

...Clear focus on long term Value Creation



* As on 31st Dec 2018

Strong Experienced Board of Directors



Mr. Rajeev Gupta Chairman & Independent Director

- B. Tech from BHU/IIT, Varanasi and MBA (IIM, Ahmedabad)
- Rich experience of more than 35 years - One of Country's topmost Investment Bankers

Mr. Sachit Jain Vice Chairman & MD

- B. Tech (Electrical) - IIT, New Delhi, MBA (Gold medallist) - IIM, Ahmedabad and Owner/President Management Program – Harvard - Experience of over 29 years in Textile & Steel
- Chairman of CII, Northern Region

Ms. Suchita Jain Non-Executive Director

- Master's degree in Commerce from Punjab University, Chandigarh
- Over 25 years of rich experience in textile industry
- Representative of Vardhman Group

Mr. Rajinder Kumar Jain Non-Executive Director

- Chartered Mechanical Engineer from Institute of Mechanical Engineers London
- Retired as General Manager from Indian Railways after 35years of service

Strong Experienced Board of Directors contd...



Mr. B.K. Choudhary Non-Executive Director

- Degree in B.Sc., M.Com & MBA
- Rich experience of more than 44 years in Steel & Textile industry

Mr. Rakesh Jain Independent Director

- Ph.d in Polymers from the University of Akron
- Worked in the Advanced Technology Group at GE Electro-materials Division (EMD) in Coshocton, OH, USA & Aditya Birla Group (ABG) as MD of Indo Gulf Fertilizers Ltd

Mr. Sanjeev Pahwa Independent Director

- B. Tech from IIT, Delhi -Experience of more than 26 years in bicycle/automobile tyres and tubes industry
- Chairman-cum-MD of Ralson (India) Ltd. – Largest tyre manufacturer in the World

Mr. Sanjoy Bhattacharyya Independent Director

- B.Sc (Statistics Honours) and MBA. from IIM, Ahmedabad
- More than 21 years of experience in equities & investment management - Among leading stock market Gurus

Ms. Shubhra Bhattacharya Independent Director

- Bachelor's degree in Mathematics and MBA from Xavier's Labor Relations Institute
- More than 25 years of experience in Human Resource Management

Wide Range of Rolled & Bright Bars Products



Hot Rolled Bars



Bright Bars



Diverse applications of our products



Axle Gears

Stabilizer Bar

Knuckle Spindle

Piston

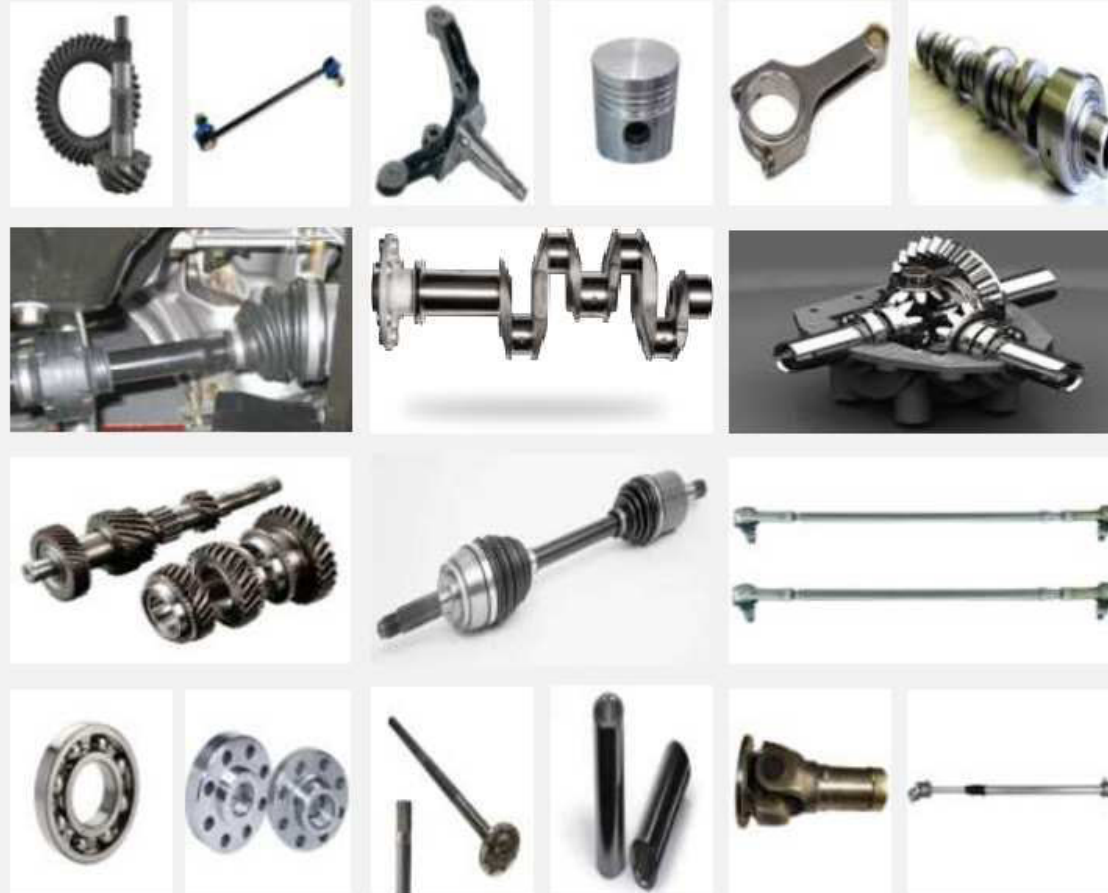
Connecting Rod

Camshaft

Center Velocity Joint

Crankshaft

Differential Gears



Transmission Gear

Drive-Shaft

Tie-Rod

Bearings

Companion-flange

Axle Shaft

Piston-Pin

Steering-Yoke

Steering Shaft

State-of-art Manufacturing facilities...



Steel Melting Shop

Capacity : 2,00,000 TPA



Rolling Mill

Capacity : 1,80,000 TPA



Bright Bars

Capacity : 36,000 TPA

...With In-House Steel Melting Shop



Electric Arc Furnace



Ladle Refining Furnace



Continuous Casting Machine



Vacuum Degassing



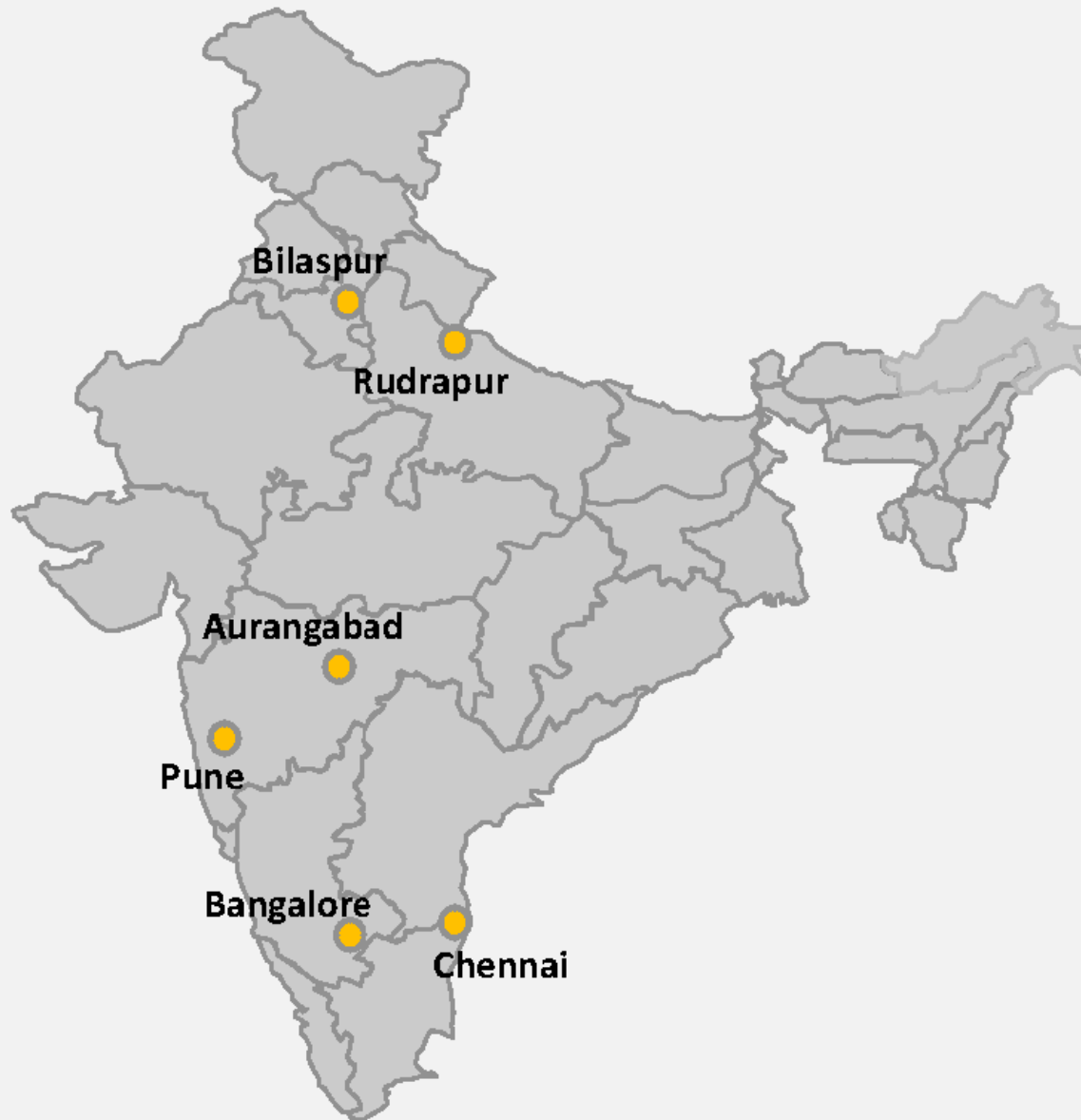
...And best in class R&D Facility



- **Spectrometer** : ARL 4460:1454 for Chemical Analysis - can check 32 different elements - CS - 230 : Analyzer for Carbon & Sulfur content in steel
- **LECO gas analyzer** – TC 600 H₂, N₂, O₂ Analyzer
- **Mechanical and Metallurgical Testing Lab**
- **Metallurgical Microscope with Image Analyzer**
- **RADLAB-1 GAMMA RAY Spectrometer**
 - For Testing Steel Samples for Radiological Content – can identify different types of Isotopes present
 - Samples can be certified with 300 Second scan in RadLab "Well"
- **XRF Spectrometer** - Higher range & All input/ output material can be checked



Strategically located Warehousing Facilities



- **One Owned Warehouse**
 - Bilaspur Haryana

- **Five Leased Warehouses in India**
 - Bangalore
 - Chennai
 - Rudrapur
 - Pune
 - Aurangabad

200+ Reputed & Long term customers....

Cars



Two Wheelers



HCL/LCVs



Auto Components



Tractors



Off Highway Vehicles



... Across a Strong Global Customer Base



9M FY19 Export contributes 6%

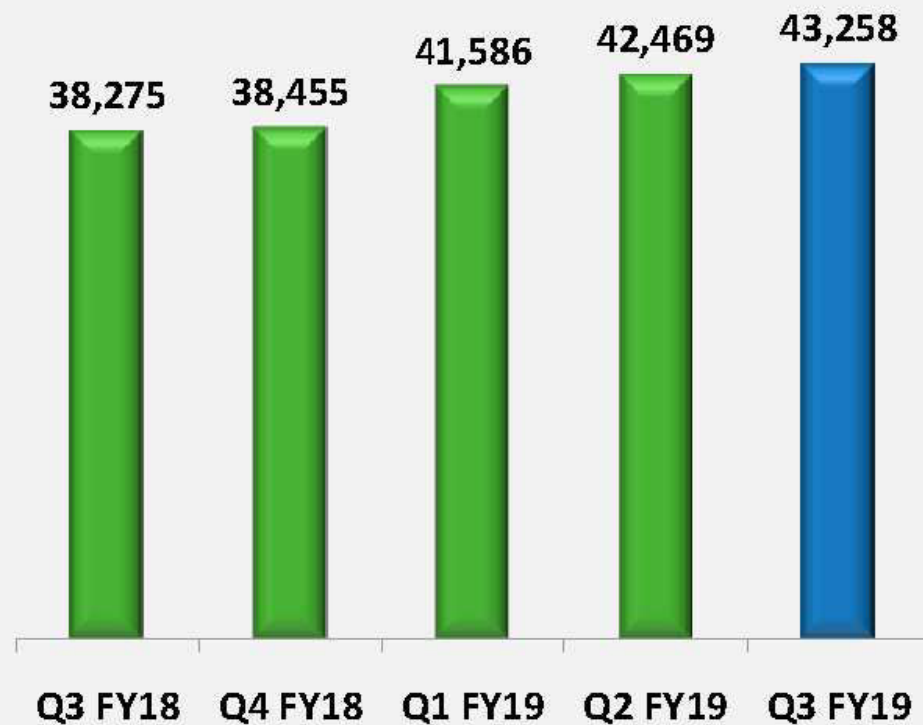
A large industrial factory with a crane and machinery. The scene is filled with complex metal structures, pipes, and a tall blue crane on the right. In the foreground, there are several glowing yellow metal bars. A white banner with the text "Financial Highlights" is overlaid on the center of the image.

Financial Highlights

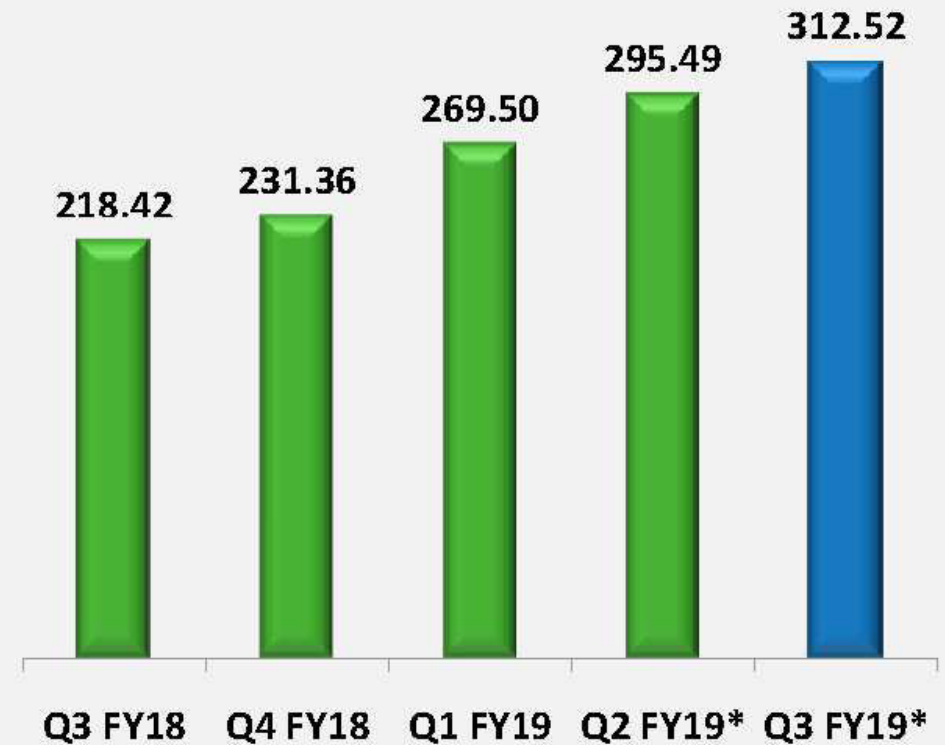
Quarterly Financial Highlights



Sales Volumes (MT)



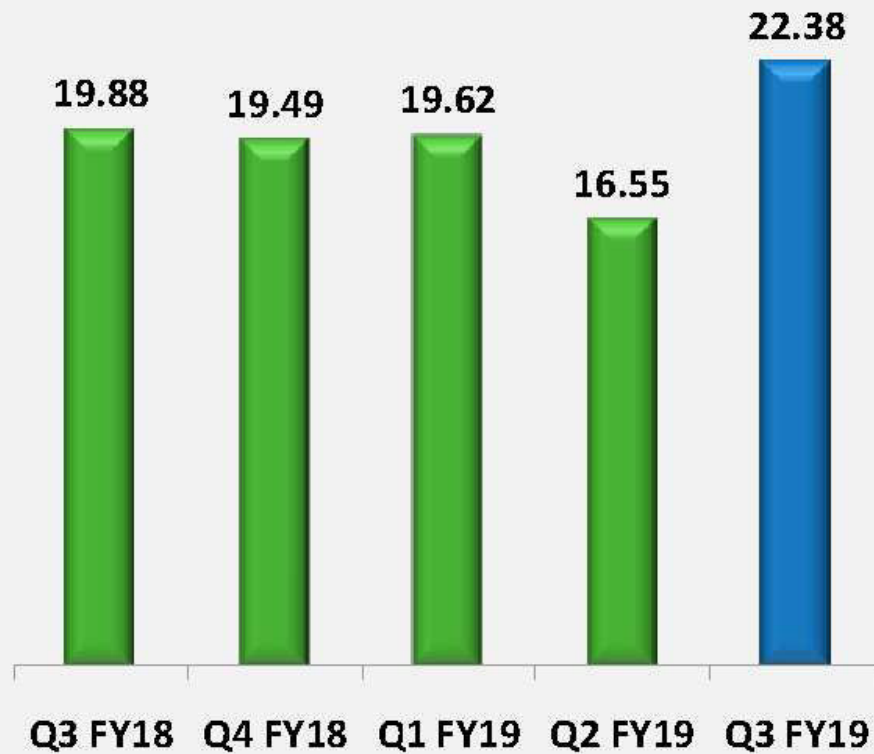
Revenue from Operations (Rs. Crore)



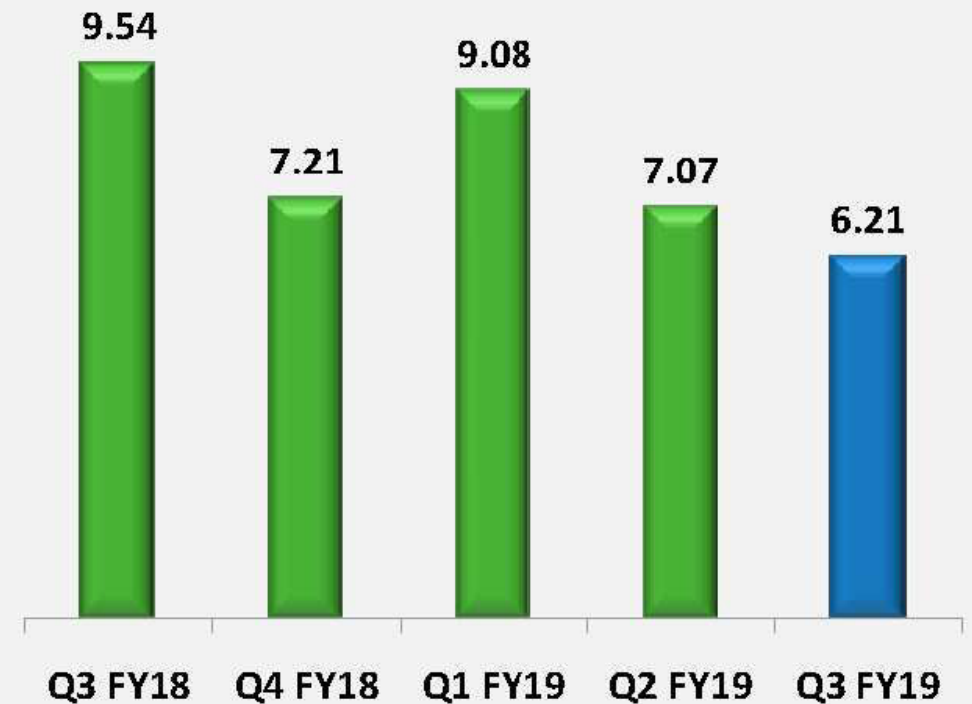
* Includes sale of raw material and traded goods

Quarterly Financial Highlights

EBITDA (Rs. Crore)#



PAT (Rs. Crore)



#EBITDA is including Other Income

Financial Highlights – 9M FY19 vs 9M FY18



12%

Volume (MT)
1,27,313 MT



40%

Revenue from Operations*
Rs. 877.51 crore



21%

EBITDA#
Rs. 58.54 crore



25%

PAT
Rs. 22.36 crore



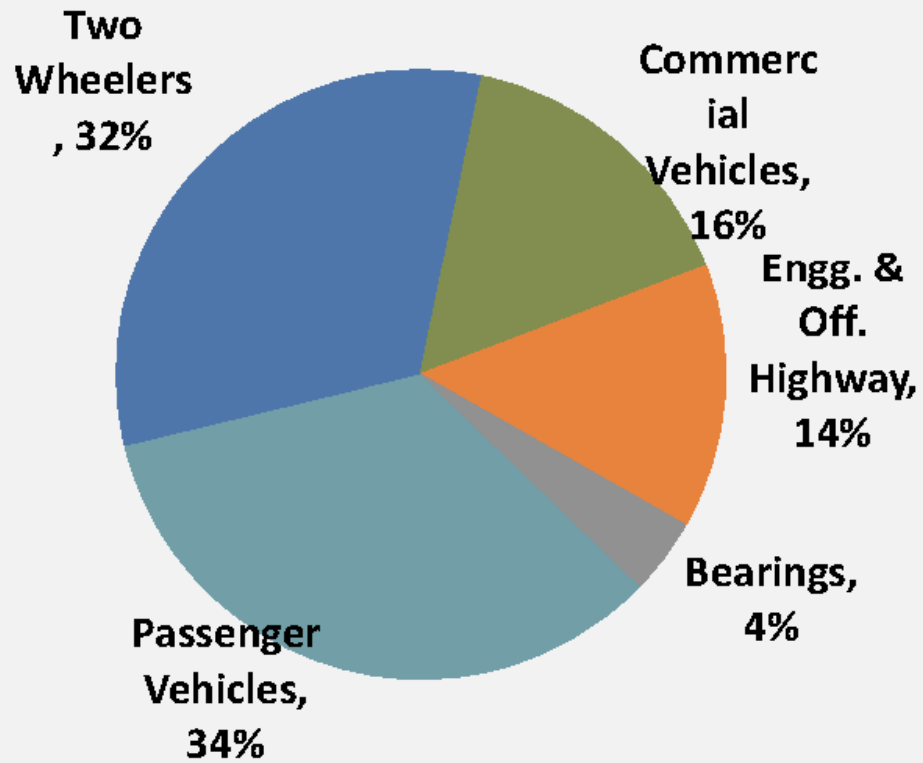
6%

Basic EPS
Rs. 6.26 vs. Rs. 5.93 9M FY18

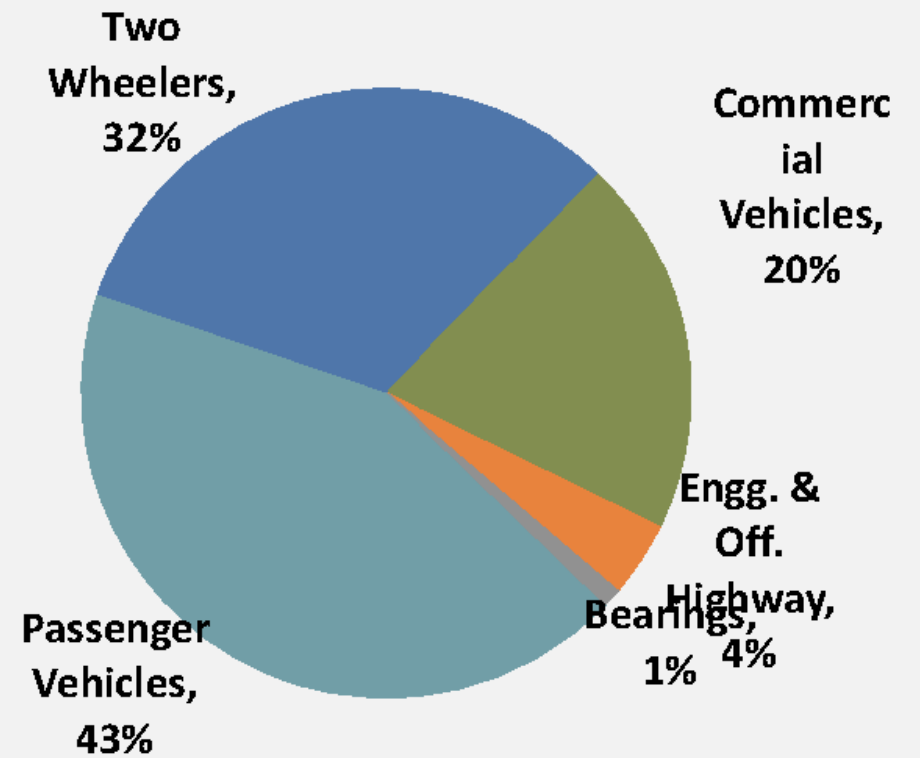
- Increase in Revenue mainly on account of increase in sales volumes and higher realizations
- EBITDA growth driven by higher operational efficiencies, despite increase in raw material costs

Revenue Break up – Sector Wise

FY18



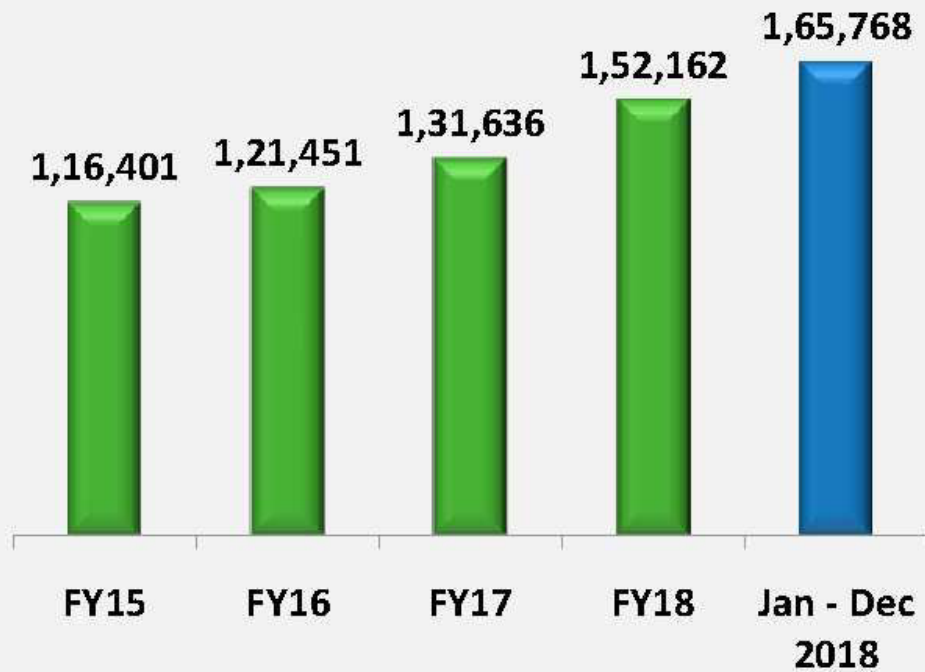
9M FY19



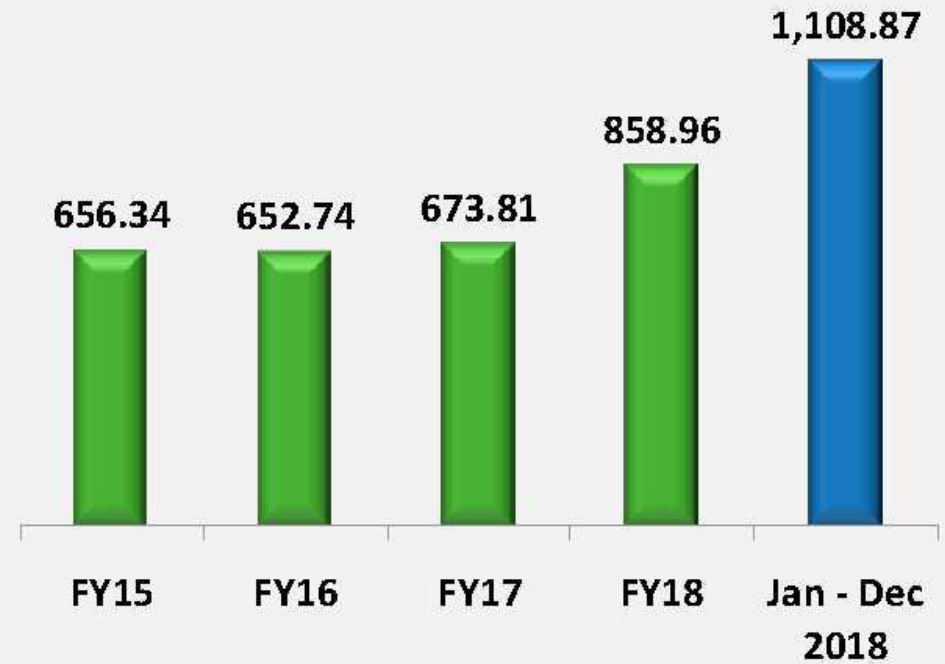
Financial Highlights



Volume (MT)

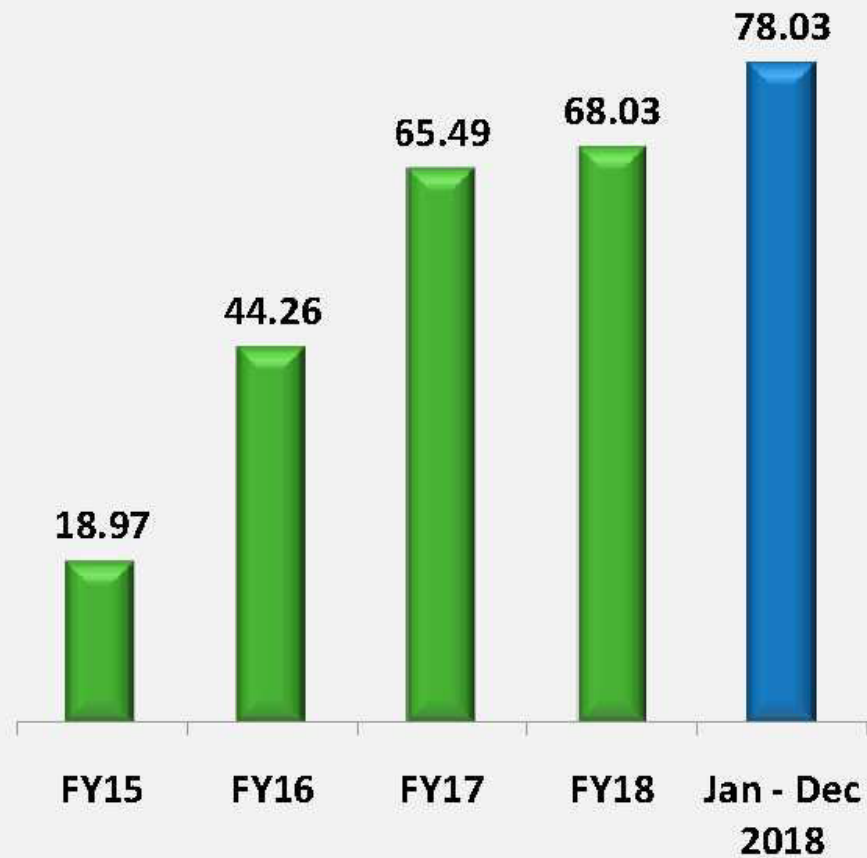


Revenue from Operations (Rs. Crore)

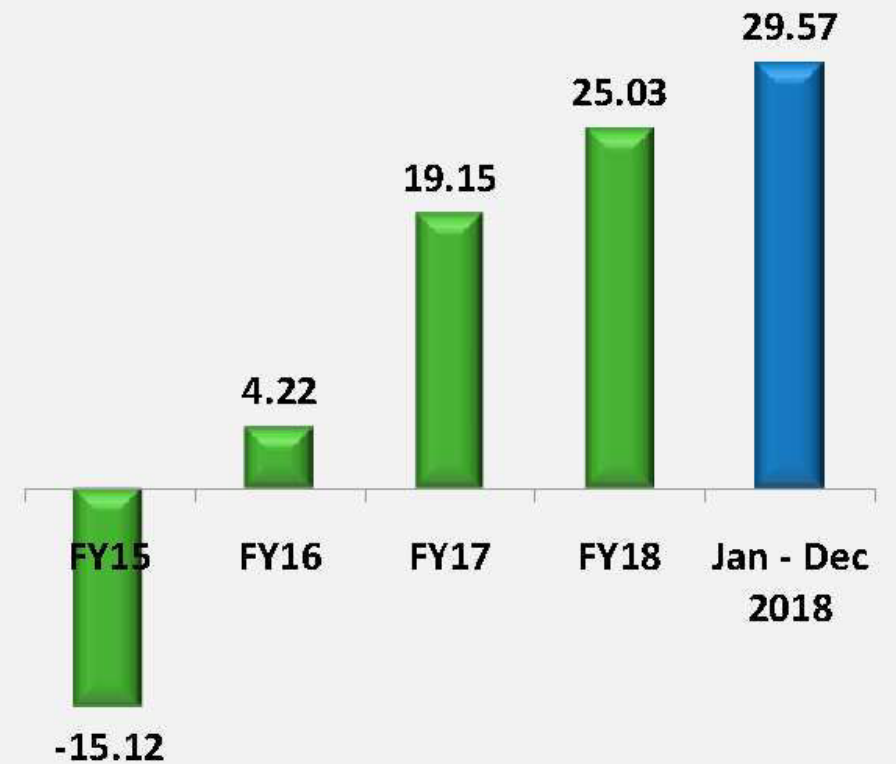


Financial Highlights

EBITDA (Rs. Crore)#



PAT (Rs. Crore)

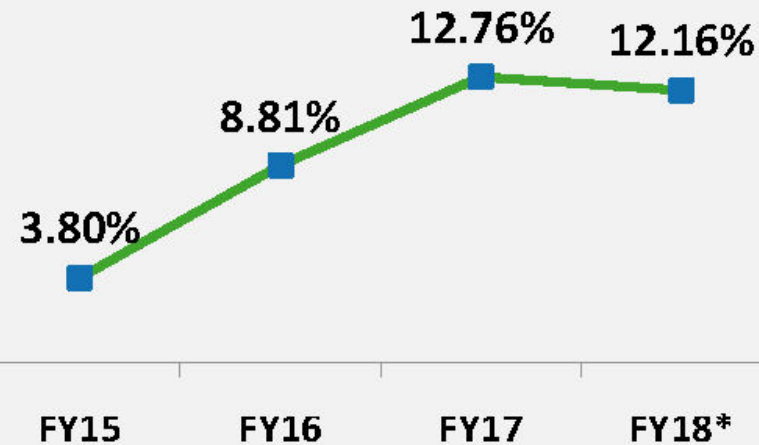


#EBITDA is including Other Income

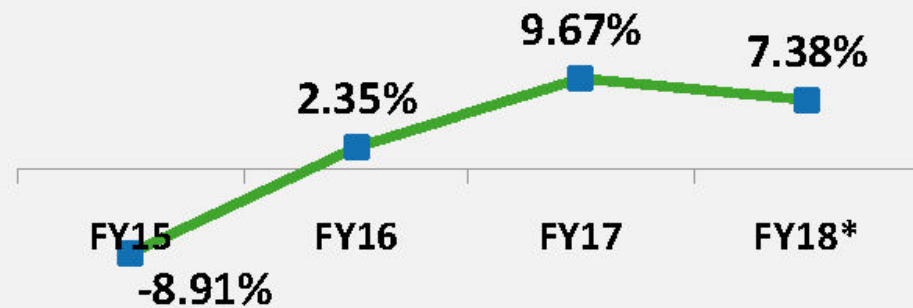
Annual Balance sheet Highlights – FY15 to 18



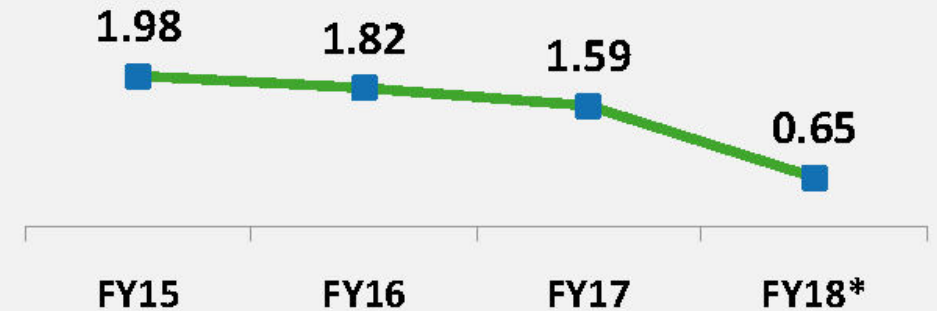
RoCE (%)



RoE (%)



Net Debt to Equity



* During FY18 Company raised Rs. 68 cr through Rights Issue and Rs. 50 cr through QIP (subscribed by DSP Blackrock MF and Sundaram MF)

RoE = Net Profit/Net Worth ; RoCE = EBITDA/(NW+Total Debt-Investments); Net Debt = Total Debt (includes Current Maturity of LT Debt) - Investments

Investing in Our Real Assets



Centre for Creative Leadership

- CCL - US based Organisation – offers leadership programs across 160 countries, FT top10 in executive education with 500K alumni over 50 years
- Customized leadership training for 12 senior management

'Manav Vikas Kendra'

- Training programs – functional, attitudinal, skill development, quality – across all levels of employees
- Specialized & customized programs

'EKLAVYA - B.Sc. to B. Tech.'

- New Initiative undertaken
- Formalized training programs that focus on technical knowledge, enhance skill sets and productive efficiencies of personnel



Way Ahead

Way Ahead



Capacity Expansion

- Increase melting capacity to 2,40,000 TPA and Rolling Capacity to 2,20,000 TPA by FY21- expected capex of approx. Rs. 200 Cr.
- Target of achieving full capacity utilization soon after completing capex

Joint Venture & Technical Alliance

- In down stream value added products namely Bright Bars
- Build strong technical alliance with global player
- Explore value added products like high alloy steel through ingot casting route over time

De-risking Business

- Explore avenues – increase high margin products, enter into new geographies, change in customer mix and expand into new industry applications

Thank You



For further information, please contact:

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CIN:L27100PB2010PLC033930

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Investor Relations Advisors :

Bridge Investor Relations Pvt. Ltd.
CIN: U74900MH2016PTC273679

Mr. Amit Sharma
amit@bridge-ir.com
022 26873003

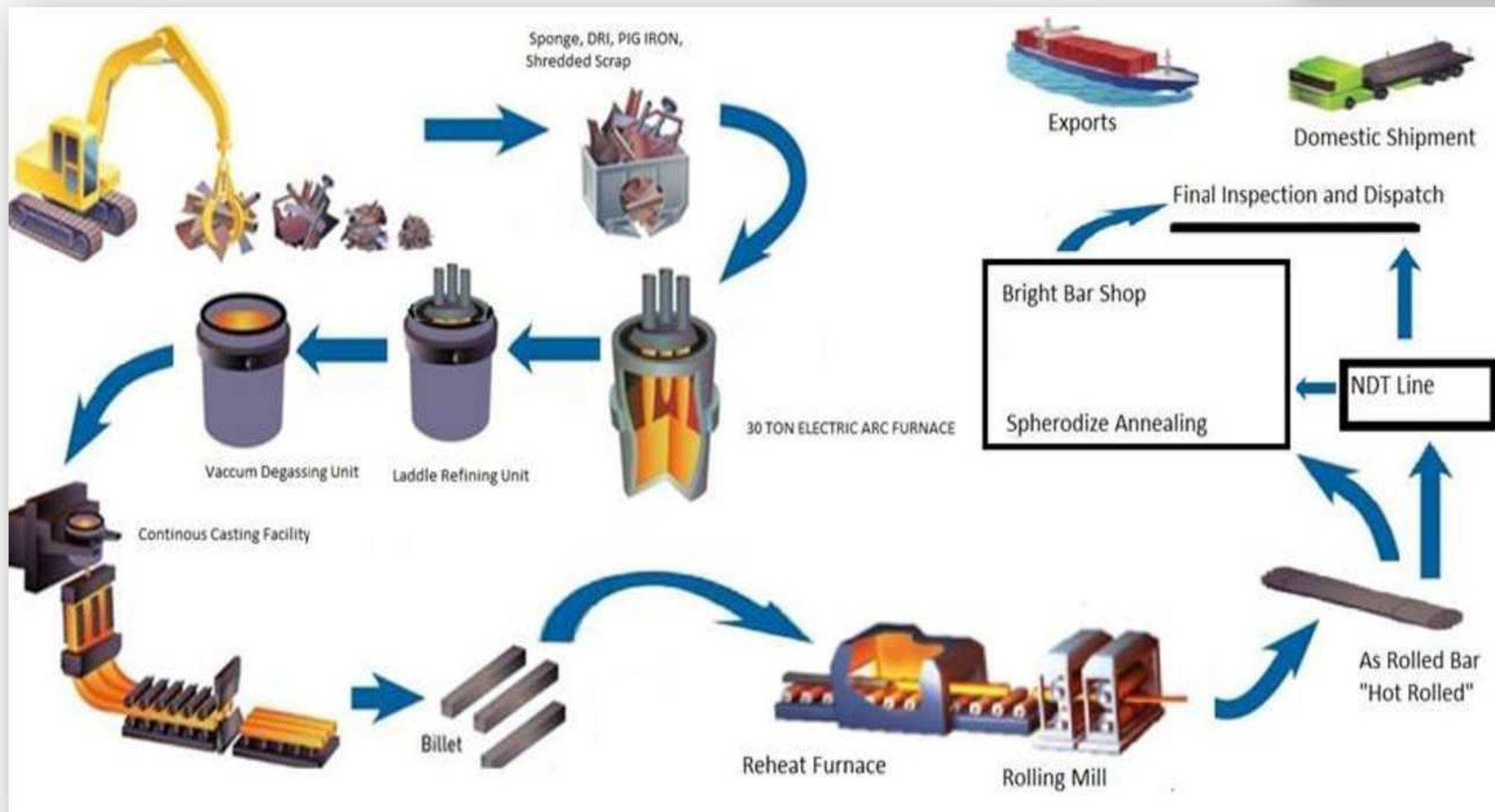
Mr. Smit Shah
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Annexures

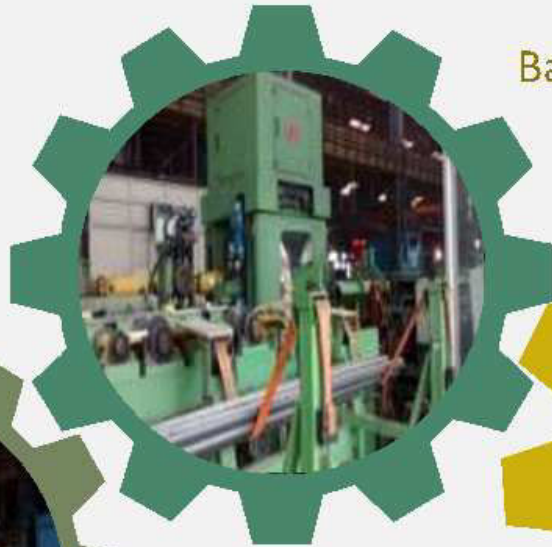
Process Flow



Automatic Line of Bar Inspection - NDT Line



Straightening
Straightness : 2mm /
meter



Chamfering
Bar ends free from
Burr



Shot Blasting



MFLT
Acceptance Criteria:
0.2x10mm



UST
Acceptance Criteria: SDH -
0.8x10mm, FBH - 0.8 & 1.2mm

Quarterly Profit & Loss

INR Crore	Q3 FY19	Q3 FY18	Y-o-Y %	Q2 FY19
Revenue from Operations	312.52*	218.42	43.08%	295.49*
Excise Duty	0.00	0.00		0.00
Other Income	0.40	0.98		1.23
Total Income	312.92	219.40	42.63%	296.72
Cost of Materials Consumed	235.67	123.61		183.15
Purchases of Stocks	17.11	0.00		14.65
Changes In Inventory	(60.01)	(9.25)		(15.68)
Raw Material Expenses	192.77	114.36		182.12
Employee Expenses	12.64	11.82		13.44
Power & Fuel	32.19	34.57		35.01
Other Expenses	52.94	38.77		49.60
Total Expenditure	290.54	199.52		280.17
EBITDA	22.38	19.88	12.58%	16.55
Depreciation	6.20	5.71		5.98
Interest / Finance Cost	6.54	4.63		5.64
PBT	9.64	9.54	1.05%	4.93
Tax	3.43	0.00		(2.14)
PAT	6.21	9.54	(34.91)%	7.07
Basic EPS in Rs.	1.74	2.97		1.98

- Deferred tax accounted in Q3 FY19 as against no tax paid in Q3 FY18 (due to accumulated losses)

* Includes sale of raw material and traded goods

Nine Months Profit & Loss



INR Crore	9M FY19	9M FY18	Y-o-Y %
Income from Operations	877.51*	646.53	
Excise Duty	0.00	18.93	
Revenue from Operations	877.51	627.60	39.82%
Other Income	1.33	3.81	
Total Income	878.84	631.41	39.19%
Cost of Materials Consumed	588.65	341.27	
Purchases of Stocks	31.76	0.00	
Changes In Inventory	(89.33)	1.22	
Raw Material Expenses	531.08	342.49	
Employee Expenses	38.81	34.53	
Power & Fuel	100.51	99.82	
Other Expenses	149.90	106.03	
Total Expenditure	820.30	582.87	
EBITDA	58.54	48.54	20.60%
Depreciation	17.84	15.20	
Interest / Finance Cost	17.05	15.52	
PBT	23.65	17.82	
Tax	1.29	0.00	
PAT	22.36	17.82	25.48%
Basic EPS in Rs.	6.26	5.93	5.56%

* Includes sale of raw material and traded goods

Balance Sheet as on 30th September 2018



INR Crore	As on 30 th Sept'18	As on 31 st Mar'18	INR Crore	As on 30 th Sept'18	As on 31 st Mar'18
Equity*	355.35	339.32	Non Current Assets	316.26	278.83
Equity Share Capital	35.70	35.70	Property Plant & Equipment	281.15	249.27
Other Equity	319.65	303.62	Capital work in progress	15.37	6.99
Non-current liabilities	142.75	102.33	Other intangible assets	0.36	0.29
Financial Liabilities			Financial Assets		
(a) Borrowing	141.74	101.46	Long Term Loans	0.88	1.42
(b) Other Financial liabilities	0.05	0.00	Deferred Tax Assets (Net)	2.20	0.00
Provisions	0.96	0.85	Other Non Current Assets	16.30	20.86
Other Current Liabilities	0.00	0.02	Current Assets	454.08	397.82
Current liabilities	272.24	235.00	Inventories	200.81	158.60
Financial Liabilities			Financial assets		
(a) Borrowings	127.30	118.50	Investments	0.01	8.16
(b) Trade Payables	109.15	60.61	Trade receivables	203.26	194.55
(c) Other Financial Liabilities	33.04	52.25	Cash & Cash equivalents	0.20	7.49
Provisions	0.49	0.62	Other Bank Balance	0.04	0.00
Other Current Liabilities	2.10	3.02	Loans	1.15	1.02
Current Tax Liability (Net)	0.16	0.00	Other financial assets	4.17	5.92
Total Equities & Liabilities	770.34	676.65	Current tax assets	0.00	0.36
			Other Current Assets	44.44	21.72
			Total Assets	770.34	676.65

* During FY18 Company raised Rs. 68 cr. through Rights Issue and Rs. 50 cr. through QIP (subscribed by DSP Blackrock MF and Sundaram MF)