



Vardhman

VARDHMAN SPECIAL STEELS LIMITED

Delivering Excellence. Since 1965.

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Ref. VSSL: SCY: JUN: 2020-2021

Dated: 24.06.2020

BSE Limited, 1 st Floor, New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, MUMBAI-400 001. Scrip Code: 534392	The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 Scrip Code: VSSL
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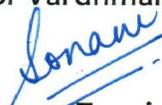
Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Disclosure relating to impact of COVID-19 pandemic on the Company.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, please find enclosed herewith a disclosure on material impact of COVID-19 pandemic on the Company.

This is for your information and record.

Thanking you,
For Vardhman Special Steels Limited


Sonam Taneja
Company Secretary



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PAN NO.: AADCV4812B CIN: L27100PB2010PLC033930
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EFFECT OF COVID ON BUSINESS OF THE COMPANY

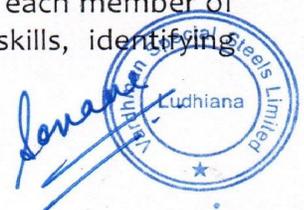
The Company is in the business of manufacturing of steel bars and rods having its end application in automobile sector. The company has a single manufacturing facility which is located in Ludhiana (Punjab) and having sales offices in the states of Haryana, Uttarakhand, Maharashtra, Karnataka and Tamil Nadu. To prevent and contain the spread of Covid-19, the State Government of Punjab imposed a Curfew from 23rd March, 2020 followed by announcement by the Central Government for 21 days nation-wide lockdown from 25th March, 2020 resulting in complete shutdown of all economic and social activities. To comply with the directives of the Government, the Company temporarily closed its manufacturing operations and sales offices across India. Thereafter, in compliance with the relaxations given by the Ministry of Home Affairs (MHA) and after seeking approval from the concerned State Govt. authorities, the Company started limited operations at its manufacturing facility from 22nd April 2020. With the easing of lockdown norms and opening up of markets, the capacity utilization of our manufacturing plant is gradually increasing with the passage of time.

Simultaneously, the Company has made intensive efforts to surpass the Covid challenge through strict safety norms, enhanced hygiene and adherence to the social distancing norms, use of masks and sanitizers etc. Technology is being leveraged to minimize human contact, meetings are held virtually and the practice of work from home, where ever required, has also been inculcated in work environment. The Company is committed to ensure the safety and well-being of its employees.

The outbreak of Covid-19 has posed one of the biggest unforeseen threats to the Global Economy. The Company could not remain immune to the adverse business conditions. On the raw material side, we are carrying more than the normal inventory levels due to arrival of contracted imports. On the sales side, OEMs have revised the schedules of lifting resulting in carrying of some of the finished goods for a longer period. Also for the new business, there is lot of competition on price squeezing margins of the company. Amidst this depressed economic environment, the Company will report a major loss in the first quarter of current financial year. However, we expect that each subsequent quarter to be better than the previous one.

On liquidity front, the Company is quite comfortable as most of the due realizations from the customers have been received during lockdown period. The Company is not only regularly paying interest and repayments on due dates towards its borrowings without opting for any deferment but has also made part pre-payment of term loans. Also, the Company has sufficient lines of credit sanctioned by its bankers and has the ability to borrow, if required in future well within comfortable debt equity ratio.

We have used this lockdown period as an opportunity to connect with each member of the organisation, unlock hidden talent, improving communication skills, identifying



problems, suggestions on 3R's (Reduce, Reuse, Recycle), imparting trainings and chalking out plans with our partner Aichi Steel Corporation to reduce cost, enter new grades of steel, expanding market reach by adding new customers and new geographies in the medium term.

Looking forward, this pandemic has posed unforeseen and unprecedented challenges. In these circumstances, the Company may not be in a position to quantify its future impact on the business as of now. However, we are hopeful that with the opening-up of global markets and restoration of normalcy in the supply chain, the demand will gradually improve easing out pressures on the financials of the Company.

