



Vardhman

VARDHMAN SPECIAL STEELS LIMITED

Delivering Excellence. Since 1965.

CHANDIGARH ROAD
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Ref. VSSL:SCY:NOV:2019-20

Dated: 04.11.2019

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: DISCLOSURE UNDER REGULATION 30 & 33 OF SEBI LISTING OBLIGATIONS

Dear Sir,

Pursuant to Regulation 30 read with Part A of Schedule III and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing herewith Un-Audited Financial Results of the Company for the quarter/ half-year ended 30th September, 2019 together with Limited Review Report as approved by Board of Directors in its meeting held on 4th November, 2019.

The meeting of the Board of Directors commenced at 11:30 a.m. and concluded at 04:15 p.m.

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**

VARDHMAN SPECIAL STEELS LIMITED

Regd. Office Vardhman Premises, Chandigarh Road, Ludhiana-141010

Corporate Identity Number (CIN): L27100PB2010PLC033930, PAN: AADCV4812B

Website: www.vardhmansteel.com Email: secretarial.lud@vardhman.com

Statement of Unaudited Financial Results for the quarter and half year ended 30 September 2019

		(Rs. in crores)					
Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	31.03.2019 (Audited)
1	Revenue from operations	211.82	240.78	295.49	452.60	564.99	1,120.76
2	Other income	5.37	0.66	1.23	6.03	3.01	1.87
3	Total Income (1+2)	217.19	241.44	296.72	458.63	568.00	1,122.63
4	Expenses:						
	a) Cost of materials consumed	56.70	121.32	183.15	178.02	352.98	799.27
	b) Purchase of stock in trade	0.19	4.11	14.65	4.30	14.65	34.88
	c) Changes in inventories of finished goods, stock -in- trade and work -in progress	99.77	22.22	(15.68)	121.99	(29.32)	(162.43)
	d) Employee benefits expenses	11.08	12.06	13.44	23.14	26.17	51.30
	e) Finance costs	6.54	8.11	5.64	14.65	10.52	23.65
	f) Depreciation and amortisation expenses	6.34	6.11	5.98	12.45	11.64	23.92
	g) Other expenses						
	- Power and fuel expense	14.46	28.26	35.01	42.72	68.32	132.35
	- Store and spares consumed	8.04	20.87	33.12	28.91	63.59	126.98
	- Others	18.97	16.57	16.48	35.54	35.44	70.57
	Total expenses	222.09	239.63	291.79	461.72	553.99	1,100.49
5	(Loss)/ profit before income tax (3-4)	(4.90)	1.81	4.93	(3.09)	14.01	22.14
6	Tax expenses/(income)	(1.73)	0.67	(2.14)	(1.06)	(2.14)	(0.07)
7	Net (Loss)/ profit after income tax (5-6)	(3.17)	1.14	7.07	(2.03)	16.15	22.21
8	Other comprehensive (Loss)/ income						
	(A) (i) Item that will not be reclassified to profit or loss	(0.07)	(0.08)	(0.18)	(0.15)	(0.18)	(0.29)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	0.02	0.03	0.07	0.05	0.07	0.10
	(B) (i) Item that will be reclassified to profit or loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
9	Total comprehensive (Loss)/ income for the period (7+8)	(3.22)	1.09	6.96	(2.13)	16.04	22.02
10	Earnings per equity share (in Rs.) (not annualised):						
	(a) Basic	(0.88)	0.32	1.98	(0.57)	4.52	6.22
	(b) Diluted	(0.88)	0.32	1.97	(0.57)	4.51	6.19
11	Paid-up equity capital (Face Value Rs. 10/- per share)	35.76	35.76	35.70	35.76	35.70	35.76
12	Reserve (excluding revaluation reserves)						326.23
	See accompanying notes to the unaudited financial results						



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Statement of Assets and Liabilities		
(Rs. in crores)		
Particulars	As at 30 Sept 2019 (Unaudited)	As at 31 March 2019 (Audited)
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	312.38	279.53
(b) Right of use asset	1.27	-
(c) Capital work-in-progress	14.36	32.57
(d) Other intangible assets	0.28	0.30
(e) Financial assets		
- Loans	0.83	0.69
(f) Deferred tax assets (net)	15.40	14.23
(g) Income tax assets (net)	2.67	2.12
(h) Other non-currents assets	12.23	14.07
Total non-current assets	359.42	343.51
Current assets		
(a) Inventories	187.82	313.22
(b) Financial assets		
- Investments	8.01	0.01
- Trade receivables	162.44	187.26
- Cash and cash equivalents	4.65	0.28
- Loans	1.15	1.03
- Other financial assets	0.82	7.78
(c) Assets held-for-sale	9.63	-
(d) Other current assets	14.68	36.24
Total current assets	389.20	545.82
TOTAL ASSETS	748.62	889.33
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	35.76	35.76
(b) Other equity	324.24	326.23
Total equity	360.00	361.99
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
- Borrowings	127.85	135.13
- Other financial liabilities	0.16	0.14
- Lease liability	1.22	-
(b) Provisions	1.08	1.01
(c) Other non-current liabilities	0.23	0.25
Total non-current liabilities	130.54	136.53
Current liabilities		
(a) Financial Liabilities		
- Borrowings	154.77	186.81
- Trade payables		
i. Due to micro, small and medium enterprises	1.62	3.37
ii. Other trade payables	49.29	160.13
- Other financial liabilities	45.48	36.89
- Lease liability	0.09	
(b) Other current liabilities	6.53	3.08
(c) Provisions	0.30	0.53
Total current liabilities	258.08	390.81
TOTAL EQUITY AND LIABILITIES	748.62	889.33



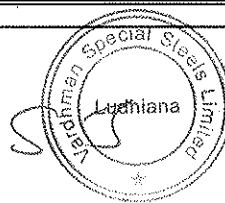
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Statement of Cash Flow for the Half year ended 30 September 2019		
(Rs. in crores)		
Particulars	Half year ended 30 Sept 2019 (Unaudited)	Half year ended 30 Sept 2018 (Unaudited)
A Cash flow from operating activities		
(Loss)/ profit before income tax	(3.09)	14.01
Adjustments for:		
Depreciation and amortization expense	12.45	11.64
Unrealized foreign exchange loss/(gain) (net)	0.59	0.35
Gain on sale of property, plant and equipment (net)	(0.84)	-
Share based payments to employees	0.10	-
Bad debts	0.01	0.01
Expected credit loss on trade receivables and advances	2.70	1.00
Finance costs	14.65	10.52
Interest income	(0.37)	(0.61)
Profit on sale of current investments	(0.18)	(0.04)
Government grant received	(4.41)	-
Capital work-in-progress written-off	0.94	-
Liability no longer required written back	(0.01)	-
Operating profit before change in following assets and liabilities	22.54	36.88
Adjustments for:		
Decrease/(increase) in inventories	125.40	(42.21)
Decrease/(increase) in trade receivables	24.82	(8.70)
(Increase) in current loans	(0.12)	(0.13)
(Increase) in other financial current assets	6.96	1.75
Decrease/(increase) in other current assets	21.56	(22.72)
(Increase)/decrease in non current financial assets	(0.14)	0.54
Decrease in other non-current assets	1.85	4.56
Increase in long term provision	0.07	0.12
(Decrease) in other non current liabilities	(0.02)	(0.03)
(Decrease)/increase in trade payables	(112.59)	48.54
Increase / (decrease) in other financial current liabilities	5.16	(19.21)
Increase/(decrease) in other current liabilities	3.46	(0.93)
(Decrease) in short term provision	(0.24)	(0.14)
Cash generated/(used in) from operating activities	98.71	(1.67)
Income tax paid (net)	(0.60)	(2.88)
Net cash generated/(used in) from operating activities	98.11	(4.56)
B Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital advances)	(37.67)	(51.98)
Proceeds from sale of property, plant and equipment	0.84	0.00
(Acquisition)/ proceeds of current investments	(7.83)	8.22
Interest received	0.37	0.61
Net cash (used in) investing activities	(44.29)	(43.15)
C Cash flow from financing activities		
Proceeds from issue of share capital (including premium)	0.04	-
Proceeds from non-current borrowings	2.00	45.00
(Repayments) of non-current borrowings	(5.57)	(3.53)
(Repayments) of/ proceeds from current borrowings (net)	(32.05)	8.80
Interest paid	(13.87)	(9.82)
Net cash flow (used in)/provided by financing activities	(49.45)	40.45
Net increase/(decrease) in cash and cash equivalents (A+B+C)	4.37	(7.26)
Cash and cash equivalents at the beginning of the year (see below)	0.28	7.49
Cash and cash equivalents at the end of the year (see below)	4.65	0.23
Notes:		
1. Cash and cash equivalents includes:		
Balance with banks		
- in current accounts	4.64	0.15
- deposit accounts with original maturities upto three months	-	0.04
Cash on hand	0.01	0.04
	4.65	0.23



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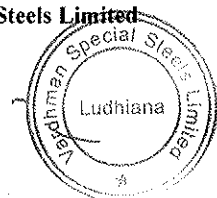
Notes:

- 1 The above Unaudited Financial Results as reviewed by the Audit Committee have been approved at the meeting of the Board of Directors held on 4 November 2019 and have been subjected to Limited Review by the Statutory Auditors. The unmodified review report of the Statutory Auditors is being filed with the BSE and NSE. For more details, visit the Investor section of the Company's website at www.vardhmansteel.com and Financial Results at Corporate section of www.bseindia.com and www.nseindia.com.
- 2 The Company is engaged in the single operating segment "Steel".
- 3 The Company is eligible for incentives under the Punjab State Government's Fiscal Incentives for Industrial Promotion Policy 2013 for its expansions completed up to 31 March 2016. Pursuant to the necessary approvals from the competent authorities in the current quarter, the Company has recorded Rs. 4.41 crores under the head "Other Income" towards its incentive of electricity duty exemption for the period 08 January 2016 to 30 September 2019.
- 4 On 01 April 2019, the Company has adopted Ind AS 116 "Leases", using the modified retrospective approach. Accordingly, the comparatives have not been retrospectively adjusted. Upon adoption of Ind AS 116 Company has recognized a right of use asset at an amount equivalent to the lease liability and consequently, there has been no adjustment to the opening balance of retained earnings as on 1 April 2019. In the Statement of Profit and Loss for the quarter and half year ended 30 September 2019, the nature of expenses in respect of operating leases has changed from rent, in corresponding quarter and half year ended 30 September 2018, to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.
- 5 During the current quarter, the board has approved for the execution of (a) Share subscription and investment agreement entered into with Aichi Steel Corporation (ASC), Japan in relation to the investment in the Company by ASC (b) Technical assistance agreement entered into with ASC in relation to the technology and know-how to be provided by ASC to the Company.

Subsequent to the quarter end; pursuant to the execution of Share Subscription and Investment Agreement, the Board in its meeting held on November 4, 2019 has approved 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 Aichi Steel Corporation Accordingly, the promoter shareholding has reduced from 66.61% to 58.97%.

- 6 During the quarter, the steel melt shop of the Company was under planned shutdown for two months due to replacement of electric arc furnace and other related activities. The new furnace was successfully commissioned on 02 Sept 2019. During the shutdown, the Company serviced to its customers from the stocks of billets already built for this purpose.
- 7 In accordance with Taxation Law (Amendment) Ordinance, 2019 dated 20 September 2019 and considering the fact that the Company has existing benefits available in the form of 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 for the time being.
- 8 During the current quarter, the Company has acquired assets in lieu of advances from one of its suppliers. The company intends to sell the same; thus the same has been classified under "Assets held-for-sale" amounting to Rs. 9.63 crores.

For and on behalf of the Board of Directors of
Vardhman Special Steels Limited



Date : 4 November 2019

Place: New Delhi

Sachit Jain
Vice Chairman & Managing Director

B S R & Co. LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

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Limited review report on unaudited quarterly financial results and year-to-date results under Regulation 33 of the Listing Regulations for Vardhman Special Steels Limited

To
Board of Directors of **Vardhman Special Steels Limited**

1. We have reviewed the accompanying Statement of unaudited financial results of Vardhman Special Steels Limited ("the Company") for the quarter ended 30 September 2019 and year to date results for the period from 1 April 2019 to 30 September 2019 ("the Statement").
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. The financial results for the quarter ended 30 June 2018, which are included in the financial results for the six months ended 30 September 2018, were reviewed by the predecessor auditor of the Company, whose report dated 11 August 2018 expressed unmodified opinion, and have been furnished to us and have been relied upon by us for the purpose of our review of the financial results. Our conclusion is not modified in respect of this matter.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022



Gaurav Mahajan
Partner

Membership No.: 507857
ICAI UDIN: 19507857AAAACO4821

Place: New Delhi
Date: 4 November 2019