



# Vardhman

Delivering Excellence. Since 1965.

## VARDHMAN SPECIAL STEELS LIMITED

CHANDIGARH ROAD  
LUDHIANA-141010, PUNJAB  
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Ref. VSSL:SCY:NOV:2020-21

Dated: 09-Nov-2020

BSE Limited, 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, 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 30<sup>th</sup> September, 2020 together with Limited Review Report as approved by Board of Directors in its meeting held on 9<sup>th</sup> November, 2020.

The meeting of the Board of Directors commenced at 10:00 a.m. and concluded at 03:30 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

PAN NO.: AADCV4812B CIN: L27100PB2010PLC033930  
WWW.VARDHMANSTEEL.COM

**Statement of Unaudited Financial Results for quarter and half year ended 30 September 2020**

		(Rs. in lakhs)					
Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2020 (Unaudited)	30.06.2020 (Unaudited)	30.09.2019 (Unaudited)	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)	31.03.2020 (Audited)
1	Revenue from operations	24,708.66	6,786.20	21,181.94	31,494.86	45,259.72	84,620.03
2	Other income (also refer to note 1 and 2)	558.80	176.95	537.26	735.75	603.02	939.82
3	<b>Total Income (1+2)</b>	<b>25,267.46</b>	<b>6,963.15</b>	<b>21,719.20</b>	<b>32,230.61</b>	<b>45,862.74</b>	<b>85,559.85</b>
4	<b>Expenses:</b>						
	a) Cost of materials consumed	13,025.11	3,877.86	5,670.40	16,902.97	17,801.93	38,929.11
	b) Purchase of stock in trade	-	-	19.71	-	430.29	432.19
	c) Changes in inventories of finished goods, stock -in- trade and work -in progress	1,885.50	480.94	9,976.97	2,366.44	12,198.51	14,438.63
	d) Employee benefits expense	1,262.78	1,071.04	1,107.68	2,333.82	2,313.81	4,812.87
	e) Finance costs	481.61	514.16	653.43	995.77	1,464.69	2,571.61
	f) Depreciation and amortisation expense	679.45	669.11	634.08	1,348.56	1,245.40	2,572.08
	g) Other expenses						
	- Power and fuel expense	3,437.46	1,168.95	1,445.82	4,606.40	4,271.96	9,548.89
	- Store and spares consumed	1,505.92	438.01	803.47	1,943.93	2,890.62	6,084.51
	- Others	1,483.33	694.20	1,897.38	2,177.54	3,554.52	6,401.60
	<b>Total expenses</b>	<b>23,761.16</b>	<b>8,914.27</b>	<b>22,208.94</b>	<b>32,675.43</b>	<b>46,171.73</b>	<b>85,791.49</b>
5	Profit / (loss) before income tax (3-4)	<b>1,506.30</b>	<b>(1,951.12)</b>	<b>(489.74)</b>	<b>(444.82)</b>	<b>(308.99)</b>	<b>(231.64)</b>
6	Tax expense / (income)						
	- Current tax	-	-	(78.55)	-	5.03	6.45
	- Deferred tax	612.29	(673.53)	(94.77)	(61.24)	(111.42)	(572.08)
7	Net Profit / (loss) after income tax (5-6)	<b>894.01</b>	<b>(1,277.59)</b>	<b>(316.42)</b>	<b>(383.58)</b>	<b>(202.60)</b>	<b>333.99</b>
8	<b>Other comprehensive Income / (expense)</b>						
	(A) (i) Item that will not be reclassified to profit or loss	(25.02)	(25.02)	(7.66)	(50.04)	(15.32)	(84.12)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	2.48	-	5.35	-
	(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	<b>Total comprehensive Income / (loss) for the period (7+8)</b>	<b>868.99</b>	<b>(1,302.61)</b>	<b>(321.60)</b>	<b>(433.62)</b>	<b>(212.57)</b>	<b>249.87</b>
10	Earnings per equity share (in Rs.) (not annualised):						
	(a) Basic	2.21	(3.16)	(0.88)	(0.95)	(0.57)	0.89
	(b) Diluted	2.21	(3.16)	(0.88)	(0.95)	(0.57)	0.89
11	Paid-up equity capital (face value Rs. 10/- per share)	4,039.45	4,039.45	3,576.00	4,039.45	3,576.00	4,039.45
12	Reserves (excluding revaluation reserve)				36,889.97		37,323.56
13	Net Worth#				40,929.42		41,363.01
14	Debt Equity Ratio#				0.73		0.62
15	Debt Service Coverage ratio (DSCR)#				0.65		1.45
16	Interest Service Coverage ratio (ISCR)#				1.91		1.91
	# also refer to note 6(b) for definitions						
	See accompanying notes to the unaudited financial results						



**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 Assets and Liabilities**

Particulars	(Rs. in lakhs)	
	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
<b>I. ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	29,785.87	30,831.11
(b) Right-of-use assets	98.41	154.82
(c) Capital work-in-progress	1,349.45	1,232.62
(d) Other intangible assets	18.80	25.43
(e) Financial assets		
- Loans	85.20	84.21
- Other financial assets	-	5,137.86
(f) Deferred tax assets (net)	2,056.79	1,995.54
(g) Income tax assets (net)	133.12	294.16
(h) Other non-current assets	1,100.32	1,181.08
<b>Total non-current assets</b>	<u>34,627.96</u>	<u>40,936.83</u>
<b>Current assets</b>		
(a) Inventories	13,178.05	15,177.78
(b) Financial assets		
- Investments	-	500.35
- Trade receivables	20,456.03	17,989.43
- Cash and cash equivalents	361.84	230.31
- Other bank balances	5,000.00	-
- Loans	83.04	91.38
- Other financial assets	380.51	168.36
(c) Assets held-for-sale (also refer to note 3)	215.61	1,012.43
(d) Other current assets	5,069.50	916.75
<b>Total current assets</b>	<u>44,744.58</u>	<u>36,086.79</u>
<b>TOTAL ASSETS</b>	<u>79,372.54</u>	<u>77,023.62</u>
<b>II. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	4,039.45	4,039.45
(b) Other equity	36,889.97	37,323.56
<b>Total equity</b>	<u>40,929.42</u>	<u>41,363.01</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
- Borrowings	12,081.12	10,784.46
- Lease liabilities	101.68	149.40
- Other financial liabilities	19.88	17.60
(b) Provisions	130.36	120.38
(c) Other non-current liabilities	23.22	23.22
<b>Total non-current liabilities</b>	<u>12,356.26</u>	<u>11,095.06</u>
<b>Current liabilities</b>		
(a) Financial Liabilities		
- Borrowings	16,376.34	14,862.35
- Lease liabilities	9.89	14.33
- Trade payables		
i. Total outstanding dues of micro enterprises and small enterprises	77.45	126.52
ii. Total outstanding dues creditors other than micro enterprises and small enterprises	5,211.42	6,046.07
- Other financial liabilities	3,180.52	2,708.77
(b) Other current liabilities	1,081.91	721.36
(c) Provisions	149.33	86.15
<b>Total current liabilities</b>	<u>26,086.86</u>	<u>24,565.55</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>79,372.54</u>	<u>77,023.62</u>



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**Statement of Cash Flow for the half year ended 30 September 2020**

Particulars	(Rs. in lakhs)	
	For the half year ended 30 Sept 2020 (Unaudited)	For the half year ended 30 Sept 2019 (Unaudited)
<b>A Cash flow from operating activities</b>		
Profit before income tax	(444.82)	(308.99)
<b>Adjustments for:</b>		
Depreciation and amortization expense	1,348.56	1,245.40
Change in fair value of derivative contracts	373.62	-
Unrealized foreign exchange loss (net)	(172.03)	59.55
Gain on sale of property, plant and equipment (net)	(6.20)	(84.20)
Share based payments to employees	-	9.55
Loss on sale of assets held-for-sale	3.00	-
Bad debts	-	1.00
Expected credit loss on trade receivables	-	270.37
Finance costs	995.77	1,464.79
Interest income	(418.80)	(36.87)
Profit on sale of current investments	(8.43)	(18.45)
Capital work-in-progress written-off	-	93.83
Liabilities no longer required written back	(4.74)	(1.22)
<b>Operating profit before change in following assets and liabilities</b>	<b>1,665.93</b>	<b>2,694.76</b>
<b>Adjustments for:</b>		
Decrease in inventories	1,999.73	12,540.21
(Increase)/decrease in trade receivables	(2,466.57)	2,481.87
Decrease/(increase) in current loans	8.34	(12.27)
(Increase)/decrease in other financial current assets	(9.25)	696.55
(Increase)/decrease in other current assets	(3,953.02)	1,714.66
(Increase) in non current loans	(0.99)	(14.37)
Decrease in other non-current assets	16.31	184.84
Increase in non-current provisions	9.98	7.44
(Decrease) in other non current liabilities	-	(1.92)
(Decrease) in trade payables	(852.91)	(11,258.65)
(Decrease)/ increase in other financial current liabilities	(924.69)	516.02
Increase in other financial liabilities	2.28	-
Increase in other current liabilities	365.29	345.83
Increase/(decrease) in current provisions	13.15	(23.55)
<b>Cash (used in)/generated from operating activities</b>	<b>(4,126.42)</b>	<b>9,871.42</b>
Income tax paid (net)	161.04	(60.00)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,965.38)</b>	<b>9,811.42</b>
<b>B Cash flow from investing activities</b>		
Acquisition of property, plant and equipment and other intangible assets	(395.59)	(3,767.51)
Proceeds from sale of property, plant and equipment and other intangible assets	10.87	84.20
Proceeds from assets held for sale	793.82	-
Movement in current deposit accounts	(5,000.00)	-
Movement in non-current deposit accounts	5,000.00	-
Proceeds / (acquisition) of current investments	508.78	(783.10)
Interest received	42.26	36.87
<b>Net cash generated/(used in) investing activities</b>	<b>960.14</b>	<b>(4,429.54)</b>



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**Statement of Cash Flow for the half year ended 30 September 2020**

Particulars	(Rs. in lakhs)	
	For the half year ended 30 Sept 2020 (Unaudited)	For the half year ended 30 Sept 2019 (Unaudited)
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital (including premium)	-	3.68
Proceeds from non-current borrowings	3,760.00	200.00
Repayments of non-current borrowings	(1,200.00)	(556.80)
Payment of Lease liabilities	(10.85)	-
Proceeds/(repayments) of current borrowing (net)	1,507.17	(3,204.53)
Interest paid	(919.55)	(1,387.84)
<b>Net cash generated/(used in) financing activities</b>	<b>3,136.77</b>	<b>(4,945.49)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>131.53</b>	<b>436.39</b>
Cash and cash equivalents at the beginning of the year (see below)	230.31	28.43
<b>Cash and cash equivalents at the end of the year (see below)</b>	<b>361.84</b>	<b>464.82</b>
<b>Notes:</b>		
<b>1. Cash and cash equivalents include:</b>		
Balance with banks		
- in current accounts	360.53	463.76
Cash on hand	1.31	1.06
	<b>361.84</b>	<b>464.82</b>



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**Notes:**

- The Company is eligible for incentive of electricity duty among other incentives under the Punjab State Government's Fiscal Incentives for Industrial Promotion Policy (R) 2015 for its expansions completed up to 31 March 2016. Further, the Company is also eligible for claiming incentives under the Industrial and Business Development Policy 2017 of the Punjab State Government. Pursuant to the necessary approvals from the competent authorities, the Company has recorded Rs. 240.07 lakhs in the current quarter and Rs. 243.21 lakhs in the six months period ended 30 September 2020 as compared to Rs. 441.17 lakhs, Rs. 441.17 lakhs and Rs. 482.32 lakhs in the quarter ended 30 September 2019, six months period ended 30 September 2019 and year ended 31 March 2020 respectively under the head "Other income" towards incentive of electricity duty & infrastructure development Cess exemption. Other incentives will be considered post sanction/assessment/approval by appropriate authority.
- Punjab State Power Corporation Limited (PSPCL), vide its circular number 17/2020 dated 18.04.20, gave a Public Notice offering its consumers of all categories to make advance payment towards their estimated electricity bills up to March 2021 to the extent they can and earn interest @ 1% per month on advance payment. The Company decided to opt for the scheme and deposited the advance with electricity department considering Company's consumption levels. Accordingly, the Company has recorded accrued interest income of Rs. 159.40 lakhs in the quarter and Rs. 199.10 lakhs in the six months period ended 30 September 2020 respectively under the head "Other income".
- During the current quarter, the Company has sold one of the asset held for sale for Rs. 793.82 lakhs (net of selling expenses) at a loss of Rs. 3.00 lakhs. The outstanding amount of Assets held for sale is Rs. 215.61 lakhs as at 30 September 2020.
- The Company is engaged in the single operating segment "Steel".
- On account of COVID-19 pandemic, the Government of India had imposed a complete nation-wide lockdown on 24 March 2020 leading to temporarily shut down of company's manufacturing facilities and operations. Since then the Government of India has progressively relaxed lockdown conditions and has allowed the Industry to resume its operations in a phased manner. Accordingly, the Company resumed its manufacturing facilities and has performed better than the expectation in the current quarter ended 30 September 2020 primarily due to sudden spurt in demand from July 2020 onwards.

The Company has made assessment of its liquidity position, the recoverability and carrying value of its assets comprising property, plant and equipment, right of use assets, investments, inventories and trade receivables etc. and has also considered various internal and external sources of information upto the date of approval of these financial results. On the basis of said assessment, consideration of the present conditions read together with long term business projections, the Company expects to recover the carrying amount of these assets and no material adjustments is required in the financial results. Given the uncertainties associated with nature, condition and duration of COVID-19, the Company will closely monitor any material changes arising out of the future economic conditions and its impact on the business of the Company.

- Pursuant to SEBI circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019, the Company has listed secured commercial papers (CP's) on various dates on BSE limited (BSE) during the half year ended 30 September 2020.

Information as required pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- a) Credit Rating given on 22 May 2020:

Name of Credit Rating Agency	Rating	
CRISIL	Rs. 150 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

- b) The definitions for ratios are as under:

- Net Worth = Equity share capital + other equity
- Debt equity ratio = Net debts/net worth
- Debt service coverage ratio (DSCR) = (EBIDTA)/(finance costs+Scheduled principal repayment of long term debts)
- Interest service coverage ratio (ISCR) = (EBIDTA)/finance costs

Net debts: Long term borrowings (including current maturities of and gross initiation costs)+ short term borrowings - cash and cash equivalents - other bank balance - investment in mutual funds

EBIDTA: Profit/(loss) before income tax + depreciation and amortization expense + finance costs

- c) Details of due dates and actual dates & amounts of repayment of listed secured commercial paper:

ISIN No	ISIN Type	Due Date of payment	Actual Date of Repayment	Redemption Amount
INE050M14650	Fresh Issue	24.04.2020	24.04.2020	5,500.00
INE050M14668	Fresh Issue	24.07.2020	24.07.2020	4,500.00
INE050M14676	Fresh Issue	21.09.2020	21.09.2020	5,500.00
INE050M14684	Fresh Issue	21.10.2020	21.10.2020	4,500.00
INE050M14692	Fresh Issue	18.12.2020	Not Due	5,500.00

- The above commercial papers are secured against lien over fund based limits sanctioned by the banks secured by way of hypothecation of entire present and future tangible current assets of the Company as well as second charge on the entire present and future property, plant and equipment of the Company.
- The Code on Social Security 2020 has been notified in the Official Gazette on 29 September 2020. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. Impact if any of the change will be assessed and accounted in the period in which said Code becomes effective and the rules framed thereunder are published.
- The above Unaudited Financial Results as reviewed by the Audit Committee have been approved at the meeting of the Board of Directors held on 9 November 2020. The audit report of the Statutory Auditors is being filed with the BSE Limited and the National Stock Exchange of India Limited. 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.



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

*Sachit Jain*

Sachit Jain  
 Vice Chairman & Managing Director

Date : 9 November 2020  
 Place: Ludhiana



# B S R & Co. LLP

Chartered Accountants

Unit No. A505 (A),  
5th Floor, Plot No.178-179A,  
Industrial & Business Park,  
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## Limited review report on unaudited quarterly financial results and year-to-date results under Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

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 2020 and year to date results for the period from 1 April 2020 to 30 September 2020 ("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 and Regulation 52 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. 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 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, 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: 20507857AAAADN5586

Place: Chandigarh  
Date: 9 November 2020

Registered Office: