



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

CHANDIGARH ROAD
LUDHIANA-141010, PUNJAB
T: +91-161-2228943-48
F: +91-161-2601048, 2222616, 2601040
E: secretarial.lud@vardhman.com

Ref. VSSL:SCY:FEB:2019-20

DATED: 08-Feb-2020

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
---	---

SUB: COMPLIANCE OF REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) 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/ nine months ended 31st December, 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
WWW.VARDHMANSTEEL.COM

**Media Release**

9M FY20 performance impacted due to ongoing slowdown in automotive sector

9M FY20 Volumes at 1,01,477 tonnes

9M FY20 Revenue from Operations at Rs. 640.54 Crore

9M FY20 EBITDA (including other income) at Rs. 31.86 Crore

8th February 2020, 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 nine months ended 31st December 2019 in the Board meeting held on 7th February 2020.

Key Financial Highlight (Rs. Crore): -

Particulars	Q3 FY20	Q3 FY19	Y-o-Y	9M FY20	9M FY19	Y-o-Y
Sales Volume (tonnes) (own manufactured)	31,616	43,258	(26.91%)	1,01,477	1,27,313	(20.29%)
Revenue from Operations*	187.94	312.52	(39.86%)	640.54	877.51	(27.00%)
EBIDTA#	7.85	22.38	(64.91%)	31.86	58.54	(45.57%)
PAT	1.81	6.21	(70.79%)	(0.22)	22.36	(100.97%)
Basic EPS (Rs.)	0.47	1.74	(72.99%)	(0.06)	6.26	(100.96%)

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

Performance Highlights: -

For the quarter ended December 31st, 2019:

- The volumes for the quarter stood at **31,616 tonnes** – YoY decline of **26.91%**, mainly on account of continued and ongoing slowdown in the automotive industry which led to lower demand for rolled products
- **Revenue from Operations** was **Rs. 187.94 crore** in Q3 FY20, as against Rs. 312.52 crore in Q3 FY19, a **Y-o-Y decline of 39.86%**, mainly on account of decline in sales volume by around 27% and decline in sale prices



- **EBITDA (including other income) for the quarter was Rs. 7.85 crore** as against Rs. 22.38 crore in the corresponding previous period, a **Y-o-Y decline of 64.91%**, on account of predominantly inventory loss due to decline in raw material and electrode prices, decrease in sales volumes and higher fixed cost per unit of steel due to low production levels
- **Q3 FY20 Profit after tax stood at Rs. 1.81 crore** as against Rs. 6.21 crore in Q3 FY19

For the nine months ended December 31st, 2019:

- The volume for the nine months stood at **1,01,477 tonnes – YoY decline of 20.29%**, mainly on account of lower demand from the automotive industry
- **Revenue from Operations was Rs. 640.54 crore** in 9M FY20, as against Rs. 877.51 crore in 9M FY19, a **Y-o-Y decline of 27.00%**, mainly on account of decline in sales volume by around 20% and decline in sale prices
- **EBITDA (including other income) for nine months was Rs. 31.86 crore** as against Rs. 58.54 crore in the corresponding previous period, a **Y-o-Y decline of 45.57%**, mainly due to decrease in sales volumes on account of lower demand in the automotive industry, higher cost of inventory build for the planned plant shutdown in Q2 FY20, inventory loss due to decline in raw material and electrode prices and higher fixed cost per unit of steel due to low production levels
- **9M FY20 Loss of Rs. 0.22 crore** as against profit of Rs. 22.36 crore in 9M 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:

- On 27th August 2019, the company executed the following -
 - Share subscription and investment agreement with Aichi Steel Corporation (ASC), Japan in relation to the investment in the Company by ASC
 - Technical assistance agreement with ASC in relation to the technology and know-how to be provided by ASC to the Company
- On 4th November 2019, the company had made 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 ASC
- In compliance to these agreements, appointed Additional Director - Mr. Takashi Ishigami - representative of ASC
- 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



- During the first half, Company had undertaken a shutdown of approximately 78 days 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
- Section 115 BAA of the Income Tax Act 1961, introduced by Taxation Laws (Amendment) Ordinance, 2019 gives a one-time irreversible option to Domestic Companies for payment of corporate tax at reduced rates. In view of the 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. However, the Company has remeasured the deferred tax assets/liabilities likely to be reversed at the time the Company would opt for new tax regime which has resulted in write back of deferred tax liability amounting to Rs. 4.95 crores in the quarter and nine months period ended 31 December 2019 using the revised annual effective income tax rate

Management Comment:

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

"In the nine months of the current financial year, we continue to witness slowdown in the auto industry which has impacted our business as well. Our 9M FY20 revenue has declined by 27% year on year basis on account of lower demand and production cuts at various OEM's. This resulted in lower volumes off take leading to suppressed capacity utilization. Also, Inventory devaluation which was built for the planned shutdown also impacted our performance during the nine months.

The current slowdown in the industry has in a way enabled us to redefine our internal strategy. We started to utilize this period to work on various internal performance. Our focus has been to bring down production costs, improve operational efficiencies, further improve on our quality of our products & service offerings and stream line our overall production activity.

Though the near-term market situation is fluid, we are optimistic on the medium term based on indication from various OEM's that will be launching newer products under the BS VI norms. With our recent upgradation of steel melting shop, we are ready to grab the opportunities head-on and serve our esteemed clients efficiently. We are happy to share that the alliance with Aichi Steel Corporation is progressing well as we have laid down long term plans and are in process of implementing these plans. We look forward to the synergies from this alliance coming through significantly in the coming quarters.

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

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

For any Investor Relations query, please contact:

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

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.