



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:AUG:2019-20

DATED: 13-Aug-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: COMPLIANCE OF REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015.

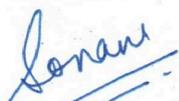
Dear Sir,

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, please find enclosed herewith Investor Presentation on financial results of the Company for the quarter ended 30th June, 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

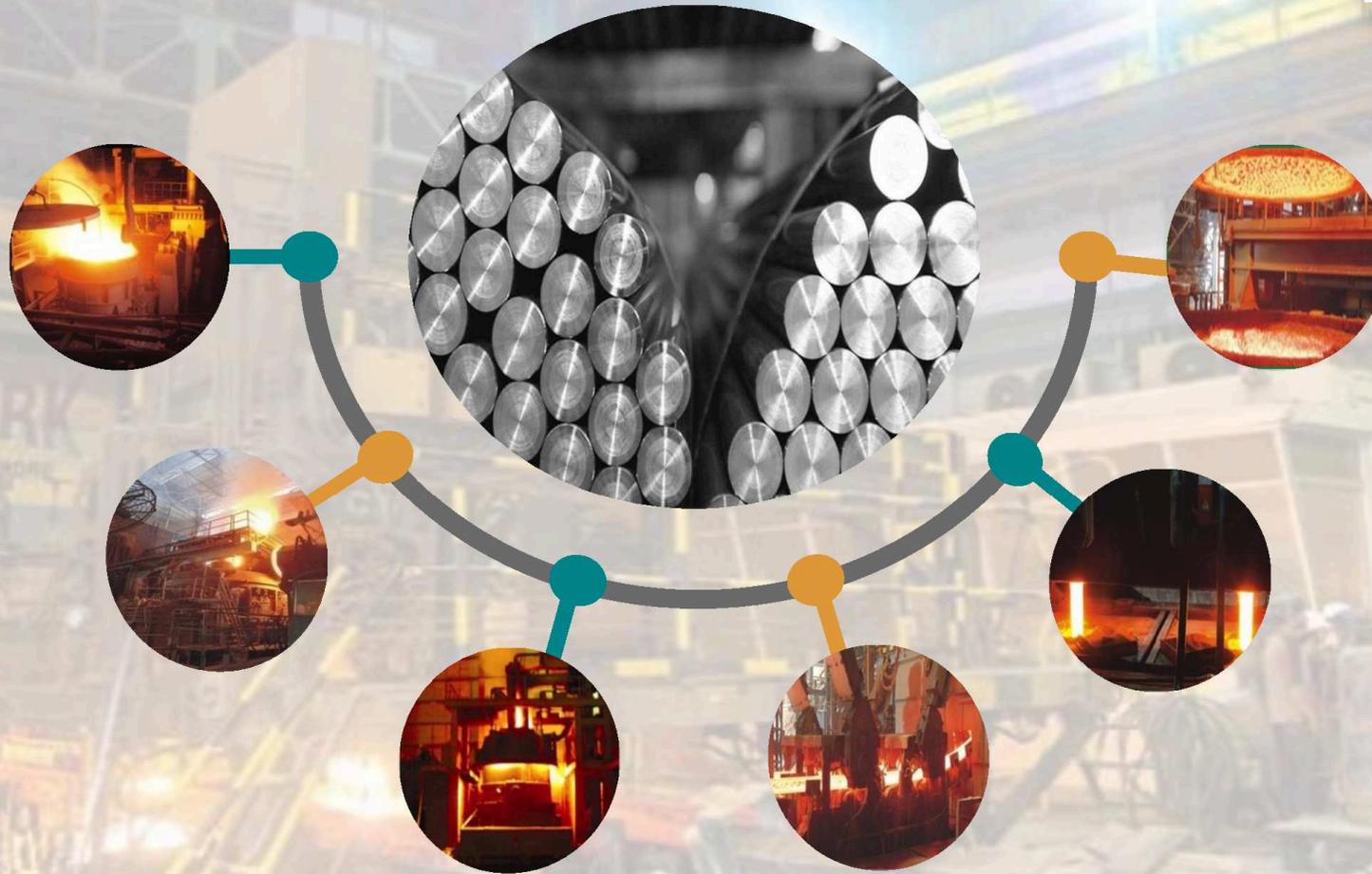

(SONAM TANEJA)
Company Secretary

YARNS | FABRICS | THREADS | GARMENTS | FIBRES | **STEELS**

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



VARDHMAN SPECIAL STEELS LTD.
A COMMITMENT TO QUALITY



Vardhman Special Steels Limited

Result Update Presentation
Q1 FY20

Disclaimer

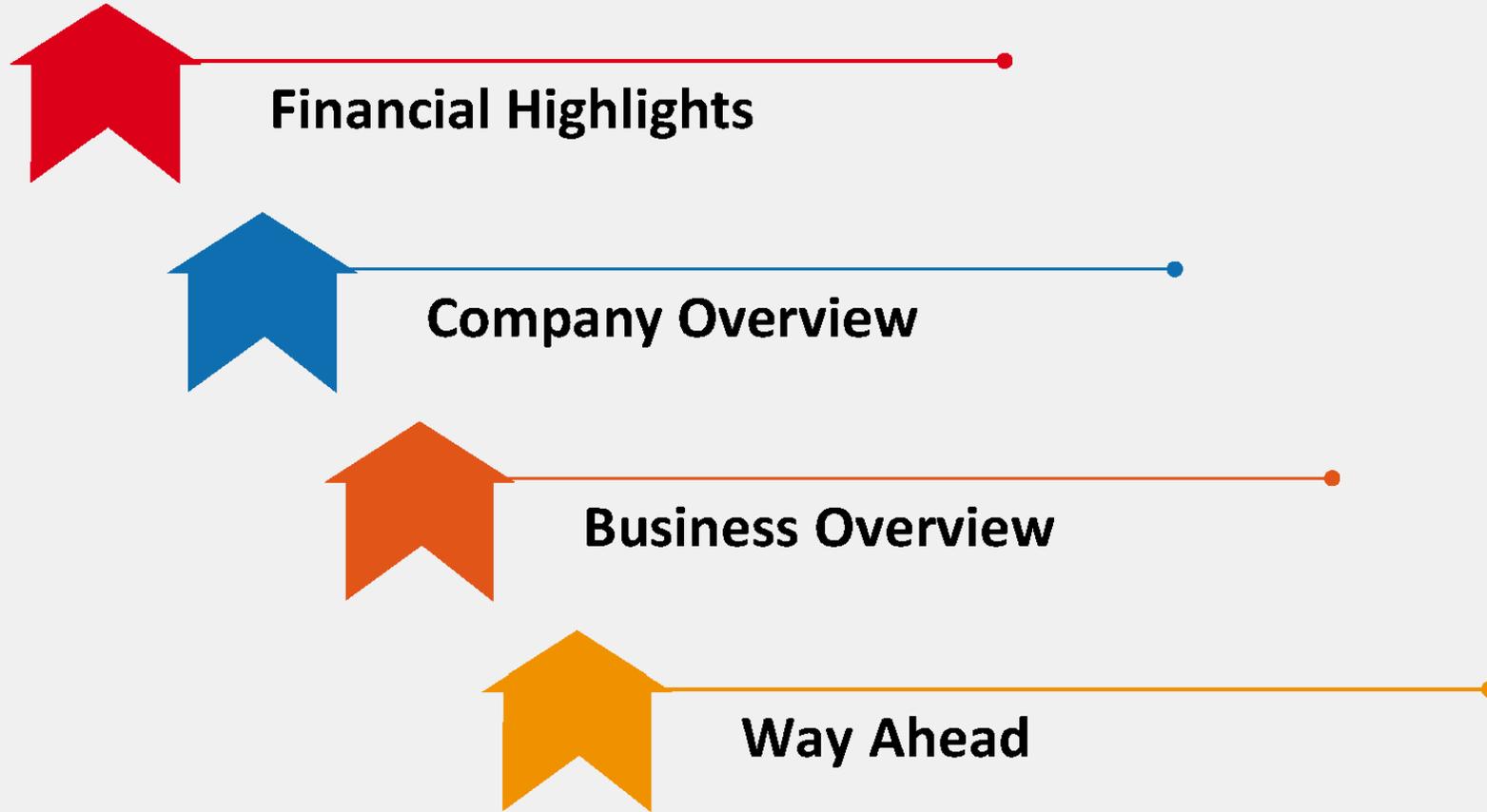


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Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

Table of Contents



A staircase diagram with four steps, each represented by a colored arrow pointing up and to the right. A horizontal line extends from the right side of each arrow to the right edge of the page. The steps are: 1. Red arrow pointing to 'Financial Highlights'. 2. Blue arrow pointing to 'Company Overview'. 3. Orange arrow pointing to 'Business Overview'. 4. Yellow arrow pointing to 'Way Ahead'.

	Financial Highlights
	Company Overview
	Business Overview
	Way Ahead

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 large blue machines, one of which has a sign that reads "CUTTO BORGHESE". A glowing orange metal bar is visible in the lower left. The overall atmosphere is industrial and busy.

Financial Highlights

Management's Message



Commenting on the results Mr. Sachit Jain, Vice Chairman and Managing Director said –



“During the quarter, we have registered a revenue of Rs. 240.78 crores, with EBITDA and PAT of Rs. 16.04 and Rs. 1.14 crore respectively, this is mainly on account of overall slowdown in the auto industry which is witnessing a major change in terms of latest technology, adoption of BS-VI norms, higher insurance costs, new and better safety norms this combined with slow demand for vehicles by the consumers. This has affected many companies in the value chain as well with declining revenues and lower PAT. Such occasions, while posing challenges also provides an opportunity to review what we are doing and to find ways of becoming more efficient and cost-effective.

I am very happy to share that the Board of Directors has approved the proposal towards investment by Aichi Steel Corporation (ASC) which will further help us enter newer avenues in the automotive steel space by adopting latest technology to manufacture special alloy steels.

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”

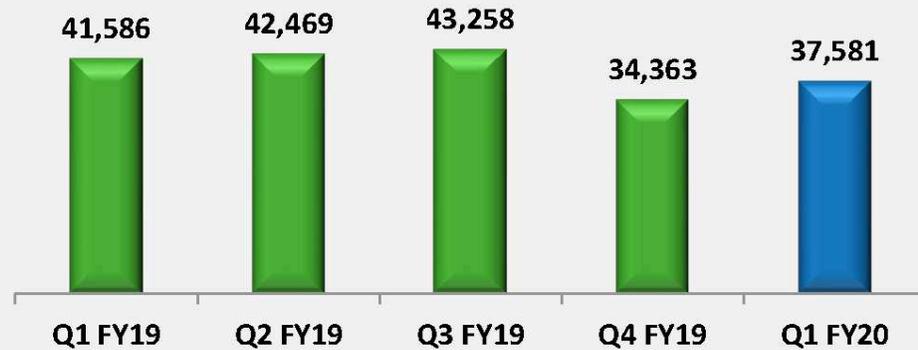
Recent Developments



- *Towards end of June 2019, initiated process of shut down of steel melting shop (SMS) in order to upgrade and modernize SMS facilities as per planned strategy and to meet future goals*
- *Subject to necessary approval, Board of Directors has approved issuance of 46,29,629 fully paid equity shares of Rs. 10/- at a price of Rs. 108/- per share on preferential basis to **Aichi Steel Corporation (ASC)**, incorporated in Japan, aggregating up to Rs. 49,99,99,932/-, resulting to 11.46% equity stake in VSSL (at Rs 108 per share) and execution of technical assistance agreement*

Financial Highlights - Quarterly

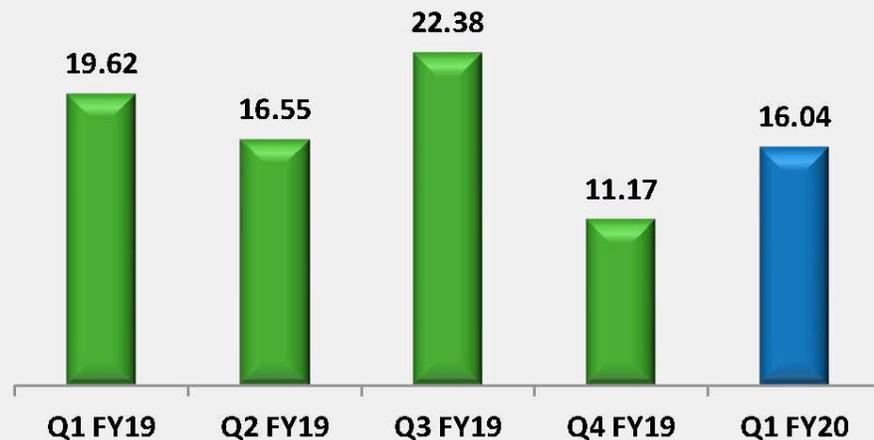
Sales Volumes (tonnes)



Revenue from Operations (Rs. Crore)



EBITDA (Rs. Crore)#



PAT (Rs. Crore)



* Includes sale of raw material, billets and traded goods ; #EBITDA is including Other Income

Financial Highlights – Q1 FY20



INR Crore `	Q1 FY20	Q1 FY19	Y-o-Y %	Q4 FY19
Income from Operations	240.78	269.50		243.25
Excise Duty	0.00	0.00		0.00
Revenue From Operations*	240.78	269.50	(10.66%)	243.25
Other Income	0.66	1.78		0.54
Total Income	241.44	271.28	(11.00%)	243.79
Cost of Materials Consumed	121.32	169.83		210.62
Purchases of Stocks	4.11	0.00		3.12
Changes In Inventory	22.22	(13.64)		(73.10)
Raw Material Expenses	147.64	156.19		140.64
Employee Expenses	12.06	12.73		12.49
Power & Fuel	28.26	33.31		31.84
Other Expenses	37.43	49.43		47.65
Total Expenditure	225.40	251.66		232.62
EBITDA	16.04	19.62	(18.27%)	11.17
Depreciation	6.11	5.66		6.08
Interest / Finance Cost	8.11	4.88		6.60
PBT	1.81	9.08		(1.51)
Tax	0.67	0.00		(1.36)
PAT	1.14	9.08	(87.47%)	(0.15)
Basic EPS in Rs.	0.32	2.54		(0.04)

- Decrease in revenue mainly on account of decline in sales volume by around 4,000 tonnes and decline in prices from 1st April 2019
- Decline in EBITDA on account of decrease in sales volume & decrease in sales price from 1st April leading to lower realizations
- PAT declined mainly on account of increase in interest cost of loans taken to build inventory for planned shutdown of steel melting shop

* Includes sale of raw material, billets and traded goods

Financial Highlights – FY19 vs FY18



6.25%

Volume (tonnes)

1,61,676 tonnes



30.48%

Revenue from Operations*

Rs. 1,120.76 crore



2.47%

EBITDA#

Rs. 69.71 crore

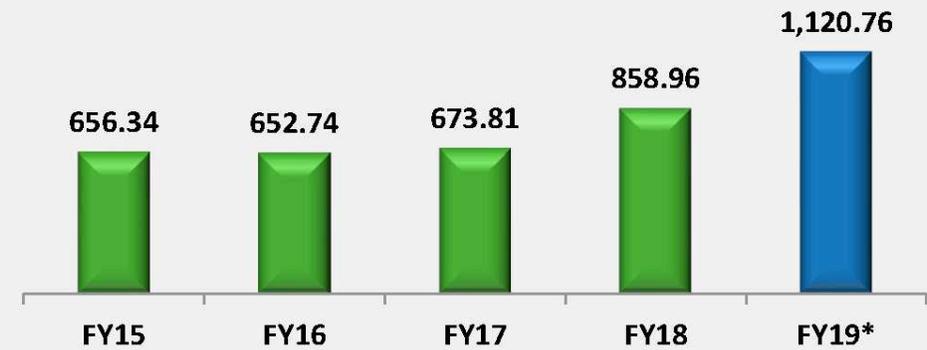
- *Higher sales volumes, better realizations and sale of outsourced goods and raw materials resulting in increasing revenue*
- *Decline in PAT on account of increase in depreciation and higher interest cost*

Financial Highlights - Annual

Sales Volumes (tonnes)



Revenue from Operations (Rs. Crore)



EBITDA (Rs. Crore)#



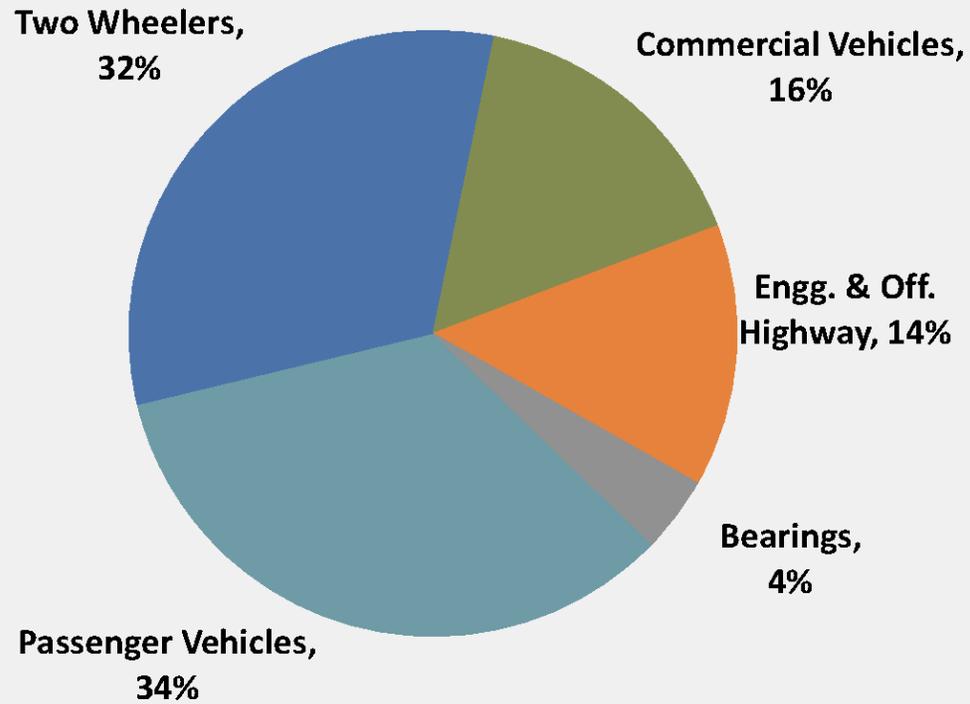
PAT (Rs. Crore)



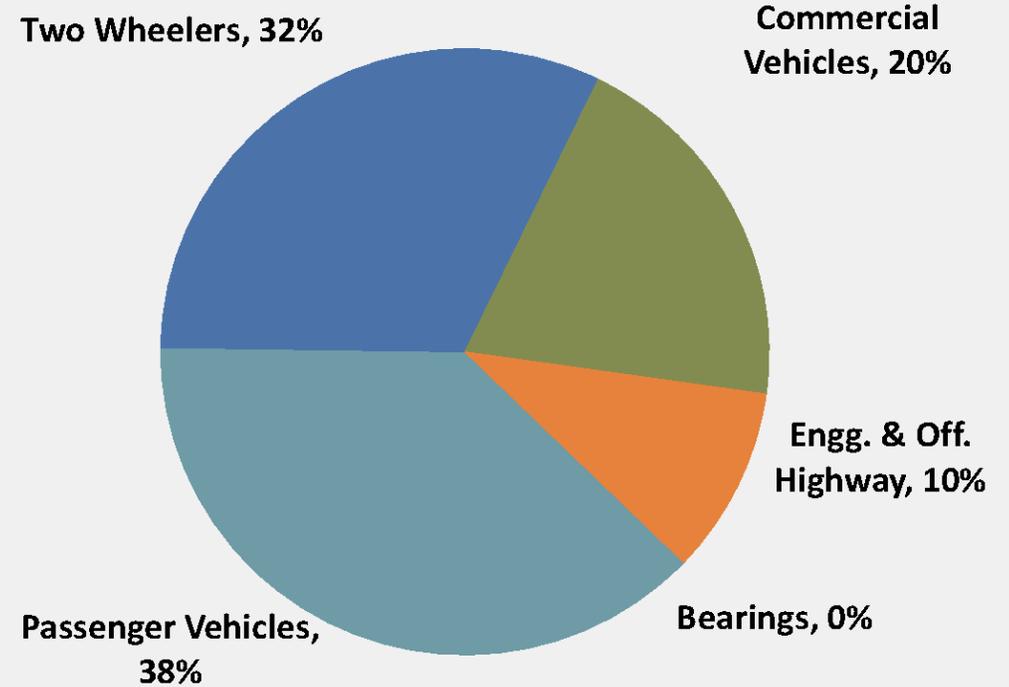
* Includes sale of raw material and traded goods ; #EBITDA is including Other Income

Revenue Break up – Sector Wise

FY18



FY19



Financial Highlights – FY19



INR Crore	FY19	FY18	Y-o-Y %
Income from Operations	1,120.76*	877.89	
Excise Duty	0.00	18.93	
Revenue From Operations	1,120.76	858.96	
Other Income	1.87	6.10	
Total Income	1,122.63	865.06	29.77%
Cost of Materials Consumed	799.27	488.90	
Purchases of Stocks	34.88	0.00	
Changes In Inventory	(162.43)	(19.22)	
Raw Material Expenses	671.72	469.68	
Employee Expenses	51.30	46.73	
Power & Fuel	132.35	127.81	
Other Expenses	197.55	152.81	
Total Expenditure	1,052.92	797.03	
EBITDA	69.71	68.03	2.47%
Depreciation	23.92	21.51	
Interest / Finance Cost	23.65	21.43	
PBT	22.14	25.09	
Tax	(0.07)	0.06	
PAT	22.21	25.03	(11.27%)
Basic EPS in Rs.	6.22	7.91	(21.37%)

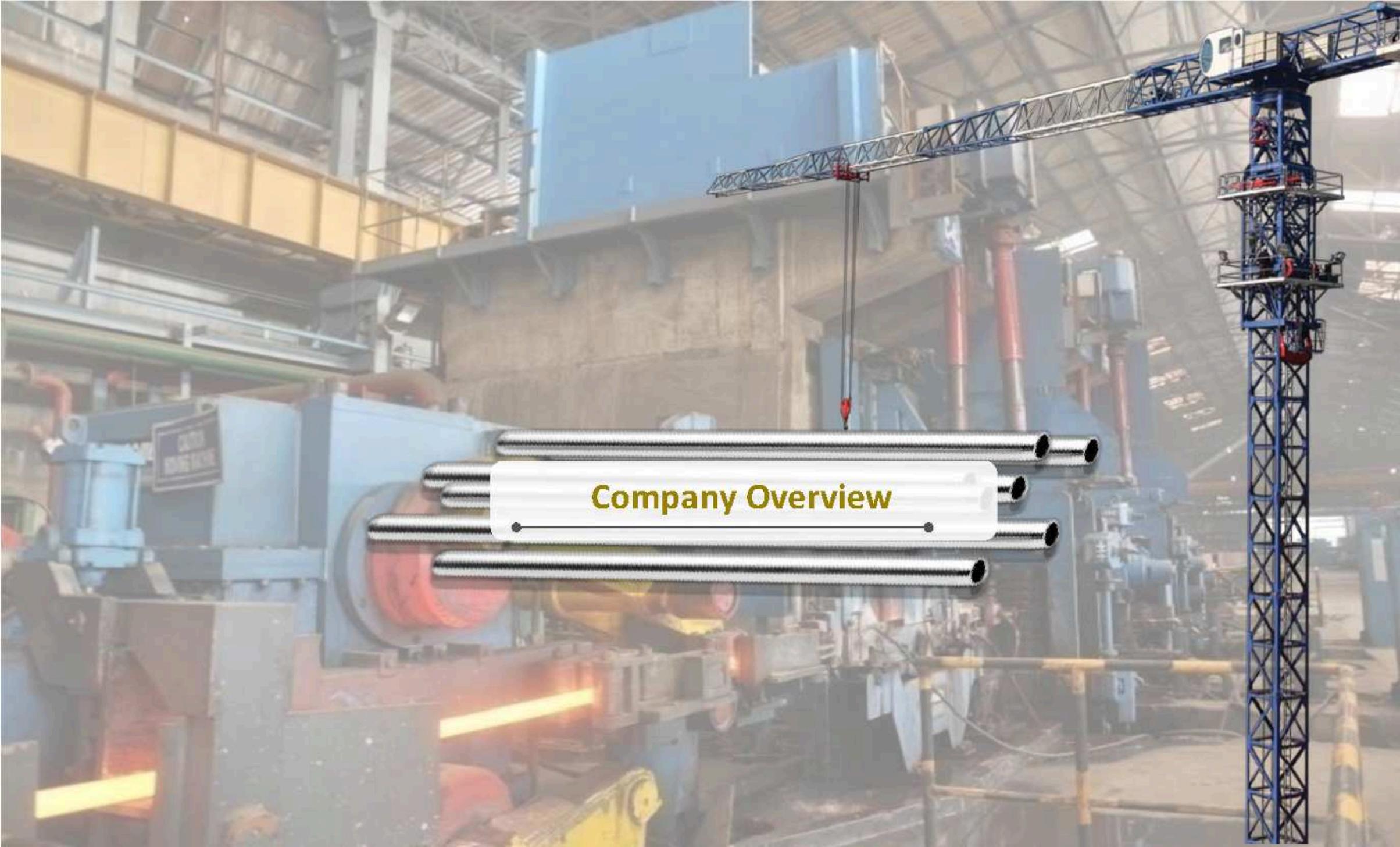
* Includes sale of raw material and traded goods

Balance Sheet as on 31st March 2019

INR Crore	As on 31 st Mar'19	As on 31 st Mar'18
Equity*	361.99	339.32
Equity Share Capital	35.76	35.70
Other Equity	326.23	303.62
Non-current liabilities	136.53	102.33
Financial Liabilities		
(a) Borrowing	135.13	101.46
(b) Other Financial liabilities	0.14	0.00
Provisions	1.01	0.85
Other Non Current Liabilities	0.25	0.02
Current liabilities	390.81	235.00
Financial Liabilities		
Borrowings	186.81	118.50
Due to Micro, Small & Medium Enterprises	3.37	0.00
Other Trade Payables	160.13	60.61
Other Financial Liabilities	36.89	52.25
Provisions	0.53	0.62
Other Current Liabilities	3.08	3.02
Total Equities & Liabilities	889.33	676.65

INR Crore	As on 31 st Mar'19	As on 31 st Mar'18
Non-Current Assets	343.51	288.56
Property Plant & Equipment	279.53	249.27
Capital work in progress	32.57	6.99
Other intangible assets	0.30	0.29
Financial Assets		
Long Term Loans	0.69	1.42
Deferred Tax Assets (Net)	14.23	9.73
Current Tax Assets (Net)	2.12	0.00
Other Non-Current Assets	14.07	20.86
Current Assets	545.82	388.09
Inventories	313.22	158.60
Financial assets		
Investments	0.01	8.16
Trade receivables	187.26	194.55
Cash & Cash equivalents	0.28	7.49
Loans	1.03	1.02
Other financial assets	7.78	5.92
Current tax assets	0.00	0.36
Other Current Assets	36.24	11.99
Total Assets	889.33	676.65

- Increased borrowings on account of inventory build-up for upcoming plant shutdown resulting in increase in Debt to Equity(x) from 0.67 in FY18 to 0.92 in FY19



Company Overview

About Us

Amongst India's Leading Steel Bar Producers for Automotive Applications

- Incorporated in May 2010
- Headquartered in Ludhiana, Punjab
- Caters to sectors such as Engineering, Automotive, Tractor, Bearing and Allied Industries

Specialized Product offerings –

- Steel Bars and Rods and Bright Bars of various categories of Special & Alloy Steels

200+ Reputed and long term customers

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

Experienced Management Team

- Significant experience in Steel Industry
- Long term vision and proven ability to achieve long term goals for Company



State-of-art manufacturing facilities

- Cutting-edge manufacturing technology
- Manufacturing Capacity
 - Billets - 2,00,000 MTPA
 - Rolled Bars – 1,80,000 MTPA

Strong Domestic & International Customer Base for forging applications

- Thailand, Taiwan, Turkey, Russia, Germany and Spain

Quality Standards, Assurance & Certifications

- ISO 14001:2004; OHSAS 18001:2007; ISO 9001:2008; ISO/TS 16949:2009

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

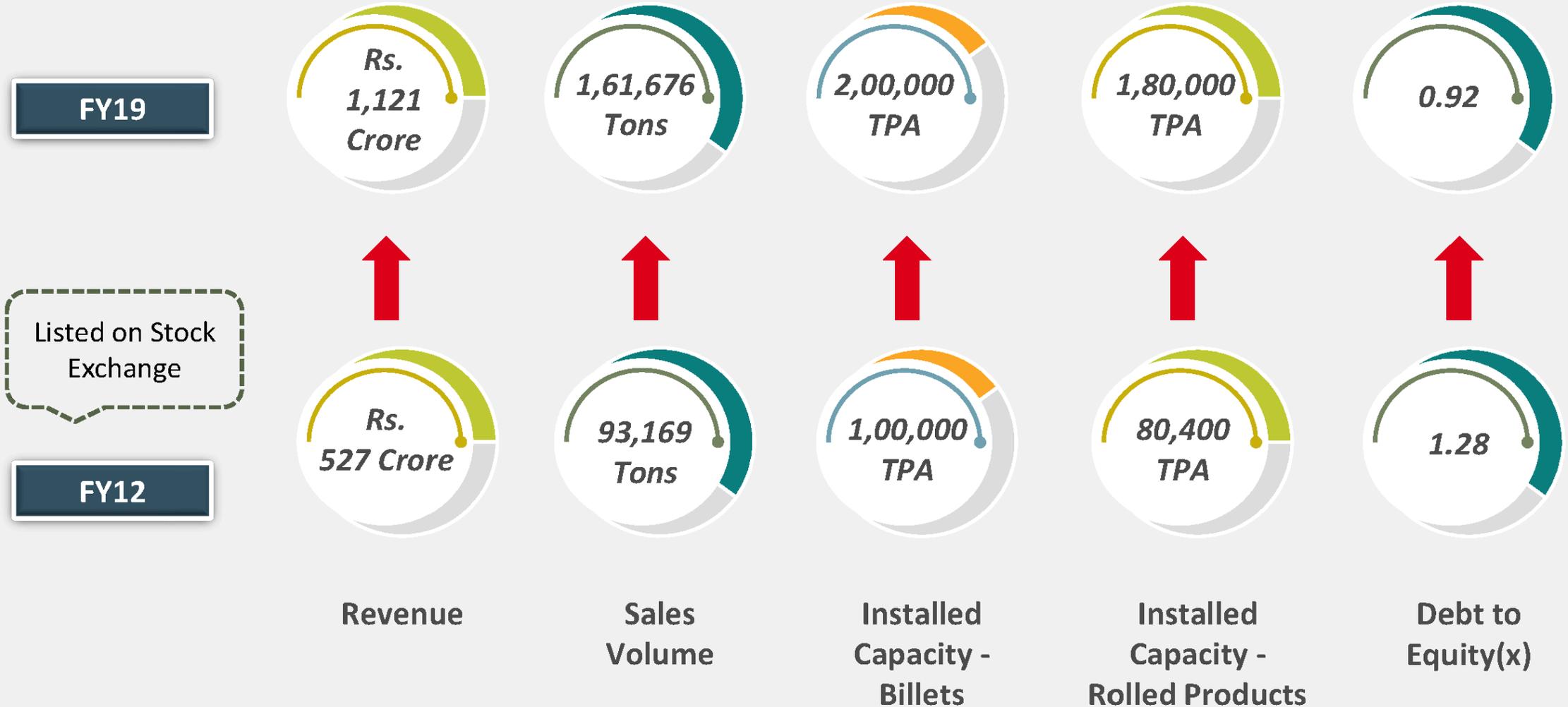
2015 - 2016

- **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 and one Additional Director appointed

2017 – Till Date

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

Clear focus on long term Value Creation



FY19



Listed on Stock Exchange

FY12



Revenue

Sales Volume

Installed Capacity - Billets

Installed Capacity - Rolled Products

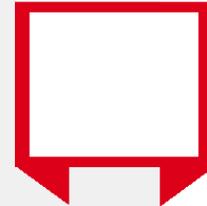
Debt to Equity(x)

Strong Experienced Board of Directors contd...



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



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



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



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



Mr. Raghav Chandra Independent Director

- B.Sc (Hons.); M.Sc in Mathematics; Master's in Public Administration, Harvard University & Various professional career trainings from Cambridge University, SIPA Columbia University, USA, IIM Ahmedabad
- Additional Secretary & Financial Advisor – various Ministries; Chairman - NHA; CMD Indian Highway Management Co. Ltd.; Principal Secretary- Urban Development, MP; Commissioner and CEO - MP Housing Board; MD- MP SIDC; Chairman SEZ Indore

A large industrial factory interior with a blue crane, machinery, and a glowing orange metal bar. A white banner with the text "Business Overview" is overlaid on the scene.

Business Overview

Wide Range of Rolled & Bright Bars Products



Hot Rolled Bars



- Diameter Size : Increased from 25-70 MM in 2012 to 16-120 MM

Bright Bars



- Size : 14.66 to 78 mm (Peeled), 21.35 to 50 mm (Drawn)

Diverse applications of our products



Axle Gears

Stabilizer Bar

Knuckle Spindle

Piston

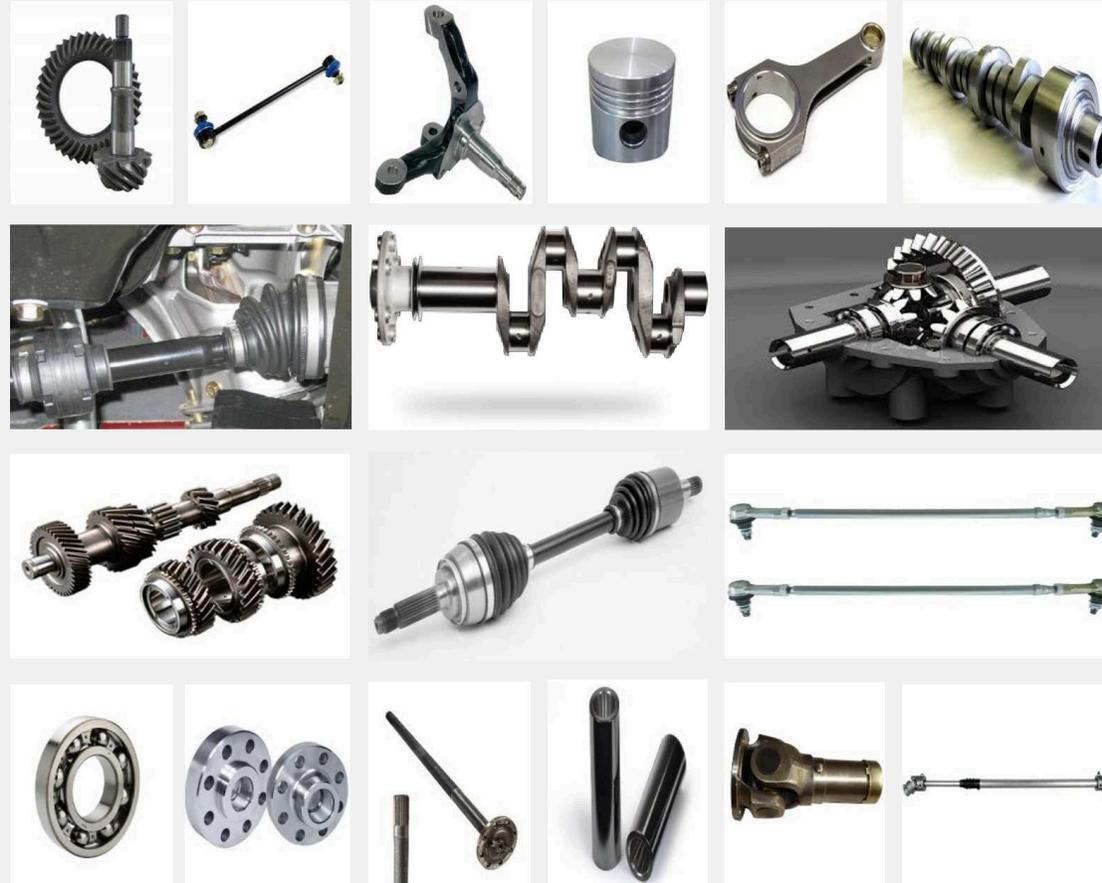
Connecting Rod

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

- **Annual Capacity : 2,00,000 TPA**
- 30 MT Ultra High Power (UHP) Eccentric Bottom Tapping (EBT Type)
- Fully automated continuous feeding system for DRI & other raw materials
- Automatic lance manipulator for oxygen and coke injection
- Electrode regulation system - Melt Controller
- CELOX for active oxygen measurement (Electronite)



Rolling Mill

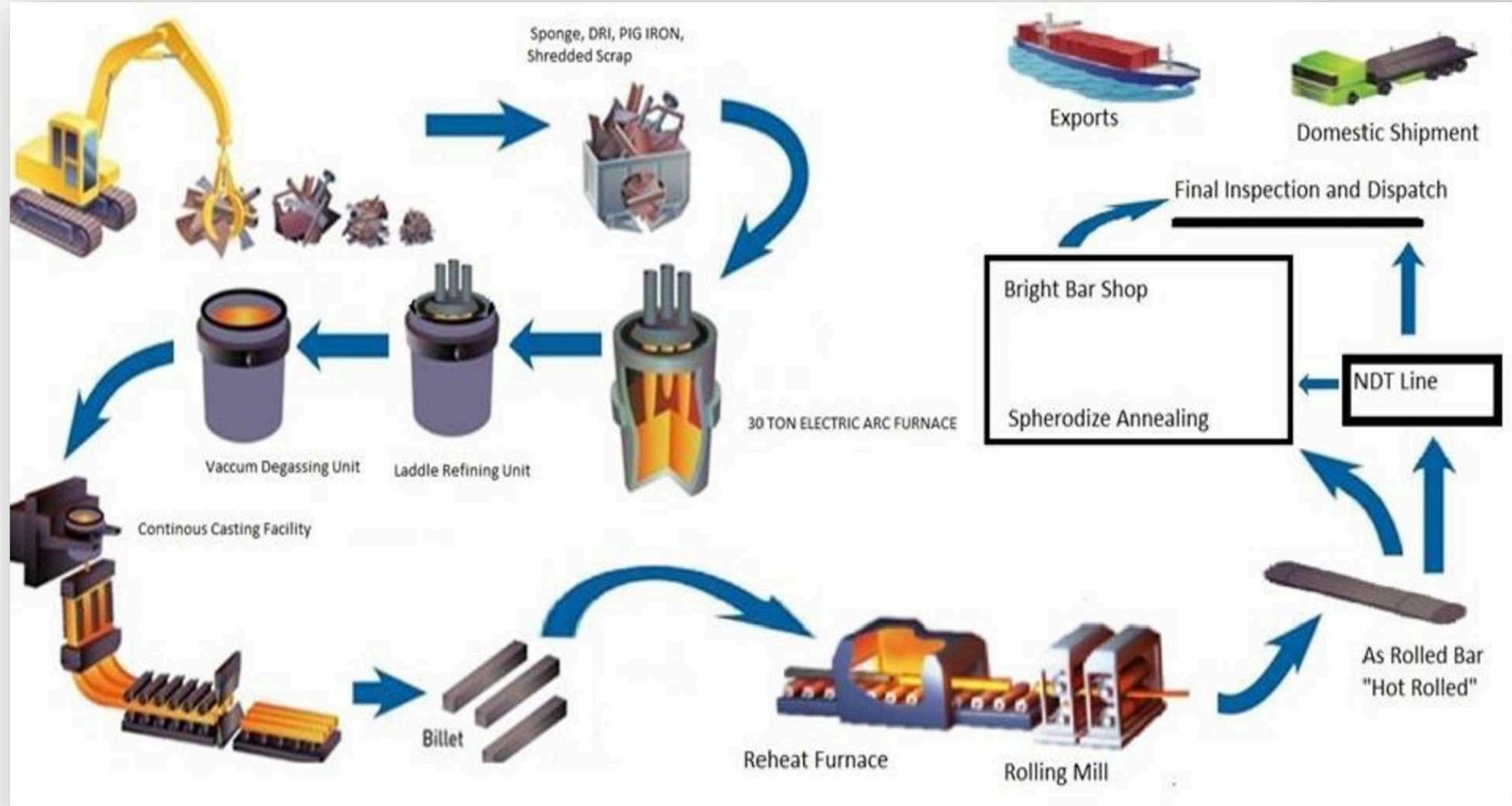
- **Annual Capacity : 1,80,000 TPA**
- Rolling Mill installed in 2013-14
- Mill with complete automation
- 33 TPH "Walking" Hearth Type Reheating Furnace
- Reversible 2 high shift able stand with Bar Manipulator
- 10 Continuous Stands in Horizontal & Vertical configuration
- Online Dimensional Measurements
- Rack Type Cooling bed designed for better straightness & Hardness levels
- Abrasive Cutter



Bright Bars

- **Annual Capacity : 36,000 TPA**
- **Bar Peeling & Centreless Grinding**
 - Straightening
 - Peeling
 - Cold drawing
 - Polishing
 - Centreless grinding
 - Full length bar Magnetic Particle Inspection
 - High Speed Band Saws
 - Circular Saw - Cut to Length Steel

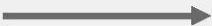
Process Flow



In-House Steel Melting Shop



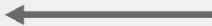
Electric Arc Furnace



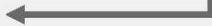
Ladle Refining Furnace



Continuous Casting Machine



Vacuum Degassing



Rolling Mill & Bright Bars

Rolling Mill



Reheating Furnace



Rolling Mill

Bright Bar Shop



Spherodizing & Annealing Machines

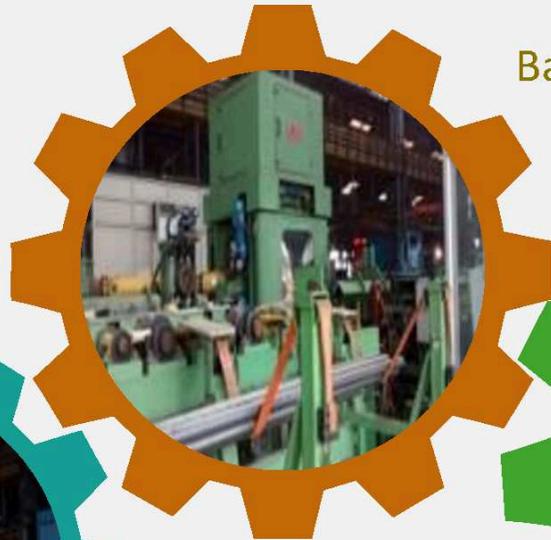


Bright Bar Shop

Automatic Line of Bar Inspection - NDT Line



Straightening
Straightness : 2mm /
meter



Chamfering
Bar ends free from
Burr



MFLT
Acceptance Criteria:
0.2x10mm



Shot Blasting



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

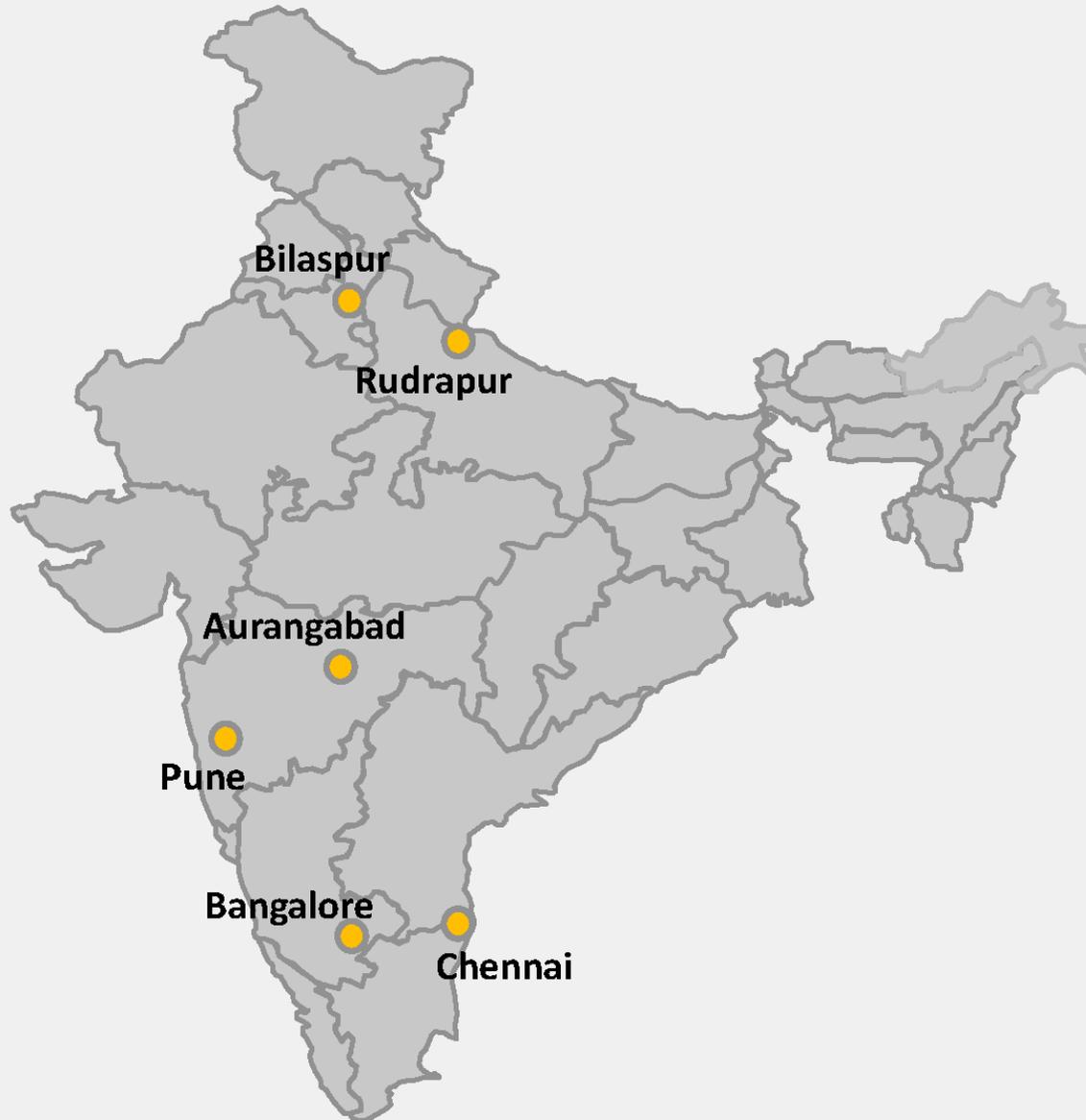
Best in class R&D Facility



- **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
- Mobile Spectro and XRF for Mix up Testing of Bars
- **Mechanical and Metallurgical Testing Lab**
 - Rockwell Hardness Tester
 - Impact Testing Machine (Material Toughness)
- **Metallurgical Microscope with Image Analyzer**
 - Carl Zeis microscope with maximum magnification of 1000x
 - Olympus microscope with maximum magnification of 2000x
- **RADLAB-1 GAMMA RAY Spectrometer**
 - For Testing Steel Samples for Radiological Content
 - Can identify different types of Isotopes present in Steel Sample and show Results in Bq/gm
 - Samples Radiological content can be certified with 300 Second scan in RadLab "Well"
- **XRF Spectrometer** - Higher range & All input/ output material can be checked and chemically analysed



Strategically located Warehousing Facilities



- **One Owned Warehouse**
 - Bilaspur Haryana

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

Key Strengths



State of Art Manufacturing Facilities and advanced R&D Capabilities

- Well equipped with latest upgraded Technology Machines

01

Diversified Product offerings

- Manufactures diverse range of products with wide applications across sectors
- Further expanding product offerings to increase wallet share with existing customers and adding new clients

02

Rich Management Experience

- Dynamic & rich experience in special steel sector
- Diverse team with right mix of operational & technical expertise along with dedicated and skilled employee base

03

Quality Standards & Assurance

- Adherence to quality standards across all stages of manufacturing
- Checked for dimensional accuracy & temper at every stage
- Well equipped modern testing facilities to check for physical, mechanical & chemical properties

04

Brand Image

- Continuous brand building exercise by providing excellent services to satisfy our customers

05

200+ Reputed & Long term customers....

Cars



Two Wheelers



HCL/LCVs



Auto Components



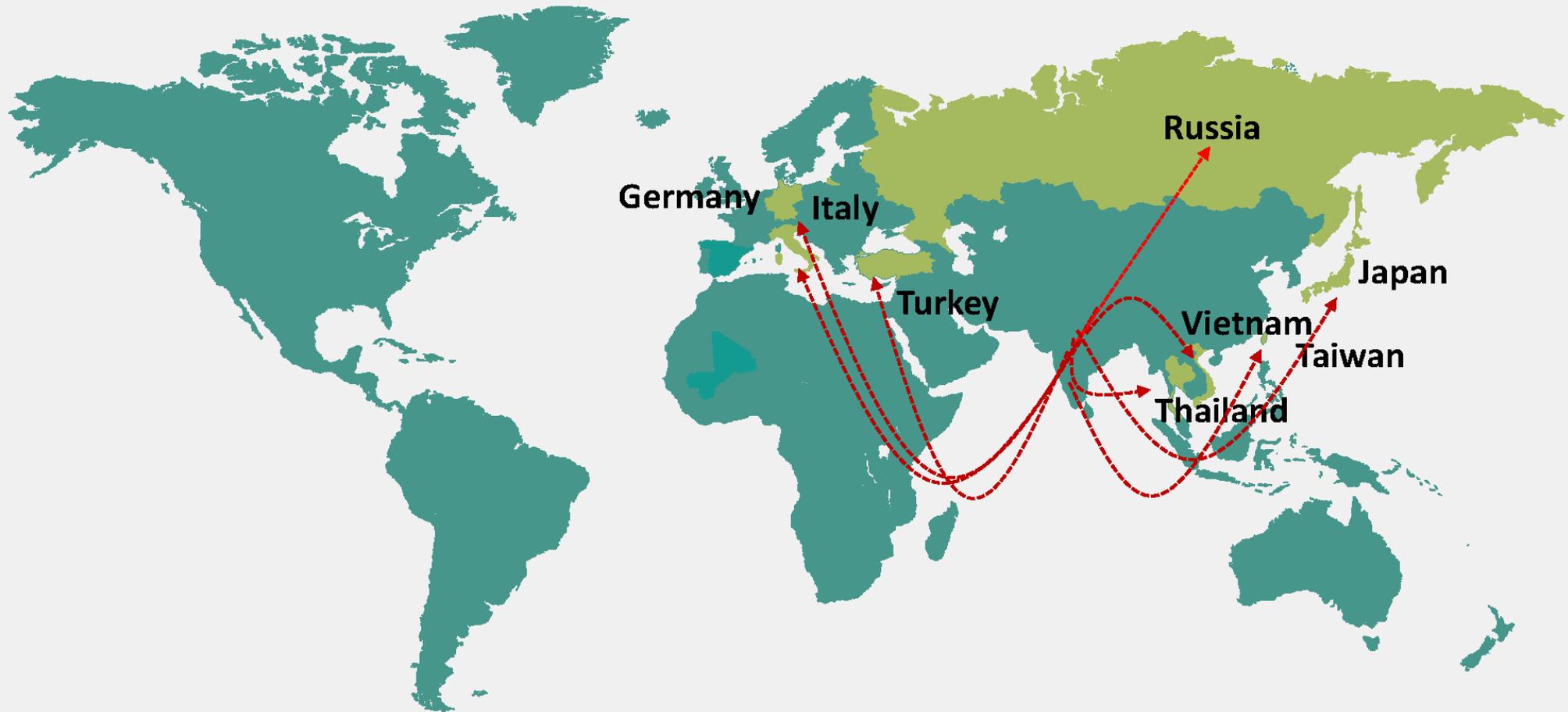
Tractors



Off Highway Vehicles



... Across Globe with Customer Base



FY19 Export contributes 6%



Way Ahead

Investing in Our Real Assets



 **Vardhman Leadership Development Program**
Park Plaza, Ludhiana - 16th to 20th January 2019



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

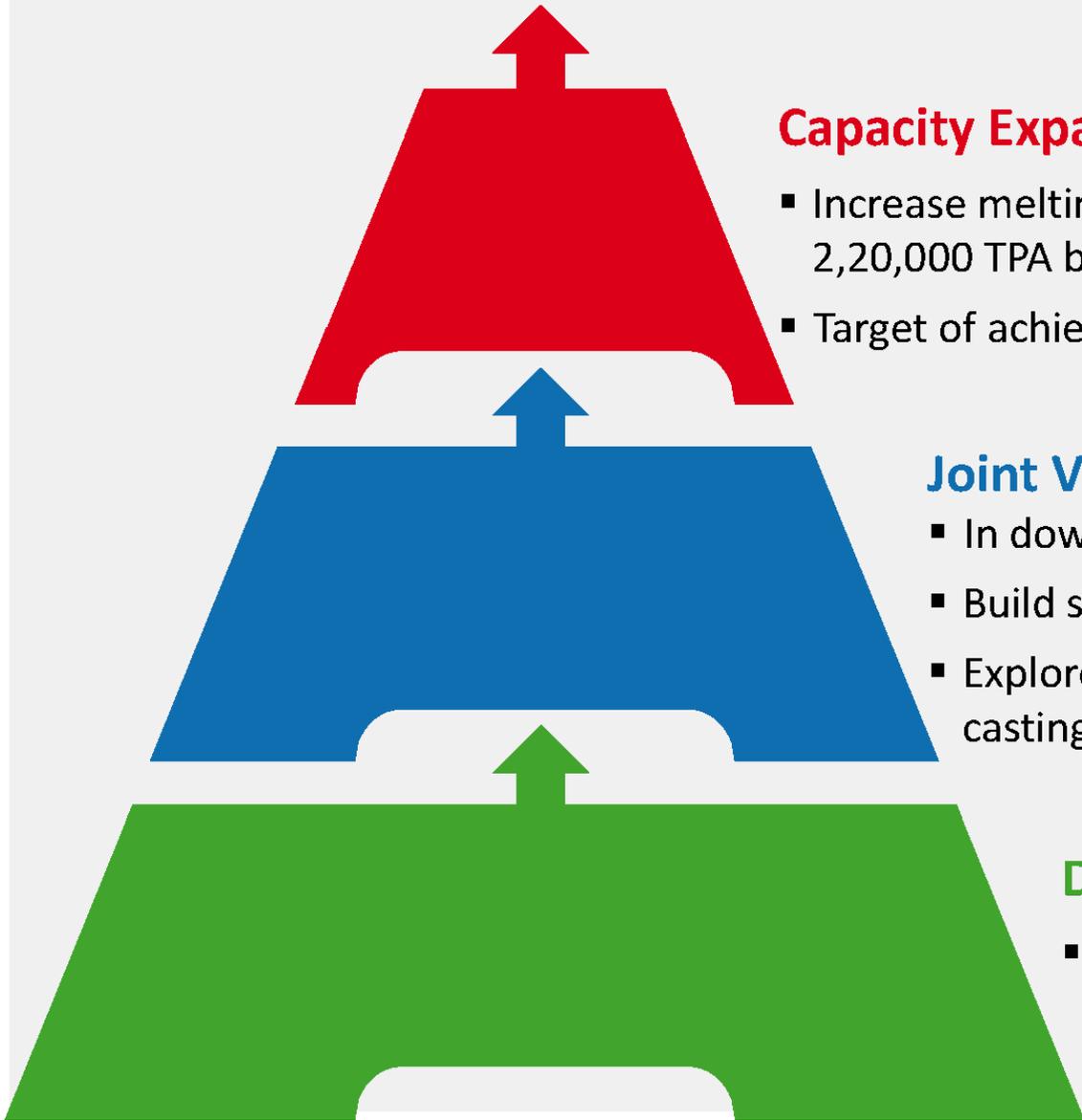
‘Manav Vikas Kendra’

- 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



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
- 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



 534392	 NSE VSSL <small>National Stock Exchange of India Limited</small>	 VSSL IN	 VARM.BO
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For further information, please contact:

Company :

Vardhman Special Steels Limited
CIN:L27100PB2010PLC033930

Mr. Sanjeev Singla
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