



Vardhman

VARDHMAN SPECIAL STEELS LIMITED

Delivering Excellence. Since 1965.

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Ref. VSSL:SCY:NOV:2020-21

Dated: 10-Nov-2020

BSE Limited,
1st 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

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 Un-Audited Financial Results of the Company for the quarter/ half-year ended 30th September, 2020.

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

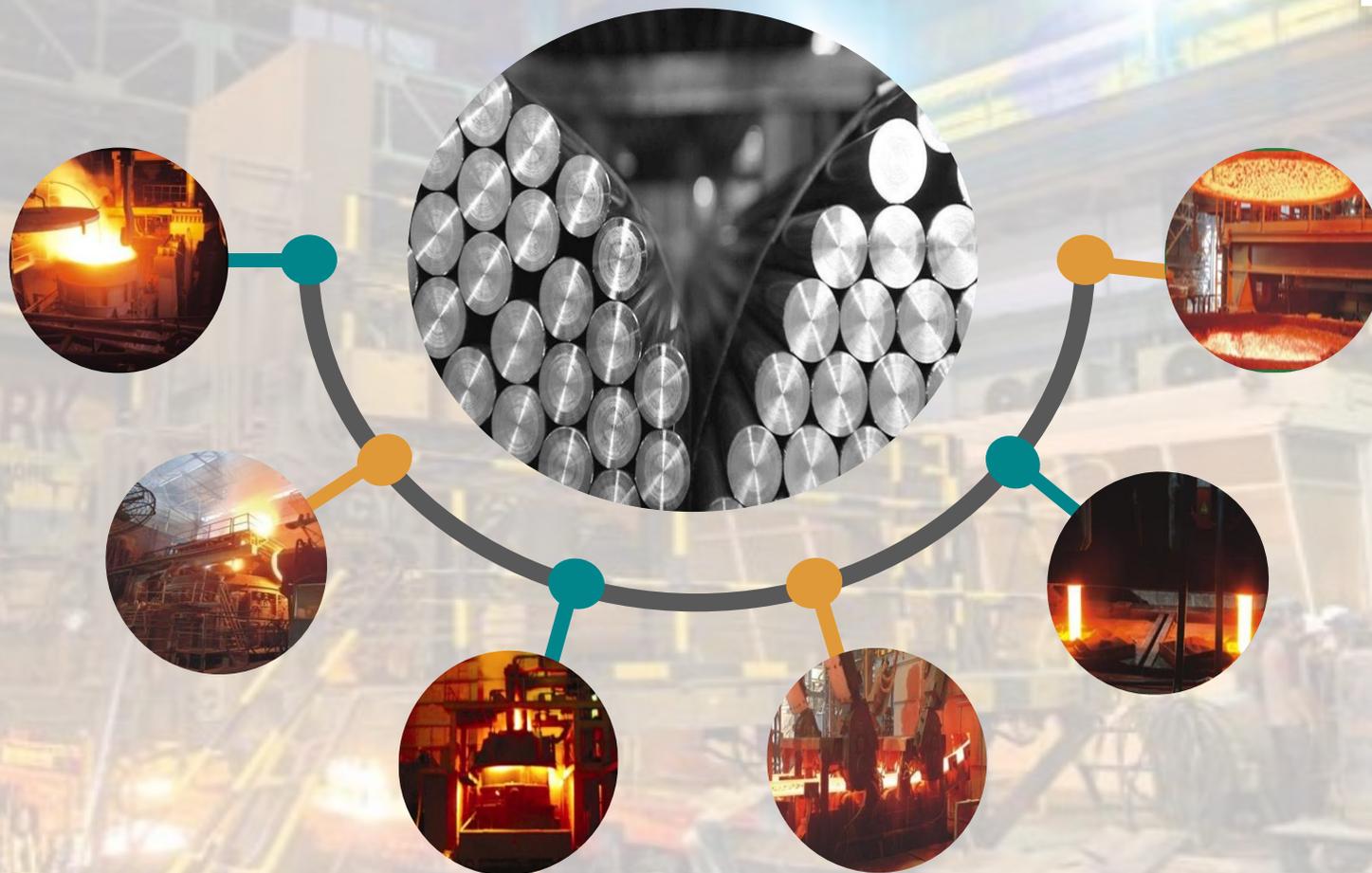

(SONAM TANEJA)
Company Secretary



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

PAN NO.: AADCV4812B CIN: L27100PB2010PLC033930

WWW.VARDHMANSTEEL.COM



Vardhman Special Steels Limited

Result Update Presentation
Q2 & H1 FY21

Disclaimer

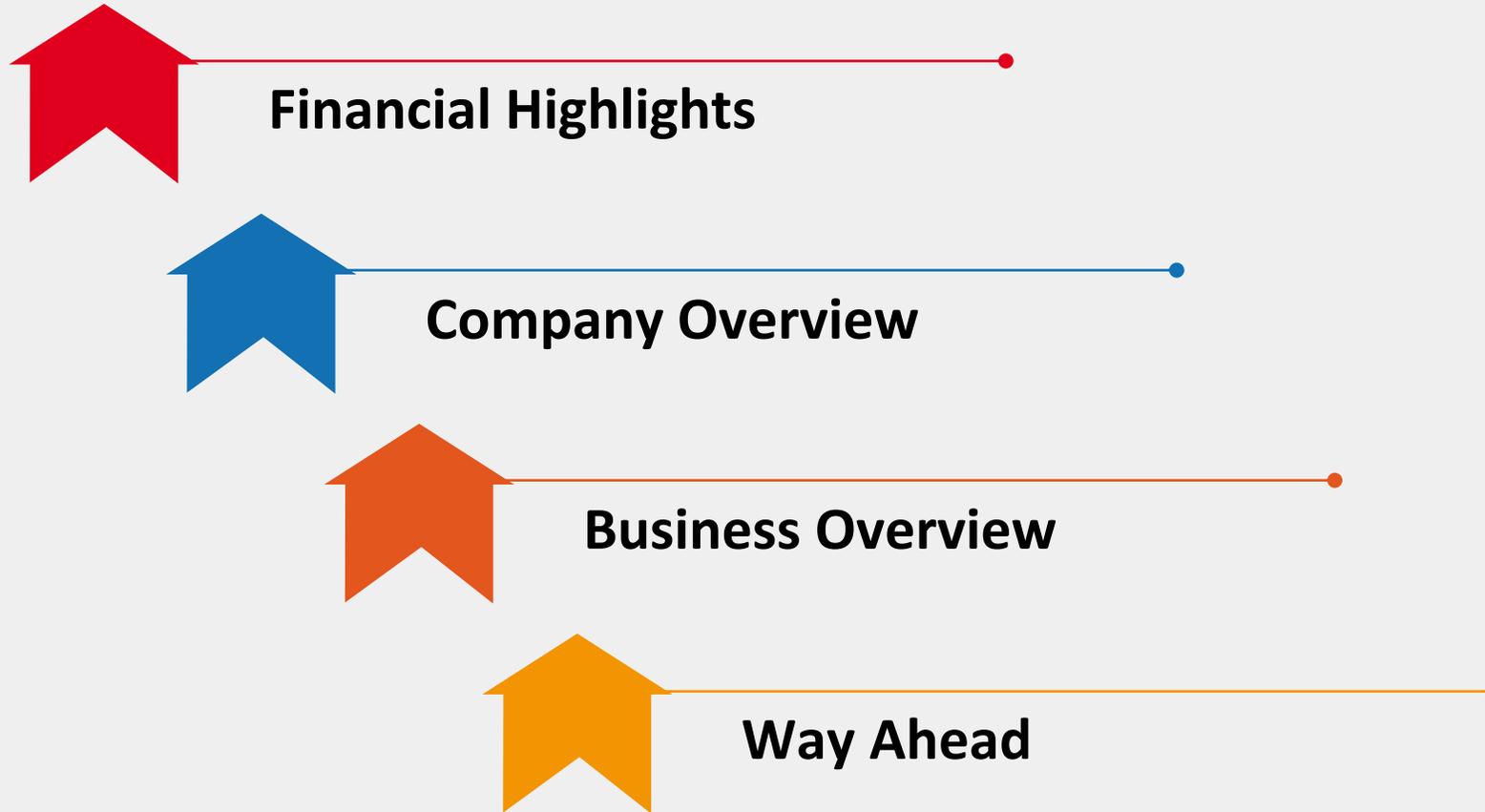


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A staircase diagram with four steps, each represented by a colored arrow pointing up and to the right. A horizontal line extends from the right side of each arrow to the right edge of the page. The steps are: 1. Red arrow pointing to 'Financial Highlights'. 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



Financial Highlights

Management's Message



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



“During the second quarter the auto sector has seen a sequential recovery month over month basis after the problems created by COVID -19 in the entire country. I am very happy to share that in Q2FY21, we have seen a strong recovery in our sales volumes and have registered a highest ever quarterly volume sales of 43,896 tonnes with a revenue of Rs. 247 crores. This growth in the volumes has been on account of the efforts our sales and manufacturing teams have put in, which have been working very hard and closely with the customers to ensure their requirements are met.

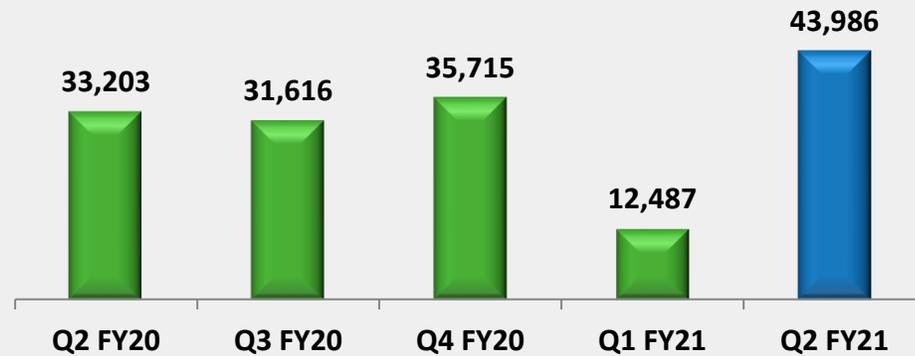
Though our half yearly performance has shown a decline in sales volumes which was mainly on account of the lockdown in the first quarter. We utilized that time of the lockdown as an opportunity to connect with each member of the organisation, identify hidden problems and come up with newer and innovative ways to solve problems and also train and upgrade our self and the benefits of which we have started to see.

Our plans to increase the production and improve the profitability have been formulated and we have started to work in that direction and expect to see further improvement in the coming quarters on this front.

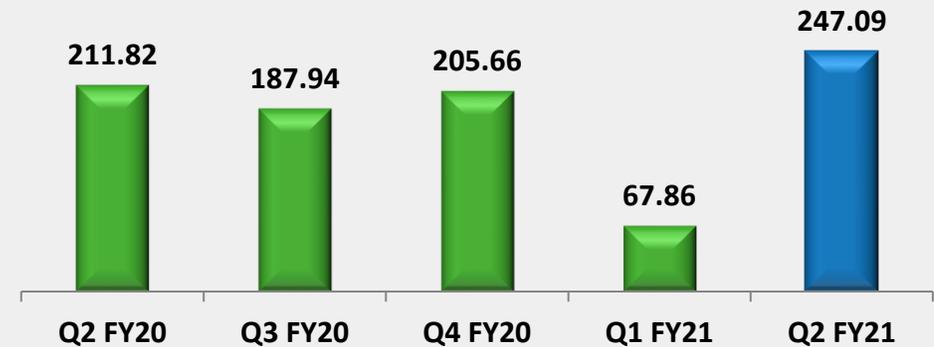
Overall, we remain focused on managing the business for the long term, transforming our business and our ways of working. I am thankful to the entire team at Vardhman for overcoming the uncertainties and driving value for our stakeholders”

Financial Highlights - Quarterly

Sales Volumes (tonnes)



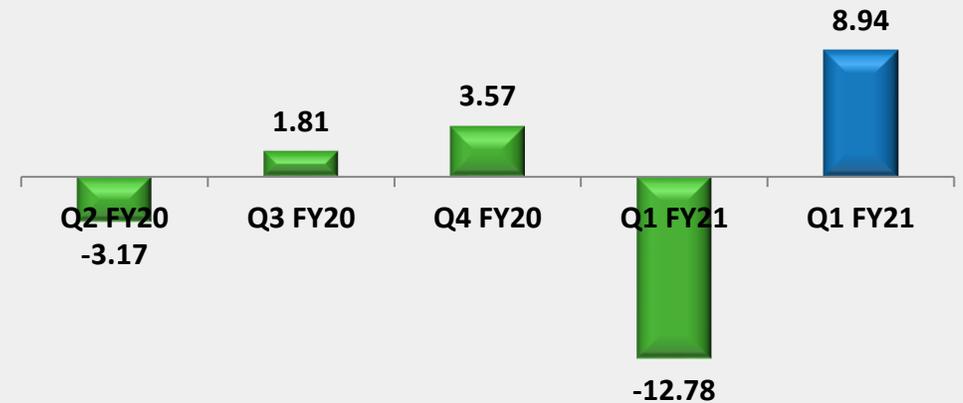
Revenue from Operations* (Rs. Crore)



EBITDA (Rs. Crore)#



PAT (Rs. Crore)



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

Financial Highlights – Q2 FY21

INR Crore	Q2 FY21	Q2 FY20	Y-o-Y %	Q1 FY21
Revenue From Operations*	247.09	211.82	16.65%	67.86
Other Income	5.59	5.37		1.77
Total Income	252.67	217.19	16.34%	69.63
Cost of Materials Consumed	130.25	56.70		38.78
Purchases of Stocks	0.00	0.19		0.00
Changes In Inventory	18.86	99.77		4.81
Raw Material Expenses	149.11	156.67		43.59
Employee Expenses	12.63	11.08		10.71
Power & Fuel	34.37	14.46		11.69
Other Expenses	29.89	27.02		11.32
Total Expenditure	226.00	209.22		77.31
EBITDA	26.67	7.97	234.52%	(7.68)
Depreciation	6.79	6.34		6.69
Interest / Finance Cost	4.82	6.54		5.14
PBT	15.06	(4.90)	407.57%	(19.51)
Tax	6.12	(1.73)		(6.74)
PAT	8.94	(3.17)	382.18%	(12.78)
Basic EPS in Rs.	2.21	(0.88)	351.14%	(3.16)

- Q2 FY21 volumes stood at **43,986 tons** YoY growth of **32.48%**, mainly on account of strong demand from automotive sector
- Increase in revenue mainly on account of increase in sales volumes by **32.48 %**
- **EBITDA Y-o-Y growth of 234.52%**, mainly on account of increase in sales volumes and reduction in raw material cost

* Includes sale of raw material, billets and traded goods

Financial Highlights – H1 FY21



INR Crore	H1 FY21	H1 FY20	Y-o-Y %
Revenue From Operations	314.95	452.60	(30.41%)
Other Income	7.36	6.03	
Total Income	322.31	458.63	(29.72%)
Cost of Materials Consumed	169.03	178.02	
Purchases of Stocks	0.00	4.30	
Changes In Inventory	23.66	121.99	
Raw Material Expenses	192.69	304.31	
Employee Expenses	23.34	23.14	
Power & Fuel	46.06	42.72	
Other Expenses	41.21	64.45	
Total Expenditure	303.31	434.62	
EBITDA	19.00	24.01	(20.89%)
Depreciation	13.49	12.45	
Interest / Finance Cost	9.96	14.65	
PBT	(4.45)	(3.09)	
Tax	(0.61)	(1.06)	
PAT	(3.83)	(2.03)	(88.96%)
Basic EPS in Rs.	(0.95)	(0.57)	(66.67%)

- First half volumes stood at **56,473 tonnes** – YoY decline of **19.16%**, mainly on account country wide lockdown in the first quarter of financial year leading to a poor Q1 financial performance
- Decline in revenue, mainly on account of decline in sales volume by around **19.16%**
- EBITDA decline of **20.89%** Mainly on account of COVID 19 situation in first quarter where Company was not able to achieve the desired sales volumes, and had to incur fixed costs for the same period

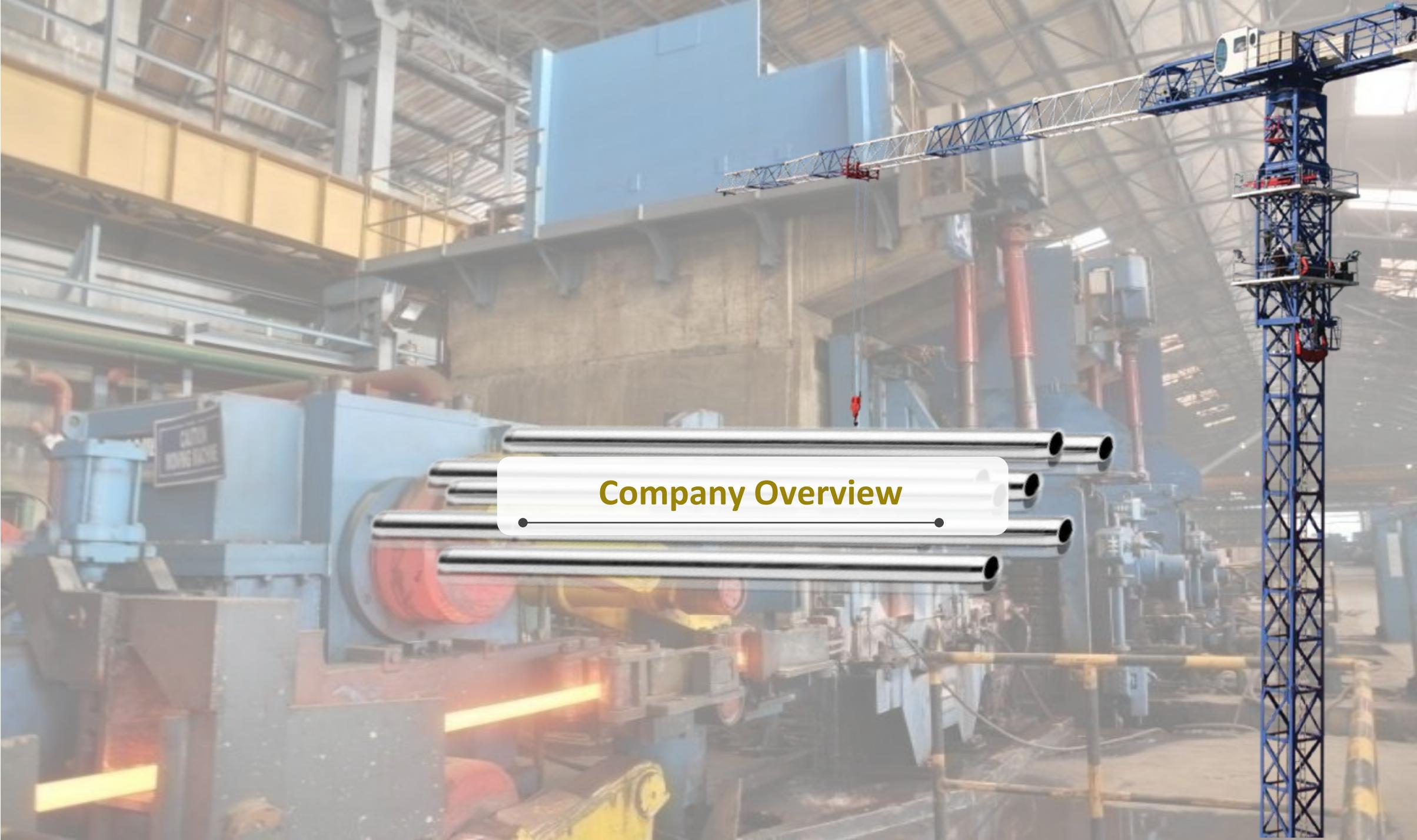
* Includes sale of raw material and traded goods

Balance Sheet Highlights



INR Crore	As on 30 th Sept'20	As on 31 st Mar'20
Equity*	409.29	413.63
Equity Share Capital	40.39	40.39
Other Equity	368.90	373.24
Non-current liabilities	123.56	110.95
Financial Liabilities		
Borrowing	120.81	107.84
Lease Liability	1.02	1.49
Other Financial Liabilities	0.20	0.18
Provisions	1.30	1.20
Other Non Current Liabilities	0.23	0.23
Current liabilities	260.87	245.66
Financial Liabilities		
Borrowings	163.76	148.62
Lease Liabilities	0.10	0.14
Trade Payables		
Total O/s dues of Micro, Small Enterprises	0.77	1.27
Total O/s other Than Above	52.11	60.46
Other Financial Liabilities	31.81	27.09
Provisions	1.49	0.86
Other Current Liabilities	10.82	7.21
Total Equity & Liabilities	793.73	770.24

INR Crore	As on 30 th Sept'20	As on 31 st Mar'20
Non-Current Assets	346.28	409.37
Property Plant & Equipment	297.86	308.31
Capital work in progress	13.49	12.33
Other intangible assets	0.19	0.25
Right of Use Asset	0.98	1.55
Financial Assets		
Long Term Loans	0.85	0.84
Other Financial Assets	0.00	51.38
Deferred Tax Assets (Net)	20.57	19.96
Current Tax Assets (Net)	1.33	2.94
Other Non-Current Assets	11.00	11.81
Current Assets	447.45	360.87
Inventories	131.78	151.78
Financial assets		
Investments	0.00	5.00
Trade receivables	204.56	179.89
Cash & Cash equivalents	3.62	2.30
Other Bank Balance	50.00	0.00
Loans	0.83	0.91
Other financial assets	3.81	1.68
Assets Held for Sale	2.16	10.12
Other Current Assets	50.70	9.17
Total Assets	793.73	770.24



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
- Strategic alliance with Aichi Steel Corporation



State-of-art manufacturing facilities

- Cutting-edge manufacturing technology
- Manufacturing Capacity
 - Billets - 2,00,000 MTPA
 - Rolled Bars – 2,00,000 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)
- **July 2015** – Installed Fume Extraction system
- **Aug 2015** – Increased Bright bars capacity to 36,000 TPA & 1,80,000 TPA for Hot Rolled

2012 - 2015

- **Dec 2016** – Upgraded transformer & allied equipment to reduce melting time & resulting in SMS capacity to 1,65,000 TPA
- **April 2017** – Rights Issue of Rs 67.85 Cr.
- **Oct 2017** – Purchased ~8 acres of adjoining land for Rs. 36 Cr.

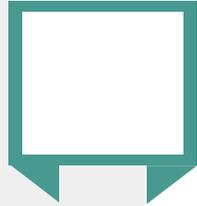
2016 - 2017

- **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
- **Feb 2019** – Fortified Board of Directors -one Independent Woman Director and one Additional Director appointed
- **Sept 2019** – Replacement of electric arc furnace and other related activities
- **Nov 2019** – Signs Technical Assistance Agreement with Aichi Steel Corporation - Issuance of equity shares on preferential basis worth Rs. 50 Cr.
- Appointed Additional Director as representative of Aichi Steel Corporation

2018 – Till Date

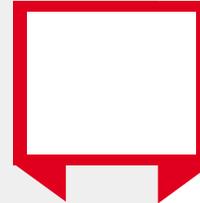
... Transforming into one of India's leading steel bar producers

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



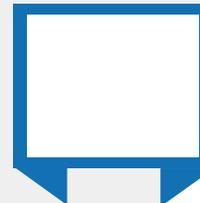
Mr. Sachit Jain **Vice Chairman & MD**

- 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



Mr. Takashi Ishigami **Non-Executive Director**

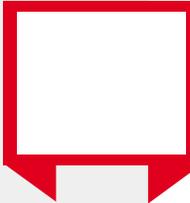
- Representative of Aichi Steel Corporation
- Completed Education from Yamanashi University
- Over 40 years of rich experience in Steel Industry

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



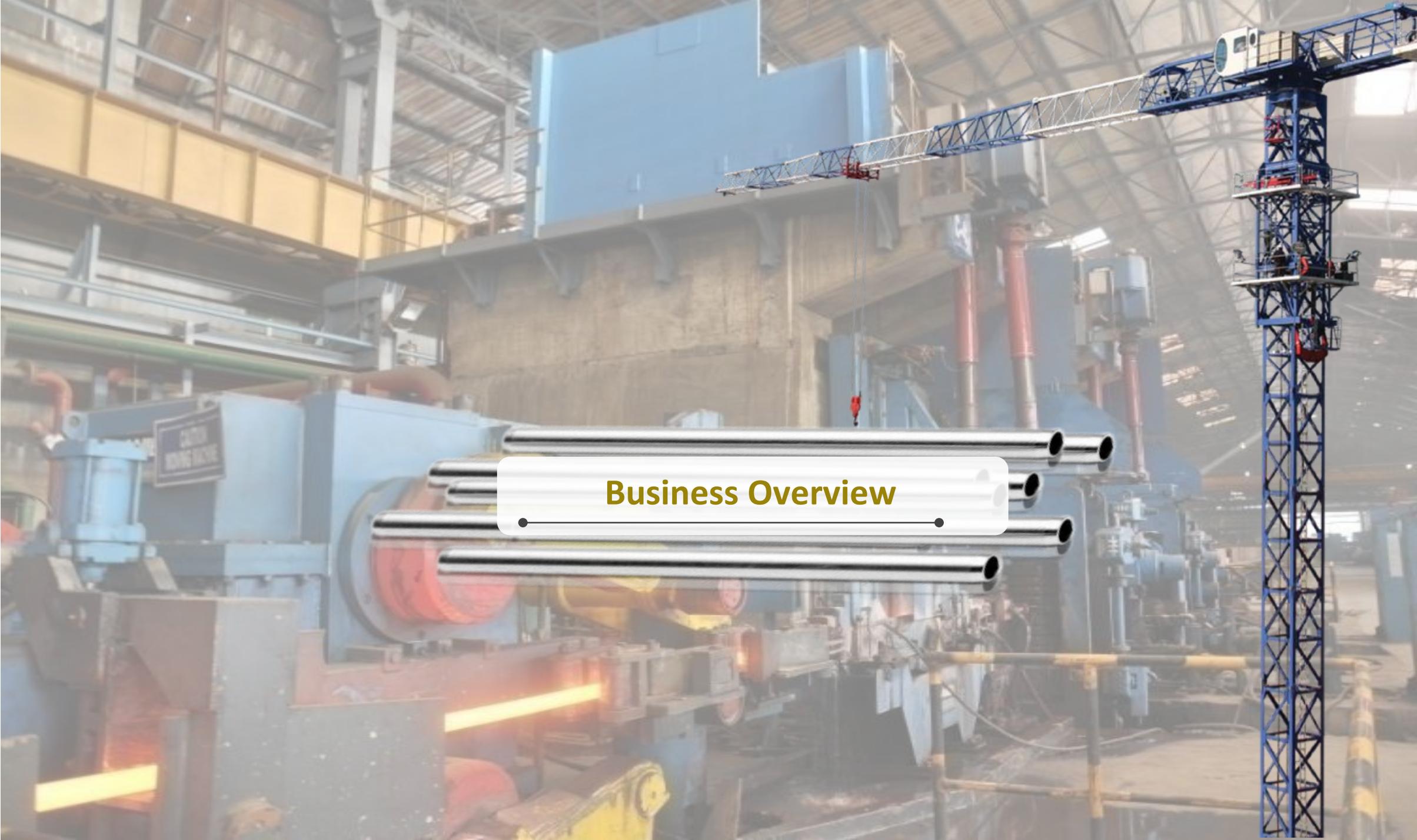
Ms. Shubhra Bhattacharya Independent Director

- 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 with a blue crane and several long metal pipes in the foreground. The scene is filled with heavy machinery, including a large blue machine with a red wheel and a yellow glowing pipe. The background shows a complex network of pipes and structural elements under a high ceiling.

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), 18 to 55.25 mm (Drawn)

Diverse applications of our products



Axle Gears

Stabilizer Bar

Knuckle Spindle

Piston

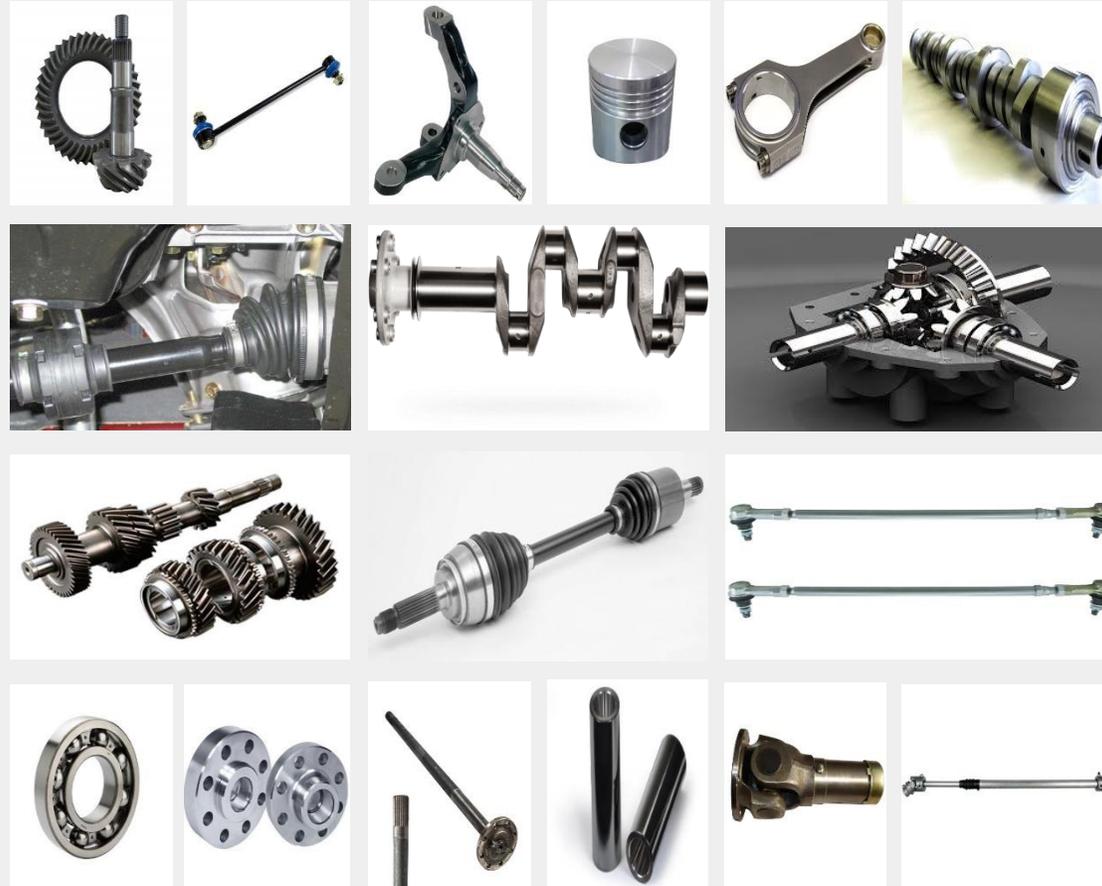
Connecting Rod

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

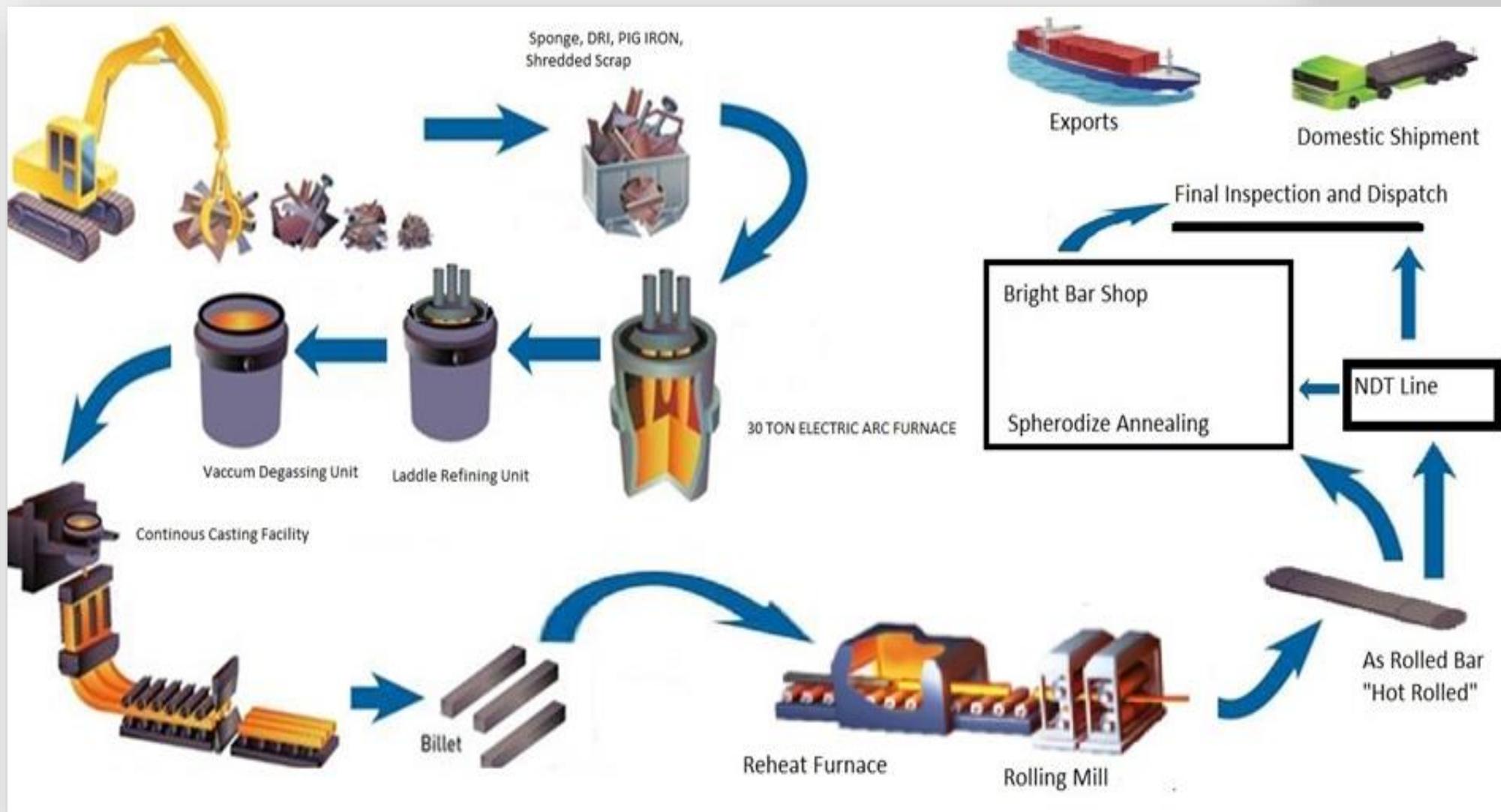
- **Annual Capacity : 2,00,000 TPA**
- Rolling Mill installed in 2013-14
- Mill with complete automation
- 33 TPH "Walking" Hearth Type Reheating Furnace
- Reversible 2 high shift able stand with Bar Manipulator
- 10 Continuous Stands in Horizontal & Vertical configuration
- Online Dimensional Measurements
- 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



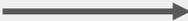
In-House Steel Melting Shop



Electric Arc Furnace



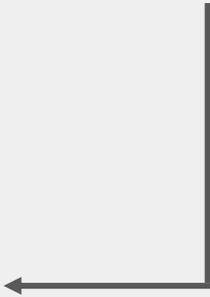
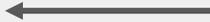
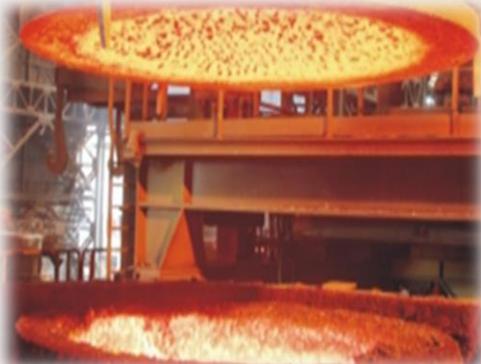
Two Ladle Refining Furnace



Continuous Casting Machine



Vacuum Degassing



Rolling Mill & Bright Bars

Rolling Mill



Reheating Furnace

Rolling Mill



Bright Bar Shop



Spherodizing & Annealing
Machines

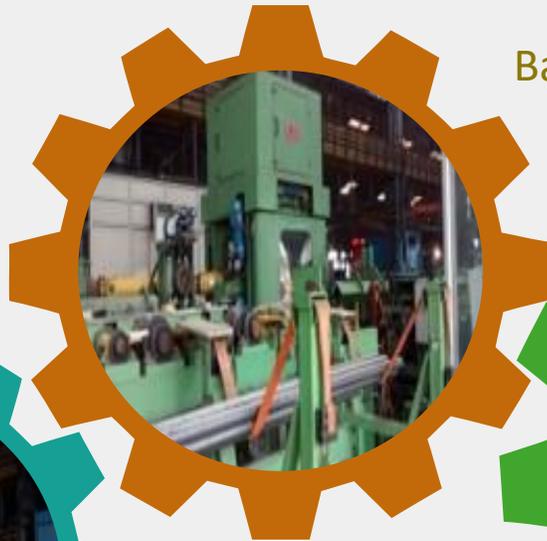
Bright Bar Shop



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

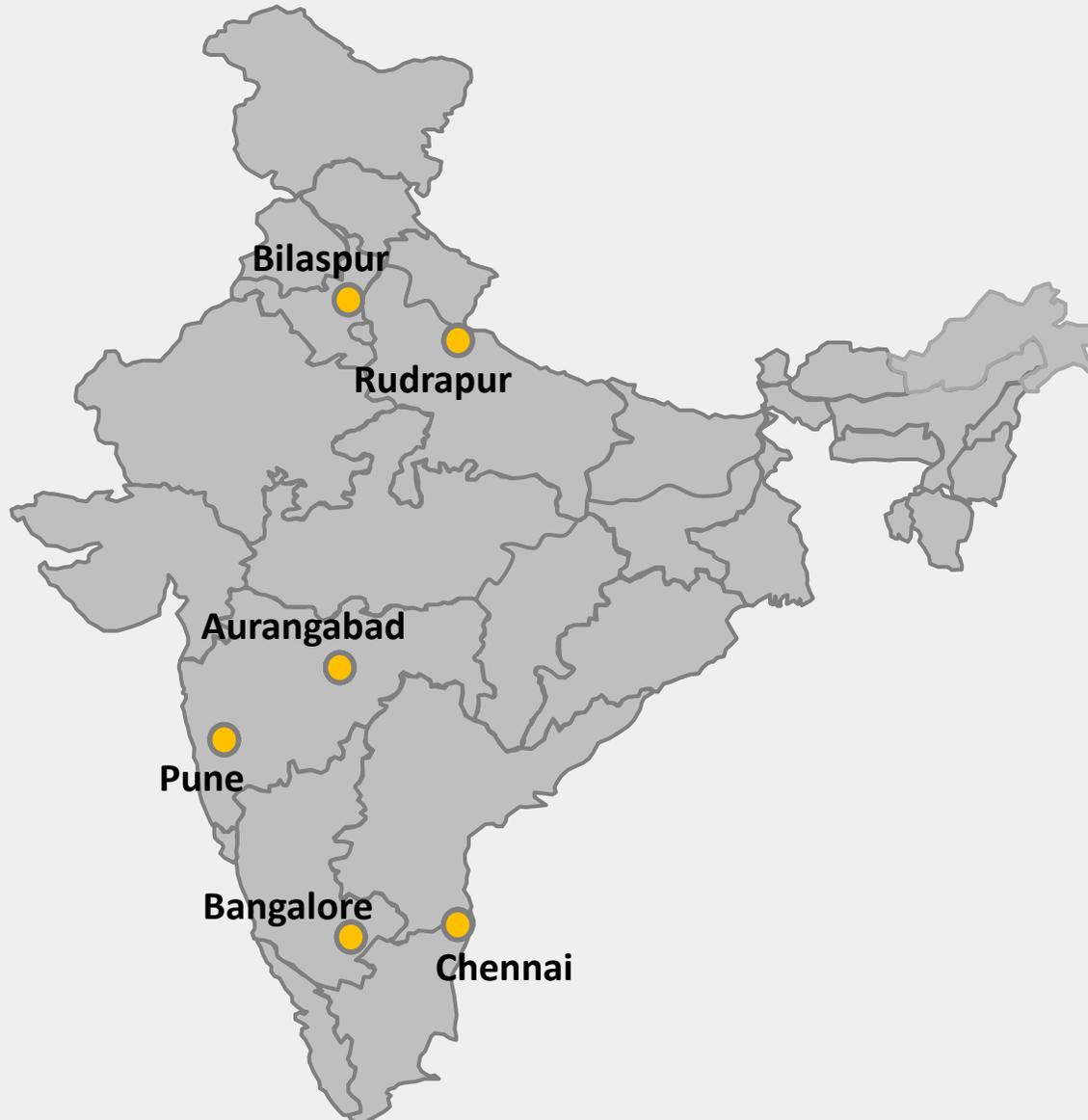
Best in class R&D Facility



- **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



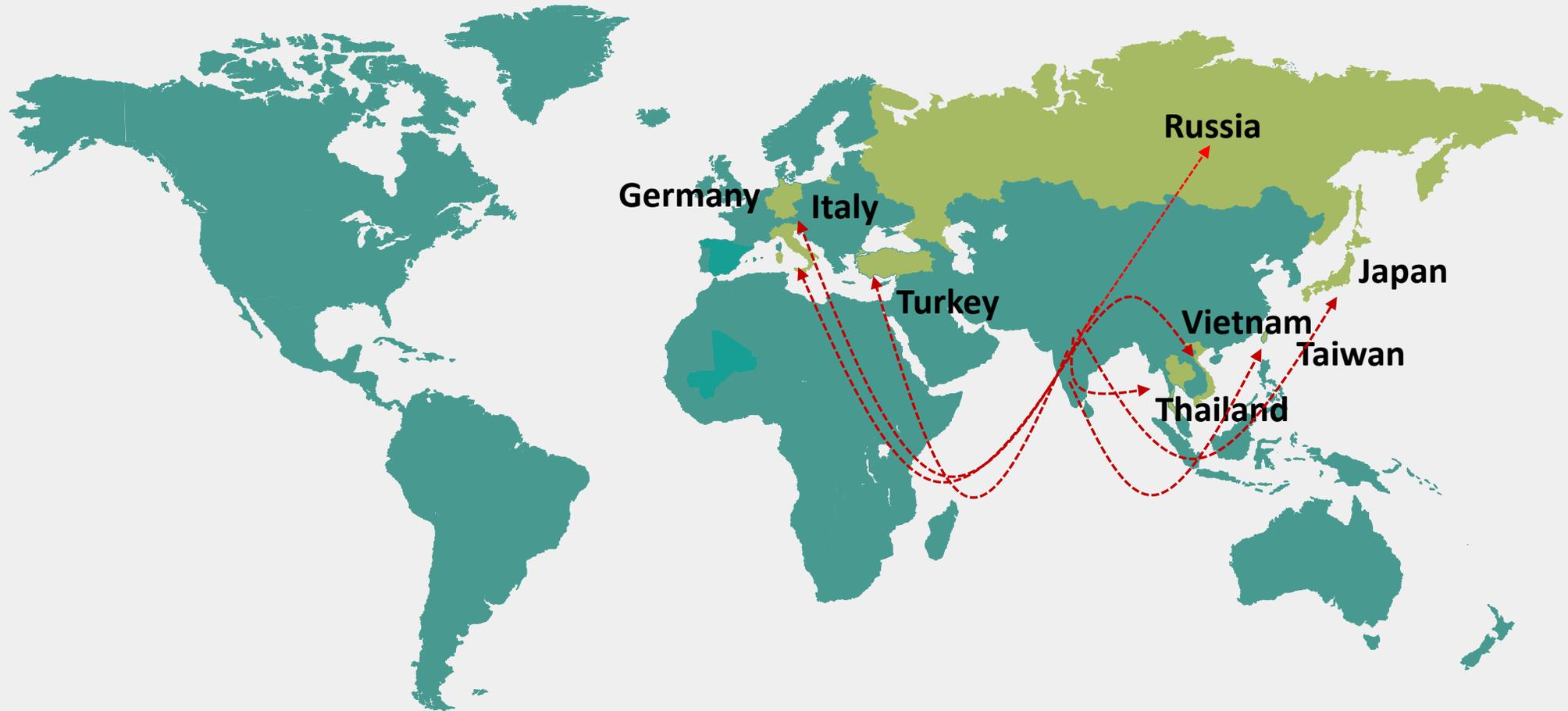
Tractors



Off Highway Vehicles



... Across Globe with Customer Base



FY20 Export contributes 3%



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

VSSL entered a strategic alliance with Aichi Steel Corporation (ASC) Japan. (Main material maker for Toyota)

Gasoline



Hybrid



EV's



Phase - 1

- Technology and technical know how shared with VSSL to make steel for Toyota companies and other OEM's
- To raise quality of steel of VSSL to be supplied to future ready cars like Hybrid, Hydrogen fuel and Electric



Phase - 2

- Increase VSSL production capacity with aim to achieve high quality combined with minimum cost
- Enable VSSL to build an optimal global production system and customer requirements in India and ASEAN regions

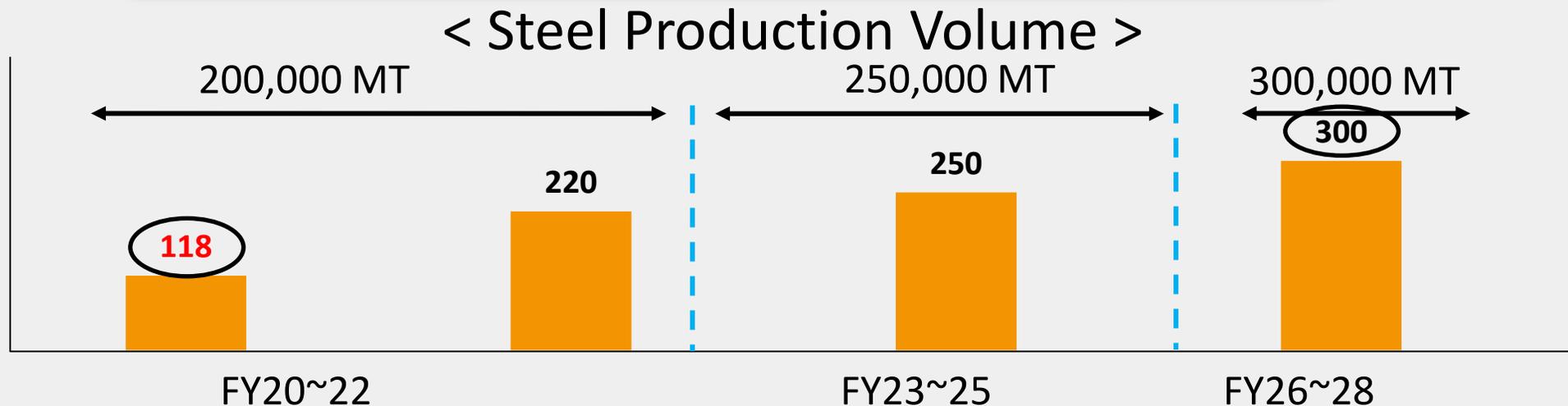
TARGET - To make Japanese quality steel in India for Indian auto majors and ASEAN region
To reduce manufacturing costs by reducing and the eliminating waste

What advantage for VSSL after alliance with Aichi

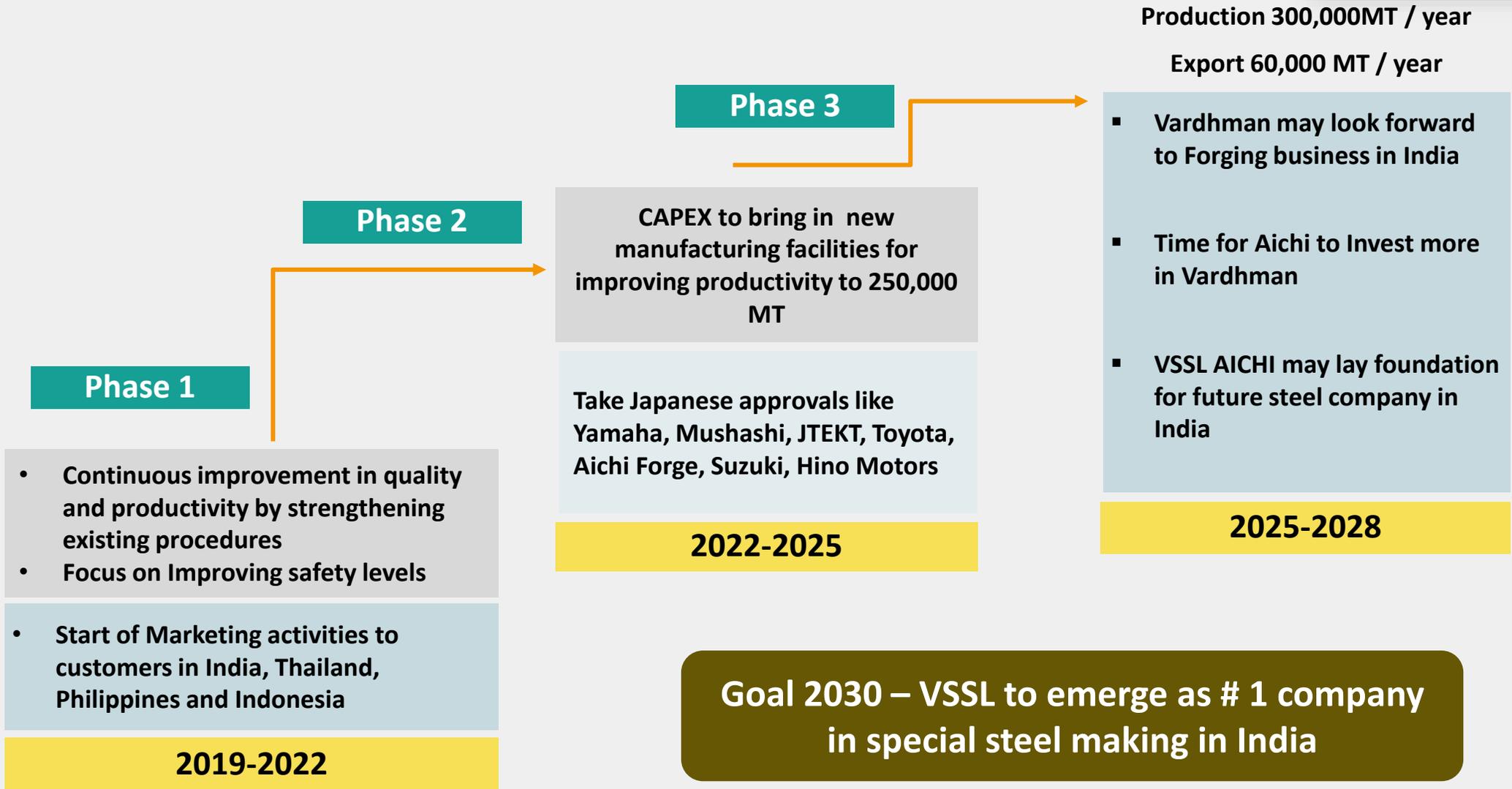
Possibilities

- Future Ready products - Patent steel grades developed for special application in EV's, hybrid and conventional Cars
- **Own In House R&D** – Toyota Car Company takes input from Aichi on special steel to be developed car parts. It means we can target more approvals for VSSL in Maruti Suzuki and Toyota
- More customers for Vardhman in India and ASEAN region
- Export expected to increase from current 3% in FY 2020 to expected 20% - 25% by FY 25
- **Forward Integration of VSSL into specialised Forging plant in India**

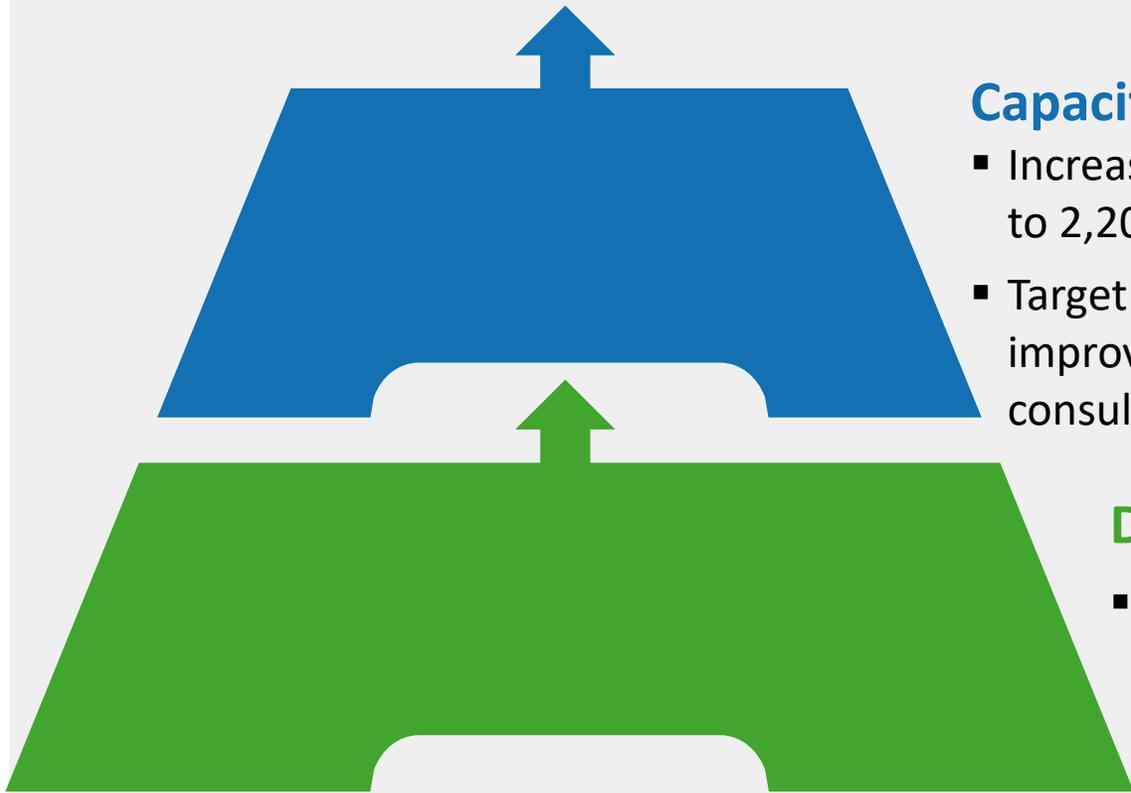
Road map of production volume (billets)



Timeline for activities



Way Ahead



Capacity Expansion & Utilization

- Increase melting capacity to 2,50,000 TPA and Rolling Capacity to 2,20,000 TPA by FY22
- Target of achieving full capacity utilization, quality improvement, cost reduction & product mix enrichment in consultation with Aichi Steel Corporation

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



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