



# Vardhman

Delivering Excellence. Since 1965.

## VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:APR:2022-23

Dated: 30-Apr-2022

|   |  |
|---|--|
| BSE Limited,<br>New Trading Ring,<br>Rotunda Building, P.J. Towers,<br>Dalal Street, MUMBAI-400001.<br>Scrip Code: 534392 | The National Stock Exchange of India Ltd,<br>Exchange Plaza, Bandra-Kurla Complex,<br>Bandra (East),<br>MUMBAI-400 051<br>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 Audited Financial Results of the Company for the quarter and financial year ended 31<sup>st</sup> March, 2022.

Kindly note and display the notice on your notice board for the information of the members of your exchange and general public.

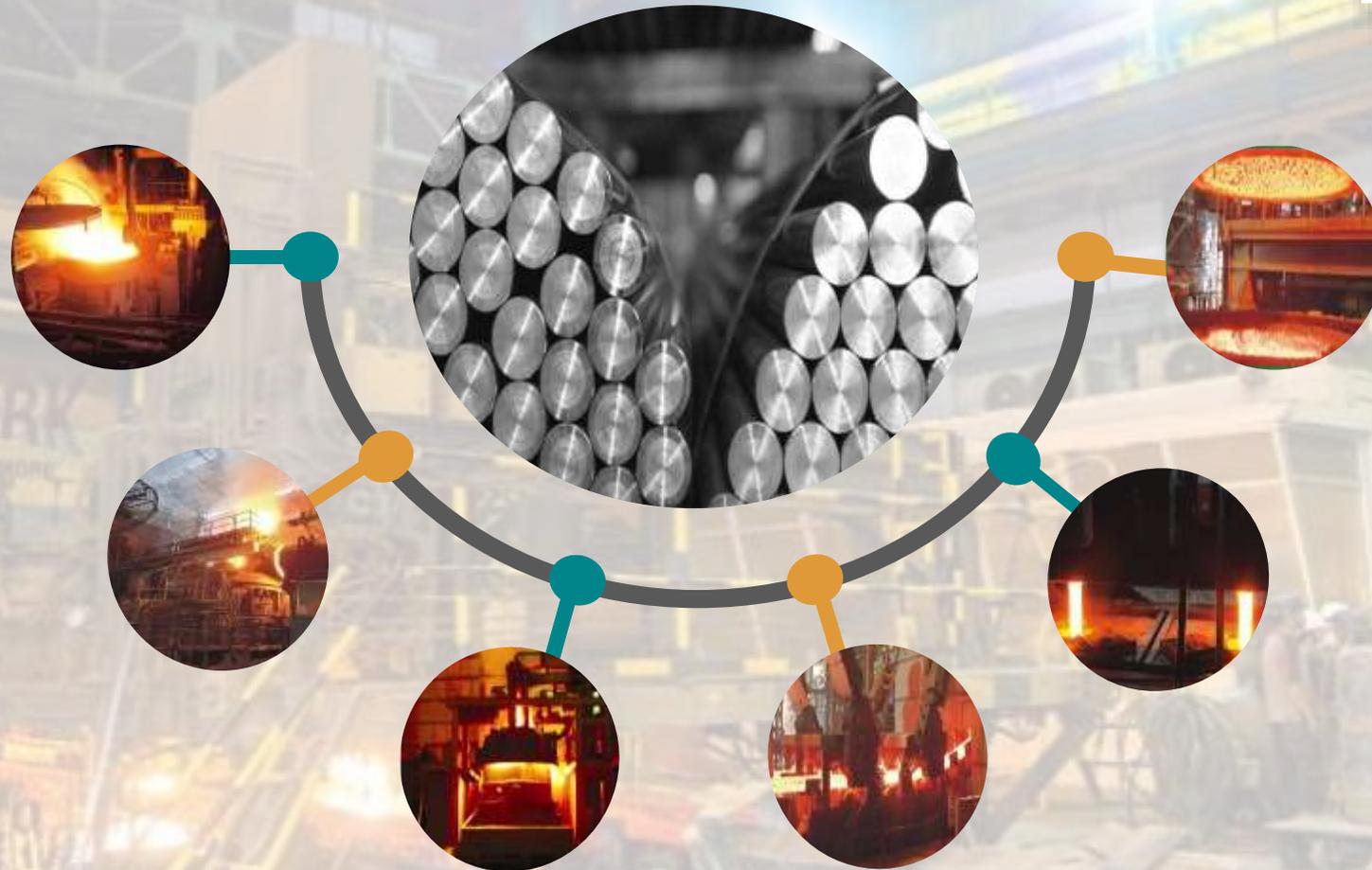
Thanking you,

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  
Q4 & FY22

# 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.*

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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 a small dot of the same color. The steps are arranged from top-left to bottom-right.

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## Financial Highlights

# Management's Message



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

*“We are happy to share that our financial & operational performance for Q4 FY22 has been a bit better than our guidance due to couple of one-off items. Due to a massive increase in raw material cost and our holding a larger inventory than normal, we got inventory gains. Further a pending government incentive got approved. During the full year we registered a strong revenue growth of 46.03% along with a good increase in EBITDA by 74%. Our net profits increased by 127.97%.*

*This is on account of increase in sales volumes, price increase, better cost control, higher operational efficiencies and inventory value gain and Rs. 18 crores one time gain due to past government incentives. A part of that will be recurring.*

*Raw material prices which rose significantly in the last quarter has impacted business results for Q4 and will impact Q1 of FY 23. Our industry was supposed to receive price increase and revision from OEMs from April 1st which is still awaited. The quantum of increase will determine performance in FY23. Further in the previous year we repaid a part of our long-term loan and controlled overall borrowings leading to lower debt to equity.*

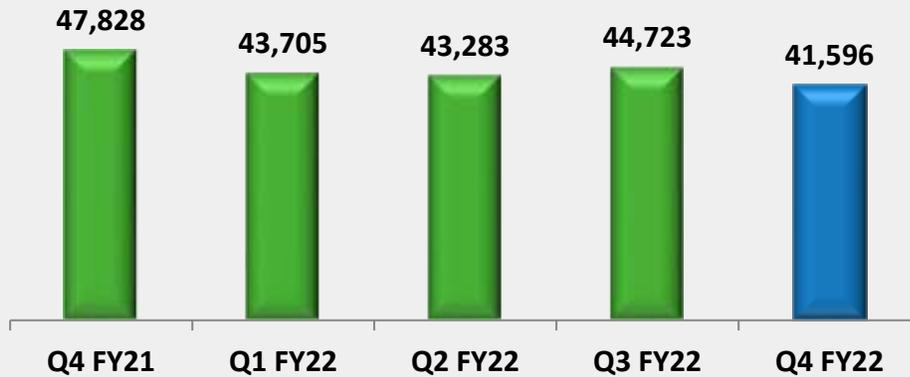
*Talking about our relationship with Aichi, we have made good progress with regards to product development and geographical expansion by providing new samples as per their standards. At the same time I would also inform that the Company is moving as per planned strategies on various fronts to achieve its medium and long term targets.*

*I would like to take this opportunity to display my gratitude towards our customers, employees, suppliers, Banks and the Government for their unstinted, cooperation and support. Their faith in us and their continued support makes it easier for us to perform well and deliver returns for our shareholders.”*

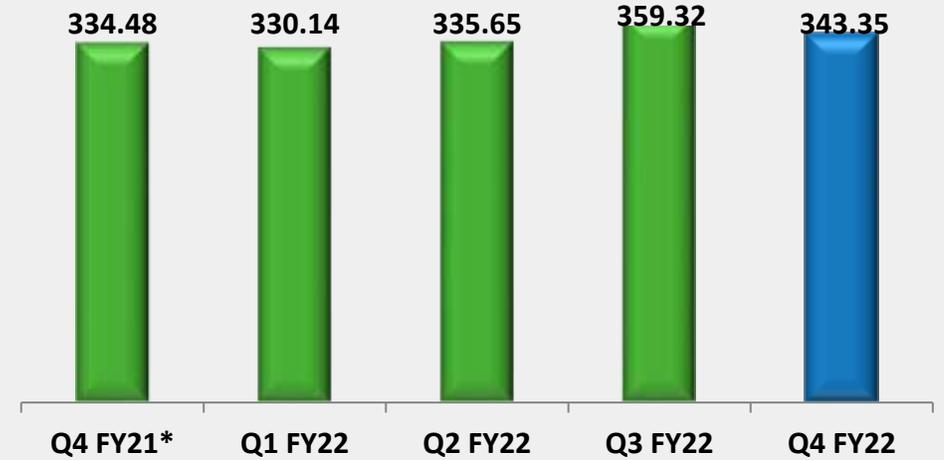


# Financial Highlights - Quarterly

Sales Volumes (tonnes)



Revenue from Operations (Rs. Crore)



EBITDA (Rs. Crore)#



PAT (Rs. Crore)



\* Includes sale of billets and traded goods ; #EBITDA is including Other Income

# Financial Highlights – Q4 FY22



| INR Crore                      | Q4 FY22       | Q4 FY21       | Y-o-Y %       | Q3 FY22       |
|--------------------------------|---------------|---------------|---------------|---------------|
| <b>Revenue From Operations</b> | <b>343.35</b> | <b>334.48</b> | <b>2.65%</b>  | <b>359.32</b> |
| Other Income                   | 21.51         | 2.41          |               | 2.00          |
| <b>Total Income</b>            | <b>364.86</b> | <b>336.89</b> |               | <b>361.32</b> |
| Cost of Materials Consumed     | 233.21        | 194.07        |               | 201.50        |
| Purchases of Stocks            | 0.00          | 0.00          |               | 0.07          |
| Changes In Inventory           | (29.62)       | (13.28)       |               | 22.60         |
| <b>Raw Material Expenses</b>   | <b>203.58</b> | <b>180.79</b> |               | <b>224.17</b> |
| Employee Expenses              | 21.42         | 18.40         |               | 20.24         |
| Power & Fuel                   | 35.09         | 33.72         |               | 33.01         |
| Other Expenses                 | 45.20         | 49.30         |               | 43.13         |
| <b>Total Expenditure</b>       | <b>305.30</b> | <b>282.21</b> |               | <b>320.56</b> |
| <b>EBITDA</b>                  | <b>59.56</b>  | <b>54.68</b>  | <b>8.93%</b>  | <b>40.76</b>  |
| Depreciation                   | 6.84          | 10.01         |               | 6.80          |
| Interest / Finance Cost        | 3.80          | 4.80          |               | 4.51          |
| <b>PBT</b>                     | <b>48.93</b>  | <b>39.87</b>  | <b>22.72%</b> | <b>29.45</b>  |
| Tax                            | 19.74         | 13.51         |               | 9.98          |
| <b>PAT</b>                     | <b>29.19</b>  | <b>26.36</b>  | <b>10.74%</b> | <b>19.47</b>  |
| <b>Basic EPS in Rs.</b>        | <b>7.20</b>   | <b>6.51</b>   | <b>10.60%</b> | <b>4.81</b>   |

- Q4 FY22 volumes stood at **41,596 tonnes**
- Increase in Revenue of 2.65% over Q4 of last year despite lower volumes by 13.03% mainly on account of price increases received during current year
- EBITDA per ton for this quarter stood at Rs. 14,320 - EBITDA increase mainly on account of electricity duty exemption granted to Company under industrial and business development policy 2017, amounting to Rs. 18.65 crores for year Sept'19 to Mar'22
- Procured CP and WCDL at lower rates resulting in lower interest cost apart from repayment of loans

# Financial Highlights – FY22



| INR Crore                       | FY22            | FY21          | Y-o-Y %        |
|---------------------------------|-----------------|---------------|----------------|
| <b>Revenue From Operations*</b> | <b>1,368.46</b> | <b>937.08</b> | <b>46.03%</b>  |
| Other Income                    | 28.89           | 12.96         |                |
| <b>Total Income</b>             | <b>1,397.35</b> | <b>950.04</b> |                |
| Cost of Materials Consumed      | 896.53          | 537.41        |                |
| Purchases of Stocks             | 0.62            | 0.00          |                |
| Changes In Inventory            | (100.32)        | (12.25)       |                |
| <b>Raw Material Expenses</b>    | <b>796.82</b>   | <b>525.17</b> |                |
| Employee Expenses               | 80.99           | 59.61         |                |
| Power & Fuel                    | 141.77          | 116.26        |                |
| Other Expenses                  | 175.19          | 132.69        |                |
| <b>Total Expenditure</b>        | <b>1,194.77</b> | <b>833.73</b> |                |
| <b>EBITDA</b>                   | <b>202.58</b>   | <b>116.31</b> | <b>74.17%</b>  |
| Depreciation                    | 26.96           | 30.23         |                |
| Interest / Finance Cost         | 17.28           | 19.71         |                |
| <b>PBT</b>                      | <b>158.34</b>   | <b>66.38</b>  | <b>138.54%</b> |
| Tax                             | 57.59           | 22.18         |                |
| <b>PAT</b>                      | <b>100.75</b>   | <b>44.19</b>  | <b>127.97%</b> |
| <b>Basic EPS in Rs.</b>         | <b>24.87</b>    | <b>10.94</b>  | <b>127.33%</b> |

- Volumes for the full year stood at **1,73,308 tonnes** – YoY growth of **15.33%**
- EBITDA growth of **74.17%** mainly due to higher sales volumes, price increases and higher operational efficiencies. It also includes exemption from electricity duty amounting to Rs. 18.65 crores
- RoCE stands at **28.30%** on yearly basis
- Board recommended increased dividend of Rs. 3.50 per equity share compared to Rs. 1.50 last year

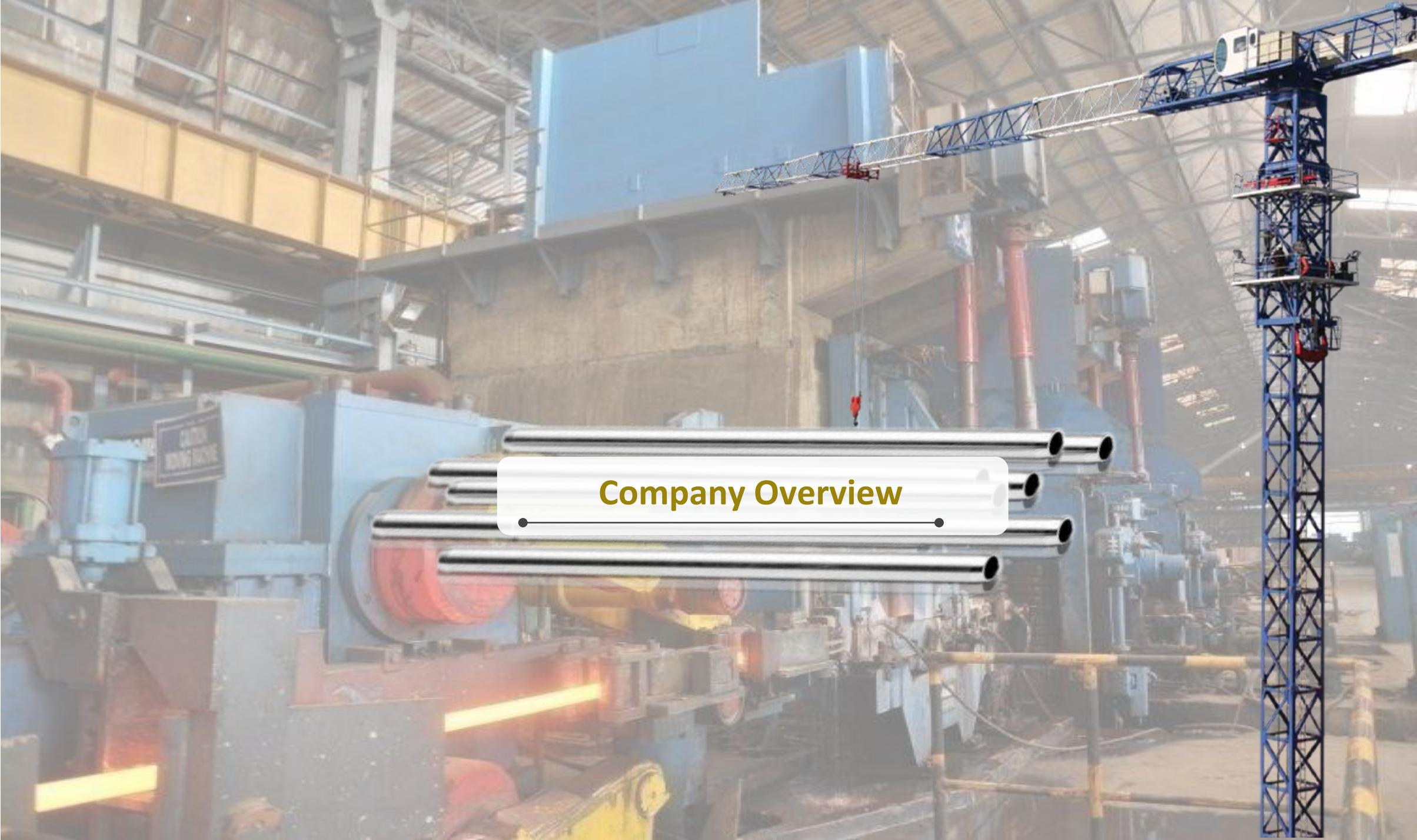
\* Includes sale of billets and traded goods; #Capital employed in RoCE does not include unutilized funding of Rs. 50 cr from Aichi Steels as it is deposited in FD

# Balance Sheet Highlights



| INR Crore                             | As on 31 <sup>st</sup> Mar'22 | As on 31 <sup>st</sup> Mar'21 | INR Crore                  | As on 31 <sup>st</sup> Mar'22 | As on 31 <sup>st</sup> Mar'21 |
|---------------------------------------|-------------------------------|-------------------------------|----------------------------|-------------------------------|-------------------------------|
| <b>Equity*</b>                        | <b>554.96</b>                 | <b>459.36</b>                 | <b>Non-Current Assets</b>  | <b>324.15</b>                 | <b>320.45</b>                 |
| Equity Share Capital                  | 40.56                         | 40.51                         | Property Plant & Equipment | 288.22                        | 281.49                        |
| Other Equity                          | 514.40                        | 418.86                        | Capital work in progress   | 12.88                         | 12.74                         |
| <b>Non-current Liabilities</b>        | <b>103.04</b>                 | <b>112.87</b>                 | Other Intangible Assets    | 0.08                          | 0.13                          |
| <b>Financial Liabilities</b>          |                               |                               | Right of Use Asset         | 0.86                          | 0.91                          |
| Borrowing                             | 78.89                         | 109.65                        | <b>Financial Assets</b>    |                               |                               |
| Lease Liability                       | 0.91                          | 0.94                          | Long Term Loans            | 2.92                          | 1.78                          |
| Other Financial Liabilities           | 0.11                          | 0.32                          | Other Financial Assets     | 2.57                          | 0.00                          |
| Provisions                            | 1.81                          | 1.76                          | Deferred Tax Assets (Net)  | 0.00                          | 9.69                          |
| Deferred Tax Liabilities (net)        | 20.85                         | 0.00                          | Income Tax Assets (Net)    | 0.32                          | 0.83                          |
| Other Non-Current Liabilities         | 0.46                          | 0.19                          | Other Non-Current Assets   | 16.31                         | 12.88                         |
| <b>Current Liabilities</b>            | <b>262.88</b>                 | <b>230.50</b>                 | <b>Current Assets</b>      | <b>596.73</b>                 | <b>482.28</b>                 |
| <b>Financial Liabilities</b>          |                               |                               | Inventories                | 304.32                        | 192.26                        |
| Borrowings                            | 82.03                         | 79.81                         | <b>Financial Assets</b>    |                               |                               |
| Lease Liabilities                     | 0.14                          | 0.11                          | Investments                | 15.40                         | 0.00                          |
| Trade Payables                        |                               |                               | Trade Receivables          | 221.86                        | 224.30                        |
| Total O/s dues of Micro, Small Ent    | 2.07                          | 2.57                          | Cash & Cash Equivalents    | 0.27                          | 2.34                          |
| Total O/s other Than Above            | 145.41                        | 127.61                        | Other Bank Balance         | 15.71                         | 50.00                         |
| Other Financial Liabilities           | 19.77                         | 10.58                         | Loans                      | 1.52                          | 0.99                          |
| Provisions                            | 0.27                          | 0.24                          | Other Financial Assets     | 2.07                          | 4.71                          |
| Other Current Liabilities             | 8.99                          | 9.46                          | Assets Held for Sale       | 0.00                          | 0.00                          |
| Current Tax Liability (Net)           | 4.21                          | 0.13                          | Other Current Assets       | 35.58                         | 7.67                          |
| <b>Total Equity &amp; Liabilities</b> | <b>920.88</b>                 | <b>802.73</b>                 | <b>Total Assets</b>        | <b>920.88</b>                 | <b>802.73</b>                 |

\*On 4th November 2019, Company allotted 46,29,629 equity shares on preferential basis of Rs.10 each at Rs. 108/- (including security premium) aggregating to Rs. 50 Crore to Aichi Steel Corporation



## 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.

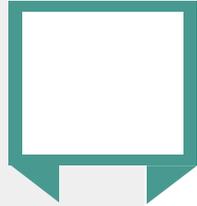
2016 - 2017

- **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
- **July 2021** – Received environmental clearance for capacity expansion

2018 – Till Date

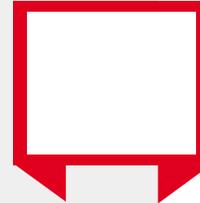
... Transforming into one of India's leading steel bar producers

# 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



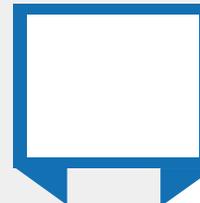
## **Mr. Sachit Jain** **Vice Chairman & MD**

- 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**

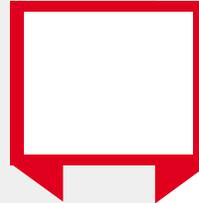
- Representative of Aichi Steel Corporation
- Completed Education from Yamanashi University
- Over 40 years of rich experience in Steel Industry

# 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



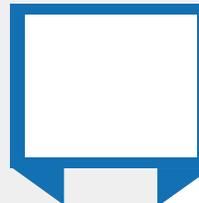
## Mr. Rakesh Jain Independent Director

- 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

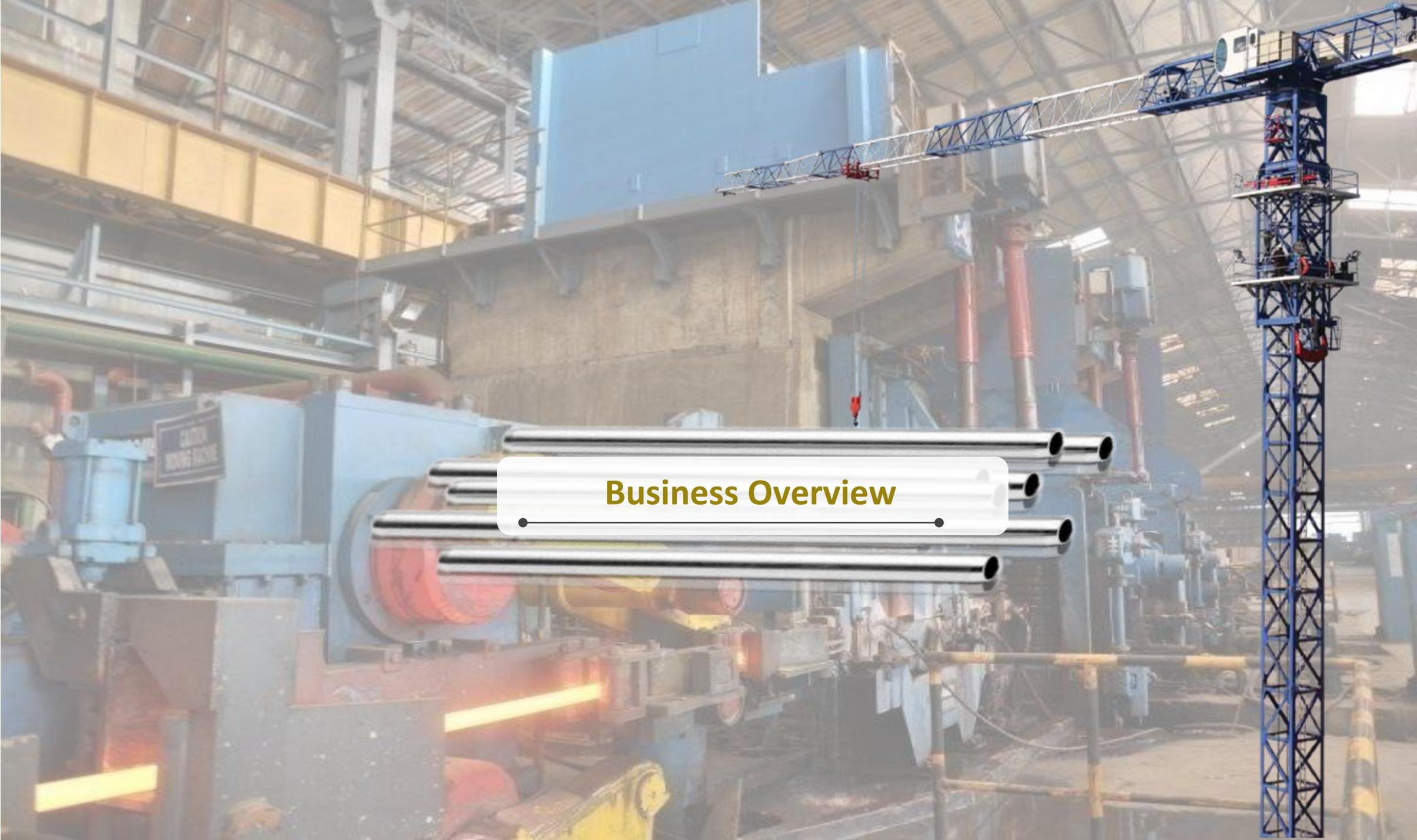
- Bachelor's degree in Mathematics and MBA from Xavier's Labor Relations Institute
- More than 25 years of experience in Human Resource Management



## 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





## 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**

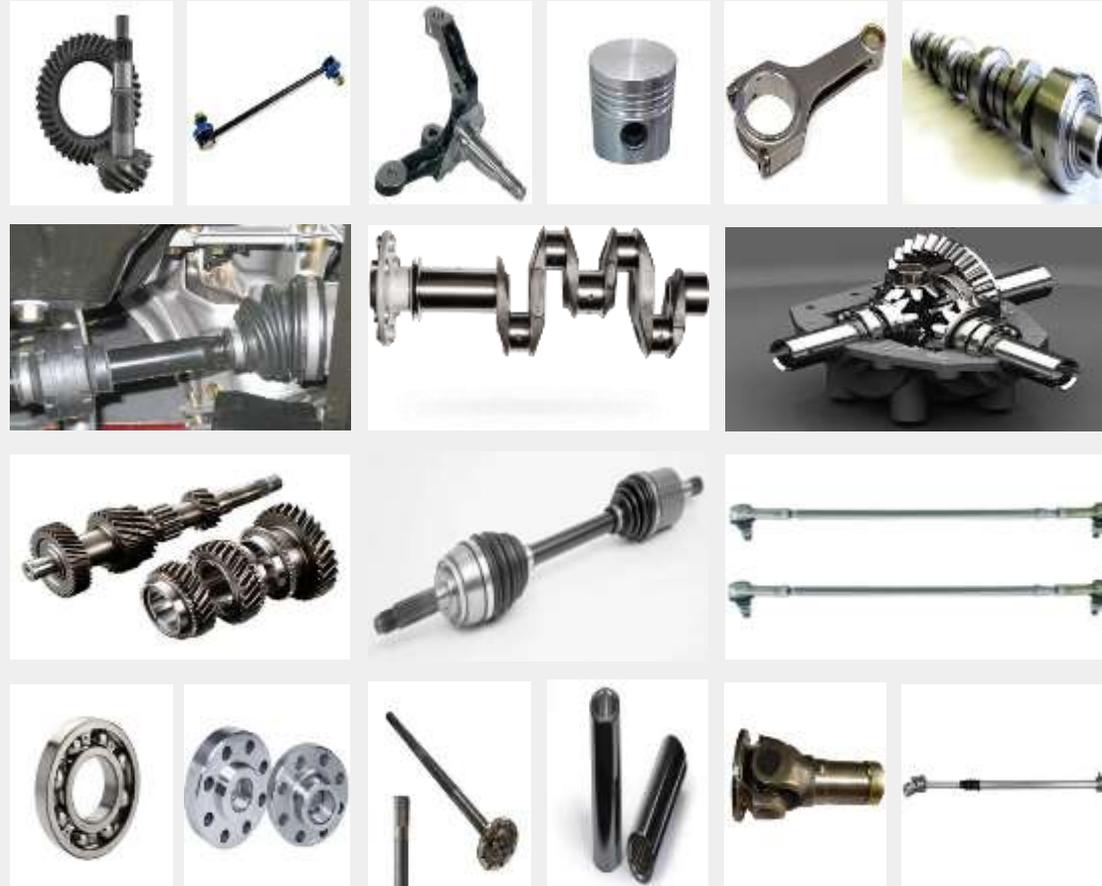
**Connecting Rod**

**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

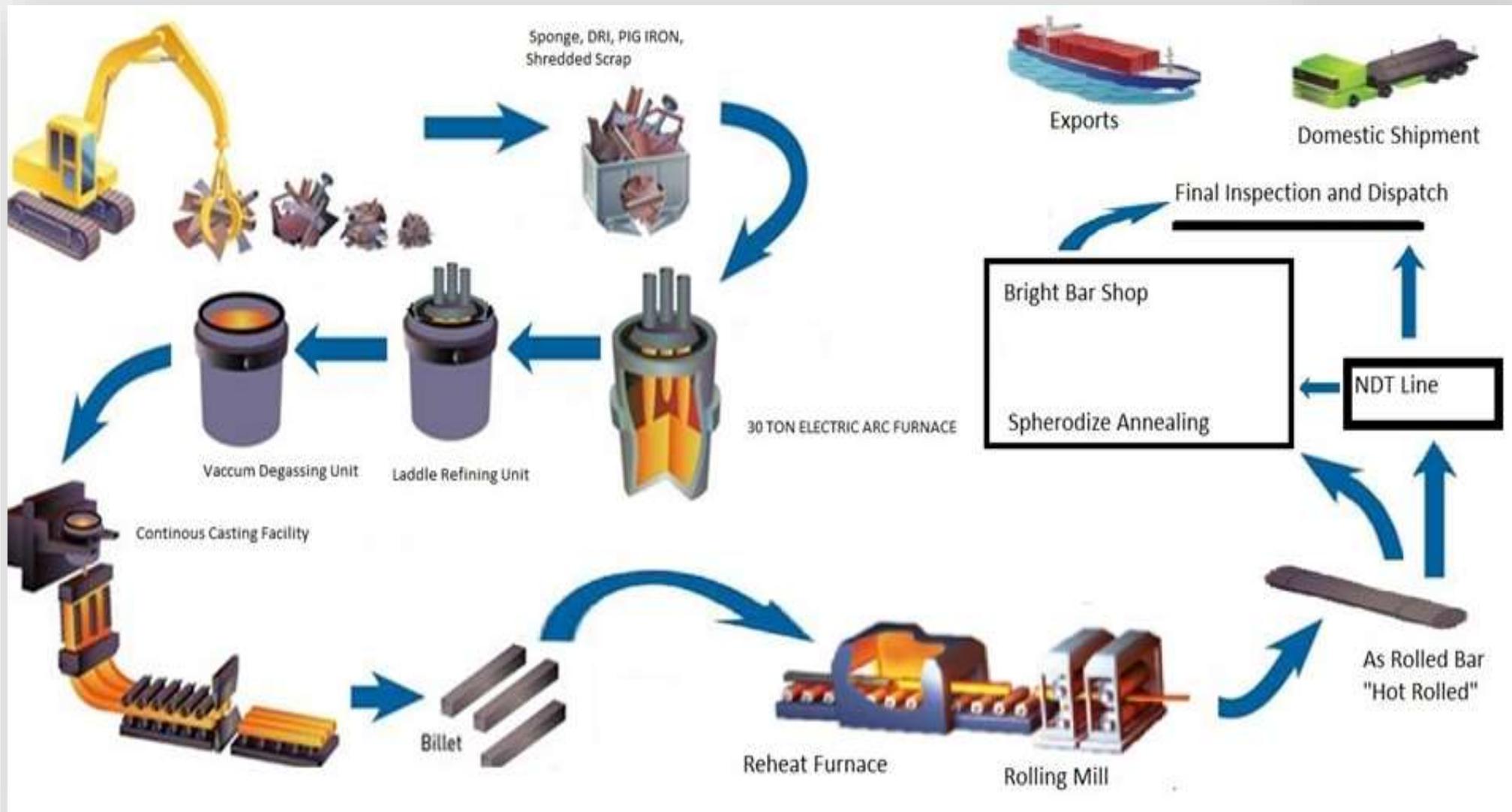
- **Annual Capacity : 2,00,000 TPA**
- Rolling Mill installed in 2013-14
- Mill with complete automation
- 33 TPH "Walking" Hearth Type Reheating Furnace
- Reversible 2 high shift able stand with Bar Manipulator
- 10 Continuous Stands in Horizontal & Vertical configuration
- Online Dimensional Measurements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



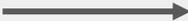
# In-House Steel Melting Shop



Electric Arc Furnace



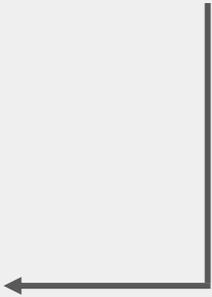
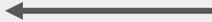
Two Ladle Refining Furnace



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**

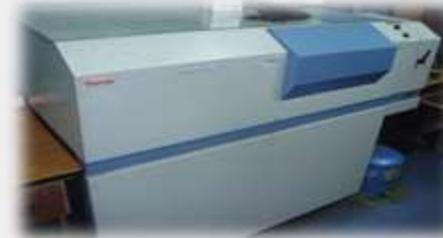


**UST**  
Acceptance Criteria: SDH -  
0.8x10mm, FBH - 0.8 & 1.2mm

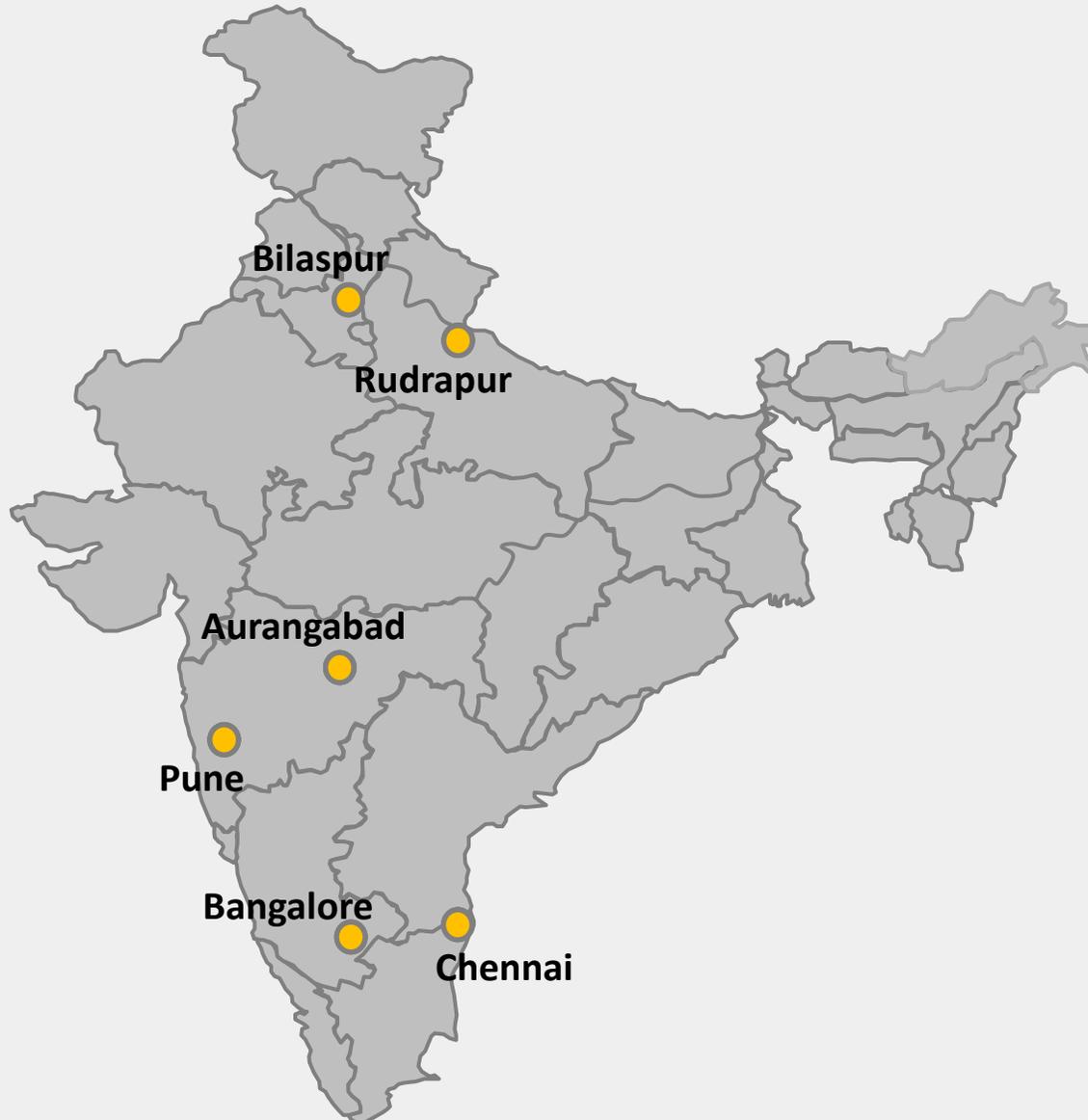
# Best in class R&D Facility



- **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 H<sub>2</sub>, N<sub>2</sub>, O<sub>2</sub> 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



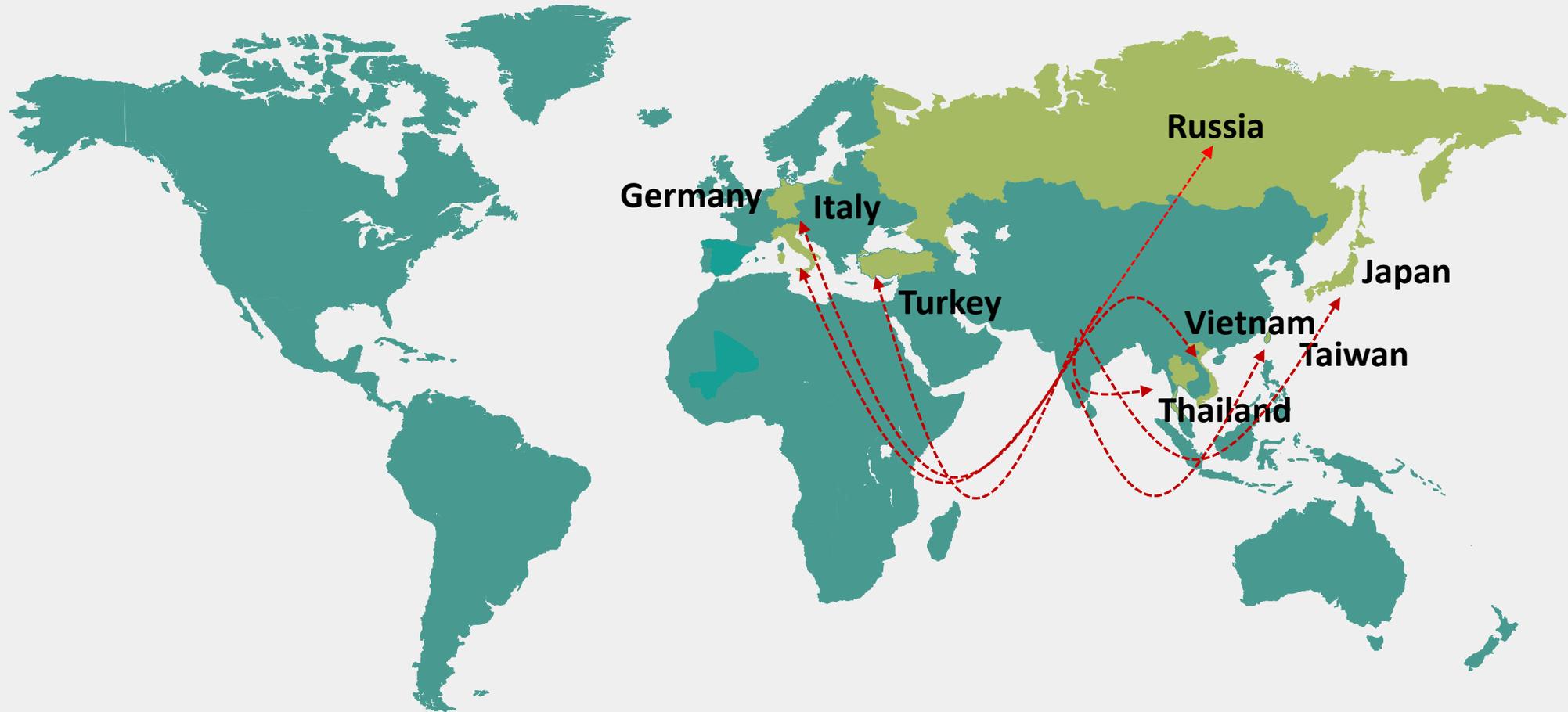
## Tractors



## Off Highway Vehicles



## ... Across Globe with Customer Base



**5% of FY22 sales from exports**



**Way Ahead**

# Investing in Our Real Assets



## 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

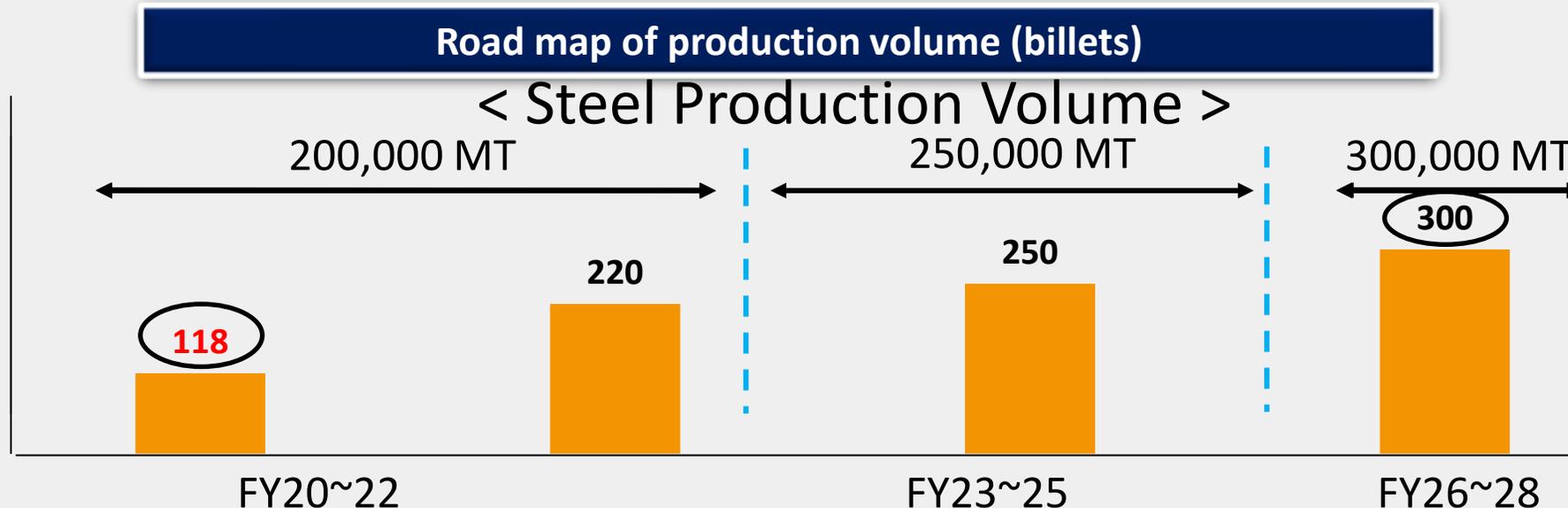
- Increase VSSL production capacity with aim to achieve high quality combined with minimum cost
- Enable VSSL to build an optimal global production system and customer requirements in India and ASEAN regions

**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**

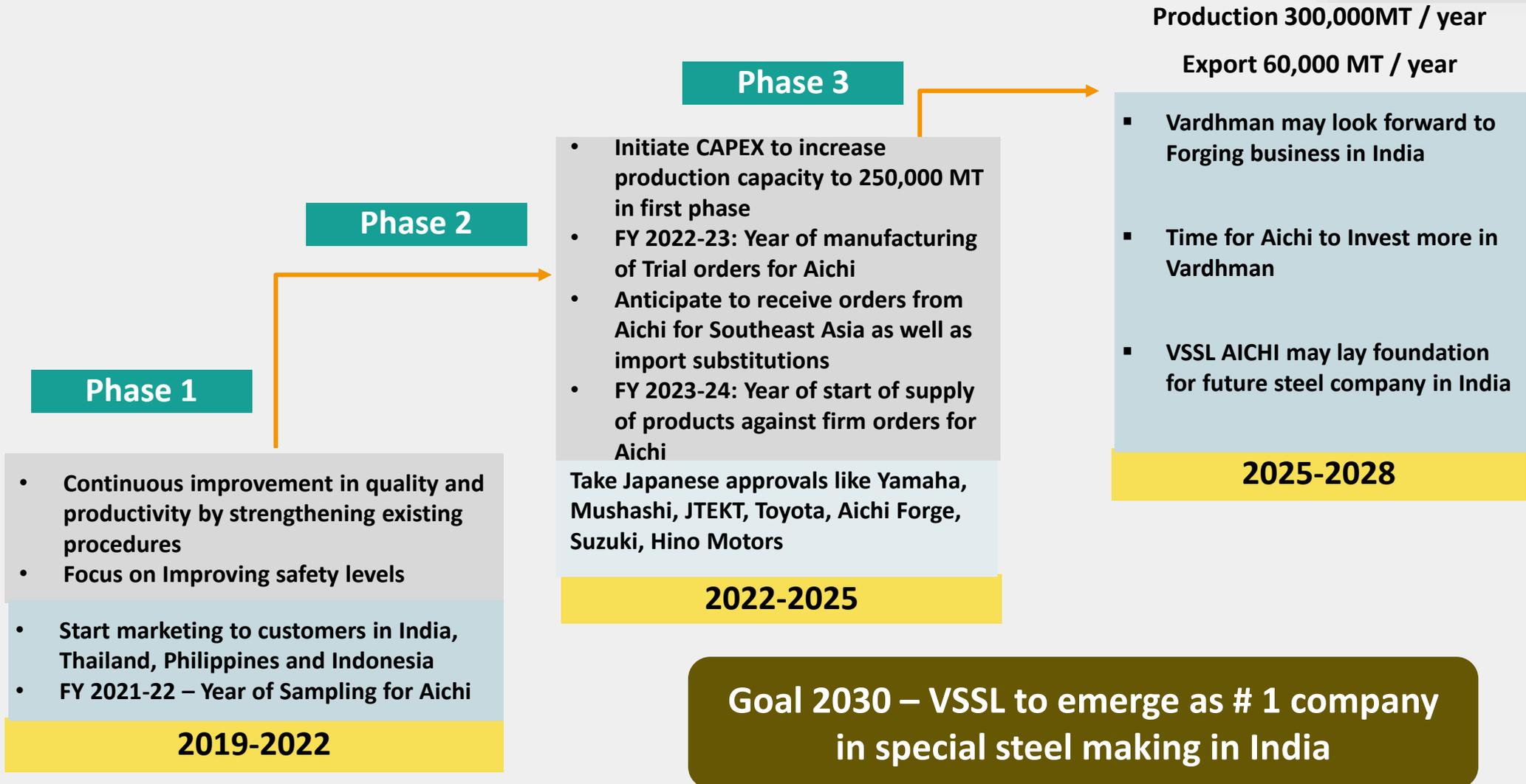
# What advantage for VSSL after alliance with Aichi

## 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 1% in FY 2021 to expected 20% - 25% by FY 25
- Ministry of Environment grants Environmental Clearance for expansion from 2,00,000 MT per annum to 2,80,000 MT per annum of rolled capacity
- **Forward Integration of VSSL into specialised Forging plant in India**



# Timeline for activities



# ESG Initiatives



## Environment:

- Committed towards a cleaner, greener and healthier environment by implementing stringent standards & policies for Environment in our unit
- Making steel through Electric Arc Furnace route which is significantly more environment friendly than Blast Furnace route. Most of our competitors are making steel through Blast Furnace route
- In 2015, we installed Secondary Fume Extraction system with an investment of Rs. 12 crores, to capture the dust going into the air. Its annual operational cost is approximately Rs. 5 crores
- On our journey of expanding production capacity from existing 2 lac TPA to 2.80 lac TPA, we are also leaping a step forward in tightening our norms towards environment protection. These include development of Greenbelt of over 33% existing land area, emissions below 30 ppm against 150 ppm followed by most of our competitors, zero liquid discharge and reduction of substantial water extraction even after expansion. Apart from this, we are developing a forest on 5 acres of land owned by Vardhman Textiles Ltd. situated at middle of Focal Point, Ludhiana with a Japanese technique known as “Miyawaki”. This will be a unique facility on such a large area for the benefit of environment and society at large. All this will be done with a total capital outlay of over Rs. 30 crores
- We plan to replace Furnace Oil with Natural Gas (being a Greener Fuel), thus reducing load of carbon emissions going into environment
- Trees are planted every year to increase green area in and around our factory. We have planted over 33,000 trees till March 2021 and also undertaken parks and other areas for development
- Focusing on water conservation by recharging water through 7 rainwater harvesting pits in our factory and adopted more than 10 ponds for desilting
- Disposing all types of wastes being generated in our factory through agencies duly approved by the Pollution Control Board

## Social:

- Support principles of inclusive growth and equitable development through CSR initiatives for sustainable development in core business activities
- We have made several contributions towards:
  - (i) Preventive & Promoting Healthcare and Sanitation
  - (ii) Towards Environment sustainability
  - (iii) For Promoting Education
  - (iv) Towards Women Empowerment
  - (v) Towards socially and economically backward groups



# ESG Initiatives



- Have an In-house oxygen generation plants for our captive consumption. During Covid time, we had served the society by supplying oxygen cylinders. During 2nd wave of Covid, we have been able to serve for 50% requirement of oxygen of Ludhiana city
- **Employee well being:**
  - ✓ We hadn't laid off anyone during Covid time, rather we had paid full salaries to our employees and ensured full payment to our contract workers. Apart from this, we had given timely increments, production incentives and above all distributed one time incentive for the hard work done by the entire team during tough times of Covid
  - ✓ In the current year, we had developed a well-equipped Health Fitness Centre in the campus managed by a professional trainer
  - ✓ We have launched 3 welfare policies in the current year:
    - Chalo Ghar Bhi Banaye (Housing loan scheme)
    - Main Hoon Naa (Taking care of education of children on unfortunate demise of our employee till graduation irrespective of any College/University)
    - Vidwaan Bano (Scholarship of Rs. 50,000/- to outstanding children of our employees)
- **We are having a strong Women Grievance handling mechanism in place**
- **We have various unique facilities and schemes for the benefit of employees such as single roof canteen serving same food from Worker to MD, Two full time Doctors posted in the campus, promoting Trekking, Meditation in Vipasana or equivalent, helping to maintain BMI and many more**

## Governance:



- M/S B S R & Co LLP, an affiliate of KPMG, Chartered Accountants are our Statutory Auditors.
- We are led by a strong Board consisting of 11 members out of which 6 are independent directors. The Chairperson is a non-executive independent director. Our Board includes two women directors, out of which one is an independent director.
- Aichi Steel Corporation Japan, main steel supplier to Toyota Group had selected us as their partner and entered a strategic alliance in 2019 along with equity participation in VSSL and have a seat on the Board

# Thank You



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