



Vardhman

VARDHMAN SPECIAL STEELS LIMITED

Delivering Excellence. Since 1965.

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

Ref. VSSL:SCY:AUG:2020-21

DATED: 06-Aug-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.	The National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051
Scrip Code: 534392	Scrip Code: VSSL

SUB: COMPLIANCE OF REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIRMENTS) 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 ended 30th June, 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.: AADCY4812B CIN: L27100PB2010PLC033930
WWW.VARDHMANSTEEL.COM

Media Release

Q1 FY21 performance impacted by country wide lockdown on account of COVID 19 Pandemic resulting in shutting down of manufacturing activities for ~30 days

Q1 FY21 Volumes at 12,487 tonnes

Q1 FY21 Revenue from Operations at Rs. 67.86 Crore

Q1 FY21 EBITDA (including other income) at Rs. (7.68) Crore

Q1 FY21 Loss at Rs. 12.78 Crore

6th August 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 unaudited financial results for the quarter ended 30th June 2020 in the Board meeting held on 6th August 2020.

Key Financial Highlight (Rs. Crore): -

Particulars	Q1 FY21	Q1 FY20	FY20	FY19	Y-o-Y
Sales Volume (tonnes) (own manufactured)	12,487	36,658	1,37,192	1,61,676	(15.14%)
Revenue from Operations*	67.86	240.78	846.20	1,120.76	(24.50%)
EBIDTA**	(7.68)	16.03	49.12	69.72	(29.54%)
PAT	(12.78)	1.14	3.34	22.21	(84.96%)
Basic EPS (Rs.)#	(3.16)	0.32	0.89	6.22	(85.69%)

*includes sale of traded goods, billets and raw material; **including other income; #On 4th November 2019, the company allotted 46,29,629 equity shares on preferential basis of Rs.10 each at Rs. 108/- (including security premium of Rs. 98 each) aggregating to Rs. 50 Crore to Aichi Steel Corporation (ASC)

Performance Highlights: -

For the quarter ended June 30th, 2020:

- The volumes for the quarter stood at **12,487 tonnes** – YoY decline of **65.94%**, mainly on account of nation-wide lockdown announcement by central government to prevent the spread of COVID-19, resulting in lower economic & social activities and production cuts by various OEM's
- Revenue from Operations declined 71.82% Y-o-Y to Rs. 67.86 crore** in Q1 FY21, as against Rs. 240.78 crore in Q1 FY20, mainly on account of significant lower volumes as production activities in the industry were restricted because of COVID-19 pandemic

- **EBITDA (including other income) for the quarter was Rs. (7.68) crore** as against Rs. 16.03 crore in the corresponding previous period, a **Y-o-Y decline of 147.89%**, mainly on account of COVID-19 situation, the Company could not achieve the desired sales volumes, whereas fixed costs in terms of personnel costs, administration costs, power fixed charges etc. continue to be at the same level
- **Q1 FY21 Loss stood at Rs. 12.78 crore** as against profit of Rs. 1.14 crore in Q1 FY20

For the full year ended March 31st, 2020:

- The volume for the full year stood at **1,37,192 tonnes – YoY decline of 15.14%**, mainly on account of significant continued slowdown and lower demand from the automotive industry
- **Revenue from Operations was Rs. 846.20 crore** in FY20, as against Rs. 1,120.76 crore in FY19, a **Y-o-Y decline of 24.50%**, mainly on account of decline in sales volume by around 15.14%, decline in sale prices and lower trading sales as compared to FY19
- **EBITDA (including other income) for full year was Rs. 49.12 crore** as against Rs. 69.72 crore in the corresponding previous period, a **Y-o-Y decline of 29.54%**, mainly due to decrease in sales volumes on account of lower demand in the automotive industry, higher cost of inventory built 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
- **FY20 PAT at Rs. 3.34 crore** as against profit of Rs. 22.21 crore in 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

Management Comment:

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

“During the first quarter the Company registered revenue of Rs. 67.86 crore. The revenue was impacted mainly on account of nationwide lockdown imposed by the central government to prevent the spread of COVID-19. Our volumes were impacted as there was a huge fall in demand for automobiles during the first quarter resulting in lower production at various OEM’s thereby lower demand for specialised alloy steels. However, we have surprisingly seen a good pickup in demand since July 2020 and our volumes have been on an increasing trend.

During the first quarter, our production activities were halted for nearly a month post which in compliance with the relaxations given by the Ministry of Home Affairs (MHA) and after seeking approval from the concerned State Government authorities, we started limited operations at our manufacturing facility from 22 April 2020. Also to add that, we have utilized this time 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 our self the Aichi way so as to bring higher synergies between the two organisations.

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:

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