Vardhmān

Delivering Excellence. Since 1965.

VARDHMAN SPECIAL STEELS LIMITED

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Ref. VSSL:SCY:OCT:2021-22 **Dated: 25.10.2021**

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

SUB: DISCLOSURE UNDER REGULATION 30 & 33 OF SEBI LISTING OBLIGATIONS

Dear Sir,

Pursuant to Regulation 30 read with Part A of Schedule III and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, we are enclosing herewith Un-Audited Financial Results of the Company for the quarter/ half-year ended 30th September, 2021 together with Limited Review Report as approved by Board of Directors in its meeting held on 25th October, 2021.

The meeting of the Board of Directors commenced at 10:15 a.m. and concluded at 04:25 p.m.

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

Vardhman Special Steels Limited Ludhiana

(SONAM TANEJA)
Company Secretary

VARDHMAN SPECIAL STEELS LIMITED
Regd.Office Vardhman Premises, Chandigarh Road, Ludhiana-141010
Corporate Identity Number (CIN): L27100PB2010PLC033930, PAN: AADCV4812B
Website: www.vardhmansteel.com Email: secretarial.lud@vardhman.com

Statement of Unaudited Financial Results for quarter and half year ended 30 September 2021

(Rs. in lakhs)

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2021 (Unaudited)	30.06.2021 (Unaudited)	30.09.2020 (Unaudited)	30.09.2021 (Unaudited)	30.09.2020 (Unaudited)	31.03.2021 (Audited)
1	Revenue from operations	33,565.27	33,013.88	24,708.66	66,579.15	31,494.86	93,708.00
2	Other income (also refer to note 1 and 2)	273.98	264.09	558.80	538.07	735.75	1,296.14
3	**Total income (1+2)**	**33,839.25**	**33,277.97**	**25,267.46**	**67,117.22**	**32,230.61**	**95,004.14**
4	**Expenses:**						
	a) Cost of materials consumed	23,452.88	22,728.56	13,025.11	46,181.44	16,902.97	53,741.45
	b) Purchase of stock in trade	24.63	29.62	-	54.25	-	-
	c) Changes in inventories of finished goods, stock -in- trade and work -in progress	(4,752.46)	(4,577.19)	1,885.50	(9,329.65)	2,366.44	(1,224.92)
	d) Employee benefits expense	2,064.53	1,868.46	1,262.78	3,932.99	2,333.82	5,960.88
	e) Finance costs	456.83	440.24	481.61	897.07	995.77	1,970.72
	f) Depreciation and amortisation expense	670.72	661.92	679.45	1,332.64	1,348.56	3,022.94
	g) Other expenses						
	- Power and fuel expense	3,724.04	3,643.39	3,437.46	7,367.43	4,606.40	11,626.48
	- Others	4,470.95	4,214.42	2,989.25	8,685.37	4,121.47	13,268.92
	Total expenses	**30,112.12**	**29,009.42**	**23,761.16**	**59,121.54**	**32,675.43**	**88,366.47**
5	**Profit / (loss) before income tax (3-4)**	**3,727.13**	**4,268.55**	**1,506.30**	**7,995.68**	**(444.82)**	**6,637.67**
6	Tax expense / (income)						
	- Current tax (including tax adjustment relating to prior periods)	653.33	749.51	-	1,402.84	-	1,191.84
	- Deferred tax	644.60	739.31	612.29	1,383.91	(61.24)	1,026.35
7	**Net Profit/ (loss) after income tax (5-6)**	**2,429.20**	**2,779.73**	**894.01**	**5,208.93**	**(383.58)**	**4,419.48**
8	**Other comprehensive income / (expense)**						
	(A) (i) Item that will not be reclassified to profit or loss	16.47	16.47	(25.02)	32.94	(50.04)	62.70
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
	(B) (i) Item that will be reclassified to profit or loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
9	**Total comprehensive income / (loss) for the period (7+8)**	**2,445.67**	**2,796.20**	**868.99**	**5,241.87**	**(433.62)**	**4,482.18**
10	Earnings per equity share (in Rs.) (not annualised):						
	(a) Basic	6.00	6.86	2.21	12.86	(0.95)	10.94
	(b) Diluted	5.94	6.82	2.21	12.76	(0.95)	10.93
11	Paid-up equity capital (face value Rs. 10/- per share)	4,050.70	4,050.70	4,039.45	4,050.70	4,039.45	4,050.70
12	Reserves (excluding revaluation reserve)						41,885.63
	See accompanying notes to the unaudited financial results						

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Statement of Assets and Liabilities

(Rs. in lakhs)

Particulars	As at 30 Sept 2021 (Unaudited)	As at 31 March 2021 (Audited)
I. ASSETS		
Non-current assets		
(a) Property, plant and equipment	27,275.20	28,149.09
(b) Right-of-use assets	94.20	91.49
(c) Capital work-in-progress	1,385.92	1,273.65
(d) Other intangible assets	11.54	13.20
(e) Financial assets		
- Loans	207.55	177.87
- Other financial assets	250.00	-
(f) Deferred tax assets (net)	-	969.19
(g) Income tax assets (net)	83.07	83.07
(h) Other non-current assets	1,245.79	1,287.81
Total non-current assets	**30,553.27**	**32,045.37**
Current assets		
(a) Inventories	31,081.02	19,225.90
(b) Financial assets		
- Investments	1,540.00	-
- Trade receivables	25,403.27	22,430.05
- Cash and cash equivalents	668.49	234.00
- Bank balances other than cash and cash equivalents	3,163.96	5,000.00
- Loans	163.42	99.49
- Other financial assets	138.68	471.22
(c) Other current assets	5,636.41	767.21
Total current assets	**67,795.25**	**48,227.87**
TOTAL ASSETS	**98,348.52**	**80,273.24**
II. EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	4,050.70	4,050.70
(b) Other equity	46,544.78	41,885.63
Total equity	**50,595.48**	**45,936.33**
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
- Borrowings	9,450.56	10,965.16
- Lease liabilities	98.34	94.34
- Other financial liabilities	29.49	31.74
(b) Provisions	193.00	176.18
(c) Deferred tax Liabilities (net)	414.72	-
(d) Other non-current liabilities	22.90	19.29
Total non-current liabilities	**10,209.01**	**11,286.71**
Current liabilities		
(a) Financial Liabilities		
- Borrowings	20,997.41	7,981.45
- Lease liabilities	12.50	10.76
- Trade payables		
i. Total outstanding dues of micro enterprises and small enterprises	192.57	256.56
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	13,566.28	12,761.43
- Other financial liabilities	1,814.56	1,057.61
(b) Other current liabilities	671.35	946.14
(c) Provisions	23.70	23.70
(d) Current tax liabilities (net)	265.66	12.55
Total current liabilities	**37,544.03**	**23,050.20**
TOTAL EQUITY AND LIABILITIES	**98,348.52**	**80,273.24**

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Statement of Cash Flow for the half year ended 30 September 2021

(Rs. in lakhs)

	Particulars	For the half year ended 30 Sept 2021 (Unaudited)	For the half year ended 30 Sept 2020 (Unaudited)
A	**Cash flow from operating activities**		
	Profit/(loss) before income tax	**7,995.68**	**(444.82)**
	Adjustments for:		
	Depreciation and amortization expense	1,332.64	1,348.56
	Change in fair value of derivative contracts	66.50	373.62
	Unrealized foreign exchange loss (net)	(25.88)	(172.03)
	Loss/(gain) on sale of property, plant and equipment (net)	0.90	(6.20)
	Share based payments to employees	24.88	-
	Loss on sale of assets held-for-sale	-	3.00
	Finance costs	897.07	995.77
	Interest income	(379.00)	(418.80)
	Dividend income	-	(8.43)
	Profit on sale of current investments	(5.72)	-
	Liabilities no longer required written back	(15.47)	(4.74)
	Operating profit before change in following assets and liabilities	**9,891.60**	**1,665.93**
	Adjustments for:		
	(Increase)/decrease in inventories	(11,855.12)	1,999.73
	(Increase) in trade receivables	(2,974.94)	(2,466.57)
	(Increase)/decrease in current loans	(63.93)	8.34
	(Increase) in other financial current assets	(15.56)	(9.25)
	(Increase) in other current assets	(4,637.11)	(3,953.02)
	(Increase) in non current loans	(29.68)	(0.99)
	(Increase) in other financial non-current assets	(250.00)	-
	(Increase)/decrease in other non-current assets	(8.20)	16.31
	Increase in non-current provisions	16.82	9.98
	Increase in other non current liabilities	3.61	-
	Increase/(decrease) in trade payables	781.44	(852.91)
	Increase/ (decrease) in other financial current liabilities	2,688.53	(924.69)
	(Decrease)/ increase in other financial liabilities	(2.25)	2.28
	(Decrease) / increase in other current liabilities	(274.79)	365.29
	Increase in current provisions	32.94	13.15
	Cash used in operating activities	**(6,696.64)**	**(4,126.42)**
	Income tax paid (net)	**(1,149.72)**	161.04
	Net cash used in operating activities	**(7,846.36)**	**(3,965.38)**
B	**Cash flow from investing activities**		
	Acquisition of property, plant and equipment and other intangible assets	(548.42)	(395.59)
	Proceeds from sale of property, plant and equipment and other intangible assets	9.07	10.87
	Proceeds from assets held for sale	-	793.82
	Movement in current deposit accounts	1,836.04	(5,000.00)
	Movement in non-current deposit accounts	-	5,000.00
	(Acquisition of) / proceeds from current investments	(1,534.28)	508.78
	Interest received	496.39	42.26
	Net cash generated from investing activities	**258.80**	**960.14**
C	**Cash flow from financing activities**		
	Proceeds from non-current borrowings	-	3,760.00
	Repayments of non-current borrowings	(730.00)	(1,200.00)
	Payment of Lease liabilities	(10.57)	(10.85)
	Proceeds of current borrowing (net)	10,232.66	1,507.17
	Dividends on equity share capital paid	(603.65)	-
	Interest paid	(866.39)	(919.55)
	Net cash generated from financing activities	**8,022.05**	**3,136.77**
	Net increase in cash and cash equivalents (A+B+C)	434.49	131.53
	Cash and cash equivalents at the beginning of the year (see below)	234.00	230.31
	Cash and cash equivalents at the end of the year (see below)	**668.49**	**361.84**
	Notes:		
	1. Cash and cash equivalents include:		
	Balance with banks		
	- in current accounts	667.21	360.53
	Cash on hand	1.28	1.31
		668.49	**361.84**

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Notes:

1 The Company is eligible for incentive of Electricity Duty among other incentives under the Punjab State Government's Fiscal Incentives for Industrial Promotion Policy (R) 2015 for its expansions completed up to 31 March 2016. Further, the Company is also eligible for claiming incentives under the Industrial and Business Development Policy 2017 of the Punjab State Government. Pursuant to the necessary approvals from the competent authorities, the Company has recorded Rs. 59.55 lakhs in the current quarter and Rs. 132.10 lakhs in the six months period ended 30 September 2021, Rs. 72.55 lakhs in the preceding quarter ended 30 June 2021 as compared to Rs. 240.07 lakhs, Rs. 243.21 lakhs and Rs. 373.46 lakhs in the quarter ended 30 September 2020, six months period ended 30 September 2020 and year ended 31 March 2021 respectively under the head "Other income" towards incentive of Electricity Duty & Infrastructure Development Cess exemption. Other incentives will be considered post sanction /assessment /approval by appropriate authority.

2 Punjab State Power Corporation Limited (PSPCL), vide its Electricity Supply Code and Related Matters Regulations 2014 and circular number 17/2020 dated 18 April 2020, gave a Public Notice offering its consumers of all categories to make advance payment towards their estimated electricity bills up to the extent they can and earn interest @ 1% per month on advance payment. Further vide notification no. PSERC/Secy/Regu.157 dated 20.07.2021, PSPCL has changed the interest rate on advance deposited with them, by all consumers, as rate (MCLR) for one year of the State Bank of India, as applicable on the 1st April of the financial year for which interest is payable subject to maximum of 7.05% p.a.

In continuation of its previous year decision of opting this scheme, in the current year the Company deposited the advance with electricity department considering Company's consumption levels. Accordingly, the Company has recorded accrued interest income of Rs. 120.42 lakhs in the current quarter and Rs. 208.55 lakhs in the six months period ended 30 September 2021, Rs. 88.13 lakhs in the preceding quarter ended 30 June 2021 as compared to Rs. 159.40 lakhs, Rs. 199.10 lakhs and Rs. 377.90 lakhs in the quarter ended 30 September 2020, six months period ended 30 September 2020 and year ended 31 March 2021 respectively under the head "Other income".

3 The Company is engaged in the single operating segment "Steel".

4 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these unaudited financial results including but not limited to the recoverability of carrying amounts of financial and non-financial assets, its assessment of liquidity and going concern assumption. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these unaudited financial results, used internal and external sources of information and expects that the carrying amount of these assets will be recovered.

The Company continues to take adequate safety precautions and will continue to closely monitor future economic conditions to ensure business continuity.

5 Pursuant to SEBI circular No. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019, the Company has listed secured commercial papers (CP's) on various dates on BSE limited (BSE) during the half year ended 30 September 2021.

a) Details of due dates and actual dates & amounts of repayment of listed secured commercial papers:

(Rs. in lakhs)

ISIN No	ISIN Type	Due Date of payment	Actual Date of Repayment	Redemption Amount
INE050M14742	Fresh Issue	09.07.2021	09.07.2021	2,500.00
INE050M14759	Fresh Issue	15.07.2021	15.07.2021	2,500.00
INE050M14775	Fresh Issue	26.07.2021	26.07.2021	2,500.00
INE050M14767	Fresh Issue	23.08.2021	23.08.2021	7,500.00
INE050M14783	Fresh Issue	07.09.2021	07.09.2021	2,500.00
INE050M14791	Fresh Issue	13.09.2021	13.09.2021	2,500.00
INE050M14809	Fresh Issue	24.09.2021	24.09.2021	2,500.00
INE050M14817	Fresh Issue	18.11.2021	Not Due	5,000.00
INE050M14825	Fresh Issue	06.12.2021	Not Due	5,000.00
INE050M14833	Fresh Issue	10.12.2021	Not Due	2,500.00
INE050M14841	Fresh Issue	23.12.2021	Not Due	2,500.00

b) The above commercial papers are secured against lien over fund based limits sanctioned by the banks secured by way of hypothecation of entire present and future tangible current assets of the Company as well as second charge on the entire present and future property, plant and equipment of the Company.

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6 Additional disclosures as per Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2021 (Unaudited)	30.06.2021 (Unaudited)	30.09.2020 (Unaudited)	30.09.2021 (Unaudited)	30.09.2020 (Unaudited)	31.03.2021 (Audited)
1	Debt Equity Ratio (times) = Net Debt*/Net Worth	0.50	0.55	0.61	0.50	0.61	0.30
2	Debt Service Coverage ratio (times) = [(EBITDA**-Current Tax)/ (Gross Interest+Scheduled principal repayment of Long term Debts)]	1.30	1.65	1.10	2.40	0.65	2.63
3	Interest Service Coverage ratio = [(EBITDA**-Current Tax)/ Gross Interest]	9.20	10.50	5.54	9.83	1.91	5.30
4	Net Worth (Equity share capital + other equity) (Rs. in Lakhs)	50,595.48	48,745.93	40,929.42	50,595.48	40,929.42	45,936.33
5	Net/(loss) profit after tax (Rs. in Lakhs)	2,429.20	2,779.73	894.01	5,208.93	(383.58)	4,419.48
6	Basic Earnings per equity share (In Rs.)	6.00	6.86	2.21	12.86	(0.95)	10.94
7	Diluted Earnings per equity share (In Rs.)	5.94	6.82	2.21	12.76	(0.95)	10.93
8	Current Ratio = [Current Assets/Current Liabilities]	1.81	1.88	1.72	1.81	1.72	2.09
9	Long Term Debt to Working Capital = [Non-Current Borrowings + Current Maturities of long term debt/(Net Working capital excluding Current Maturities of long term debt)	0.37	0.41	0.68	0.37	0.68	0.48
10	Bad Debts to Account Receivable Ratio = Bad debts/Trade Receivables	-	-	-	-	-	-
11	Current Liability Ratio = Current Liabilities/Total Liabilities	78.62%	75.34%	67.86%	78.62%	67.86%	67.13%
12	Total Debt to total assets = Total Debt/Total Assets	30.96%	34.57%	38.30%	30.96%	38.30%	23.60%
13	Debtors Turnover ratio (times) = [Revenue from operations / Average Trade Receivable] (Annualised)	5.54	5.81	6.35	5.55	3.27	4.64
14	Inventory Turnover ratio (times) = [Revenue from operations /Average Inventory] (Annualised)	4.78	5.97	6.93	5.28	4.43	5.45
15	Operating Margin (%) = (EBITDA** - Other Income) /Revenue from operations	13.65%	15.47%	8.53%	14.55%	3.70%	11.03%
16	Net Profit Margin (%) = Profit after tax/Revenue from Operations	7.24%	8.42%	3.62%	7.82%	(1.22)%	4.72%

*Net Debt: Long term borrowings (including current maturities of and gross initiation costs)+ short term borrowings - cash and cash equivalents - other bank balance - investments in mutual funds / term deposits.
**EBITDA: Earnings before interest, tax, depreciation and amortization.

7 The figures for the previous year/periods have been regrouped wherever necessary.

8 The above unaudited Financial Results as reviewed by the Audit Committee & have been approved at the meeting of the Board of Directors held on 25 October 2021 and have been subjected to Limited Review by the Statutory Auditors. The unmodified review report of the Statutory Auditors is being filed with the BSE Limited and the National Stock Exchange of India Limited. For more details, visit the Investor Service section under the Media section of the Company's website at www.vardhmansteel.com and Financial Results at corporate section of www.bseindia.com and www.nseindia.com.

VARDHMAN SPECIAL STEELS LTD.

For and on behalf of the Board of Directors of
Vardhman Special Steels Limited

Sachit Jain
Vice Chairman & Managing Director

Date : 25 October 2021
Place: Ludhiana

B S R & Co. LLP
Chartered Accountants
Unit No. A505 (A),
5th Floor, Plot No.178-179A,
Industrial & Business Park,
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Limited review report on unaudited quarterly financial results and year-to-date results under Regulation 33 and Regulation 52 of the Listing Regulations for Vardhman Special Steels Limited

To
Board of Directors of **Vardhman Special Steels Limited**

1. We have reviewed the accompanying Statement of unaudited financial results of Vardhman Special Steels Limited ("the Company") for the quarter ended 30 September 2021 and year to date results for the period from 1 April 2021 to 30 September 2021 ("the Statement").

2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Gaurav Mahajan
Partner
Membership No.: 507857
ICAI UDIN: 21507857AAAADC5963

Place: Chandigarh
Date: 25 October 2021