



Vardhman

Delivering Excellence. Since 1965.

stronger together



Vardhman Special Steels Limited

ANNUAL REPORT 2021-22

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Alone
we are
strong.
**Together
we are
stronger.**

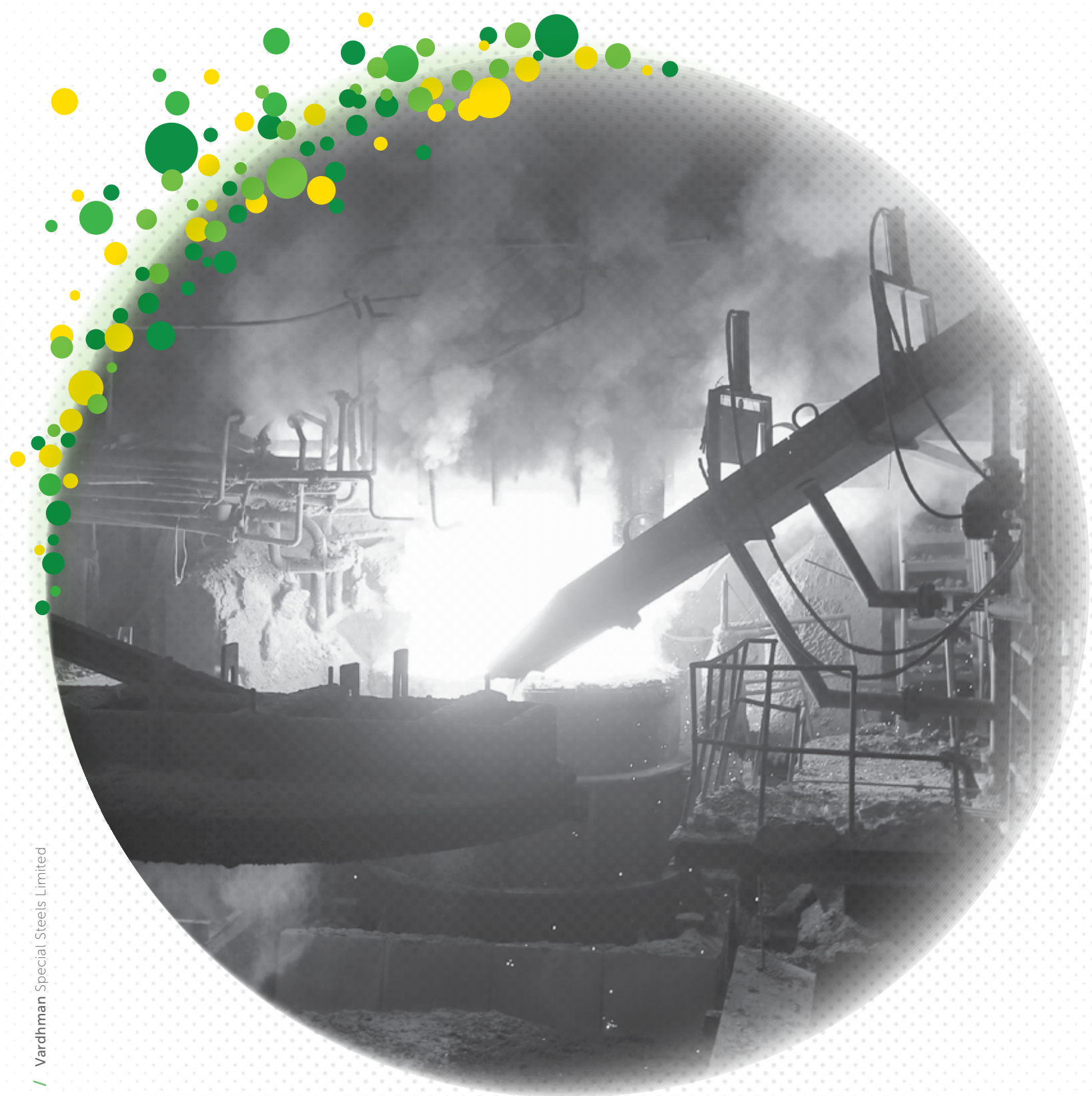
We are completing the first phase of our alliance with Aichi Steel, our joint-venture partner – a three-year exhilarating period during which we realised where we were and where we needed to be to make a difference. It was an enriching experience that highlighted our strengths and our areas of improvement. It was an enthralling journey during which each day brought forth an opportunity to learn, improve and become better.

Three
years ago,
**we were
a strong
player in
the special
steel
space.**

After
partnering
Aichi,
**we
became
even
stronger.**

We
believed
**our safety
practices
were
good.**

Until
we
realised
**what
Safety
actually
is.**



Like every other steel manufacturing unit of our size, we had a good safety unit that functioned well. They looked into incidents and tried to ensure that these did not recur. Our people were regularly trained. We had our safety checks in places on the shop floor and around it. Our safety audits happened regularly. For unfortunate incidents that happened, the Company took good care of injured employees. In short, our safety culture was personal and reactive. And then our joint-venture with Aichi Steel happened.

Aichi brought in a transformational change in our outlook toward safety.

At Vardhman, we redefined our safety parameters in detail.

Now, everything needs to clear the stringent safety filters.

Strategy discussions. Process improvement meeting. Et al.

Our safety training methodology was overhauled

The Toyota Safety training curriculum was different, stringent and more intense.

We deployed the Toyota Safety training methodology at our facility.

We trained hard for three years to imbibe these new standards.

Safety is now discussed at every forum.

A detailed Root Cause Analysis (RCA) is done for every issue, which is far more detailed than what we have done. This was another important learning for our Safety team.

It is discussed and debated in top floor Board rooms and shopfloor Control Rooms.

Accidents and their analysis are circulated across the organisation for increased awareness and horizontal deployment in other work areas.

Till now, Near Misses did not feature in our Safety ambit.

We realised that 'Near Misses' was as good as an accident.

We defined everything that came under the Near Miss umbrella.

We strictly tracked and recorded Near Misses. Something that was never done before.

The impact has been dramatic

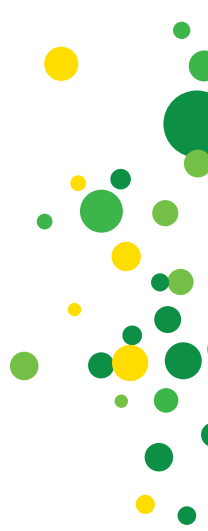
Our incidents (major and minor) have dropped drastically. Our near misses first increased and then plummeted.

We are on our way to meeting the elusive Zero-accident, a benchmark that is a 'no-compromise' target set by our Japanese partner.

Safety has become our topmost priority, even before quality.

Safety has become proactive, rather than reactive.

Safety is an organisational must-have, as compared to a personal endeavour.



We believed
**we were
making good
quality special
steel.**

Until we
realised, **we
were not
completely
there.**



Over the last decade, we made a special effort to improve our product quality. We made good headway each year. We celebrated our successes only to push us up the quality barometer a little higher with each achievement. We worked on developing new products. We focused on improving productivity and hence production. This we believed was the way forward for growth and stability. And then our joint-venture with Aichi Steel happened.

Aichi created the awareness of where we were and where we needed to be.

Aichi in a subtle way explained that we had some distance to cover.

We understood the real difference between special steel and clean steel.

We learned more details about the inclusions (impurities) and their identification, however marginal they were.

We had our partner's technical experts stationed at our facility who continued to show us the way, every day.

Aichi explained that when processes are robust, the product would be world-class.

We worked on weaving their SOPs neatly into our operating processes in our unit.

We made numerous small yet meaningful process tweaks at the SMS and Casting workshops.

We have made interesting tweaks in our Vacuum Degassing unit.

We will be changing our reheating furnace in our Rolling mill.

We implemented important changes in our roll-pass design based on FEM simulations.

Aichi focused on strengthening our testing capabilities

They have placed a technical expert in steel testing at our facility since the initiation of our partnership.

They have upped the testing specification in our equipment (probes and sensors efficiency have been made more stringent) to match their parameters – these changes throw up the delta between where we are and where we need to be.

They have inculcated a system of Root Cause Analysis (RCA) – they have guided the method of undertaking the RCA and recommended the equipment that is necessary for a detailed RCA.

They have provided complete support in setting up of new parameters in NDT line.

Aichi insisted on us setting up a world-class R&D Center

They have identified the parameters that need to be checked.

They are helping us in selecting the right equipment for doing the tests.

They have shown us how to check for these parameters.

This means, our steel which is now checked in Japan, will henceforth be checked at our facility.

Aichi made a world-of-difference

The environment at our facilities is charged.

The excitement to work alongside a global leader is palpable.

The difference is visible. Some of our steel variants under Aichi should commence mass production in FY24.

Aichi believes we can. And so do we.

We both have high expectations of each other.

We are working hard to emerge stronger together.

We aim to match the steel quality of Aichi and the process parameters of Toyota in a couple of years.

We made serious efforts to get a foot in the door of every OE.

Until doors suddenly opened for us.

All these years, we took pride in the fact that our special steel secured approvals from leading automobile OEMs operating in India, especially in the passenger vehicle and two-wheeler spaces. Because we had worked very hard, months and years.

Now Aichi is opening doors for us in a way we never fathomed before. They recommended our products to their forging divisions located in South-East Asia.

Aichi secured business from Toyota.

Based on our commitment and our partner's assurance, we hope to despatch some quantities of steel to Toyota and Maruti in the next 18-24 months for their planned product launches.

Aichi is representing us before very large brands.

Our partner is introducing our product quality to other Japanese brands operating in India and the ASEAN.

They are undertaking a detailed analysis of the path we need to adopt to match the quality parameters of these Japanese brands.

With some brands steel sampling has commenced, with time we hope to be catering to their requirements too.

With Aichi's daunting plans for the medium-term, Vardhman's prospects appear promising.

About Vardhman Special Steels Limited

A leading manufacturer of special steel

Based in Ludhiana, India, Vardhman Special Steels is one of India's leading special and alloy steel manufacturers catering primarily to the domestic automotive sector.

The Company manufactures hot rolled bars that are used by diverse sectors namely - Engineering, Automotive, Tractor, Bearing and allied industries. Committed to delivering unmatched quality, Vardhman Special Steels Limited is an ISO 14001:2015; ISO 45001:2018; ISO 9001:2015;

IATF 16949:2016 & ISO 17025 (2017) certified organisation. Over its four-decade journey, the Company has forged, strong business relations with most automotive OE customers operating in India and their Tier 1 and 2 vendors.

Spearheaded by Mr. Sachit Jain at the helm, the Company's day-to-day operations are managed by an experienced and energetic team. The Company equity is listed on BSE Limited and The National Stock Exchange of India Limited.

Strategic goal

- Become the best at manufacturing processes and product quality.
- Manufacture high-quality special steel which is currently being imported.

Strategic focus

Enhance operational efficiency and safety	Uplift product quality to global benchmarks	Optimise cost structure	Enhance wallet share with Japanese OEs in India
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1,031

Team size
March 31, 2022

554.96

Shareholders' fund
March 31, 2022
(₹ crore)

1,368.46

Revenue
in FY22 (₹ crore)

676.50

Capital Employed
March 31, 2022
(₹ crore)

100.75

Net Profit
in FY22 (₹ crore)

925.20

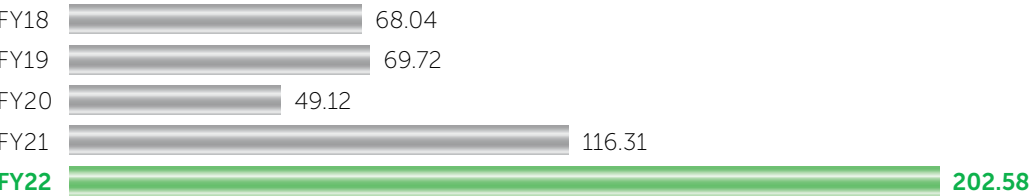
Market Capitalisation
March 31, 2022
(₹ crore)

Key Performance Indicators

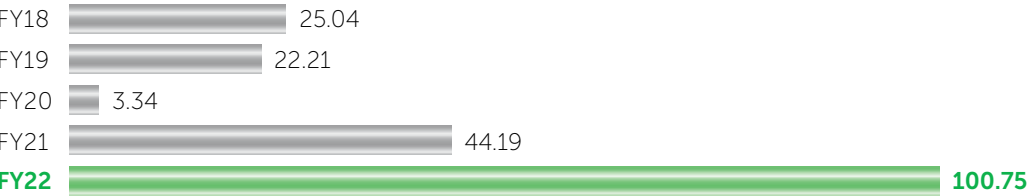
Revenue from Operations (₹ crore)



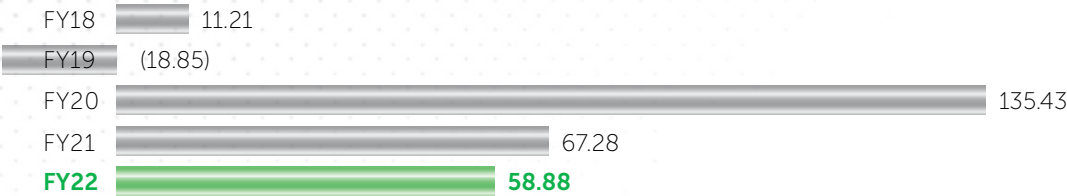
EBITDA (₹ crore)



Net Profit (₹ crore)



Net Cash Flow from Operations (₹ crore)



Networth as on 31st March (₹ crore)



Net Debt-Equity as on 31st March (X)

