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Ref. VSSL:SCY:JUL:2026-27 Dated: 29-July-2026

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**SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL OF VARDHMAN SPECIAL STEELS LIMITED – Q1 FY27**

Sir,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the earnings conference call of the Company held on 23rd July, 2026 to discuss the Company's business and financial performance for Q1 FY27.

Kindly take the same on record.

Thanking you,

Yours faithfully,
**FOR VARDHMAN SPECIAL STEELS LIMITED**

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DHINGRA

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COMPANY SECRETARY

"Vardhman Special Steels Limited

Q1 FY27 Earnings Conference Call"

July 23, 2026

MANAGEMENT: MR. SACHIT JAIN – CHAIRMAN AND MANAGING DIRECTOR – VARDHMAN SPECIAL STEELS LIMITED
MR. R.K. REWARI – EXECUTIVE DIRECTOR- VARDHMAN SPECIAL STEELS LIMITED
MR. SANJEEV SINGLA – CHIEF FINANCIAL OFFICER – VARDHMAN SPECIAL STEELS LIMITED

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q1 FY '27 Earnings Conference Call of Vardhman Special Steels Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sachit Jain, Chairman and Managing Director, Vardhman Special Steels Limited. Thank you, and over to you, sir.

**Sachit Jain:** Thank you so much. Good morning, ladies and gentlemen. Thank you very much for continuing to show an interest in our company and being with us at here today. We closed a good quarter. And overall, so the highlights of the quarter have been, first, of course, we signed the Technical Assistance Agreement for the forging unit with Aichi Steel, Japan. So, the forging project is going on as scheduled. And it looks like this project cost is going to be a bit lower than what we had estimated. And we'll update once we have a better fix on the numbers. But clearly, the project cost will be less than what we had estimated.

As far as this quarter is concerned, volumes have been good and price revisions have taken place because costs have gone up. Some prices have been agreed, some are in the process of agreeing, meaning the OEM has agreed to a particular amount, but it's likely to upward increase the price because other companies have not accepted that kind of increase. Anyway, that will happen when it happens.

Demand scenario is good. We are, in fact, finding it difficult to meet the requirements of the customers. So, we are scrambling how we can make sure that we're able to increase capacity further. We have applied to the Environment Ministry for approval to increase capacity to 360,000 tons of melting. But that will happen when it will happen.

Meanwhile, some of the other things that we have been doing is the new reheating furnace has been stabilized. New NDT line will be commissioned by September, October of this year. And new peeling line will be commissioned by September, October of this year. After this, the bottlenecks in our smooth flow of production will get removed.

Currently, we continue to have pile up of material that is ready as the customer wants, but because of lack of testing capacity it's not able to go through. Even peeling, we need to get some peeling material done on job work from outside. All those things would come in-house and we'll be able to improve the product mix and quality of sales in the second half of this year.

Solar plant, we've got a full quarter of savings we've had 2.3 crores units this quarter and roughly 43% of our total power consumption is coming from solar. There have been further changes in the government policy, which means we can enhance the solar project. We expect in about a year or 1.5 years' time, we'll be going ahead and we'll be increasing the capacity by almost 50% of our solar plant. So that will add to the bottom line and to reduce the carbon footprint.

Already, our carbon footprint is below 0.5. So, it places us with best amongst the Indian companies in terms of carbon footprint and approvals. So, there isn't any other company which is near us in carbon footprint, which has the approvals. This enables us in a very strong position for exports to Europe.

Overall, EBITDA numbers are within our range of 8,000 to 11,000 level. We would like to remove part of the EBITDA for your calculation purposes because some of the EBITDA and other income is from the earnings we have got from the surplus funds of Aichi we have deployed in money markets. That is really not business income, so we have removed that in our calculation. And if we remove that, our EBITDA per ton for this quarter comes to INR10,700.

So, I'm gradually getting the confidence that for next year, we can improve our range. Today, our range is 8,000 to 11,000. But next year, we should be able to increase the range from 8,000 to 12,000. So, I can see profitability improving. And that is a result of cost reductions, and bigger production, fixed cost being spread over a bigger volume. That's all from me in the opening remarks.

Sorry, one last thing. As far as the new steel plant is concerned, we are partly reconfiguring the plant to reduce carbon footprint further and improve energy efficiency. So, things like scrap preheating, which was not envisaged earlier and some other equipment that we had not envisaged earlier, including testing lines.

Today, we had planned only one continuous testing line for the new plant. But seeing the way the market is changing and demand for continuous testing and automatic testing lines, we will have to need more -- we need to add more lines, which means the project cost is going to increase as well as the capacity is going to increase of this plant.

So again, details are still being worked out. I think by next Board meeting, we will be able to have a clear picture and we present a refined project with an increased capacity and try to keep cost per ton similar to where we have envisage, maybe a little higher because of Iran war. Metals have gone up everywhere as well as rupee has depreciated.

So, the cost of specialty is going to be also based on that. So those are being worked out, and we will have a better estimate in the next quarter. As of now, we are still on track to commission the project in the financial year '29-'30.

That's all from me for now in the opening remarks. Singla is going to add some numbers, and then we can have Q&A session.

**Sanjeev Singla:** Good morning, ladies and gentlemen. On the numbers for the quarter. This quarter, we have achieved 59,000 tons of sales, which is higher than the corresponding quarter of last year by

6.5%. And revenue from operations is at INR486 crores, higher by 12%, it's a combination of both. One is because of higher volumes and secondly, because of increase in sales prices. As a result, our EBITDA this quarter is -- for the quarter is INR68 crores for quarter and INR41 crores is the PAT. Overall EBITDA per ton as Sachit has already explained, it's INR10,760 per ton. And PAT is INR41 crores in this quarter as against INR34 crores in the immediate preceding quarter and INR20 crores in the corresponding quarter of last year. This is all on the numbers for the quarter.

And now we can open for the question answer session.

**Moderator:** The first question is from the line of Shivam Singh from Capital Ark.

**Shivam Singh:** Congratulations on the good set of numbers. I wanted to ask that we had projected that our revenue would grow in exports. Could you please quantify how much the exports were in this quarter?

**Sachit Jain:** We couldn't hear that part. Can you repeat your question, please?

**Shivam Singh:** So, we had projected that our export sales would increase. Could you quantify how much of our sales was in export?

**Sanjeev Singla:** Sales in exports, how much is our exports? So, the total exports is still accounting for about 6% to 7% direct export and another 5% is going as indirect exports through -- which is going to Aichi through the trading arm in India.

**Sachit Jain:** So, what we are finding is that our estimates of direct exports of steel were off. But more and more customers are wanting to buy from India, but they are wanting to buy components and forged products from India. So, a larger part of our business is -- a lot of our customers are exporting products to Europe and to the U.S. So, what we will start doing, I think, is -- I think a valid point, the question that you raised. From next quarter, we'll try to calculate, it will be an estimate that how much of our product is actually getting indirectly exported out of India as components.

**Shivam Singh:** That's very helpful. And sir, I had another question. So, with the partnership with Aichi, could you quantify how much of the business is like -- what is the business concentration per client? Because Toyota is a partner of Aichi, if I'm not wrong. If the growth in our...

**Sachit Jain:** No. No, the business -- we are very well diversified across customers. But our increased focus as we go forward, the concentration with Maruti as a customer will be our target. If we're able to achieve that, that's a separate issue. But we will try to continuously increase business with Maruti more than -- as a bigger share of our customers. As of now, it's a small percentage. That's about 10%. So, we don't have any concentration risk.

**Shivam Singh:** Okay, sir. And sir, if I can ask another question.

**Sachit Jain:** Please, can you please come back because there's a queue.

**Moderator:** The next question is from the line of Divyansh Gupta from Latent PMS.

**Divyansh Gupta:** Two questions. One is -- and I joined late, so if it is at cost of repetition, then sorry, then the status of the expansion of the existing plant from 3 lakh to 3.6 lakh, if you can share any update on that? And second is on the land acquisition for the 5 lakh -- 5 million plant that we are planning.

**Sachit Jain:** So, the new plant is 5 lakh tons, not 5 million. 5 million, we will get into -- big, big guy territory. We have no plans to be big, big boys, we have small area. So, land is in the last stage of getting finalized. And machinery is also in the last stages of getting finalized. So hopefully, by August end or latest by mid-September, we should be able to finalize everything.

**Divyansh Gupta:** Got it. And on the EC application from 3 lakh to 3.6 lakh?

**Sachit Jain:** We have made the application. And so, in all probability in the next 3, 4 months, we should get the approval because the -- but again, you haven't got it until you have got it. So, fingers crossed till that time, we will be close to our final production capacity because we had never imagined we will even reach this level. So, I must publicly thank my team who have done great work in figuring out how to keep improving productivity to reach this level.

Now all this is helping us in the new plant. In the planning of the new plant, as I said, what was to be a 5-lakh ton plant is going to be significantly bigger than that. Of course, we'll have to make some more investments in that. But -- and cost per ton is going to be lower than what we had estimated in the new plant. And once we have better estimates. Next quarter, we'll have better estimates.

**Moderator:** The next question is from the line of Anand Kumar Sharma, an Investor.

**Anand Kumar Sharma:** Congrats for the great set of numbers. Sir, my question is regarding this next project, 5 lakh ton project. You have said that by first quarter, we will be able to start the production of this forging unit. And what will be the exact diminution of the cost, reduce cost? Can you explain -- give some light on that? And what are the other projects apart from this forging project, what about the other projects?

**Sachit Jain:** Forging project is likely to get commissioned by last quarter of '27-‘28. And then to fill up the project, the plant will take 6 months to 1 year because it's a totally new product. Customers need to come and see the plant and then approve it and then business will start coming. So, revenue for that will start coming from the year -- maybe in the end of '29 and or '29-'30.

Project cost, as I said, is lower than estimated as we have been able to negotiate better terms and some equipment that we have seen as Japanese equipment, we are able to find Indian substitutes for that. And so overall, those costs are being estimated.

And in the next 3 months, we -- again, by next quarter, we'll have a far better grip of the total savings. But as of now, we can say there is -- from the INR475 crores that we had estimated, there is a substantial saving from that. The saving is more than 10%.

**Anand Kumar Sharma:** Sir, second question is regarding the expansion in the current project. When do you expect that to start the lines?

**Sachit Jain:** New steel plant, we expect to start in the financial -- by end of '29-'30. So, 6 to 8 months to stabilize the plant and '30, '31, we'll start getting revenues from that.

**Anand Kumar Sharma:** Q1 of '28 sir?

**Sachit Jain:** This is '29-'30, this is new steel plant. This is a new steel plant.

**Anand Kumar Sharma:** No. No, existing capacity. The expansion in the existing capacity, the 3 lakh to 3.60 lakh tons.

**Sachit Jain:** Once we get the approval, only then we will have to invest some money. So that will take some time. But until we get the approval, we can do nothing.

**Sanjeev Singla:** Just to add that for the current year, we don't have any capacity constraint because whatever our plans are there for the current year. So, we have enough license capacity. And once this approval comes, so it will be helpful in the next year.

**Moderator:** The next question is from the line of Deepak Poddar from Sapphire Capital.

**Deepak Poddar:** I just wanted to understand now you mentioned you don't have any capacity constraint this year. So, what's the volume growth you are targeting for FY '27?

**Sachit Jain:** This year we are targeting about 255,000 tons for this year. Next year we expect to cross 270,000.

**Deepak Poddar:** 270,000. Okay. So, I mean, in terms of growth, we are still quite nominal, right? I mean the target in terms of growth for FY '28 itself, it's what 7%, 8% only. So, what will drive our revenue growth? Will it be more value addition? So how should one look at revenue growth?

**Sachit Jain:** So, I think, see, what we are looking at in the future is diversifying away into non-automotive steel. So, there's a whole category of non-automotive steel that we were not addressing earlier. One, we didn't have the capacity.

Two, we did not have the technical capability in the equipment. So, in that casting is the route which is going to be used for many of these products. And ingot casting is something that we plan to establish in the plant by third quarter of this year. And by fourth quarter, we hope to stabilize. So, this year, we would have established and stabilized the ingot casting.

Now we intend to get into die steels. India today imports INR1,000 crores worth of die steels. So that's a big area for us to grow into. So that is die steel. Railways, for axles, there is a big demand for steel for that. Windmill shafts, there's a big demand, a lot of it gets imported. So, we are moving a lot into import substitution. Earlier, we didn't have that capability. So, by end of this year, we will have the capability. So, we will start a second engine of growth.

Today, we have only automotive steel as an engine of growth. Tomorrow, we will have a second engine, which is non-automotive steel. And once the forging plant comes up, there will be a third engine of growth.

And the fourth engine of growth will come up, that will come up maybe 1.5 years down the line as we start working towards aerospace and steels for nuclear plant and so on. So that is the fourth lever of growth, which will take a few years for us to come. But that is the thinking of going ahead.

So just now, we are constrained because our capacity is 3 lakh tons, which is the license capacity. We can't go more than that. So, we can keep saying that you are very conservative growing only 7%, 8%. When that is our capacity, we can't go more than that. We are also examining can we get import billets from outside and roll it outside and do some job work and develop that market.

So, if you are able to find a credible source and because you have to have a complete supply chain for that. So, if we are able to do that, then we have a chance of growth again. So meanwhile, what we will do is if we don't have growth possibility, then we'll work on internal how to keep improving margins and better product mix. Meanwhile, the new plant will come up. So once the new plant comes up, then again, then there is massive growth possibility.

**Deepak Poddar:** That's very helpful, sir. And my second question is on your Japanese tie-up. I mean we have done this tie-up. So, what sort of potential is there? Can you throw some more light? I mean how we are looking at the tie-ups that we have done?

**Sanjeev Singla:** So, for example, approval for Toyota, which happened for global approval, we got because of that tie-up. The approval for localizing imported steels for a customer like Maruti, we are getting because of our partners. Then there are internal improvements in terms of overall quality, safety, so many other improvements that are happening.

Toyota in India is expanding. TKM is expanding with a new plant in Aurangabad or what's it called -- Aurangabad, the earlier Aurangabad. So, with the new plant coming up, they are looking at us for more steel, but we are the only green steel -- Sambhaji Nagar, at Sambhaji Nagar where very clearly, they need more green steel. We are the only company which can provide green steel with all the approvals. So as green steel becomes more and more important, we become the only players which can provide that.

And with our expansion coming up, we will be very well placed and most companies have targets by 2030 to have a large part of green steel coming in. And circular economy Maruti. So still -- and I'm reasonably confident that we'll get this approval. But again, I said till we have not got this approval, we don't have it.

**Moderator:** The next question is from the line of Ritwik Sheth from One Up Financial Consulting.

**Ritwik Sheth:** Sir, a couple of clarifications. Sir, in the opening remarks, you mentioned that the greenfield plant, we are looking to increase the capacity from 5 lakh tons. And because of inflation in metals and INR depreciation, the cost will increase. Is this the right understanding?

**Sachit Jain:** Correct. That's right.

**Ritwik Sheth:** Okay. Okay. Sure. And sir, you mentioned that FY '28, you'll be increasing the EBITDA per ton guidance from INR8,000 to INR11,000 this year to INR8,000 to INR12,000. So, can you quantify the -- or can you give us a colour what will be the key drivers for this increase INR5,000 per ton?

**Sachit Jain:** The key drivers are 3. First, that we will have bigger production and therefore, the fixed cost will be spread over a bigger volume. Two, there are operating costs that have come down and that are further coming down as we go ahead. We can see all those things happening as we go along. Third will be, we still have job work and outside processing going on, which will start coming down from second quarter partly. No, not second quarter, from third quarter, you'll see them coming down.

So, these are 3 levers. And the fourth lever will be, in a year's time, roughly, we'll have to see. We have not given an exact forecast of when the new solar plant will come up. So, when the new solar plant comes up, again, there'll be cost savings based on because of that.

**Ritwik Sheth:** Okay. So, this is just a brownfield expansion on the solar plant which we have right now?

**Sanjeev Singla:** No, it will be new solar plant capacity.

**Ritwik Sheth:** Okay. With similar cost savings?

**Sachit Jain:** No, because now the government has changed the rules. They are not that solar panels. The cells have to be -- as solar panels are locally made, the cells have to be also locally made. So, the cost of panels is now higher than earlier. So, the savings on account of the solar will be lower than in the first phase, which came up.

**Ritwik Sheth:** Right. And sir, just one last question from my end. We are working with the European OEM to supply materials. Any update on that?

**Sachit Jain:** I don't have an exact update, but that should happen by later part of this financial year.

**Ritwik Sheth:** Okay. So, we expect to start the commercial supply to them in H2?

**Sachit Jain:** Yes.

**Sanjeev Singla:** The samples have gone...

**Sachit Jain:** The sample have gone. All work is going on track.

**Moderator:** The next question is from the line of Arpit Tapadia from IGE India.

**Arpit Tapadia:** Congratulations on a good set of numbers. I just wanted to know how does this EBITDA per ton drives into your company, which is within the range given? And what makes you the change of range this time? And what will be the outlook going ahead?

**Sachit Jain:** So, while we are -- we stick with the ranges because we deal with the auto OEs, and the auto OEs change the prices upwards or downwards based on cost parameters. So, because of cost, raw material cost goes up, therefore, they would increase the price of the steel. So that gives us a range. We remain protected within a range. And every few years, the range get bumped up or lower depending on market circumstances.

In addition to that, as we -- as I said earlier, with an increased production, cost per ton comes down. With the current modernization that we have done, certain costs have come down, yields have improved. We have already said that earlier, with the new reheating furnace, yields have improved and they have improved. Then outsourcing that we are doing, the job work that we are doing, that is going to come down. So, these are the factors, and that gives us the confidence.

And then with the new solar plant coming up, that will add further. Once the solar plant gets commissioned, then we would like to change the range to 9,000 to 12,000 rather than 8,000 to 12,000. So, for next year, it is -- it will be 8,000 to 12,000. And I hope all goes well. The year after that, we should move to 9,000 to 12,000.

Then the other kicker that's going to come in once we are able to establish our die steels, and railway steel. These are all high-margin products. Very difficult to make. Fortunately, for us, Aichi, our partners, they make die steels also. So, it is very, very important for die steels to have a foreign know-how, and we have our partners, Aichi, who know this business and who make -- they are the largest forging company in Japan. They have about 150,000 or 170,000 tons of forging in Japan. They are about 50% market share in Japan. And they use their own die steel in their forging. So, it's tried and tested in their in-house. That know-how is going to get us.

**Arpit Tapadia:** Got it. And for our new complete greenfield plant, what are the next footsteps to check, let's say, from 1 to 2 years' perspective?

**Sachit Jain:** So, the next steps to track will be purchase of land. Second is placing of orders. Third is status of environmental clearance. Then it's progress of the plant. Funding is not a problem for us because, one, we already have a reasonable funding available with us, already cash has come in. And second, sometime next year, depending on when we need the funds, we will be doing a capital raising.

Both the large shareholders, the largest shareholders, Vardhman Group and Aichi, they have given their commitments for putting in as much capital as required. And then we are also in touch with certain large institutions. There is a certain appetite to put money in the company. So, raising equity is not a problem. And then we have to obviously touch with banks to raise the debt is also not a problem. So funding is not a problem.

And lastly, Punjab government because we intend to put up this plant in Punjab is very keen for this project. So, government support is also fully assured.

**Moderator:** The next question is from the line of Gagam Shah, an Investor.

**Gagam Shah:** So just one -- most of my questions, I just had one clarification. So, you said the brownfield capacity will require the environmental approval. So, when do you see -- let's say approval come by next quarter or 3, 4 months. So, what will be the ramp up to -- for the revenue to come kick in?

**Sachit Jain:** So, if the approval comes in, then we will up the sales target for next year from 270, we will come up to something like 290 because we can improve production up to a point without any further capex. Beyond that, we will need capex. So, moment we want to finalize everything for the new capex and sign it immediately once the approval comes, and it will be roughly a little over a year for new capex to come in. So, we should be able to reach 330, 340 in the year '29, '30 -- '28, '29.

**Sanjeev Singla:** '28, '29.

**Gagam Shah:** Okay. And also, you mentioned that you're looking at the non-automotive areas and for this year itself. So, is there a potential upside also coming from there?

**Sachit Jain:** To just give you an idea, die steel prices are -- currently, our average price is about INR85,000 a ton. Die steels are about INR2.5 lakh a ton, non-ESR. And as we get into ESR, if they cross INR3.5 lakh, INR4 lakh a ton. The volumes are small, but price is high. Of course, there's a lot of heat treatment and you need pressing and other things. So, there are other process. It's not that the profit jump up by that much. So, the costs are also higher to make it. But the margins definitely are higher in those products and the sales value per ton is higher.

**Gagam Shah:** Okay. But the die casting plant will also come up in '28, '29, right?

**Sachit Jain:** No, no, we may want to start that process. No, no. Again, die steel, so there is a forging plant which is separate. Die steel is steelmaking process. For that, we are putting it in ingot casting, which will be ready by second half of this year. In Q3, we should have the ingot casting ready.

Now then it is a stabilization process, learning this thing and so on. That should take 6 months. So, in the financial year '27-'28, we should have production of die steels as a regular thing. But all this will be within the overall limit of 3 lakh tons, then we get environmental approval. So, what is going to happen, optics are going to improve.

**Gagam Shah:** So, in terms of growth, the inflection point will come up from FY '28 onwards, right?

**Sachit Jain:** Yes. If we get the environmental approval '27-'28, it will improve automatically. Then again, the throttling of sales that we have, that 7%, 8% kind of a thing, that limit has gone then. Just now we have a limit that we can't do more than that.

**Moderator:** The next question is from the line of Anandh Dharshan from 360 ONE Capital.

**Anandh Dharshan:** Congrats on good set of numbers. I just want to know the export volume guidance for...

**Sachit Jain:** Can you speak louder? Yes, go ahead.

**Anandh Dharshan:** Can you just let me know the export volume guidance for this current year, sir? And how much is towards Aichi Steel?

**Sachit Jain:** The export volumes are small, it is about 7%, 8%. So don't need to track it specifically, and it will not be very high. At max, it will go up to about 10%. So, we -- as I said earlier during the call, we had erred. We made a mistake in our assumptions. At that time, it seemed exports will take a bigger chunk.

But today, we are finding we are not able to meet the requirements of our existing customers. So, exports is not high on our agenda. Whatever is growing organically will continue to grow a little bit. So out of this 7%, 8%, Aichi is about half. A little over half. A little over half.

**Sanjeev Singla:** So total direct and indirect together will be in the range of 9% to 10%.

**Sachit Jain:** The numbers are small. I'm saying there's no need for you to track that specifically. Aichi is less than half, sorry. So, Aichi is what about 40% of this exports.

**Anandh Dharshan:** Total exports.

**Sachit Jain:** One more interesting thing, I think, which is a follow-up of all the questions that you have raised. So, when we are talking of this nonautomotive steel, which is whether it's die steel or railways and so on, initially, these volumes are going to be low. But what we are doing is we are creating an option that once a new plant comes up, then we have the capacity.

Once the business has been established, and we have seeded the business to grow after that faster becomes much easier, which will help us in filling up the capacity of the new plant faster. So that is the other objective of why we are pushing so hard on these products right now.

**Moderator:** The next question is from the line of Divyansh Gupta from Latent PMS.

**Divyansh Gupta:** Just one question. In the deck, we have mentioned that for the long-term aerospace and everything else, it would be under a dedicated JV. So, the question around that is, is there a shortlist of player identified? Or is it probably Aichi? And is it purely legal terms there will be a separate subsidiary under a JV structure? Or is this a technology JV that we are aiming, like we have with Aichi that they take stake and then they transfer the technology?

**Sachit Jain:** So, we are talking to a few people. We are looking for more people. So, this will be a non-Aichi JV, where the partner. Aichi is strong in automotive steels. They're strong in stainless steels, including medical steels and as well as they are strong in die steel. So, the volumes are not that great, because they use largely for internal consumption. So, for the advanced metals that we are looking at the Advanced Metals division, we will be looking for a partner outside.

So that process of finding a partner will take its own time. It will take a couple of years, and we are in no hurry because, one, this is a slow process of finding the right partner with the right understanding is important. So, this is just a directional thing that this is what we want to do in the future.

For your forecast for looking at valuation, et cetera, for getting a hang of the numbers, these numbers will be too small and a little outside your horizon to think too much about it. So, it will be a separate company. It will be a JV because nobody is going to pass their know-how without being an equal partner in it. So, once we find the right partner, we'll make the announcement, of course.

**Moderator:** The next question is from the line of Yash Parkar, an investor.

**Yash Parkar:** Firstly, sir, congratulations on great set of numbers. Most of the questions are answered already, but just a few questions. You mentioned that better realization came from OEM price revisions during the quarter. Could you help us understand whether these revisions are largely complete? Or should additional pricing benefits accrued during the year going forward?

**Sachit Jain:** So, for Q2, we've asked for further prices -- price increase. So Q2 process will happen later. Q1, the price settlement has been completed with some of the OEs. But some of the OEs, it is still not complete. So, it is likely to rise higher. So, the Q1 price was for the settlement is likely to rise higher. If that settles higher, then our ask for Q2 will come down a bit. So Q2 numbers will not change, except that certain profit of Q1 will be spilled over into Q2.

**Yash Parkar:** Okay. Sir, another follow-up question. So, following the commissioning of our Kocks Block and Reheating Furnace has. What is the current rolling capacity utilization and beyond the operational efficiencies, are there any bottlenecks remaining before the plant reaches its designated utilization?

**Sachit Jain:** Yes. So, the rolling mill after the commissioning of the Kocks Block and Reheating Furnace has reached its capacity of 3 lakh tons of input. And the way our team is working, they are confident that we will hit 330,000 tons capacity of input. So, we are already confident of 10% higher production. But again, as I said, this is constrained by license today. So, it's running at full capacity utilization.

**Yash Parkar:** Okay. Sir, last question from my end. On the forging and machining project with Aichi Steel, could you elaborate on customer qualification timelines? Should we expect commercial production immediately after commissioning? Or will there be a gradual ramp-up before meaningful revenue contribution?

**Sachit Jain:** Very gradual ramp up. So, we're already talking to customers and we're starting again, we are very lucky that because our partners are already there, we are already sending steel to Aichi, getting it forged from there, and getting -- sending it to customers for approval. So at least the process approval will have happened.

So those things will shorten the process of ramping up. But it will take time because it's a new business. We have to learn this business and the customer have to get confidence also. Their confidence is high, because Aichi is already an expert in this area.

But this area and this method of doing some of the products that you're going to do for the customers is new. And it has benefits, which is why the customers are also excited, but they have to see this in action.

**Yash Parkar:** Correct, sir. So, over the next 2 to 3 years, we can expect the margins to improve majorly because of the cost optimization as well as value-added grades that are evolving. Am I right in that?

**Sachit Jain:** Value-added grades will be a very small chunk. But again, I'm repeating 3 areas which will lead to margin improvement. One is volume increase and therefore, spread of fixed costs. Two is operational improvements and therefore, some operational costs coming down. And third is job work reducing and therefore, those costs coming down. And in addition, will be the fourth part of solar, which will happen a little over a year from now. So, it will be the second half of '27-'28 will have a impact on the value-added products should start happening in '28-'29. So '28; 29, we should try to modify our range from 8,000 to 12,000, we like to remove the 8,000, and say, we are confident of 9,000 to 12,000.

**Moderator:** The next question is from the line of Damodar Das, an Investor.

**Damodar Das:** So, sir, 2 questions on the line. First of all, congratulations on the great numbers. So, 2 questions on the line. One is that what is our current order book visibility from OEM customers? And secondly, what is your outlook on steel realizations over the next 2 quarters?

**Sachit Jain:** So, one, we never have a strong output -- there is no system of a very strong order book. We are completely booked out and we are refusing orders. So, I mean, we call it a strong order book or visibility, we are currently having trouble meeting the requirements of our customers. So, demand is very strong. And no customer gives long-term orders that okay, you have this much coming in, in the third quarter or fourth quarter. All depends on their volumes.

So, the customers are steady. It is all repeat business, which comes in. And the next volume increase is going to come from the commercial production beginning for the import substitution for Maruti, which will happen -- start happening in the fourth quarter of the financial year. So that's all I can say.

**Sanjeev Singla:** And on realizations for the next quarter again, we are asking for the price increase from 1st of July. So...

**Sachit Jain:** Q2 will be higher prices.

**Sanjeev Singla:** Yes, realizations will be higher in Q2 than Q1.

**Sachit Jain:** And Q3 depends on how raw material prices continue to function. So more or less, as of now, Q3, we don't expect a major change. So, it may be either same or a little bit higher or a little bit lower. But Q2, definitely, we expect an increase in prices.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. Jain for his closing comments. Over to you, sir.

**Sachit Jain:** Ladies and gentlemen, thank you, once again for continuing to be very strongly engaged. The kind of questions you've been asking us means that you have deep interest in our company, and you're forcing us to think and find out answers and be ready for next quarter when you come back again. Thank you so much, and we hope to continue and improve, perform steadily and improve steadily.

**Moderator:** Thank you. On behalf of Vardhman Special Steels, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.