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BSE Limited, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, MUMBAI-400001. **Scrip Code:** 534392	The National Stock Exchange of India Ltd, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 **Scrip Code: VSSL**

SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL OF VARDHMAN SPECIAL STEELS LIMITED – 3QFY26

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 conference call of the Company held on 21st January, 2026 to discuss the Company's financial performance for 3QFY26.

Kindly take the same on record.

Thanking you,

Yours faithfully,
FOR VARDHMAN SPECIAL STEELS LIMITED

SONAM DHINGRA

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(SONAM DHINGRA)
Company Secretary

"Vardhman Special Steels Limited
Q3 FY '26 Earnings Conference Call"

January 21, 2026

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

MODERATOR: **MR. AMIT SHARMA – ADFACTORS PR**

Moderator: Ladies and gentlemen, good day, and welcome to Vardhman Special Steels Limited Q3 FY '26 Earnings Conference Call. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Sharma from Adfactors PR. Thank you, and over to you, Mr. Sharma.

Amit Sharma: Thank you, Renju. Good afternoon, everyone. On behalf of the entire management of Vardhman Special Steels Limited, I thank all the participants present on the call, and I wish you a very warm welcome to be present here for the Q3 and 9M FY '26 Earnings Conference Call.

To guide us through the results today, we have with us the senior management team of the company, represented by Mr. Sachit Jain, Chairman and Managing Director; Mr. Sanjeev Singla, Chief Financial Officer; Mr. R. K. Rewari, Executive Director; and Ms. Soumya Jain, Executive Director.

Before we begin, please note that this conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

We will commence the call with an opening speech by Mr. Sachit Jain, followed by the financial highlights by Mr. Sanjeev Singla. After this, we will open the forum for the Q&A.

With that, I now hand over the call to Mr. Sachit sir. Over to you, sir. Thank you.

Sachit Jain: Amit, thank you. Ladies and gentlemen, a very good afternoon to you on behalf of my team and myself, and thank you for showing your continued interest in our company. Last quarter has been very, very interesting. We've had good volumes, but price reduction has happened primarily because of lower prices of raw material.

However, the trend has changed in raw material prices and raw material prices started rising in the last week of December and continue to do so in the beginning of January. The impact of this in terms of prices, some impact may come in the fourth quarter. Otherwise, first quarter of next year, the impact of this cost increase will come in. Overall, availability of raw material continues to be fine. Demand continues to be strong.

And the other significant events have been is that we have renewed the third technical assistance agreement with Aichi for the next 3 years as well as we have announced our forging project. We had earlier indicated we will decide by January. As things happened, we decided -- we had a special board meeting in the month of December, and we announced our forging project. Now a little bit about Aichi's forging abilities. Aichi, as you know, is a Toyota Group company, which is very strong in special steels, in automotive steels as well as they are also very strong in forgings.

Almost their entire production -- and they are the largest forging company in Japan, and almost their entire production is consumed totally by Toyota Group, so partly Toyota and partly by Toyota Group companies.

So all the Toyota manufacturing systems, all the production systems, all those capabilities are part of their skill set. And those capabilities are going to be transferred to the new plant as we are putting it up. The target date of commissioning of this plant is going to be July '28. So, one year before our new steel plant. So the forging business will start production before the new steel plant.

The investment proposed is INR475 crores, which includes land and buildings, some extra buildings will be made. But most of this capex would also take care of the second line, which will come in. So second line of forging, which will come in, will take lesser investment than this one.

As far as Vardhman Steel is concerned itself, the reheating furnace capex is in progress. It is likely to get commissioned by March, and we should get the full benefits of it from mid-April onwards. So let's say, May onwards, we'll get the full benefits of the new reheating furnace.

Two benefits that we are expecting from this is, one, a large part of our job work outsourcing will go away and will come in-house. Second, we will be able to improve our yield, and therefore, that will add to the bottom line. And third, we will also improve our servicing to the market, which will lead to inventory reductions as we go along.

And of course, the entire job work will not go away. Some job work happens because of our bigger size billet, which we don't have the rolling capability and some job work happens for our bright bars.

And really, the profit that we are passing to our vendors and the transportation costs to our vendors for job work, that and our relative better efficiencies, that is going to be addition to the bottom line, not the entire job work item if you're expecting that kind of increase happening. It will be part of that job work, which is going to be the increase.

As regards to the Greenfield steel plant, land purchase, we are in the final stretch now. We should be able to complete the purchase of land if all goes well in this quarter. And discussions with machinery suppliers are going on full swing. We hope to come out with a very robust plan.

And we are sticking with our date of July'29 for the commissioning of the new steel plant. The new steel plant is expected to have a capacity of about 500,000 tons. It's going to -- we believe we'll be able to produce more from it than the stated capacity of 500,000 tons.

As of now, it's too premature to say what we think we can produce from here, but definitely more than 500,000 tons. The second, with the new plant coming in, we are going to add to our product mix portfolio. Currently, we are restricted to smaller sizes and medium sizes.

For larger sizes, which is 90 mm and above, which is required for some crankshaft materials and for some specialized gears and for products required for commercial vehicles and off-highway vehicles, we don't have those capabilities. In the new plant, we will have those capabilities.

In addition, as of now, we have almost 100% automotive steel business. We don't have the technical facilities to produce non-automotive steels. And some of you who have read my annual reports -- letter to the shareholders in my annual reports of 2016-'17, I have been expressing my desire to get into other specialized steels apart from auto steel. So with the new plant, we will have those technical capabilities into the MachineryPark, which will enable us to get into those areas.

And just for your attention, the nonautomotive space is a very vast space. And I'm not saying we get into all these spaces, but I'm just -- to give you an idea of what it covers: Bearings, railways, defense, aerospace, tool and die steels, oil and gas. So it's a -- and a few others, the turbines and the shafts for shipping, shafts for windmills. So there are massive areas, which are nonautomotive.

In fact, globally, the non-automotive steel segment is 60% of special steel. In India, it's lower. And in Vardhman, it's close to zero. So in the next 10 years, we expect to have a reasonable non-automotive steel portfolio, too. This will entail, of course, a lot more thinking, and we'll be ready for some announcements maybe in 1 year, 1.5 years' time.

But just now, the focus is optimizing the current steel plant to take it up to 300,000 tons of billet making and 270,000 tons of finished product. The second is the new forging plant. And third is the project implementation of the new steel plant. And as I said, simultaneously start looking for avenues to create technical capabilities in terms of Machinery Park to be able to make the nonautomotive steels.

As regards the solar plant, we are, again, in the final stretch now. As we had shared earlier, the plant has been ready since June. The connectivity to the substation was a problem as some farmers had gone to court in between. All those cases have been resolved and the connection, the last tower has also been put. The stringing has been done. So in the next week, 10 days, everything going well, we should have solar power coming in, so which will reduce our carbon footprint from 0.73 to 0.48 as well as lead to cost savings on account of the solar power, which is going to be cheaper than our existing power.

Anyway, that's a very long update from my side, one of my longest. And I'll leave it to Mr. Singla, our CFO, to take you through some numbers, and then we're open to Q&A.

Sanjeev Singla: Thank you, sir. Good afternoon, ladies and gentlemen. Happy New Year. This is first call in 2026. So on financials for the quarter 3, Y-on-Y basis, we have achieved 55,000 tons of sales as against 52,600 tons if we compare with rolled versus rolled, leaving aside the billet part.

And in terms of revenue, it is INR430 crores as against INR426 crores, a marginal increase only because as Sachit sir, has explained that it has been mitigated by a decline in prices. EBITDA for the quarter is INR56 crores as against INR42 crores in the corresponding quarter of last year, registering an increase of 34%.

So this EBITDA per ton is INR10,200 per metric ton. In this quarter and the previous quarter, in other income, normally, we are having the income from electricity duty exemption and GST refund from the state government, which is operational income. But this quarter, we have interest income received on unutilized funds, which were invested by Aichi.

And secondly, the interest accrued income, which has been booked by us on the advanced deposit given to the PSPCL, Punjab State Power Corporation. So these 2 incomes if we exclude, then our EBITDA per ton is INR9,263 for the quarter. And similarly, for the 9 months ended, the EBITDA excluding these incomes is INR8,600 per ton.

And as a result, for the 9 months, our total PAT is INR88 crores as against INR73 crores in the corresponding 9 months of the last year. So this is the ever highest PAT, INR88 crores for the 9 months. And hopefully, after completing this fourth quarter, we will be registering ever highest profit for the full year also.

So that's all on the performance. And now I request for the question-and-answer session.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Amit Agicha with H.G. Hawa & Co.

Amit Agicha: Congratulations on a good set of numbers. Sir, the INR475 crores forging and machining capex, like can you just explain the expected peak revenue potential, EBITDA margin and ROC from this facility?

Sachit Jain: Those details will come in. But once both the lines are established, we should be able to get a decent return on capital employed.

Amit Agicha: And sir, second question is like what will be sustainable EBITDA per ton that investors should model like excluding the non-operational income?

Sachit Jain: We have said that for this year, it was INR7,000 to INR10,000, and from next year INR8,000 to INR11,000?

Amit Agicha: This year INR7,000 to INR10,000, next year INR8,000 to INR11,000 per ton?

Sachit Jain: Correct.

Moderator: The next question comes from the line of Nishita with Sapphire Capital.

Nishita: I just wanted to ask, with all of the capex that we are doing and -- so how do we see our revenue growth in the next 3 to 4 years? And also on the EBITDA front, what margins do we see going forward? And what will be the sustainable margins in, say, once all the capacity is commissioned?

Sachit Jain: So the sustainable margin as of now will remain at INR8,000 to INR11,000 a ton. Aspirationally, we have said we'd like to target INR12,000, but we are not ready to reach that level as of now. And once the capacities are fully commissioned, we will have about 8 lakh tons roughly of steel production, which will mean about 7,20,000 tons of finished steel. So this year, we are targeting about 2,25,000 tons, so we will go up more than 3x from the current level as far as steel production and sales is concerned.

In addition, there would be forging business coming in. Now when we say the new steel plant is getting commissioned in July'29, it will take a few years to reach full capacity utilization unless the government's policies on green steel kick in, which is on the anvil, but it's very difficult to predict when it will kick in.

But moment they kick in, then, of course, there will be a very big pull for our material. And in the next 3 years, we should reach our full potential of 2,70,000 tons before the new steel plant comes in. So from 2,15,000 this year, in the next 3 years, we will reach 2,70,000 to 2,75,000 tons. Sorry, 2,25,000 this year, my -- pardon me.

Moderator: Next question comes from the line of Amit Agicha with H.G. Hawa & Co.

Sachit Jain: Before that, just a clarification. Again, if some of you are new out here, we always give our sales in tonnage, not in rupees because pricing is in the hands of what is the raw material movement. So if prices go up, the sales will go up. If prices come down, the sales will come -- the turnover will come down.

Volumes is in our control. And this is why we don't look at EBITDA margin as a percentage, we look at EBITDA per ton. So just for clarification, why we are speaking here per ton and otherwise, what is reported, of course, is rupees. I hope that clarifies our thinking. Yes. Go ahead, Amit, for your next question.

Amit Agicha: Yes. Sir, which export geographies are likely to contribute meaningfully?

Sachit Jain: Export, as we've shared earlier, for us, our direct exports, the biggest market is Thailand. And a little bit exports go to Philippines, a little bit Indonesia, a little bit Malaysia. So all those are tiny bits. So exports primarily -- Thailand is 70% of our total exports, more than 70% of our total export.

As far as indirect exports go, which is our steel, which is getting converted into components in the hands of our customers, exports are going primarily to U.S. and Europe, some partly even to Mexico because ultimately, again, going to the U.S. as far as -- but that is from our customers, customers like Sona Comstar, GNA Axles and others. So just to give you an idea of that.

Amit Agicha: And sir, as far as automotive steel is concerned, I think so we are the Number 1 player in India.

Sachit Jain: I'm sorry, repeat that as per green steel?

Amit Agicha: As far as special steel for automotive segment is concerned, I think so we are Number 1 in India.

Sachit Jain: No, no, we are not. So size-wise, JSW would be bigger and Tata Steel is -- in fact, we are amongst the smallest players.

Amit Agicha: From the market share point of view?

Sachit Jain: OEM-wise, I would still say, as far as -- we would consider ourselves Number 2 players in terms of width of OEs. So I would consider ourselves as the second best player. It's too presumptuous to call ourselves as the best. Our target, of course, is after the new plant is commissioned, then we should rightfully in a few years' time, become the Number 1 special steel player in India. Again, just now we're talking only automotive steels.

Amit Agicha: And sir, I think I also heard like you are also thinking about the non-automotive steel as well, like what could be the size of that?

Sachit Jain: In the next 10 years -- I've just put a number out here because we're not even there in that business. But in the next 10 years, we expect to be about 30% of our business, just as a rough guidance, I would say. Please take it as just a very rough guidance, but that's what we would like it to be. But it will take some time because just now we don't have the machinery to make it, right?

That knowledge is there, the technical knowledge is there, the knowledge -- Aichi, our partners, have the know-how. We have the knowledge, our own technical people have the knowledge. We just don't have the equipment to make those kind of products. And the capex required for some of those products is not as much.

And for some, the capex required is higher. But again, nowhere near the terms of these large capex amounts of INR2,000 crores. So once we do this INR2,000 crores capex, our incremental capex is never going to be in that kind of sizes. This is a strong word, but unlikely to be in that kind of sizes, yes. Sorry, go ahead.

Amit Agicha: Can I ask one more question?

Sachit Jain: Can you just get back in the queue? If there's nobody else, you can come back.

Moderator: The next question comes from the line of Aditi Chavan with Deshmukh Securities.

Aditi Chavan: I wanted to ask, is the reheating furnace project on the track for Q4 FY '26 commissioning? And what are the expected fuel and yield benefits from it?

Sachit Jain: So it's on track in Q4. It's supposed to -- we are taking a shutdown end of February. It may spill over into March. And 1 month or so of stabilization. So which is why I said in the first half of -- second half of April onwards, we should get full benefit of the reheating furnace. We have not shared the benefits of the reheating furnace, but a couple of -- the benefits would be -- I'll give you an idea and you can do your own calculations.

Currently, our billet sizes are 4.2 meters and you take some end from both sides that are cut as waste, which goes into scrap and we reuse that scrap. That billet size is going to go up from 4.2 to 5.2 meters. So that's where the yield benefit is going to come in. Also, the yield benefit partly will come in, in our continuous casting machine because of longer-sized billets.

And again, end cuts -- the burning loss when you do the -- when you cut the billets. In addition to this, because of the quality of the reheating furnace -- the kind of reheating furnace, the quality of our product is likely to improve, which should reduce our rework and rejections. Now we don't have any number in mind as to how much will it reduce.

It will definitely improve the quality. And hence, we expect the rejections and rework should come down. But those are the 2 improvements. And it is on the back of projects like this that we have raised the guidance of EBITDA by INR1,000. So from INR7,000 to INR9,000, we've raised the guidance to INR8,000 to INR11,000. So it's on the back of these kind of projects.

Aditi Chavan: Okay. I got it. I just wanted to ask, the Kocks Block operation has been operational for like a whole quarter now. So I wanted to ask what improvement visible in the premium...

Sachit Jain: Yes. Very clearly, we are getting all the benefits that we had envisaged. So the first benefit is the roundness of the bars is better, which enables superior quality and especially some of the products that we are trying to -- we are targeting as import substitution from Japanese steels. Those products will be better served because of this better roundness.

Second, we can give exact diameters. So whatever the customer wants. So normally, today, a rolling mill, you have 42 mm, 45 mm, 48 mm. But if somebody needs 47.3 mm, he has to take 48 mm and 0.7 mm is wasted and their yields go down. Now we can give exact to the 0.1 mm. So that's the second advantage.

And the third advantage is the change of size time goes down, which increases our flexibility to give better service to customers. And you will see the impact of that in working capital reduction in the future. Within the next financial year, you'll see the -- within the first half, you will see the finished goods stocks coming down.

Moderator: Next question comes from the line of Saket Kapoor from Kapoor & Company.

Saket Kapoor: Sir, firstly, if you could just explain, once again, the metrics, sir. Currently, our melting shop is 3 lakh and that this will go up to 5 lakh in 2 years? Yes.

Sachit Jain: No, no. This capacity will remain at 3 lakhs. We are applying to the government to increase our license -- to the Environment Ministry. If we get that license, then the capacity, we believe, can go up in a year's time. We have to make some more capex for that. But as of now, please take 3 lakh as our capacity.

Rolling mill today, our capacity is 2,10,000 tons and this will go up to 2,70,000 tons from April. So moment the reheating furnace is commissioned, then the capacity will go up to 2,70,000 tons. Then we will not have the capacity constraint except for the bigger billets, which is 240 mm by 260 mm, which we -- our rolling mill does not have the capability to roll those products.

These have to go outside for rolling or a double rolling process. So in the new plant, we will not have these limitations, the 3,00,000 tons and 2,70,000 tons. The 5,00,000 tons you're talking about is a new plant. The 5,00,000 tons is a new plant. And the new plant will come up by July '29.

Saket Kapoor: Okay, sir. Because I think so in the earlier capex -- okay, fine, sir. In the April announcement, there was about the new billet production capacity of 5 lakh was also announced, I think, so in the...

Sachit Jain: In the new plant. Yes, yes, it was announced in April, correct. Yes, I'm referring to the same announcement. That 5 lakh tons, which is the billet capacity, it will come up by July '29. That will be in addition to the current 3 lakhs. It's a new plant.

Saket Kapoor: So sir, just to have more basic understanding. Our end products, which we are selling to our customers is the bright bar and how do we label that...

Sachit Jain: Black bars and bright bars. Black bars -- so we call it hot rolled bars. So our rolled capacity, as I said, is roughly a little over 2,70,000 tons. And then because some part goes into bright bar, so our bright bar capacity is about 50,000 tons.

Saket Kapoor: Okay. Sir in terms of -- yes please, capacity goes down…

Sachit Jain: No. The capacity goes down if the diameter of the material coming in becomes smaller. So if the trend is towards smaller diameter as currently we see that, then the capacity of 50,000 tons goes down to about 40,000 tons. So it varies between that depending on the product mix.

Saket Kapoor: Okay. Sir, the tonnages, which we have done for the 9 months, we are now averaging in this 55,000 ton per quarter. So this will be how we'll be exiting the fourth quarter also in terms of the deliverable schedule?

Sachit Jain: Around the same figures. I say, our target is 2,25,000 tons for this year, and we hope to make that target.

Saket Kapoor: Okay. And sir, how has this tariff part has impacted your customers? You did mention name of GNA Axles and all. They have been exporting to the US. So has any off-take...

Sachit Jain: There was a reduction in off-take earlier, but there seems to be covering up now. So slowly covering up, which is why we are able to sell what we are able to sell. Our sales haven't gone down. We are on track with our budget. If at all, if we had capacity, we could have sold another 5,000 tons at least, in the full year, not for this quarter.

Saket Kapoor: Not for the quarter. Okay. So this 2,25,000 would have gone to 2,30,000?

Sachit Jain: Yes, that's right.

Saket Kapoor: Sir, I'll join the queue again. Thank you.

Moderator: Next question comes from the line of Amit Agicha with H.G. Hawa & Co.

Amit Agicha: Yes, thank you for the follow-up once again, sir. Sir, amongst forging, wire rods and non-automotive segments, like which vertical is expected to scale up fastest over the next 3 years or 5 years?

Sachit Jain: So forging is coming up in the next 2 years, so forging will come up. It's the wire rods and other areas where we are still studying which segments to get into. So we will decide in a year's time roughly, as to which segment to enter, so that's further off. So the first thing to happen will be the forging plant. The next thing will be probably the new steel plant, and next would be the foray into nonautomotive.

Amit Agicha: Sir, are there any low-margin product lines that the management is considering like deprioritizing over time or exiting?

Sachit Jain: Not really because we are going to be tripling our sales. So when you're tripling your sales, you don't look at exiting any segment.

Amit Agicha: Thank you, sir. Thank you for answering all my questions, sir. All the best for the future. That's it from my side. Thank you.

Sachit Jain: Thank you.

Moderator: Next question comes from the line of Samarth with Janak Merchant Securities.

Samarth: Sir, in your opening remarks, you have mentioned that Aichi Forging is the largest forging company and all its production is generally consumed by the Toyota Group companies only. So when we come up with a forging plant in India, will we follow the similar pattern or we'll sell it to other customers as well?

Sachit Jain: No, no, no. We are very clear. We are serving the Indian market. So Indian market, we will serve all...

Samarth: No, but will this be limited to Toyota and Maruti or everyone else?

Sachit Jain: Everybody. So primarily in the car segment that is the first line which is coming is going in the car segment. So Tata, Mahindra. But again, maybe they are served through a Toyota Group company, that's also possible. And then customers like Sona Comstar, all those are part of our target segment.

Samarth: Sir, can you give any idea about the components which -- the forging components that you'll be making here?

Sachit Jain: We are still finalizing all that. In the next 6 months, we'll give you more idea.

Samarth: Okay, sir. That's all from my side. Thank you.

Moderator: Next question comes from the line of Rohan an Individual Investor.

Rohan: Good afternoon, sir. Thank you for the opportunity. Sir, just building on to the product mix that was discussed sometime earlier, if you could shed some more light on how you see the split in revenue between bright bars and special alloy grades for the next couple of years, FY '27 and FY '28? And if you have any ideal mix in mind, which would be best in terms of our margin profile?

Sachit Jain: So bright bar is also the same alloys, because basically, it is all going into the car segment primarily. And bright bar is basically where a customer is using cold forging technique. So when they use cold forging, then they need zero surface quality defect. So you do a turning operation before you supply to the customer. So you just remove the 1 mm from the surface. So it's just a small value addition to the existing black bars. So it's not really a different product.

Rohan: And about the special alloy grades, sir?

Sachit Jain: No, no. All our products are special steel. We are not making any commodity steel.

Rohan: Got it. Okay. Okay. So we are not looking at the special alloys as a separate product segment?

Sachit Jain: No. So that is what is the high -- what you're talking about is the high alloys, high nickel, high moly and titanium based. Those are all what we discussed is a non-automotive process, which will come through the ingot casting route and which will then go into either tool and die steels, aerospace, defense, all those other sectors, where we don't have the technical machinery. You need -- it's not very difficult. It's ingot casting route that you have to put in. It's a process that almost all metallurgists know.

Even our organization used to have ingot casting 20 years ago. At that time, continuous casting was seen as an upgrade from ingot casting. And we are now going back to ingot casting, because for those very high alloys, you cannot cast them through a continuous casting machine. So ingot route is the route to make those kind of products.

And then for certain absolutely supercritical alloys, which go into aerospace, then you require further processing of those either a billet or bloom that we make or an ingot and do further processing, which is called remelting. So you have electroslag remelting, vacuum arc remelting or vacuum induction melting. So those are all special processes which are required where the lot sizes are very small and very, very high value alloys and so on. And it's a totally approval-based business.

So that business is what we are examining whether we can get into those businesses. But all that is part of the commoditized or easier non-automotive steels, we might start a bit sooner. But the product that I just described, those kind of products, we are targeting for 2030 or '32. So it's 5, 7 -- I mean, it's about 6 years away -- 6 years, 7 years away from now. I'm just giving you a futuristic idea. As far as for the purposes of the stock market, for analysts to do the valuation models, please don't consider those things. Those are further out of your time horizon.

Rohan: Got it. Got it, sir. Fair enough. That is what I was looking for. And sir, you spoke a bit about green steel also. So are there -- in terms of tangible impact of getting into green steel initiatives, are there any commercial advantages or in terms of getting preference from -- in terms of getting orders? Do we see that sort of advantage?

Sachit Jain Yes. So one, there are no commercial advantages as of now. But getting preferential access and so on and getting attention from customers that has clearly begun, more from the European customers, which means either a European OE or Indian Tier 1 or Tier 2 exporting to Europe.

So when we talk to customers, there is a lot of excitement. And even our largest customer -- largest car company in India, Maruti Suzuki, has started discussing this more seriously.

Other OEs have also started -- car OEs, particularly, started discussing this. So far, they are not implementing anything. But I have seen one thing. Once discussion starts, the implementation is just a question of time. It could be a year or 2, it could be 3 years, it could be 5 years, I don't know. And if you ask me, my wish, my wish is it doesn't happen before 3 years because if it happens, we don't have the capacity. So ideally, it should happen 4 years from now when the new plant is set up, it stabilizes. And then when the demand comes, we are ready to serve the market.

Rohan: Cater to it. Fair enough, sir. And sir, it would be fair to say that it's not going to translate into a big difference in terms of premium pricing, but more of a goodwill and sort of a flagship connotation to it for having -- being one of the green steel suppliers. Would that be accurate, sir?

Sachit Jain: As of now, yes. But if you ask me, my personal belief, though I will never put that into our forecast and so on because it's all still in the air. My personal belief is moment the government of India makes that into mandatory that everyone has to have a minimum percentage of this thing, it will lead to commercial gains also. But when will it happen? 3 years from now, 2 years from now, 5 years from now, 10 years from now, I can't say. It depends on Government of India policy. But the fact is this is on the government's agenda. And it will get -- it is likely to get implemented at some stage. As I said, ideally, 4 years from now, but who knows when it gets implemented.

Rohan: Fair enough, sir, understandable. Thank you for that insight. Just one last question, sir.

Sachit Jain: And this is why -- which is why we have not included this into any of our forecasts.

Rohan: Okay, sir. Fair enough, sir. That's well appreciated, sir. Sir, just one last, if you can spare a minute. I missed the early parts of your opening remarks. So you may have mentioned this. But for our sake, if you could just shed a little more light on the ongoing capex in terms of our new melting shop facility, the status of the modernization projects and related how the progress is going on that front, sir?

Sachit Jain: So everything is on track in terms of, it's already previously announced capex plan. So there is no new capex plan. It is just the implementation of the earlier announced capex plan. The furnace is already ready, which is the electric arc, for the steelmaking process is ready to produce 3,00,000 tons. Today, we don't have the facility to roll it.

Now with the reheating furnace getting commissioned, we will have the capability to even roll the material. Then this next bottleneck comes in terms of non-destructive testing line. That capacity is the next bottleneck, which will get broken by -- that constraint will get broken by June or July. So then even we can produce as much of the high-quality material, which needs to be tested on the non-destructive testing line. More and more customers are asking for that, and we will have the capacity by June or July latest of '26.

Rohan: Up and running by June or July, sir?

Sachit Jain: Yes.

Rohan: Got it. All right, sir.

Sachit Jain: That is not a constraint in terms of more production and sales. It is just that it restricts some -- by a small amount, a little bit of product mix, which will get released by that time.

Rohan: Understood. Thank you so much and all the very best.

Sachit Jain: Thank you .

Moderator: Next question comes from the line of Saket Kapoor with Kapoor & Company.

Saket Kapoor: Just a small clarification you just spoke about, June and July, what will be the new product introduction that you were telling that customer?

Sachit Jain: No, no. The testing line, the testing line. There's a testing line, non-destructive testing line. For very high-end users, they need all material to go through non-destructive testing lines.

Saket Kapoor: So that is more about the product validation?

Sachit Jain: Yes, absolutely.

Saket Kapoor: Okay. But that will not -- that will only change the product mix. That is what you are alluding to. That is what the target is also?

Sachit Jain: And marginally. Marginally, by 1,000 tons a month kind of a thing. It's a very small impact.

Saket Kapoor: But those will be higher-margin products?

Sachit Jain: Not necessarily. Not necessarily. They are more sophisticated products, but depends on pricing and competition in every product. The pricing is -- sometimes very highly sophisticated products are low-margin products and sometimes simpler products are higher-margin products.

Saket Kapoor: Correct. Right, sir. If I have anything, I will ask the IR team for getting in touch later on, sir. And thank you for the elaborate discussion, sir. We hope for continuity on this. Thank you.

Sachit Jain: Thank you so much.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Sanjeev Singla for closing comments.

Sachit Jain: Okay. Singla has passed the baton back to me. So this is Sachit Jain here. Ladies and gentlemen, thank you so much for being here. Really, next year, I'm looking forward to next year because this year has been a year of many, many constraints. And those constraints will be over, and we can start operating freely from next year. So this will be a very big edge -- advantage. And then our focus on the 2 projects, both Mr. Rewari and Soumya are fully involved in those projects. So that's a very, very exciting time for our company.

So thank you very much and keep on the lookout. And one more thing, interestingly, yes, of course, sorry, I forgot to mention, we are having full support from both our major shareholders, Aichi Steel, which has increased their stake to 24.9% and have expressed their willingness to invest more money as and when required. Also, Vardhman Group has expressed their willingness to add to the capital whenever we need capital to raise for the new projects. Anyway, thank you so much, ladies and gentlemen.

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