



# Vardhman

## VARDHMAN SPECIAL STEELS LIMITED

Delivering Excellence. Since 1965.

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**SUB: TRANSCRIPT OF EARNINGS CONFERENCE CALL OF VARDHMAN SPECIAL  
STEELS LIMITED – Q3 FY24**

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 5<sup>th</sup> February, 2024 to discuss the Company's operational and financial performance for Q3 FY24.

Kindly take the same on record.

Thanking you,

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

**(SONAM DHINGRA)**  
Company Secretary



“Vardhman Special Steels Limited  
Q3 FY '24 Earnings Conference Call”

February 05, 2024



**MANAGEMENT:** **MR. RAJENDAR REWARI – EXECUTIVE DIRECTOR –  
VARDHMAN SPECIAL STEELS LIMITED**  
**MR. SANJEEV SINGLA – CHIEF FINANCIAL OFFICER –  
VARDHMAN SPECIAL STEELS LIMITED**  
**MS. SOUMYA JAIN – EXECUTIVE DIRECTOR –  
VARDHMAN SPECIAL STEELS LIMITED**  
**MRS. SONAM DHINGRA – COMPANY SECRETARY AND  
COMPLIANCE OFFICER – VARDHMAN SPECIAL STEELS  
LIMITED**

**MODERATOR:** **MR. VATSAL – CHOICE EQUITY BROKING PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Vardhman Special Steels Limited Q3 and Nine Months FY24 Earnings 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 this 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. Vatsal from Choice Equity Broking Private Limited. Please go ahead, sir.

**Vatsal Vinchhi:** Yes. Thank you, Tushar. Good morning, everyone. On behalf of Choice Equity Broking, welcome to the Q3 and nine months FY24 post results conference call of Vardhman Special Steels Limited. I also take this opportunity to welcome the senior management team. On today's call, we have with us Mr. Rajendar Kumar Rewari, Executive Director; Ms. Soumya Jain, Executive Director; Mr. Sanjeev Singla, CFO. Kindly refer to the Safe Harbor statements on the second slide of the earnings presentation.

I will now invite the management for the opening remarks to be followed by Q&A session. Thank you, and over to you, sir.

**Rajendar Rewari:** Yes. Thank you. Good morning, everyone, and thank you for joining us on our earnings call for the quarter and nine months ended 31st December, 2023. On call with me is Ms. Soumya Jain, who is our Executive Director and daughter of Mr. Sachit Jain; Mr. Sanjeev Singla, our CFO; Mrs. Sonam Dhingra, our Company Secretary and Compliance Officer. And we regret to inform you that Mr. Sachit Jain, because of some business engagements, will not be able to join this call, and we will answer all your questions. Thank you.

Now the quarter three and nine months, which has gone by, overall quarter went very well in terms of operations. During this quarter, we had two shutdowns, one five-day shutdown for our furnace that means from the steel melting shop, and 13 days shutdown in the rolling mill. The purpose of taking this shutdown in the rolling mill was to add two additional stands, which are the equipment's for rolling. And with the installation of these two stands, we will be able to increase our rolling production by about 10,000 tons per annum.

So, it was a first step for our revamping activities in our rolling mill to increase our production. In the second phase, we will be putting up another bigger re-heating furnace and Kocks mill. Those will take another 12 to 18 months to come forward. All these three activities are for the revamping of rolling mill, increasing our production to the next level and also giving the quality assured rolled bars to the market. So, this was about the production activity.

As Sachit-sir has informed investors number of times that we are increasing our capacity to 2,60,000 tons per annum of our steel making. So, in order to achieve that, we have already undertaken some initiatives. Rather, I will say we have executed some initiatives during the month of January and the progress is quite good. And hopefully, from next year onwards, we will be achieving the higher target of SMS production.

The other important thing for you to note is on our ESG initiatives. In our earlier communication, everywhere we have said that our carbon footprint is 0.82 metric ton per ton of steel, emission

of carbon dioxide while we make steel. It has come down to another low level of 0.68 because government has changed some standard of calculating the footprint. So, I am going to say from the ESG point of view, it's a good development, whereas we informed in our Board meeting also, we have executed power purchase agreement of solar power plant on 16th December, '23.

Ongoing capacity expansion, which we envisaged by adding the new equipment, is going on as per plan. And as we targeted about 800 tons per month, we have already achieved around 700 tons per month. And in the subsequent months, it will further stabilize. Our collaboration with the Aichi team is going on well. All activities, their participation and our understanding about the product quality, safety, etc. is going on as per our schedule.

Their engineers, their experts are there with us. Everything is going on as per our plan. As I said earlier, the quarter three, it went well as per our budgeted plan. But however, quarter three is always a little bit subdued because of various shutdowns being taken by the automobile manufacturers and forging plants.

So therefore, we had lost some tonnage in the sales, about 6%. I think our sale was less, but we are hopeful that in the times to come, we will cover up that, and we will be able to achieve our annual target of around 200,000 tons. So, this is all about general, overall scenario is looking good. Our sales, everybody knows, is upbeat, manufacturers are upbeat. It looks good.

So now I request Mr. Singla to go through the financial performance with you. Thank you.

**Sanjeev Singla:**

Thank you, sir. In terms of financial performance for the quarter three, it is almost same, in terms of tonnage and in terms of revenue, as was in Q3 of the corresponding quarter of last year. Actual tonnage we have achieved is 46,400, which is 0.17% marginally higher than the Q3 of last year. And revenue from operations is almost same as in the Q3 last year. In terms of EBITDA, though on the face it is appearing to be lower, but I would like to say that this Q3 of last year was not comparable because of two reasons.

One was that we have accounted INR 6.6 crores of GST refund in Q3 last year, which was pertaining to Q1 and Q2. And secondly, the price reduction of INR 1,700, which was pertaining to Q3 was decided in Q4. And accordingly, the price decrease was also factored in Q4. So, in last year, we have said that Q3 and Q4 is to be considered in total because Q3 some figures were booked in Q4.

Overall EBITDA per ton in Q3 this year, it is INR 8,900, well within our stated range. And after all, our PAT for this quarter is INR 22 crores. And as far as Rewari-sir has already said that we are lagging a little behind in terms of our overall sales for the nine months, and which we are trying our best to meet our annual target of 2,00,000 tons. So that's all on our financial performance. Now I request for the question-and-answer session.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Angad from Sameeksha Capital. Please go ahead.

**Angad:**

Sir, my question was on the blended realization. Over the past five- six years, we have seen the blended realization has improved from INR 55,000 level to around INR 85,000 level. You had

mentioned FY24 this year will be a year of consolidation on volume front. So, can you just give us some trajectory on the blended realization? How do we look at it? Is this current level sustainable? And can you give us a perspective?

**Sanjeev Singla:**

So current level because of this INR 85,000 is basically decided by the market. Mostly, it is driven by the raw material prices. And as you will see that in the past two, three years after COVID, the raw material prices increased to a level which one never expected. And this INR 85,000 figure was even more than INR 95,000 also. As of now, we see this revenue figure of INR 85,000 is more or less stable from the last, I will say, one year. And going forward also, we don't see much change in these figures.

**Angad:**

Okay. And one more question on the capacity levels. Since we'll hit the peak capacity in '26 and till the greenfield capacity comes, what are our plans to incrementally improve our sales and volume front?

**Rajendra Rewari:**

As we have already explained that we are doing various improvements in our process flow, we are increasing our own capacity, which we said that will be 2,60,000 metric tons per annum, which can also have a scope to increase it further. We will do that. Our own rolling mill is also we are increasing the capacity. And once we do the full revamp, then that capacity will also go up. So, I think that way, we will be able to meet the requirement of the market.

**Angad:**

Okay. And sir, I just wanted to understand on the frequency of the negotiations on the price level with OEMs. So, is it like quarterly? Or like what's the frequency level? And how do you implement the new price? Is it decided from the first stage? Like can you just throw some light on that?

**Rajendra Rewari:**

Normally, the price is quarter-wise. And that we have to negotiate with the OEMs. So broadly, it is based on the raw material price and a few other, if we are selling alloy steel than the price of nickel, moly, etc. But it has to happen quarterly, but sometimes there is always a lag between the finalization and the start of realization of that price.

But to make it simple, it is based on the raw material prices. Raw material has few indices to note, it can be taken from various steel mills and other sites where it is declared, like shredded as well as the ingot price available in the Mandi Gobindgarh. So, these are the influencing factors.

**Moderator:**

The next question is from the line of Naman, an Individual Investor. Please go ahead.

**Naman:**

A couple of questions. First is if you are aware of that there is...

**Rajendar Rewari:**

Can you speak loudly, please, Naman?

**Naman:**

Yes, sure. Okay, I'll speak a little louder. Okay, my question number one is if we are aware that the plant is under maintenance or we are lagging behind target. But there's additional things which we always hear that we are building up the capacities of plants. So, what I mean to say is why we are not so proactive in managing this? Because that means we are aware of the situation

that our margins or our sales or we are not meeting the target. So why we not make up additional plants or capacity? Or why we are only doing it in a period where we are getting hit?

And number two is, every year, we talk about Aichi and the future prospects there. But every year, we see the figures of exports are very negligible, 3% to 5%. So, these couple of things are not summing up. So that's the question on it. Or you can provide some detailed numbers or projections how the capacity of the plant, how the projections will lead us to a good number because that's what I've been expecting something to build up in the near future.

And when we are talking about new capacities of plants, I'm sure I remember we talked earlier also something about NOCs and going up with the Ministry of Environment and all those green signals from PSPs. I'm sure management would have taken those considerations, too. But just want to know how things are at the current status and what's the projection?

**Rajendar Rewari:**

Yes. Thank you very much, Naman. We appreciate your concerns. First of all, let me assure you that nothing is happening abruptly. Everything is well planned. As I explained, every shutdown is well planned, and we start building up our inventories to create the market, and we have not suffered any market share or any sales because of our planned shutdown. Number two, I will emphasize that in order to bring in improvement in the existing steel plant, it is almost imperative to have shutdowns.

Otherwise, you know it is a hot metal. We can do some projects offline, but many of these activities have to be undertaken while taking the shutdown. The shutdown of furnace for five days is almost bi-annual or once in two years' time when we have to overhaul the furnace. That is also in the interest of capacity and it's a planned maintenance activity to avoid future breakdowns. So, this was the first part of your question. Second part was...

**Sanjeev Singla:**

Exports.

**Rajendar Rewari:**

Exports. Exports are building up, and we are glad to inform you that in the last quarter also, it is one of the highest exports we have and how much is the...

**Sanjeev Singla:**

10%.

**Rajendar Rewari:**

It has now reached 10%. And in a couple of years' time, we want to reach to 25% to 30% of the total this thing. In steel for automobile, there is a little longer system. We have to first make the steel, then send the bars for approval, after that, once that is approved, then the parts are forged and then sent for approval. So, the lead time is in terms of a couple of years when we finally get approval.

And to assure you that today, we have approval from all major automobiles, right, from Suzuki Maruti, Toyota, and many other leading manufacturers, we are in their approved list. Things will be moving and are moving as per our plan. There is nothing to worry. We are not going back to back on anything. Everything is happening.

About -- you said about Aichi. We have also started supplying to Aichi and the Aichi, the way of doing business is that it will slowly build up. Maybe in the next year, we will see the higher

figures of export to Aichi also. And ultimately, it will reach up to 30,000 tons of steel in a couple of years' time, 20,000 to 30,000 tons per annum, which will increase our export element.

However, this export will not appear as an export because we have to give it to a trading partner of the Aichi, who will buy from us in India and then we'll export. So, Naman, rest be assured that everything is going on as per plan. We will try to do as a team to better that. But I think this is the normal way of progressing. I hope I have been able to answer your questions. If still any point, please let us know.

**Naman:** Yes, that great. That's very helpful. And the last one, about the new -- whatever we are talking about new additional capacities of plants. I hope all is done as per the government approvals, NOCs, PSPCL or Ministry of Environment...

**Rajendar Rewari:** Yes, as per the Ministry of Environment clearance, everything is clear. We have been able to fulfil all the conditions laid down by the Pollution Control Board. All actions have been taken from our side. A lot of capex has also gone into that. But we are now fully complied up to 300,000 tons of billet production, steel melting shop production.

**Naman:** Congrats for that. So. I think, yes, we are looking forward to, I think, in the, hopefully, coming years, this export figures moving up, as you mentioned, and your Aichi partnership will really show some results.

**Moderator:** Thank you. The next question is from the line of Chetan Parikh, an Individual Investor. Please go ahead.

**Chetan Parikh:** Yes. Sir, my first question is, so how do you look at the industry at this moment? And -- so how is the demand for the auto industry at the same point?

**Rajendar Rewari:** At this moment, as I said, the last quarter was a little bit subdued because of the shutdowns. This quarter is looking normal. However, there is the news every day in the media that automobile sector is growing. So, we hope that if it grows, it will also be boost to the steelmakers for this segment, but it looks, I would say, normal to us.

**Chetan Parikh:** Okay, sir. Sir, my next question is, as you mentioned earlier that we have started mass production for Aichi Steel. So, could you just throw a bit of light and update on the progress of the same?

**Sanjeev Singla:** Yes. Last year, in February, we have started the mass production, you are right. And as per our plan this year, we targeted that we will be doing exports to Aichi Forge in Southeast Asia about 7,000 to 8,000 tons. So that is also in line. And accordingly, we will do that much of exports in the current year. And going forward, next year, our plans is that we will be doing about 13,000 to 15,000 tons of exports. So gradually, it will increase.

And as Rewari-sir has earlier said also that our exports are also increasing. But this sales to this Aichi Forge in Southeast Asia is getting merged in our domestic sales because we are selling to their trading partner in India. So, our exports, including this trading partner, will grow beyond 20% in the next two to three years.

- Chetan Parikh:** Okay. The last question I would like to ask, is there any new expansion plans? If yes then how are we going to fund the capex?
- Sanjeev Singla:** As of now, the capex which we have planned like Kocks block or this re-heating furnace, so all this announced capex will get completed by mid of next financial year. And as conveyed earlier also, so we will be funding this from our internal accruals only. Marginally, maybe we will have to go for some funding. But as of now, we don't have any such plans. So mostly, it will be funded through internal accruals. As far as the new project we are still to decide. Things are on the drawing board only.
- Moderator:** And the next question is from the line of Radha. Please go ahead.
- Radha:** This is for 5%, and in this quarter, you said it's 10%. So, could you give some insights on whether it was due to new customers or you saw a higher share of business with the existing customers, how is it?
- Sanjeev Singla:** Can you please repeat? your voice was cut in between..
- Radha:** Sir, I said that exports in the last quarter it was at 5%. And this quarter, if I heard it correctly, you mentioned that it's 10%. So, could you please give us some insight as to whether it was due to new customer wins or increasing your share of business from existing customers?
- Rajendar Rewari:** It was a blend of that. There were new customers also and the existing customer also. So, it is a blend of that. And I think, as I said earlier, that new business comes on the basis of approval. So, we are getting some approvals. As the approvals come then comes the demand. So, it is blend, mostly from both new customers also and the existing ones also.
- Radha:** And sir, two quarters back Mr. Jain has mentioned that we are yet to receive approvals from Yamaha and Musashi as our customers in the exports market. So, in this quarter, have you seen sales as a result of approvals that we have received from them?
- Rajendar Rewari:** No, all approvals are in progress, but we have still not received any approval and any sales demand accordingly. It will take maybe a quarter more. There is sufficient progress in this matter.
- Radha:** And sir, in terms of geographies, we are exporting to Thailand and Saudi. Anywhere additional I am missing other than these regions?
- Rajendar Rewari:** I think at this moment, our major export is in Thailand only because Thailand has lot many forging hub. So that is our first target. Plus our partner, Aichi, has a major forging plant in Thailand, Indonesia, so in this region only. However, now we are making efforts and exploring the markets of Europe also. But at this moment, we are concentrated in Thailand because Thailand is offering us the opportunity to grow.
- Radha:** Okay. Sir, lastly, you mentioned that some new projects are on the drawing board. So, would that be in the specialty steel itself or anything else you're looking for?

- Rajendar Rewari:** At the moment, our vision is to focus towards automobile segment only. However, while we travel ahead, whatever opportunity comes in our way shall be evaluated and accordingly, sufficient other required steps will be taken in that segment. But at this moment, we are automobile-centric manufacturer.
- Moderator:** And the next question is from the line of Angad from Sameeksha Capital.
- Angad:** Sir, two small bookkeeping questions. Sir, what is our electric and nonelectric volume mix for this quarter and also for the nine months FY24? And if you could just give us the vehicle category figures as well, the passenger vehicle, commercial and 2-wheeler split, that will be helpful.
- Sanjeev Singla:** Angad, as discussed in our earlier various meetings also, in case you will ask me the share, our overall share, about 40% goes into the passenger vehicles and about 32% to 34% is in the 2-wheelers. And the rest is to the commercial vehicles and the various other types of vehicles and some share is also going to Tier 1s for which we are not aware about where they are supplying.
- So those Tier 1s are having the approvals from their own OEMs. So, it is a broad, I will say, bifurcation of our revenue. That mostly it is to the passenger vehicles and the 2-wheelers.
- Rajendar Rewari:** And you asked about the electrical and non-electrical. Our electrical supply to EVs should be around 5% or 6% of the total sales. And at this moment, we are only 5% to 6% level only.
- Angad:** Very helpful, sir. And sir, one small question. The other income for this year, so how do we look forward in terms of the other income since it includes the GST refunds, electricity incentives, like how many years will this continue going forward? And what is the sustainable number?
- Rajendar Rewari:** Yes. Mr. Singla will answer this. But I can tell you that it is based on the government policies we calculate, and then only we take cognizance of that. But as per my understanding, it will go past 10 years' time, it will continue accruing. Mr. Singla, if you want to add something to it?
- Sanjeev Singla:** Yes. Sir, you are right that it will continue for 10 years in terms of electricity duty exemption and seven years for GST refund. And we have a second application also for the benefits for the expansion which we have undertaken for our rolling mill. And from the completion of that expansion, again, we will be getting this additional sanction of seven years and 10 years. So, going forward, we can say that it will continue up to '32 to '35, financial year '32 to '35.
- Moderator:** And the next question is from the line of Ritwik Sheth from One Up Financial. Please go ahead sir.
- Ritwik Sheth:** Sir, two questions from my end. Firstly, what is the pricing negotiation that we are currently undertaking with the auto OEMs?
- Rajendra Rewari:** Sorry, say it again?
- Ritwik Sheth:** What are the pricing negotiations that we are undergoing with the auto OEMs?
- Sanjeev Singla:** So as you are aware that mostly earlier, it was on half yearly. But from last two, three years, it is on a quarterly basis. From October '23, we have received a price increase of INR 3,600 from

some of the OEMs. And further, there is a decrease also agreed from 1st of January, '24 of INR 1,700. And one or two OEMs still, the discussion is going on. So most probably, the same will be settled within February or March.

**Ritwik Sheth:** Okay. So Q3, we saw...

**Rajendar Rewari:** And it takes time. Ritwik it takes time, you know how it happens with the OEMs.

**Ritwik Sheth:** Right. Okay. And what is the raw material like versus the last three to six months? How has the raw materials, mainly the scrap, behaved in the last three to six months for us?

**Rajendar Rewari:** Raw material prices have come down. If we see, at our cost, I must say our prices have gone down by approximately 2% in the raw material cost in absolute terms. I must say, the raw material market looks calm. It has not been so volatile in the last six months, and this is stable towards downward side.

**Ritwik Sheth:** Yes. Okay. Got it. And just a follow-up on the previous question on the electricity and the GST incentive that we are receiving. So, for electricity, you mentioned for 10 years. So, this will be in the range of INR 5 crores to INR 6 crores per quarter. So close to INR 20 crores per year for 10 years, right?

**Sanjeev Singla:** Yes. Taken together, GST and electricity is about INR 5 crores to INR 6 crores, INR 5 crores, INR 5.5 crores in a quarter.

**Ritwik Sheth:** Okay. Combined, it is INR 5 crores to INR 6 crores in a quarter. Okay.

**Sanjeev Singla:** Yes.

**Moderator:** Thank you. The next question is from the line of Hiten Boricha from Sequent Investment. Please go ahead.

**Hiten Boricha:** Sir, my question is on the volume side. As you mentioned that some of the reports are suggesting that the demand in the auto sector is coming back, especially in like Q3-end or January or so. So just wanted to understand how confident we are to achieve this volume of 2 lakhs because we have done only around 142,000 kind of volume in nine months, and so we had to do around 57,000 tons kind of volume. So how confident we are to achieve this kind of volume? This is my first question, sir.

**Rajendar Rewari:** We are quite confident that we will achieve this volume. And the first indication is January, so our sales in January is as per our plan. And we shall complete the rest of two months or so to be in the vicinity of 2,00,000 tons sales volume. So, we are confident.

**Hiten Boricha:** Okay. And my second question is on the volume for next year, sir. So, as you also spoke about increase in exports and other markets, Aichi volume is also going to come back. So just wanted to understand what kind of volume we are targeting next year, sir? And also, you can throw some light on EBITDA per ton.

**Rajendar Rewari:** As far as next year is concerned, I think, as I said that the effect of two stands in the rolling mill will give us an increase of 10,000 tons per annum. So that 10,000 tons will surely come. And if we were able to push that, that I think maybe I foresee sure shot 10% increase in the sales for next year if it is -- 8% to 10% if it goes well, that will happen.

**Hiten Boricha:** With similar kind of EBITDA, right, sir?

**Rajendar Rewari:** EBITDA it depends on various things. Our normal guidance remains that our EBITDA will remain between INR 7,000 to INR 10,000 per ton. It will remain same. And could be at a mean level or higher of the mean level we wish.

**Moderator:** And the next question is from the line of Aniket Redkar an investor. Please go ahead.

**Aniket Redkar:** Sir, I have a couple of questions. So, I just want to understand how does the company ensure environmental sustainability and responsible manufacturing practices in its operation?

**Rajendar Rewari:** The sustainability is our one of the main objective. As I said, we will be probably in the alloy steel company, we proactively got our carbon footprints calculated from the CII. So once the figures came to us, as we have said a number of times, it was 0.82 tons of carbon dioxide per ton of steel making. And then we understood while we undertook this study, various factors, and the first action was envisaged by Mr. Sachit Jain, our Vice Chairman, to go in for solar.

So, because most of the carbon footprints are coming from the usage of electricity, which is normally based on coal. So as a company, we have already executed the agreement to get about 25 to 30-megawatt of solar power into the system for usage of our steelmaking. So, 40% of our power will be the solar power, the project will be completed by the end of December, maybe the benefit will accrue to us on next year.

Secondly, we are also doing, with the help of Aichi, various improvements in our manufacturing. By virtue of it, we will be able to save some of the electricity, which will also add to the carbon footprint. So, this is one part of the carbon footprint. And we, as a company, Mr. Sachit Jain is also spearheading the circular economy.

Circular economy is that we will buy the scrap from, let's say, just to give you an example that if we are supplying steel to Maruti, we will sell this steel to Maruti and scrap will be purchased by us to reuse for making this steel for Maruti. So, these kind of discussions are undergoing and maybe in six months' time onward, we shall be able to formulate some such policy.

And also, we are also in the process of increasing the green areas. In our plant and outside our plant also, we are planting Miyawaki forest. This Miyawaki forest is a process by virtue of which, it is Japanese technology, the forest grows very fast. So that way, we have already undertaken the forest activity for about 10 acres by now, and we have a very large objective in this. So, this is what we are doing on the sustainability front.

Anything, Mr. Singla, you want to add?

**Sanjeev Singla:** No, that's okay.

**Aniket Redkar:** Great. And sir, how does the company stay competitive in the market considering the dynamic nature of the steel industry?

**Rajendar Rewari:** Staying competitive in the market, first is having the confidence of customers by giving the good quality steel and customer service given in time. So, we are ensuring that our relationship is maintained, our product quality is also maintained, and it serves the purpose. With the help of Aichi, we are constantly trying to improve our quality as well and we are also doing a lot of product developments with our existing customers.

So, all these things will always bring us closer to the market through our vendors. And we know what is happening following the trends. As I said, sustainability is one of the big buzz for today in the OEMs. We are following that direction also. And following the Aichi's culture of safety first, quality second, productivity third, and cost fourth. So, we are following that line of direction, all of which is giving us good results.

We are growing with each customer, wherever we are, in terms of volume. And also, we are adding customers in the market.

**Aniket Redkar:** Okay. And sir, one last question. Any guidance for top line and bottom line for FY24 and '25?

**Rajendar Rewari:** I think we normally don't give any guidance, but it should be in the same level as we are today. As I said that some improvement can be with the extra sales. And the effect of that will follow to the bottom line as well is what we hope.

**Sanjeev Singla:** FY24, as Rewari-sir has already confirmed, that we are targeting to achieve earlier last year figure of 2,00,000 tons because this was a consolidation year. And going forward, he has also confirmed that we are targeting and budgeting 7% to 10% increase over volumes in the next year.

**Moderator:** And the next question is from the line of Rohan Mehta, an Individual Investor. Please go ahead sir.

**Rohan Mehta:** Sir, as you mentioned to the previous person that guidance for this coming year. So out of this, would you be able to guide in terms of what the share of exports might be for FY24? Or even a ballpark figure for the next whole year as well?

**Rajendar Rewari:** I think for the current year, we shall be closing around 10% of this

**Sanjeev Singla:** As a whole, for the full financial year, we are expecting 7% to 8% of the total turnover will be the exports, including what we are exporting to Aichi Forge through their trading partners.

**Rohan Mehta:** Right, right. Right, sir. Okay. So that is still higher than earlier?

**Rajendar Rewari:** Yes, it is growing. And in the next two, three years, we have an objective to reach 25%.

**Rohan Mehta:** Okay. So, this 20% to 25% would be around in how many years, sir?

**Sanjeev Singla:** By FY27.

- Rohan Mehta:** Okay. All right, sir. And sir, over the last couple of quarters, Sachit-ji has also mentioned that our association with Aichi should open up access to Southeast Asian markets as well. So, is there any visibility on that, sir?
- Rajendar Rewari:** Yes, I think with the help of Aichi, we have got foot in the door everywhere wherever we have found or whatever market or customers we are trying to aim at. Definitely, it is giving us good help and good assistance. As I said, it is a little long process to get approvals and other formalities. So, it takes one year to two years' time. So, I think in the next year, some positive outcome, we will be glad to share with you.
- Rohan Mehta:** All right, all right. Okay, sir. And sir, I think our billet capacity has increased to over 2 lakhs -- almost 260,000 tons. So, if you could throw some light on how this was achieved? And also, what the rolling mill capacity is going to look like, sir?
- Rajendar Rewari:** The steelmaking capacity is increasing because of various factors. One is that we are improving our scrap. So, scrap mix has improved. The second is that at the operation level, we are reducing our power-on time and power-off time. Power-on time is when furnace is on to melt the steel, and power-off time is when we will be ready for the next heat.
- So those results are quite encouraging. By virtue of that, we will get more operative time from the furnace, and if we get more operative time from the furnace, then we will get more number of heats every day. So that's how we are achieving. That is of the steel melting shop, and I have already explained that the rolling mill, we are revamping our rolling mill.
- And in two, three phases, we will be able to increase the capacity there also.
- Rohan Mehta:** Understood, sir. Understood. So, for the billet capacity, we can take the current utilization levels as the standard going forward. Is that correct, sir?
- Rajendar Rewari:** Yes, we will improve on that surely in the next year. From next year, there will be improvement.
- Rohan Mehta:** Okay. Sir, just last couple of questions. Any production benefit that we can expect by our last couple of recent plant shutdowns that we did?
- Rajendar Rewari:** Yes. We have already said that the major shutdown was from the rolling mill and that we envisaged the excess production of about 800 tons per month. We have already achieved up to 700 tons. As it is stabilizing, we will achieve that. So, you can say that is mission almost accomplished.
- Rohan Mehta:** Okay. And last, sir, any plans of a greenfield expansion on the horizon longer term?
- Rajendar Rewari:** Yes, but I don't have any firm news to share at this moment. Things are still in the thinking frame.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.

**Rajendar Rewari:** First of all, thank you very much for joining us. Overall, we feel that the market conditions are normal, and rather we feel encouraged by the sales of automobile sector, everything is going up. So, we are quite optimistic. But as far as the EBITDA levels are concerned, those also appear to be under our control and raw material is also supporting our EBITDA.

So by and large, things are going on well. Our relationship with Aichi is also getting stronger and stronger. Our efforts on our ESG are improving, and we will sharpen this in future. All planned acts have been envisaged, positive action has been taken on that in terms of solar power or various other things. So by and large, financial position of your company is also good. So overall, I think we stay positive for future. Thank you.

I will ask Mr. Singla to add.

**Sanjeev Singla:** So, thank you all for joining us on the conference call. And as Rewari-sir has said, we are all optimistic and are in line with our targets and plans. So, thank you, thank you, all.

**Rajendar Rewari:** Ms. Soumya-ma'am, will you like to say something?

**Moderator:** Hello, sir, Soumya-ma'am maybe disconnected. So, should we conclude?

**Sanjeev Singla:** Okay.

**Rajendar Rewari:** Okay. Yes, we shall conclude.

**Moderator:** On behalf of Choice Equity Broking Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.