July 31, 2024

BSE Limited	National Stock Exchange of India Limited
Corporate Relationship Department, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001 corp.relations@bseindia.com **Scrip Code: 532286**	Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai-400051 cmlist@nse.co.in **Symbol: JINDALSTEL**

Dear Sir / Madam,

SUBJECT: TRANSCRIPT OF EARNINGS CONFERENCE CALL HELD ON JULY 24, 2024

This is in furtherance to our letter dated July 18, 2024, w.r.t the Earnings Conference Call intimation for the financial results with the Institutional investors/ analysts.

In terms of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the earning conference call is enclosed herewith and has also been uploaded on the website of the Company at www.jindalsteelpower.com.

You are requested to take the above information on record.

Thanking you.

Yours faithfully,
For **Jindal Steel & Power Limited**

JINDAL STEEL AND POWER LTD.

ANOOP SINGH JUNEJA

Digitally signed by ANOOP SINGH JUNEJA
Date: 2024.07.31 18:08:02 +05'30'

Anoop Singh Juneja
Company Secretary

Encl.: as above

"Jindal Steel & Power Q1 FY '25 Results Conference Call"

July 24, 2024

MANAGEMENT: **MR. SABYASACHI BANDYOPADHYAY –WHOLE-TIME DIRECTOR – JINDAL STEEL & POWER**
MR. PANKAJ MALHAN – CHIEF EXECUTIVE OFFICER STEEL BUSINESS, ANGUL – JINDAL STEEL & POWER
MR. SUNIL KUMAR – CHIEF FINANCIAL OFFICER – JINDAL STEEL & POWER
MR. VISHAL CHANDAK – HEAD OF INVESTOR RELATIONS, STRATEGIC FINANCE – JINDAL STEEL & POWER

MODERATOR: **MR. ANUPAM GUPTA – IIFL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Jindal Steel & Power Q1 FY '25 Results Conference Call hosted by IIFL Securities Limited. 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. Anupam Gupta from IIFL Securities Limited. Thank you, and over to you, sir.

Anupam Gupta: Yes. Thanks, Deepika, and it's my pleasure to host the senior leadership team of Jindal Steel & Power for the 1Q FY '25 Results Conference Call. To start off with, I'll hand it over to Vishal Chandak, Head Investor Relations and Strategic Finance for introductions and taking it forward. Over to you, sir.

Vishal Chandak: Thank you very much, Anupam. Good evening, ladies and gentlemen. Thank you for attending this Q1 FY '25 Investor briefing for Jindal Steel's Q1 call. We have with the senior management from the company, Mr. Sabyasachi Bandyopadhyay, `Whole-Time Director; Mr. Pankaj Malhan, CEO of Steel Business, Angul; and Mr. Sunil Kumar, CFO.

Without much ado, I would like to hand over the call to Sunil sir for his opening remarks. Over to you, sir.

Sunil Agrawal: Yes. Thanks, Vishal. So good evening to everyone. Let us begin with the operational performance of the company for the first quarter of financial year '25. Sales volume for the quarter witnessed increased by 4% on a quarter-on-quarter basis and 14% on a Y-on-Y basis and that to 2.09 million tons. The growth has mainly come from higher sale of HSM products. Our steel sales realization also saw slight upstick of around 1% on a quarter-on-quarter basis.

As we progress into second quarter of the financial year '25 we feel slight level of softening of NSR by 1%. Our SMS costs in the quarter witnessed a considerable drop owing to lowering of both coking coal price and thermal coal price along with superior productivity in our operations. Further, we are expecting savings in coking coal price in Q2, '25 by around $30 to $35 per ton.

Our adjusted EBITDA for the first quarter, was INR2,831 crores, which is 13% higher on a quarter-on-quarter basis, mainly on account of higher sales volume, higher sales realization and cost efficiency achieved at our plants. Our PAT surged by 43% on a quarter-on-quarter basis to INR1,338 crores. This is mainly due to higher EBITDA and lower losses at our subsidies.

Now, let us walk through our debt profile. Our consolidated net debt is INR10,462 crores at the end of quarter 1, which has dropped from INR11,203 crores reported during the last quarter. This is mainly due to repayment made during the quarter. This has further helped to ease already strong net debt-to-EBITDA ratio of 1x, which is by far the best as per the industry standards.

Our capex in the quarter stood at INR2,796 crores. With regard to project for 6 million MTPA expansion project, the progress of project is going well at ground level, and we are targeting to a completion in record time. As you are aware, we have commissioned HSM in record time, and we aim to continue the thrust to achieve the project completion in record time. Initially, we have projected an aggressive timeline to complete the project whereas now we see some time over them. We are targeting to complete the major facility that is blast furnace, BOF, CRM, well, within timeline by Q4 of financial year '25. The remaining ancillary facility will be completed in another 9 to 12 months.

With this, I will conclude and hand over for Q&A session. Thanks.

Anupam Gupta: Vishal, over to Q&A.

Vishal Chandak: Operator, can you please open the line for the Q&A.

Moderator: Sure. Thank you very much. We will now begin the question-and-answer session. The first question is from the line Amit Dixit, ICICI Securities.

Amit Dixit: Congratulations for a good performance. I have two questions. The first one is actually on the project completion status. Now we don't have the presentation as yet with us. But going from the last presentation that you uploaded in the last earnings call, there were several capacities that were going to come in Q2 FY '25 BOF-II, be the BOF-II, etcetera. Now in your prepared remarks, you had mentioned that these have been delayed by a couple of quarters. And so my first question here is that when do we expect BOF-III, etcetera, which were to come in Q4 FY '25, when they will come up now?

And Part B of question is on the coal mine. So what is the status of this coal mine, coal materialization, what kind of captive coal did we get in this quarter? So this is the first question essentially. And what caused this delay? If you could highlight broadly, that would be very helpful.

Sunil Agrawal: Pankaj. You just..

Pankaj Malhan: Sure. Thanks, Sunil. Thanks for this wonderful question. I think I must put it on record that JSP commissioned the HSM in a record time, which is 29 months. Going forward and looking into the kind of projects that we're executing, which are mega projects in nature, we are talking about completing BOF as well as BF-II well on time, which would be close to March '25. And we don't see a big challenge as of now where we are positioned. If I really compare with the industry standards, we would be still the fastest to execute this project in the timelines that we are committing.

Second question, which you asked was on coal mines. Coal mines, as you all are aware that we've already started our Utkal C mines. We have got approvals for Utkal B1, and we're in the process of starting that mine also now.

Third question which you asked was what were the causes for the delay in terms of the larger projects that we have come across. If I was to say this year, be the happening year for the country in terms of general elections. And then also we experienced a very unprecedented heat wave in Odisha. So while they were good times that we could have pulled up our project that we lost because of these 2 larger reasons. There was some kind of demobilization of the workforce. That the workforce is back home right now. And we are gearing up to make sure we deliver the project well on time. Thank you.

Amit Dixit: Okay. Sir, the second question is essentially on the sales volume. So if we look at it after a very long time, we have crossed 2 million tons in a quarter. Now if you could just highlight what would be the incremental volume that you would have got from Hot Strip Mill, particularly if -- I mean, from the arrangement we have with RINL? That would be very helpful.

Pankaj Malhan: If I was to speak about quarter four, when we started our Hot Strip Mill to quarter one of FY '25. The jump is close to double, in terms of HSM volumes. So that's what we've got to the market. That's an excellent ability, if I was to now put on records. This is one of the fastest ramp-up somebody would have seen for a Hot Strip Mill of this size. So we are very hopeful as and when steel comes in from the newer facilities. Our HSM is fully geared up to pick up that capacity.

Amit Dixit: But how much did HSM do in this quarter, Q1 FY '25?

Pankaj Malhan: We are sitting on a plan of close to 3 million tons. As of now, we did in quarter 1 versus roughly around 450 kt.

Amit Dixit: Sorry, sir, I didn't hear you. Can you please repeat the last part?

Pankaj Malhan: 450 kt.

Amit Dixit: 450 kt. Okay, fine.

Moderator: Ladies and gentlemen, the next question is from the line of Sumangal Nevatia, Kotak Securities.

Sumangal Nevatia: Congratulations on good set of numbers. Before the questions, I'll just request in future, if we can have some more time between the call and the results to better understand the results in the quarter call.

My first question is again on completing what Amit was asking about the timeline. Now last 5 to 6 quarters, we've been constantly pushing the timelines, delaying. So delays, and at the same time, communicating that we are building enough margin of safety, and we will commission within the updated timeline. So I just want to understand, I mean, how do we get confidence? And in case we are very sure about fourth quarter blast furnace to commissioning, is it possible to share some sort of volume guidance for FY '25 that can come from this plant? That's my first question.

Sabyasachi B.: Pankaj, can you take the question, please?

Pankaj Malhan: Sure. I'll take this one. Thanks for the question, first of all. Going into this project side, you all would agree this is a mega project, first of all. And any mega project of this size would have a lot of hurdles and challenges. Fortunately, for this project, we are all geared up in terms of, first of all, right engineering, rights set of ordering, well in time, getting deliveries, well on time. There have been challenges which are beyond the control of the organization, which I just spelled a while back.

And going into that, we have come up with some kind of differential policies in our units to make sure the learnings, which came out of this time, we overcome those kind of learnings. Like we've come up with the workman incentivization that is working very well for us. We have seen a workman, which dropped by around 30%. Now it's over the 10%, the peak that we have seen. That's the confidence that we are bringing in.

Second, the resource mobilization, which slightly got disturbed during the last quarter, then that's all back in home. Third, we are making sure that we take care of our contractors, and we are working to a level that we take care of our own employees. So we are very confident the way we have actually seen in the last 2 months after the elections, the pace is very great. And we are very hopeful that we would get BF-II home by March '25.

Vishal Chandak: Just to add on to this, even if we are able to do this by March '25, which we are very confident. This would be in flat 4 years from the time of announcement. This could be a record in India for all sorts, especially for large mega projects like that you're pursuing which is 6 million tons. If you take look at any of the brownfield projects Sumangal, none of them have come up before 5 years. That's the best achievement so far. And with all the challenges before us, we are still trying to complete this by 4 years' time frame.

Sumangal Nevatia: Understood. Is it possible to have some sort of a volume guidance for this year and next year, given the confidence of commissioning these projects now?

Vishal Chandak: I think Sumangal, we'd be in a better position to talk more about the volumes as we draw closer to the commissioning timelines. I mean, that would be a fair timeline for us to give a volume guidance for next year.

Sumangal Nevatia: Understood. Just last set of question. One is, I mean, any update on Utkal B1, B2 where is the approval process as of today. And in the opening remarks, there was some commentary on the cost and price movement that you're expecting for the second quarter? If you could just repeat that.

Pankaj Malhan: So let me take this one. In terms of the approvals, which I just spoke about, we have already secured the approvals right now with us. The last approval is expected any time from now. And we are in the process of starting the coal mine B, Utkal B rather, B1, I would say. I'm hoping that in the next 2 months' time, we should be in a position to start that.

Sumangal Nevatia: Okay. And the guidance on the cost and prices for the next quarter?

Sabyasachi B.: Sunil, would you like to do this?

Sunil Agrawal: Yes, yes. Sure, certainly. So we are expecting around $30 to $35 in coking coal price savings in the Q2.

Sumangal Nevatia: Understand. And iron ore and steel price?

Sunil Agrawal: So the steel price, we have seen the recent auctions, and we are seeing around INR500 to INR1,000 per ton reduction in iron ore price as well. So in both fronts, we are seeing the cost reduction.

Moderator: The next question is from the line of Kirtan Mehta, BOB Capital.

Kirtan Mehta: Just in terms of the project targets, would you also highlight the timelines for the other components like pellet plant to DRI to CRM complex and plate mill, which were also targeted in the second half of the year? would there be a shift in those as well?

Vishal Chandak: Kirtan, we have already uploaded the presentation and is now available. So you can actually refer to those numbers quickly from there.

Kirtan Mehta: Sure, we'll do that. In terms of the pellet plant, would you be able to sort of highlight the current run rate, pellet plant to that we had started earlier? What is the current run rate for the same?

Sunil Agrawal: So Pankaj, can you just take up this one?

Pankaj Malhan: Yes. I think, if I was to give you the current level, we are close to a run rate of 4 million tons for the year.

Kirtan Mehta: Right, sir. And in terms of when we are targeting the BOF and BF-II by March, to deliver on that, what should we have been achieved by December so that we understand that will remain on track. Just to sort of give us an intermediate milestone to improve the confidence with the investors on delivery.

Pankaj Malhan: So when I say 4 million tons, which means we are almost going to hit the capacity 6 million tons as and when it is going to come up. So I think we would be able to feed BF-II straight from our pallet plant.

Kirtan Mehta: I understood about the pellet plant. I was asking with reference to the BF-II and BOF-II, which we are targeting by March '25, the commissioning. What would be target and achieved by December to remain on track for March '25 commissioning? Would you be able to share some intermediate milestones?

Vishal Chandak: Kirtan, I think we would want to plan a visit for all the analysts and for you to see the kind of work which is currently going on the ground. Because if Pankaj sir, starts telling you the list of all the activities, probably will spend next 2 hours only detailing all these activities. So I would be happy to take the entire block to the plant post the earnings season. And for you to see on the ground how the construction work is currently going on.

Kirtan Mehta: Sure. Any update on the RINL and MoUs, how the progress has been?

Pankaj Malhan: Yes. RINL, MoU progress is quite well. But unfortunately, some uncontrollable factors at RINL level because of some strike at Gangavaram port that derailed the entire stuff because they have to put off their blast furnaces, two of them. So they are in the process of reviving, and we are in touch with the highest-level right now and see how we can revive our relationship with RINL.

Moderator: The next question is from the line of Ritesh Shah, Investec.

Ritesh Shah: A couple of questions. Sir, first, is it possible to quantify the average consumption cost for both iron ore as well as coking coal in the quarter?

Vishal Chandak So Ritesh, we don't give numbers for iron ore and coking coal in absolute terms. So we have did mention that there is a possibility of a saving about $30 to $35 for the next quarter.

Ritesh Shah: I just wanted to understand the economics of Kasia and Tensa mines...

Sabyasachi B.: That I would leave it for you to judge. We don't typically give guidances on iron ore cost and coking coal costs, absolutely.

Ritesh Shah: So let me put it the other way around, the blended iron ore costing for us, is it lower than what you would have secured from procuring via NMDC?

Vishal Chandak: Again, Ritesh, you are coming back to the same question as to benchmark our costs. I think these are highly competitive questions. Our cost is… look at the EBITDA per ton that we have versus our peers, and you will see that we are integrated from a cost perspective by only about 30% from iron ore and nothing from coking coal side. Despite this, we have been able to deliver industry-beating EBITDA margins for the quarter, it still tells us about our superiority, not in terms of iron ore and cost, iron ore and coking coal procurement, but also in terms of our volume and value-added sales.

Ritesh Shah: Just trying to appreciate what you're doing, that's why asking this question. That's fine. My second question is on RINL. Would it be possible for you to source the volume and value?

Moderator: Sorry to interrupt, Mr. Shah. May we request you that you return to the question queue for follow-up questions as there are several analysts waiting for their turn. The next question is from the line of Ashish Kejriwal from Nuvama Institutional Equities.

Ashish Kejriwal: Sir, two quick questions. One, is it possible to share how much capex we have already done out of this INR31,000 crores? And secondly, in Utkal B1, I think we were trying to increase our approval from 3.4 million to 5 million tons, where we are? And in coking coal, you mentioned that in first quarter, how much cost we have already witnessed down. Second quarter, I know, $30, $35, but in first quarter, how much coking coal price was down quarter-on-quarter?

Sunil Agrawal: So from the capex side, we have already incurred around INR17,500 crores on these projects.

Ashish Kejriwal: Okay. And so regarding Utkal B1 and coking coal price?

Vishal Chandak: I think you are referring to Utkal C.

Ashish Kejriwal: Sorry, yes, Utkal C, sorry. Yes.

Sunil Agrawal: Utkal C, we have already mentioned. Pankaj, you just take up this one?

Pankaj Malhan: Yes, Sure. Ashish, we have given a guidance that we would be increasing our EC from 3.37 to potentially 4.78. That would be happening and that's happening on track. We are at the last leg of approvals right now. And I'm hoping in the next 2 - 2.5 months' time, we should be able to increase our capacities in Utkal C.

Ashish Kejriwal: Sure. So in the next 2, 3 months, we are expecting Utkal B1 to start and capacity increase in Utkal C?

Pankaj Malhan: Correct.

Ashish Kejriwal: And sir, lastly, what coking coal Q1, how much down it was?

Pankaj Malhan: Sunil, can you take this?

Sunil Agrawal: This is $23.

Ashish Kejriwal: It's $23, you said, no?

Sunil Agrawal: Yes. Yes, $23 per ton.

Moderator: The next question is from the line of Vikash Singh, PhillipCapital.

Vikash Singh: My first question pertains to our volumes, given we didn't get much of the RINL and that is due I know that we don't give the volume guidance, but at least, are we confident to maintain at least that 2 million tons plus run rate going forward? Or there is a ambiguity there as well?

Sabyasachi B.: No, we are confident on maintaining that volume level.

Vikash Singh: So at least 2 million tons plus per quarter, we would be able to maintain and RINL would be over and above that?

Sabyasachi B.: Yes.

Vikash Singh: Understood, sir. Sir, secondly, I know the other critical percent got delayed because of the lame terms of project. But I just wanted to understand this slurry pipeline, which was relatively easier task than the blast furnace and have a very good impact on our total per tonne cost savings? That was supposed to come in 1Q, which hasn't come. So any time it's a specific reason on timeline by when we can have that?

Sabyasachi B.: Pankaj, can you take that, please?

Pankaj Malhan: I think slurry pipeline kind of a project we all know they are very, very sensitive projects. While work have been going very good over that kind of a project. But again, because of elections, there have been some kind of delays in terms of securing approvals, things are back on track, and we are actually getting on the ground in the right way. And we are hopeful by the end of this financial year, we should see this project also coming up.

Vikash Singh: Understood, sir. That's all from my end. And just a request that just to have some more time before the results and call.

Moderator: The next question is from the line of Kamlesh Jain, Lotus Asset Managers.

Kamlesh Jain: Sir, just one question on the part of the realizations. You have mentioned about the cost reduction. So how and what change we are expecting in the realization quarter-on-quarter?

Sunil Agrawal: So as I mentioned, so we are expecting, we have done better in this quarter, but there is a softening of price by 1%. We are just seeing as of now, softening in the realization around 1%.

Kamlesh Jain: Okay. And sir, on the part of our BOF-III and DRI-II? So let's say, is entire ordering being done? because no doubt, it has been delayed, but it is getting delayed like say quarter after quarter. And like say, last, in the November 2023, we had that revision than we, let's say, got back to the earlier schedule. So on this particular DRI-II and BOF-III, so like on that part, how much ordering has been done? Or what is the pending part there?

Sabyasachi B.: Pankaj, can you take that, please?

Pankaj Malhan: I must say the company being very good in terms of, prudent in terms of spending of the capex, first of all. And we've been very cautious about each and every movement happening on the ground and how we are progressing in the project. As of now, we don't see any big hicccups in terms of ordering, things are well in well-oiled in terms of orders and deliveries. So I think we should be able to get home the timelines that we are committing.

Kamlesh Jain: Okay. And Q1 FY '26 is the timeline for your coke oven and other auxiliary facilities. So then the production or the utilization of the BOF-I and BF. So that can take roughly around 6 months of time from the production rate like that is Q4 FY '25. So the production or the utilization in the first year of the production, can be at around 50-odd percent? Can we assume that?

Pankaj Malhan: See facilities to this size need some time for ramp up. And if you look into the industry ramp-ups, we've been almost in from, say, 6 to 12 months' time. The way we are confident, the way we have delivered our HSM ramp-up, we are hopeful of delivering these ramp-ups also faster. And in terms of coke ovens, what we mentioned, yes, we are mindful of that stuff. But because of some internal cokes, which is there, plus something that we can source from various imported markets or maybe from the domestic market, we are hopeful of starting our BF.

Vishal Chandak: Just to add on to what Pankaj sir, mentioned. As the blast furnace ramps up, the requirement for coking coal anyways will not be as high as once that's fully done. So we will not have major challenges in securing the coking coal or coke at that point in time. So it should not impact our profitability in a significant manner in any ways.

Moderator: The next question is from the line of Rajesh Majumdar, B&K Securities.

Rajesh Majumdar: Sir, I had a question on the project cost also. You mentioned that there is going to be a little bit of a delay in terms of the execution. But how about the cost? Is there going to be an escalation with cost as well? That was my first question.

Sabyasachi B.: Yes, Sunil.

Sunil Agrawal: Yes. So we are not expecting any cost escalation on the overall project cost, which we have designed. So whatever we have mentioned we will be completing all projects within that cost. We are not seeing any major deviation from that.

Rajesh Majumdar: Okay. So it's only a time overrun due to some labour delays, etcetera, or any cost over. Is that correct?

Sunil Agrawal: Yes. We have the contingency built within that. So we will manage that cost increase in the contingency that we have kept.

Rajesh Majumdar: Sorry, I've not been able to see the PPT yet, but what is the debt now and what is the debt that we envisaged after the project completion?

Sunil Agrawal: So we have maintained that we will maintain 1.5x of net debt to EBITDA that we will be maintained. That is our target, and we will be within that range.

Sabyasachi B.: And right now, we are under 1%.

Sunil Agrawal: Right now, we are at 1%.

Rajesh Majumdar: What is the aggregate amount of debt right the absolute amount?

Vishal Chandak: Rajesh, we have mentioned that we will not breach 1.5x net debt to EBITDA at all times. So right now, we are at 1x, our net debt for the quarter is about INR10,462 crores.

Rajesh Majumdar: Right, that's helpful. And my second question was, sir, you mentioned just a 1% drop in the NSR so far, you've seen but the market trends are showing a much more significant drop. So how confident are we that the drop is going to be just 1% and not more than that for the quarter? Because it's also a lean season for the construction activity. So could it be that the drop in the NSR is sharper than 1% in what you envisage?

Sunil Agrawal: So we are not giving any guidance on that part. So as of now, we are seeing this that much of -- since we have different product mix in our basket for our finished goods. So as of now, we are saying 1% down. So for future, we can't give you the guidance.

Pankaj Malhan: Just to clarify the point what Sunil is trying to make is the guidance. It's not the guidance, it's the actual deliveries that we have seen in quarter 1. That's the blended NSR drop of almost a percent.

Rajesh Majumdar: Okay. Okay. Okay. That's useful. And sir, one last question, if I can squeeze in. Is that ,what was the exports for the quarter? And where do you see the trend for that going forward?

Sunil Agrawal: So exports for the quarter, last quarter was 0.15 million tons and that was there. So future we will -- normally, we will not give the future guidance on that.

Rajesh Majumdar: So because the quotas, etcetera, have already been announced for the year. So you will have a fair idea of how much can the exports be for this year, right? That's why.

Sunil Agrawal: So all that depends on the international market and the demand supply. So if we get to that quantity, certainly, we'll love to export, but that depends on our market conditions.

Rajesh Majumdar: And the export NSR, sir, last question, sorry, yes.

Sunil Agrawal: We don't have right now the export NSR specifically.

Vishal Chandak: We don't discuss export and domestic guidance, Rajesh, you know our policy. Let's not push here.

Moderator: The next question is from the line of Raashi Chopra, Citi.

Raashi Chopra: Just my first question back on realization, to be clear. You mentioned there was a 1% decline that you witnessed in this quarter 1 or there's a 1% decline that we will witness in quarter 2 versus quarter 1?

Sunil Agrawal: So no, I will just repeat. So our 1%, there was increase in 1% realization in Q1. And as of now, we are sitting in July meet. So as of now, we are seeing drop of 1% as compared to last quarter.

Raashi Chopra: Okay, that's clear. Secondly, on the volume side. So is it safe to assume that the RINL issues are not yet resolved?

Vishal Chandak: Raashi, the RINL issues are still not resolved. The company is still getting supplies in the Gangavaram port, and they are in the process of restarting the blast furnace. Once that restarts, then only we can have a stable supply of billets from there, which can augment and fill up the volumes that we have been looking forward to.

Raashi Chopra: So the increase that you've seen in the HSM in this quarter, have you had to cut compromise on the long side or there was adequate material?

Vishal Chandak: So we always mentioned that we have about 1 million tons of semis that is waiting to be converted into finished products because of the imbalances in our finishing lines, this was being sold as semis. So now that imbalance is taken care of. So we are now converting our existing semi into finished steel.

And also one of the reasons where you see improvement in our NSRs compared to the industry standards. As our product mix is improving quarter-on-quarter.

Raashi Chopra: Okay. Just on coking coal, just to understand -- sorry, on thermal coal just to be clear. The EC for Gare Palma is 4 million tons and Utkal C, you're taking up from 3.4 million to 5 million tons?

Sunil Agrawal: Yes. Yes. Yes.

Raashi Chopra: And so that EC will increase in the next couple of months and Utkal B1 will also start in the next couple of months?

Sunil Agrawal: Yes.

Raashi Chopra: And sir, B1, B2 combine with 8 million tons. So is B1 is permanent or is there a...

Vishal Chandak: B1 is 5.5 million tons, B2 is 2.5 million tons. We are planning to increase the EC limits for Gare Palma IV/6 and as well as Utkal C to 5 million ton each. So as Pankaj sir mentioned, we are targeting to do it as soon as possible.

Raashi Chopra: Okay. Even Gare Palma will increase?

Vishal Chandak: Right.

Raashi Chopra: Okay. And 5.5 million of Utkal B1 should start sometime, right?

Vishal Chandak: We are hopeful. We should.

Raashi Chopra: Okay. And just one last question for me...

Moderator: Ms. Raashi, sorry to interrupt you, may I please request you to return to the question queue for follow-up question as we have other analysts who are waiting for their questions. The next question is from the line of Amit Murarka, Axis Capital.

Amit Murarka: My question is on product mix. So you mentioned that you did 0.45million tons of HRC in this quarter. So did all of that come from a shift from semis to HRC? Or was there some reduction in some other products also?

Sabyasachi B.: So I will give you an overarching composition of the long and the flat. So as compared to the last year of 68% to long and 32% flat. In the first quarter, this financial year, we have been 57% long and 43% flat, if that answers your question.

Vishal Chandak: I think Amit, to put a plain simple TMT market has been very good, so there was no need to cut down on the long product side. What we have reduced from our portfolio in the quarter is primarily on the semis and the semis that we -- that do not fetch us margins as high as HRC. Our endeavour has always been to maximize the EBITDA. So we have been following the same philosophy.

Amit Murarka: Sure. Also, I mean, I frankly couldn't understand it fully in the -- I think one of the earlier questions, you explained why there's only a 1% drop in realization versus what we are seeing at least and the market pricing that you see? I mean could you just please explain that one more time?

Sunil Agrawal: As I mentioned earlier, see as of now, we are sitting on month end. So for this month, we are seeing around 1% drop in our realizations. As overall steel mix that we are discussing.

Sabyasachi B.: And there is no specific guidance on that.

Sunil Agrawal: No, no, we are not giving any guidance for the Q2, but this is basically what we have achieved till now.

Amit Murarka: No, no. I understand you don't want to give guidance, but just trying to understand because the pricing that we see at least at our end, showing a decent enough fall even for HRC and for rebar it's a bigger fall. So that 1% number is something that was looking lower in that context.

Vishal Chandak: The projects that we see on the subscription that we all look at they are all generic products. These are all over-the-counter products kind of thing. While at JSP, we have about 60% of it is all value-add. So depending upon the market and the product which fetches us the best EBITDA, we focus on that. So if you typically would want to match it with the pricing, which is available by the pricing indices, it would be very difficult to match that. But rest assured, our endeavour is to ensure that we deliver highest EBITDA. And if it takes to improve our larger product mix accordingly on a sequential basis, we are always agile to do that.

Sabyasachi B.: May I add a point or 2 here. Yes. I think one of the brilliant pieces of ours is that the flexibility and the agility that Vishal is trying to point out. We can switch between products very easily depending on how the market is behaving or how the overall business is behaving. And we can adjust ourselves or adapt ourselves to different product lines very easily. And that's what remains our biggest strength, core strength.

Moderator: The next question is from Parthiv Jhonsa, Anand Rathi.

Parthiv Jhonsa: Just to get some clarity on the mines. I believe that you are enhancing the EC at multiple mines. So can you quantify what would be the output for FY '25, as far as the coal is concerned?

Sabyasachi B.: So we are looking at 5 million tons from Gare Palma, and Utkal C is estimated at 4.7 million tons, so total 9.7 million tons.

Parthiv Jhonsa: So this would be the absolute...

Sunil Agrawal: For B1 and B2, we will give a bit for a guidance at a later date when we open the mines.

Parthiv Jhonsa: All right. Also one very quick question on the ASP. I believe, is my understanding correct that you pointed out that in the first quarter, the ASP increased by 1% compared to the previous quarter?

Sunil Agrawal: Yes, yes.

Parthiv Jhonsa: But if I just put it on a very quick calculation on a consol basis, you did about INR13,600-odd crores with a 2.09 million ton kind of a number, it works out to a bit lower than INR67,000-odd crores what you did in the fourth quarter.

Vishal Chandak: So Parthiv, listen...

Parthiv Jhonsa: If my understanding, there has been some mismatch out here.

Sunil Agrawal: Starting with -- see in the previous quarter, we had mentioned that our top line included sales to our RINL. The raw materials we have supplied to RINL was part of our top line. Okay. In this quarter, it was not the case. Hence, what Sunil sir has mentioned is on a like-to-like basis, what is the steel NSR.

Parthiv Jhonsa: Okay. Perfect. That feels a lot of...

Sunil Agrawal: Yes. What I mentioned is on steel NSR currently.

Parthiv Jhonsa: Perfect, perfect. That clears a lot confusion.

Moderator: The next question is from the line of Rahul Gupta, Morgan Stanley.

Rahul Gupta: So just to understand and clear confusion around how the steel prices are moving vis-à-vis what you are seeing for your peers. Can you just help us understand what share of products would be or what share of volumes would be contract-based volumes, which are more than 3 months? So basically, what is the share of contracts which are more than 3 months?

Vishal Chandak: I think, Rahul, we do not divulge that kind of an information on the calls as to what kind of products are on a long-term basis. What we can tell you is fairly about 60% of our sales are on account of value-add mix and that is on account of both project sales as well as spot sales.

Rahul Gupta: So that's very helpful. Just -- we are just trying to understand where is the delta. Are you implying that prices for value-added products have not moderated as sharply as we are seeing for plain vanilla products?

Vishal Chandak: Absolutely. If you look at our product profile, we manufacture some of the products for which we are the only manufacturers in India, we have import substitution. So there, because of the strong demand, we have not seen as much as moderation as you have seen in the commodity-grade products. So therefore -- and we have also -- you also have to appreciate the fact that our HSM is ramping up. So our sales has going down on a Q-on-Q basis. So that is also helping us improve our overall NSR.

Rahul Gupta: Got it. That's helpful. If I can squeeze in. Just want to understand separately your subsidiaries numbers have been quite volatile. So how should we read what's happening over there? Is there any update on what's happening in Australia? Or how should we model these numbers going forward?

Vishal Chandak: I think, Rahul, we can connect offline on the subsidiaries because that is not something which we are really very focused on from a story perspective of JSP. The JSP's entire story is not all about the growth at Angul Steel Plant. And that's really what we want to focus. But if you still want to have some clarity, we can connect offline.

Operator, we have space for just last question.

Moderator: This will be the last question from Mr. Nirbhay Mahawar, N Square Capital.

Nirbhay Mahawar: I wanted to have your medium-term outlook for a steel market, how do you see as India turned from net exporter to a net importer now and we have got significant capacity addition in the domestic front. So I am not looking for any guidance, but how do you see this environment over the next 1 to 2 years?

Sabyasachi B.: So I think one of the most promising aspect that has happened, is the budget presentation where big infrastructure boost has been announced with INR11 lakh crores, more than that, almost 3.4% of the GDP. And I think that's one of the -- I mean, it's just a very global outlook that we are trying to give you. And given the flexibility that we have in our product profile, and the infrastructure-oriented products that we have in our basket along with value-added grades. I think we are slated for good growth. And even though the last year performance shows net imports. I think overall, initiatives on various grid developments and capability establishment is also coming in sync with replacing those substitution levels. So I think we are in for a good growth for the overall Indian steel industry.

Nirbhay Mahawar: Sure. So would it be fair to assume that domestic demand only will be the driver and we would be probably largely moving away from the export market as an industry?

Sabyasachi B.: I mean, this is my personal opinion altogether. And since you were asking the question, I would rather say, yes, India is on a very high growth ramp-up with almost close to 8% GDP. So I think that it's fair to say that almost entire steel industry in India will be focused on domestic growth rather than export orientation. But having said that, there are opportunities in export that no one will get rid of. So we remain focused on the flexibility of our business execution.

Moderator: Ladies and gentlemen, I now hand the conference over to the management for closing comments.

Sabyasachi B.: Okay. So this is Sabyasachi. Good evening once again to everybody, all the participants. Thank you for your interest in our business profile and our performance. We sincerely appreciate all the questions that you have tabled in front of us. Unfortunately, we are not in a position to provide any future guidance. But we remain very much focused on improving the performance. One of our core brand values are -- is better than before.

So for us, we consider opportunities as limitless. And setting goals, we do not limit ourselves, but we always have a business plan that we work ourselves to. Having said that, again, we are extremely, extremely focused on agility, versatility and adaptability. So those are one of our major thrust areas in terms of execution of the business. We will again be always at your doorstep for any further clarification, Vishal has already given you a very good invite. Please take a time out to plan a visit to Angul. And you'll be able to see on the ground activities, which will give a much better perspective of the progress.

Thank you once again, and we look forward to another quarter better than before. Thank you very much.

Moderator: Thank you so much, sir. On behalf of IIFL Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Vishal Chandak: Thank you.

Sunil Agrawal: Thank you.