JINDAL STAINLESS

May 22, 2024

BSE Limited	**National Stock Exchange of India Ltd.**
Corporate Relationship Department,	Exchange Plaza, 5th Floor,
1st Floor, New Trading Ring,	Plot no. C/1, G Block
Rotunda Building, P J Towers,	Bandra-Kurla Complex, Bandra (E),
Dalal Street, Fort, Mumbai – 400 001	Mumbai-400051
Email: corp.relations@bseindia.com	Email: cmlist@nse.co.in
Security Code No.: 532508	**Security Code No.: JSL**

Subject: Transcript of Earnings call held on 16th May, 2024 - Disclosure under Regulation 30 read with Schedule Ill of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations")

Dear Sirs,

This is further to our letter dated 08th May, 2024 w.r.t the Q4 & FY24 Earning Call intimation for the financial results with the investors and 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, please find enclosed herewith the transcript of the above said Earning Call. The same is also being uploaded on the website of the Company at the following web-link:

https://www.jindalstainless.com/financials/earnings-presentation

You are requested to take the above information on record.

Thanking you,

Yours Faithfully,
For **Jindal Stainless Limited**

NAVNEET RAGHUVANSHI Digitally signed by NAVNEET RAGHUVANSHI Date: 2024.05.22 11:47:48 +05'30'

Navneet Raghuvanshi
Head Legal & Company Secretary

Encl. as above

"Jindal Stainless Limited

Q4 and FY '24 Earnings Conference Call"

May 16, 2024

MANAGEMENT: **MR. ABHYUDAY JINDAL - MANAGING DIRECTOR – JINDAL STAINLESS LIMITED**
MR. TARUN KHULBE – CHIEF EXECUTIVE OFFICER – JINDAL STAINLESS LIMITED
MR. ANURAG MANTRI – CHIEF FINANCIAL OFFICER – JINDAL STAINLESS LIMITED
MS. SHREYA SHARMA – HEAD OF INVESTOR RELATIONS – JINDAL STAINLESS LIMITED

MODERATOR: **MR. ANUPAM GUPTA - IIFL SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Jindal Stainless Limited Q4 and FY '24 Earnings 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. Thank you, and over to you, sir.

Anupam Gupta: Thanks, Sajal, and welcome, everyone to Jindal Stainless Limited fourth quarter earnings conference call. From the management, we have Mr. Abhyuday Jindal, Managing Director for JSL; Mr. Tarun Khulbe, CEO; Mr. Anurag Mantri, CFO; and Ms. Shreya Sharma, Head of Investor Relations.

To start off, I'll hand it over to the management for the opening comments, and then we can move over to the Q&A. Over to you, sir.

Shreya Sharma: Thank you, Anupam. Good afternoon, everyone, and a warm welcome on the call. We have shared our Q4 FY '24 earnings presentation in the Stock Exchanges, which is also available on the company's web site and today's call discussion will be on the same line. Please note some of the information on this call may be forward-looking in nature and is covered by the disclaimer on the Slide 2 of the earnings presentation.

Now I would like to hand it over to our Managing Director, Mr. Abhyuday Jindal. Over to you, sir.

Abhyuday Jindal: Thank you, and good afternoon to everyone, and welcome to the Q4 FY '24 earnings call. I'll first discuss the key business highlights of the quarter, following which, Anurag will take you through our operational and financial performance.

As we ramp up our operations in Jajpur unit, Q4 FY '24 witnessed record breaking delivery volumes with a notable 23% increase in sales volume for FY '24 compared to FY '23. In the domestic market, we experienced strong demand across all major segments. The railway sector in particular, saw unprecedented growth, achieving its highest ever sales in the wagon segment, while demand for passenger coaches and Metro remains robust.

Additionally, the Auto, Pipe & Tube and Lift Elevator segments as well as other special grade segments also witnessed substantial demand. On the export front, our key markets continued to see muted demand along with geopolitical issues such as the one on going in the Red Sea. These challenges have had an impact on our export performance and prevented us on optimizing our sales mix. These issues, coupled with the continuous and steep fall in nickel prices has impacted our margins in Q4 FY '24.

Now I would like to discuss our recent expansion announcement. We have announced a total expansion capex of around INR5,400 crores. With these acquisitions and investments, we have orchestrated a plan to become one of the largest stainless steel producers in the world.

This comprehensive expansion plan targets a merit as well as downstream balancing facilities, which includes collaboration with a Singapore entity for setting up of 1.2 million tons per annum stainless steel weld shop in Indonesia, wherein JSL will hold a 49% stake with an outlay of around INR700 crores.

The joint venture in Indonesia promises optimal speed and ensure the security of raw materials. We are acquiring a 54% stake in Chromeni Steels, which is located in Mundra, Gujarat. The transaction entailed an outlay of INR1,340 crores comprising the takeover of existing shareholder debt at around INR1,295 crores and balance towards equity purchase. Additionally, we have decided to invest around INR1,900 crores for the enhancement of downstream facilities in Jajpur, aligning with the SMS facility in Indonesia which will become operational at the same time.

Alongside this, nearly INR1,450 crores outlay has been earmarked for improving and upgrading our overall infrastructure and additional and other sustainability-related projects in tandem with expansion plans.

Further, I would like to highlight that, aligning with Atmanirbhar Bharat mission of Government of India, it is a constant endeavour to substitute imports in critical areas. I'm happy to share that our strategic arm, Jindal Defence and Aerospace successfully developed and supplied special alloy sheets for defense projects for enhancing the Indian Navy's anti-submarine warfare capabilities and for many other aerospace projects.

On the import side, imports from China continue to surge with around 20% increase on a year-on-year basis. With a consistent increase in Chinese dumping, the stainless steel market in India continues to be flooded by substandard exports. threatening the MSME sector and disrupting the level playing field needed for fair competition.

I would also like to share that as an organization committed to ESG goals in March 2024, we inaugurated India stores, green hydrogen plants in the stainless steel sector. We have also officially announced our commitment to the near-term science-based emission reduction and net zero targets outlined by the global climate action body SBTi, Science-based targets initiatives, which is a significant step towards achieving carbon neutrality.

With this, I would like to hand over to Anurag to discuss the operational and financial performance.

Anurag Mantri: Thank you, Abhyuday. Good afternoon, everybody, and warm welcome to the call. As highlighted by Abhyuday, we delivered a strong volume amidst the challenging global scenario.

Let me discuss the detailed operational and financial performance during quarter 4 FY '24 and FY '24 full year. We delivered the highest average sales volume of 5,70,362 metric ton in quarter, increased by 12% on Y-o-Y and 11% on quarter-on-quarter basis.

Accordingly, we had a strong sales volume growth of 23% in FY '24, leveraging the strong domestic demand through our flexible business model. The standalone quarter 4 revenue increased by 5% on Q-o-Q to INR9,521 crores. Quarter 4 EBITDA and PAT stood at INR827 crores and INR476 crores, respectively.

The full year FY '24 stand-alone revenue increased by 9% Y-o-Y to INR38,356 crores. EBITDA and PAT stood at INR4,036 crores and INR2,531 crores, respectively. On the subsidiaries and associates side, I would like to update that our domestic -- our subsidiaries have performed well and adding to a total net EBITDA of INR208 crores. The operational notes in overseas subsidiaries are also reduced. And one of just -- in Indonesia, we have a one-off adjustment of INR37 crores on account of the liquidation process.

To update on consolidating our stake on Spain subsidiary Iberjindal, I'm happy to share that we have acquired 30% stakes, i.e., 300,000 shares of face value of Euro1.0 each at EUR0.10 per share with a total consideration of EUR 30,000. Accordingly, we now hold 95% stake in the Spain subsidiary. With regard to the divestment of the stake in JCL, the company has divested 4.87% stake and exploring the option to divest the balance 21.12% stake, which will be completed by 30th September.

I'm happy to share that Board of Directors have recommended a final dividend payment of INR2 for FY '24, subject to approval of shareholders, taking the total dividend payment for FY '24 to INR3, which is 150% per equity share with a face value of INR2 each. As you know, we have recently announced a new expansion capex of INR5,400 crores and revamped capex of INR275 crores to restart and scale up the new acquisitions of Rathi, Chromeni and Rabirun. And we're getting the total capex to INR5,675 crores over the next 3 years.

We also have some deferred and spillover capex of around INR800 crores from FY '24. With this, the total capex outlook of FY '25 is expected to be around INR4,700 crores to INR4,800 crores. The new capex is primarily to be financed through internal accruals, and we expect the closing debt of FY '25 to be at around INR5,100 crores to INR5,200 crores, which is an increase of only INR300 crores to INR400 crores, excluding the spillover capex of FY '24.

We will continue to focus on healthy leverage ratios by targeting -- while targeting the growth. So to close and I reiterate on the demand outlook that we are confident of domestic stainless steel demand will continue to rise with robust economic activity.

With this, I would like to end my discussion and would request the moderator to open the floor for the Q&A session.

Moderator: Thank you very much. The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: I have two questions. The first one is potentially on EBITDA per ton. So if we see in this quarter, there has been a meaningful decline. Now if you could group the decline in three buckets, that is nickel price decline, the inferior product mix or the third one is the freight cost. If you can just break the EBITDA per ton decline in these three buckets, that would be easier for us to understand? And what kind of trajectory do you we see in Q1 FY'25 for EBITDA per ton especially since ferrochrome prices are up, nickel prices have started moving up and so are the stainless steel prices. That is the first question.

Tarun Khulbe: So on the EBITDA per ton, I mean like this year normally the nickel prices fluctuate. But as we can see that unprecedently for the nine months, this year the nickel prices continuously fall. And if you see in the quarter 3, the fall was even steeper. So on one hand, while we try to minimize the impact of freight by managing our supply chain in an efficient way, but this was a bit continuous fall for us.

Then secondly, coupled with that, we were trying to maintain our volumes also, our quarter 4 volumes have been our highest ever. And then the third one, as we said, that the Red Sea problem because of which our exports, freights and all which suddenly multiplied, I would say, to our key markets of Europe and U.S. But Q1, we definitely see that already the change in the nickel price is improving, we can see the things improving and we see the positivity here onwards even on EBITDA per ton.

Abhyuday Jindal: So one thing I would like to point out, and this can be seen every time by studying stainless steel markets, that when nickel starts to fall, the whole market actually stops. Because there is no clarity in nickel how much it will fall, what is the fall that can happen? But this is what the company has performed despite nickel consistently falling April to I would say almost Jan-Feb of this year. It has fallen consistently every month.

And despite that, we have still post more volumes than was envisaged. So that is the positive on the company side. Otherwise, in the past, always you see with nickel falling, volume decrease always happens. But this time, we have done a lot of effort to at least ensure there is no dip in volume and there is an increase in volume. And already like Mr. Khulbe is saying and Amit like you were saying already with our raw material prices inching up, we are seeing better realization.

Amit Dixit: So basically on EBITDA per ton front and I'm not asking for a quarter or something, for year FY'25 we reiterate our guidance of 18,000 to 20,000?

Abhyuday Jindal: Absolutely. We are quite confident of achieving that and we are reiterating our guidance.

Amit Dixit: Okay. The second question is if you can just highlight a bit on the progress on NPI project in Indonesia. And when can we expect the production at Rabirun and Rathi to come in?

Abhyuday Jindal: So NPI project our -- as per the original contract, as per the original JV agreement, it was supposed to get the commission by Q4 of FY'25. But I can inform that we see that early Q2 '25, we are expecting it to get commissioned.

Amit Dixit: Okay. So we would expect some kind of commercial sales also in this year?

Abhyuday Jindal: Yes. After that, it will take two, three quarters to ramp up.

Amit Dixit: Okay. Fine.

Abhyuday Jindal: A little bit will start absolutely -- Amit, a little bit will start but obviously to reach 100% capacity utilization it will take two, three, four quarters. But definitely, once from Q2 some commercial sales will start.

Tarun Khulbe: In FY'26, actually, we expect almost to reach 90% of this utilization, which is around 25,000 ton versus a full capacity of 28,000 ton which is the 14% nickel content what we had to maintain is of 200,000 NPI.

Amit Dixit: Okay. And Rabirun and Rathi?

Abhyuday Jindal: Rathi has started now into the rebar side because we started earlier with the wire rods, now we started putting the rebar from. So on Rathi we are now hitting almost 75% of our capacity but producing more of wire rods. Rebar, we have just started. And here onwards, our rebar which is more value-added will be ramping up on a month-on-month basis.

Tarun Khulbe: Every month from now, we will start reducing wire rod and start increasing our sales in rebars which is getting us more demand also and better realization also.

Abhyuday Jindal: And on Rabirun, we have just started now producing our tubes. We have just started it, so it will also gradually pick up. And we expect it to go to the level of 1,000 to 1,500 in the next couple of quarters.

Tarun Khulbe: Rabirun is right now under more on a trial run, but we just started the plant gradually basically under a trial conditions.

Amit Dixit: Understood. Thanks for the elaborate answer and all the best.

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

Ritesh Shah: Sir, can you detail a bit on the product mix on how that's changed in Q4 or if you can give some color on FY'23 versus '24?

Abhyuday Jindal: On the product mix, you mean series wise?

Ritesh Shah: Yes, 200, 300, 400.

Abhyuday Jindal: Just give us a minute.

Anurag Mantri: In FY'24, basically series wise, 200 series at almost 35%; 300 series was close to around 45%; and 400 was around 20%.

Ritesh Shah: Has 400 reduced on a year-on-year basis by any chance?

Anurag Mantri: No. I would say because in FY'23, it was actually 24%. Practically it's on 400 series.

Ritesh Shah: Sure. This is helpful. My second question is…

Abhyuday Jindal: Ritesh, 400 like a strategy like we discussed, so every time we want to only increase 400, so more applications, more areas of supply we're trying to create for 400 series.

Ritesh Shah: Perfect. Sir, my question is more, say, with a three or four year view after the capex announcement of what we already had, are we looking at any major growth capex for, say, next three years, four years or is it something we should look at maintenance capex only I think?

Abhyuday Jindal: It is definitely -- Ritesh, it is definitely in our plans that after, let's say, this investment that we have just announced, looking at the growth coming in India, looking at domestic demand requirement, we are very bullish on stainless story. So definitely, after three, four years, we will be coming up with a big capex. But at the moment, it's still too early to announce or discuss, but looking at the growth projections, looking at the demand, looking at our customer what they are saying, it will definitely be required.

Anurag Mantri: Idea is to first exhaust this 1.2 million ton capacity expansion which we are doing and then we'll obviously look for -- continue to look for the growth beyond that once we start exhausting those capacities.

Ritesh Shah: Sure. We have basically acted on JCL, the implied valuations look pretty good. Why didn't we go for the entire state, any timelines? I think you have given a timeline of September this year. I just wanted to get surety on that? And secondly, will the valuations be at par or is it could actually change?

Anurag Mantri: So we have already around 4% stake and balance, obviously, we are in the process, as I mentioned. Valuation will be -- obviously cannot be below this. So it's expected to be at par. We are trying to optimize the cash in hand of JSL. That's the reason it's taking some time, but it's on track.

Ritesh Shah: That's useful. And on Chromeni, any timelines on the residual stake purchase?

Abhyuday Jindal: No. We are evaluating it and we are open to it, evaluating it cannot give a timeline right now. From our side, we would like to close it ASAP, but because there are external partners that we need to deal with. So it could take a little longer than what we want. But from management side, if I can say tomorrow, I would like to close it. But it will take maybe a few more months or something.

Ritesh Shah: Perfect. And the last one on Indonesia Upstream asset sale, what is the status? How are we looking at that?

Anurag Mantri: Our cold rolling unit. So that -- Ritesh, you are talking about the cold rolling unit, right?

Ritesh Shah: Yes, cold rolling.

Anurag Mantri: So, the liquidation process has already started, Ritesh, on that. I think as far Indonesian law, all the process and formalities, we are now on track. I think Indonesia, as a country takes some time because their compliances are much higher than what we see in India. But it's on track, and we expect that to be closed in maybe this financial year, hopefully.

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

Kirtan Mehta: The question I would want to go back to the EBITDA per ton to understand better the impact. Is it possible to share what was the nickel inventory valuation loss that we accounted in this quarter?

Anurag Mantri: See, as we already mentioned that -- see, what happens is that when nickel is consistently falling, typically between raw material and WIP, we maintain a more natural hedge mechanism where we actually try to maintain the nickel inventories within the range to cater to our order book between raw material, WIP and FG. So balancing our order book and the sourcing time and manufacturing time.

So when typically we have seen that nickel moves in a range bound manner in that case actually it recover on overall we don't see that much of impact, but as Abhyuday mentioned is that since May it was falling and you saw last two quarters we were still holding and because last quarter anyway our volumes were lower. So we could actually manage with optimize the product mix on -- to have a like blended EBITDA margin.

But since it was continuous fall combined with the low exports which actually improves our blended EBITDA margin because otherwise those inventories will have to sell it into the -- some of the domestic market where the margins are comparatively lower in a different segment and also the ocean freight which actually put up a pressure on this.

So all put together they all have close to INR250 crores impact on these multiple events which has happened INR250 crores to INR300 crores.

Kirtan Mehta: This is primarily the impact related to the nickel and not the other impact on the freight which was additional?

Anurag Mantri: No, it's all inclusive asset. It includes the freight, the lower exports on our targeted market everything put together.

Abhyuday Jindal: The major impact was because of nickel and lesser on the freight reason.

Kirtan Mehta: And the reason the nickel had major impact was basically in the first two quarters, three quarters basically we are holding to the extra nickel inventory which had been liquidated in Q4, and that is the reason the impact gets booked in the Q4. Is that the right understand?.

Abhyuday Jindal: No, not that understanding, understanding is completely wrong we don’t hold any stock.

Kirtan Mehta: No, our assessment is like if nickel is falling during the first 9 months. Why do we see the higher impact in the fourth quarter that I'm not able to sort of understand?

Anurag Mantri: Okay. Let me try to explain on this basically. What happens in that -- so last quarter actually we should have in Q3 we should have seen the impact, but Q3 we actually sold -- if you see our volumes we actually restricted our volumes in that price. We had a plant shutdown last quarter.

So actually we had -- volumes are on our side that all that part then suddenly, at the end of quarter 3 the Red Sea crisis happened till that time exports were actually going in, I would not say very good, but at least the right trajectory.

Immediately after the Red Sea crisis two things have happened. One is that our current export order we have to only pay the higher freight and even the new order we didn't start seeing those types of EBITDA margins on the new order.

So we actually stopped booking those kind of orders in our books which are reflected in Q4. So when you are pushing the quantity see as a practice we first absorb the premium and high-end Indian markets like auto, railway which will continue to exhaust and we try keep our higher share of wallet in those markets.

And then balance remains in -- between -- the play between the export market as well as on the other domestic market -- other domestic segment. So when your export markets are not doing very good obviously then you have to play with the other domestic segment which actually brings down the blended EBITDA.

So it's a combination of it's really not a pure math because we don't hold any inventory. We just hold the inventory which just require to support our sourcing time, manufacturing time and delivery times. So that's the inventory which we have been running and that's why we moved on a consistent basis.

Abhyuday Jindal: And two things I would like to add why you are saying Q4 is a bigger impact because the sharpest decline has happened in nickel was towards Q3. So that is why that impact we're seeing in Q4 that is one thing. And second thing knowing that these impact is going to come. We as the company took a decision and we need to push volumes. We've just invested last year in expanding our stainless capacity and to make these machines robust, we have to push volumes. We have to do better than the rated capacity production.

So and if you go on post volumes the plant will never get ready at all in a robust manner. So that's why looking at Q3 little net sales volume we want to give the confidence to the market that there is more than enough demand in our country where Jindal can cater. So let's push the volumes, let's push all our manufacturing facilities, capabilities to get ready for the good demand that we have foreseen coming up.

Kirtan Mehta: Thanks for this color. In terms of sort of understanding further the impact, so the Red Sea disruption still continues, the impact on the freight into Q1 as well as the export market has not picked up that well. So how much this will weigh on the Q1 margin?

Anurag Mantri: So exports are going to remain under pressure because the freight cost is still high and therefore the export EBITDA margins are not looking that great which we would have expected. So, obviously, we'll continue to push our volumes in the domestic markets.

But concerning all this thing I think if you look at a full year basis we are reiterating our guidance of 20% volume growth with an EBITDA margin of INR18,000 to INR20,000. So you have to look at in a more longer-term view. I think at this stage we are just reiterating those guidance and Q1 is expected to be better.

Kirtan Mehta: Quarterly it could be weaker, but over the period basically -- this would basically ultimately be able to deliver that margin.

Anurag Mantri: No Q1 is expected to be better than Q4.

Abhyuday Jindal: Q1 is going to be better because even in the export market. One is that the stabilization has happened because at that time the Q3 when the Red Sea happened we were having orders which we had to serve despite the higher ocean freight, but now the situation is more balanced comparatively, but that is why the impact of the Red Sea would be lower in Q1.

Kirtan Mehta: Understood, sir. One more question, if I can squeeze in about the expansion. We had sort of planned for a next Greenfield site to go beyond sort of looking at the volume beyond '28, '29, so this expansion allows us probably to sort of extend the growth runway to FY '28 or FY '29.

And typically a Greenfield site requires 3 years to 4 years of advanced planning. So when do you think you would be again starting to look at…

Abhyuday Jindal: [inaudible 29:00] already expansion is happening, already a lot of discussions are going on, but like as a company like you see once we are ready, once we ourselves are confident that this is the best time forward then only I will come with announcement.

So absolutely like you're saying it has this gestation period which is why we are also cognizant of that and already work has started, but we have enough to do right now to focus on these acquisitions and expansion that we announced. Till then a separate team is already working on next growth phase.

And also the very fact that we have invested in Indonesia for this reason only as you said that it takes some time for a Greenfield. So for the midterm our requirements and to cater we have gone for the investment in Indonesia which is a very quick plug-and-play kind of a model over there. And as we have already announced that within 2 years that plant would become operational.

Kirtan Mehta: Thanks for the clarification..

Moderator: Thank you. The next question is from the line of Ritwik Sheth from One Up Financials. Please go ahead.

Ritwik Sheth: Yes. Sir, a few questions from my end. Firstly, on the capex that we are doing on Chromeni, it's a 6 lakh ton CR. So is this plant operational and if not then when do we expect this to get operational and what is the roadmap for this plan?

Abhyuday Jindal: So this plant is not operational. This plant was closed somewhere in the middle of 2020 and since then it is closed, but we hope that within 6 months' time we should make it operational.

Ritwik Sheth: And so this will coincide with ramp-up of 6 lakh ton will coincide with the Indonesia JV upstream capacity. Is that the right understanding?

Abhyuday Jindal: No, this is going to come before so this we will be coming from our existing.

Management: This Chromeni acquisition is also from the strategy to increase our cold rolling capacity buildup. So that is the main reason why as a company also we have less cold rolling with this acquisition, we are able to increase our cold rolling output.

Management: Actually with the acquisition and put together the Brownfield which we are doing in Odisha we will be able to increase our downstream cold roll facility to above 65% which are currently below 50%..

Ritwik Sheth: So currently 1.4-odd million ton of downstream will go towards 3 million ton is that the right understanding after 2 years?

Abhyuday Jindal: What was your question?

Ritwik Sheth: So the downstream capacity of close to 1.4 million tons currently will be close to 3 million tons in the next 2 years with Chromeni, Rabirun and the Brownfield that we're doing at Jajpur?

Abhyuday Jindal: Not exactly I mean if you are combining everything that may be, but that is not the way we look at it actually. So maybe there's a bit of a difference in understanding your question I'm feeling. Because Rabi -- now if you talk about Rabirun it is totally a different product as compared to what Chromeni he is going to make. So that's why maybe I'm not understanding the question per se.

Ritwik Sheth: Sir to put it in another way what can be the EBITDA per..

Moderator: Sorry to interrupt you sir may I request you to rejoin the for a follow-up question.

Ritwik Sheth: Yes. Just one follow-up on this then I'm done. Sir, on this Chromeni, Rabirun what is the kind of margin that we will make on these cold roll?

Abhyuday Jindal: That's why it's a very different product mix. It is not the same product mix that I can give you an answer. Rabirun focus is more on pipe and tube segment and Chromeni is a cold rolling unit.

So from cold rolling side, it is clearly rotor guiding INR18,000 to INR20,000 for the full year. That is Chromeni is also part of that whenever it starts, but for Rabirun pipe & tube is a different way. We don't consider that in this INR18,000 to INR20,000 EBITDA. That is something additional that we are talking about.

Ritwik Sheth: Sure sir. I will get back in the queue. Thank you and all the best.

Abhyuday Jindal: Just I think more clarity to understand the different downstream products that will give you a better understanding.

Ritwik Sheth: Sure. Thank you sir.

Moderator: Thank you. The next question is from the line of Rohan Vora from Invision Capital. Please go ahead.

Rohan Vora: So my first question was when we are saying that we're adding INR18,000 to INR20,000 EBITDA per ton. So this is excluding JUSL benefits that would be in addition to this INR18,000 to INR20,000 am I right?

Anurag Mantri: Yes..

Rohan Vora: Understood. For the Q4 what will be the benefit from the JUSL on an EBITDA, absolute EBITDA if you can just give me that number?

Anurag Mantri: You mean to what is EBITDA for JUSL say FY '24 overall basis we have done?

Rohan Vora: For Q4.

Anurag Mantri: Q4 was INR178 crores.

Rohan Vora: Got it. And can I squeeze just one question. I would like to know outlook on how you see the export markets improving throughout the year and give us a better backing for the INR18,000, INR20,000 EBITDA per ton that would be very helpful? Thank you so much.

Anurag Mantri: See. The first full year export market, it's the kind of geopolitical situation and what's going on, it's difficult to predict. We can probably say our key export markets are not to our liking at this stage in terms of the demand uptick, though we are seeing some pockets, some demand picking up. But obviously, the export market picks up at the end of this fiscal -- say in H2, surely we can do actually much better, which we have proven in the past also/

Moderator: The next question is from the line of Anupam Gupta from IIFL Securities Limited.

Anupam Gupta: Couple of questions. Firstly, if you can just break up the FY '25 capex, which you said INR4,800 crores. If you can break it up by project that will give a better picture?

Anurag Mantri: Okay. So overall. You mean only the FY '25 number, right? Out of the total capex around what we have said is that the Chromeni acquisition will go upfront in this year, which includes a shareholder loan of INR1,295 crores total outflow of INR1,340 crores. The Indonesian SMS facilities with the joint venture, the outflow in this year is expected to be close to, I'm giving the number in it rupees equivalent because these are all dollar payments, so around INR570 crores and between HRAP and CRAP expansion, which we have announced in Jajpur, close to almost INR650 crores to INR700 crores will be the outflow during this financial year.

Now then there are other infrastructure, RMHS facilities, railway siding the other capex, which we have announced, that will be close to INR600 crores in Jajpur. Then there is a -- we are doing some ESR and other related capex which is there, which is around INR250 crores. And then various ESG and renewables fund, that would be close to INR270 crores of the capex.

And there would be a restart and revamp capex for -- between Rabirun, Rathi and Chromeni, which is expected to be around INR275 crores. And we have spillover capex from the previous year, which is close to INR775 crores. So all put together between INR4,700 crores to INR4,800 crores outflow is expected in this year.

Anupam Gupta: This does not include maintenance capex right? And what was the quantum for maintenance capex, the regular one?

Anurag Mantri: Typically, INR500 crores what we have been maintaining, I think that's what the maintenance capex will be there in this year also.

Anupam Gupta: So overall should be INR5,300 number, right, including maintenance?

Anurag Mantri: Right.

Anupam Gupta: Okay. And sir, second question is on this INR18,000 to INR19,000, which we do. So now that will source material and process material in different locations. So, let's say that I'm taking slabs from Indonesia, getting it to Jajpur and then moving it to Mundra for final processing. Can you broadly give a breakup of let's say if I am making INR18,000, INR19,000 overall, what is the breakup between the three facility abroad.

Abhyuday Jindal: No, we will not be to and we would not like to share that kind of breakup also.

Anurag Mantri: Because the -- I think the way you should look at it for the balancing…

Abhyuday Jindal: It is our whatever trade secret or our production methodology, we cannot give a breakup of where, what costing is coming out.

Anupam Gupta: In general, sir, let's say, if I just take Chromeni, what will the CR line mean as EBITDA. I'm not asking if you don't give a breakup.

Abhyuday Jindal: Details breakup of EBITDA, rate. We don't want our competitors to know these numbers. That’s why I don't want to. Otherwise, I have no problem at all, that's why we give a blended rate always of INR18,000 to INR20,000.

Anupam Gupta: So sir, why I ask this question is, as long as you were owning 100% of everything it was fine with us taking 19,000 per ton EBITDA and giving a sort of valuation to it. Now that you own varying percentages in various stuffs from valuation purposes we'll need some clarity on this aspect. So that's why question came up?

Abhyuday Jindal: For clarity you have also given. So I think we can take this question off-line then. I will ask my team to discuss because that gives a clarity where you want it. And as I mentioned, our target and our wish is to own 100% of Chromeni. So already discussions are on and we would hope and would like to close it as soon as possible. So definitely, we want to own 100%. But to answer your question, I'll ask our IR team to take it up with you separately offline.

Moderator: The next question is from the line of Tushar Chaudhari from Prabhudas Private Limited.

Tushar Chaudhari: Various investment projects happening in Indonesia, what is your..

Moderator: Sir, May I request you to please ask your question again.

Tushar Chaudhari: So looking at the current investments happening in Indonesia nickel and as well as nickel projects. What is your outlook on nickel prices? So the, let's say, medium term, not in the near term, near term is probably we have seen the uptick because of LME ban. But let's say, in..

Abhyuday Jindal: There are a lot of factors that govern the nickel market, especially now with EV battery or net nickel consumption in EV battery. So it's a very dynamic situation. That is why we work on our natural hedge. We don't want to take any positions. We don't want to take these kind of calls. We will continue to work on a natural hedge.

So nickel price is something that we really want to keep reducing it as a factor -- so -- and to give you a prediction per se, it's very difficult. I don't think so anyone in the global market will be able to give you a prediction on medium-term nickel prices.

Tushar Chaudhari: Okay. And sir, second one was on NPI. I think you've said NPI will start -- I missed that portion. We will start production from second quarter of FY '25?

Anurag Mantri: Second quarter.

Abhyuday Jindal: Q2 of this year.

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

Ritesh Shah: Can you please detail the capex breakup for FY '26 as well?

Anurag Mantri: So FY '26 between Odhisa HR and CR capacity is close to, say, INR700 crores to INR800 crores, depending on obviously some timing measures overall SMS of Indonesia will be around INR150 crores. And the other capex of the Jajpur infrastructure and other augmentation will be close to between INR250 crores to INR300 crores. And on ESG renewables, the residual capex will be around INR25 crores to INR40 crores.

So that's being capex over the next year. So overall, we are expecting that what capex we have outline right now close to around INR1,200 crores to say INR1,300 crores of the capex next year in FY '26.

Ritesh Shah: Sure. That's useful. And on the debt maturity profile, if you could give some broader numbers for '25, '26, '27?

Anurag Mantri: See, I can share that debt maturity profile. But I can tell you, I think most of our debt are currently on an average tenor, we have actually refinanced most of our debt. And we have actually increase the balance sheet itself by repaying the shorter-term debt. And with the same debt we have actually now refinanced most of the capex last year.

That is the reason you will see our net debt declining. So though -- so the way we have created a space for our capex is that by repaying the short-term loans, reducing the liability for the repayments while not increasing the debt. So only now it's almost 4.5 to 5 years on average maturity. I can share you the year-wise profile. But again, it's also in the process, we are further refinancing some of the debt in the process of refinancing some debt.

Moderator: The next question is from the line of Dhyey from Niveshaay Investment Advisory.

Dhyey: I had this question regarding the China dumping products in India. So is the -- scenario still in place in Q1 and FY'25 as well?

Abhyuday Jindal: Yes. China dumping has continued. And though we are fairly continuously taking with the comment this issue but the fact remains that the dumping has continued.

Anurag Mantri: In fact, our Q4, the Chinese imports in the country has increased by 20% as compared to Q3. So it's actually becoming very alarming at this stage unless on the China side.

Dhyey: So as you already mentioned, are we expecting any support from the Indian government?

Abhyuday Jindal: So the dialogue is always on, and we always expect that something positive should come out, but immediately, in the short term, I don't see anything, maybe in the medium term, some relief could come, but nothing to really mention at the moment. As always, as I mentioned, we as an organization are not going to depend on government duty coming or not coming. Whatever guidance we gave which is despite any of this. If this external factors support the company, we will definitely do much better. But this time external factors did not support us. So the due support we get we can do much better.

Anurag Mantri: The measures also largely helps the MSME manufacturing ecosystem, which is very critical for to develop the manufacturing ecosystem. Otherwise, for us larger players have access to the export market and premium players. I think for us, it's -- all the government support will help all the MSME sector more.

Dhyey: Correct. Thanks a lot sir and all the best for the future.

Moderator: Next question is from the line of Kunal Kothari from Centrum Broking.

Kunal Kothari: Sir, can you share the JUSL? For JUSL what was the volume in quarter 4 and FY'24, can you please share?

Anurag Mantri: JUSL volumes? It is 4,64,000 is the quantity that job work has been done by the JUSL for the full year -- for the quarter 4.

Kunal Kothari: And for the full year, sir?

Abhyuday Jindal: It is 1.7 million.

Kunal Kothari: Okay. Secondly -- sir, my second question in regard to overall raw material costs. Can you share the breakup of the raw material costs we are having and with overall capex, what we are doing with the NCI bringing in and all the other capex as well, how are raw material costs will it help in decrease in the overall raw material cost? And also like with the change in the overall sourcing mix, it will reduce the vulnerability towards the fluctuations in the commodity prices. Can you help it to understand it better?

Abhyuday Jindal: Kunal if can request because this is a very long question, which is actually understanding the fundamentals of our investments. And over analyst call, it will not -- we will not be able to explain like that. So it's definitely you would like some clarity in this. We are more than happy to share, but I would request our IR -- you take it up with our IR team, and they'll give you the clarity. But you asked long questions and it's not a 1 or 2 line answers.

Kunal Kothari: Got it. Sure. So I will take.

Abhyuday Jindal: Please take it out, we definitely may be more than happy because we are very confident in all these things as you can. So we'll be more than happy to share.

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

Ritwik Sheth: Sir, 1 question on the Indonesia JV. so do we have any right of -- first right of refusal on the 1.2 million tone and anything on that?

Management: Yes, So we have our right of us refusal of 1.2 million tons.

Abhyuday Jindal: Full offtake, it is for us to decide if we want to take 100% output, 20%, 50%, it is totally our asset if I can say.

Ritwik Sheth: And the operations will be done by the JV partner, right?

Abhyuday Jindal: Yes. Absolutely.

Ritwik Sheth: And just hypothetically, if the government puts an import duty for imports of stainless steel. So will this material that we get from Indonesia will also be taxed? Or how will it work? Just wanted to understand that?

Abhyuday Jindal: So if you look at it from the Indian point of view, we see for producing a stainless steel nickel is a must as a raw material. And in India, nickel, okay, globally, stainless steel is produced either using the stainless steel scrap or the NPI route. So more than 60% are being used as the NPI as a source for nickel.

Now in India, whether -- if you look at stainless steel scrap that is not available, NPI or nickel or anything of that group is also not available. So we see a really less possibility of this happening from the Indian government side. So chances are very less because practically, this is kind of a raw material that we're bringing in. like Mr. Kulbe saying, either we can bring it in a scrap format or an NPI format or in a slack format also. So that is why we feel that it's unlikely the government should put. But if there is, for any reason, some duties imposed, then we already have it in our contract with our partners of how the offtakes will be sold globally then.

Ritwik Sheth: And just 1 last question. So last year, we spent out the dividend payout policy that gradually will take it up to 20%. So this year, it's similar to last year at 10%. So any comments on that, how do we plan to take it towards 20% in say next 1 or 2 years?

Anurag Mantri: So the policy remains as it is what we described is that since right actually, we are seeing all the capex coming up, so we'll have to optimize the shareholder returns. So I think the way you should look at it. I think we believe that the investment in these will actually be much value-enhancing for the shareholder perspective. and from the business perspective.

So it's all about a 100% dividend will be more return, beneficial return than the investing in the business. It is always a balance sales, for our capex allocation positive is outline the 3 things, which include enhancing in the growth capex, and also dividend as 1 of the part. So we are -- the investment which we are doing has a very high -- good ROE and payback period, so which should be overall revenue enhancement for the all the stakeholder perspective.

Moderator: As this was the last question for the day. I now hand the conference over to the management for closing comments. Over to you, sir.

Abhyuday Jindal: Thank you so much. One other point I would like to reiterate before my closing remarks, is that despite this dip in EBITDA in Q4. If you see for the full year, we guided as we achieved between INR18,000 to INR20,000 and we delivered on that. So that is something that speaks about the company fundamentals and our commitment as we always try to adhere to.

And again, I would like to also thank everyone for attending this call. We continue to remain extremely bullish on the Indian market, while we aim to maintain our leadership position and ensure sustainability in sourcing, processes and products. I hope that we have been able to answer all your questions in a satisfactory manner. And as mentioned also, should you need any further clarifications, we're more than happy to -- for you to get in touch with our Investor Relations team, and we'll be answering all of them. So thank you once again for attending the call and hope to see everyone soon physically as well. Thank you.

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